

The State Board of Regents met at the Gateway Center, Ames, Iowa on Thursday, July 18, 1985. Those present were:

Members of the State Board of Regents

Mr. McDonald, President	All sessions
Dr. Harris	All sessions
Mrs. Anderson	All sessions
Mr. Duchon	All sessions
Mrs. Murphy	All sessions
Mr. VanGilst	All sessions
Mr. Greig	All sessions
Mr. Tyler	All sessions
Miss VanEkeren	All sessions

Office of the State Board of Regents

Executive Secretary Richey	All sessions
Director Barak	Exc. 12 noon
Director True	All sessions
Director Volm	Arr. 11:30 a.m.
Director Wright	All sessions
Assoc. Dir. Runner	All sessions
Assoc. Dir. Stanley	All sessions
Admin. Asst. Peters	All sessions

State University of Iowa

President Freedman	Exc. 3:05 p.m.
Vice President Ellis	Exc. 3:05 p.m.
Vice President Remington	Exc. 3:05 p.m.
Associate Vice President Mahon	Exc. 3:05 p.m.
Associate Vice President Small	Exc. 3:05 p.m.
Assistant to President Mears	Exc. 3:05 p.m.
Director Stork	Exc. 3:05 p.m.
Director Jensen	Exc. 3:05 p.m.

Iowa State University

President Parks	All sessions
Vice President Christensen	All sessions
Vice President Madden	All sessions
Assistant to President Crawford	All sessions
Director Lendt	All sessions

University of Northern Iowa

President Curris	Exc. 3:20 p.m.
Provost Martin	Exc. 3:20 p.m.
Vice President Conner	Exc. 3:20 p.m.
Vice President Follon	Exc. 3:20 p.m.
Director Kelly	Exc. 3:20 p.m.

Iowa School for the Deaf

Superintendent Giangreco	Exc. 3:25 p.m.
Business Manager Kuehnhold	Exc. 3:25 p.m.

Iowa Braille and Sight Saving School

Superintendent DeMott	Exc. 3:27 p.m.
Business Manager Berry	Exc. 3:27 p.m.

GENERAL

The following business pertaining to general or miscellaneous items was transacted on Thursday, July 18, 1985.

APPROVAL OF MINUTES. The June 26, 1985, minutes, as corrected, were approved by general consent of the board.

INTERINSTITUTIONAL COMMITTEE ON EDUCATIONAL COORDINATION. a. Curriculum Changes, University of Northern Iowa. The Board Office made the following recommendations:

1. Deferral of consideration of the proposed European Studies program to allow time for further discussion between the university and the Board Office;
2. Approval of the proposed programs in Physics, Applied Physics, Geology, and Chemistry if certain questions that have been raised are satisfactorily addressed by the university during the board meeting; and
3. Approval of the remaining curricular changes proposed for the University of Northern Iowa for 1984-85.

The Interinstitutional Committee recommended approval of the curriculum changes which included new majors and new minors, dropped majors, new courses, and dropped courses.

The curriculum changes include proposals to add 78 new courses and to drop 10 present courses. Additions include 10 new courses in Portuguese and summer symposium courses in Spanish, German, and French. New courses are also proposed to support the proposed major in Criminology and the minor in Interpretive Communication. The number of new courses being proposed is slightly higher than the five-year average of 76. The average number of courses dropped during the five-year period was 28.8.

The University of Northern Iowa requested permission to offer the Bachelor of Science (B.S.) as a new degree in four major areas: Chemistry, Geology, Applied Physics, and Physics. With approval of the B.S. degrees, Bachelor of Arts degrees (B.A.) in the following areas would be dropped: Chemistry major B, Physics major B, and Physics major C. It was noted that students with B.S. degrees tend to be better prepared for certain positions and for some graduate positions as a result of a larger concentration of work in subject and cognate areas.

Vice President Remington stated that the Interinstitutional Committee felt the proposed changes from B.A. to B.S. degrees were entirely appropriate.

The Board Office analyzed each of the proposed programs utilizing the Regents established criteria of centrality, costs, need/demand, quality, duplication, and long-range planning. The analysis follows:

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CHEMISTRY -- Centrality: The proposed program is not inconsistent with the mission of UNI, and the Board Office noted the general program area had already been offered at the institution as a B.S. degree. Costs: The university indicated there would be no marginal increases in expenditures through adoption of this program. However, the Board Office noted that the UNI Long-Range Planning Report dated September 1984 indicated "a serious program gap existed in chemistry because there was no one on staff who has specialized in biochemistry."

Provost Martin stated that the university, following a retirement, will be hiring a faculty member with a specialty in biochemistry.

Need/Demand: There appears to be an adequate need/demand for this program. The university estimated enrollment in this program for the next five years would consist of eight majors per year. Quality: The current B.A. program in chemistry is accredited by the American Chemical Society. The chemistry curriculum will again be reviewed in 1985. Duplication: Chemistry programs at the baccalaureate level are offered at a number of colleges and universities in Iowa. The degree proposed is a strengthening of the current B.A. degree and results in improvement of the opportunities for employment and advanced studies. Manpower requirements for persons trained in the field appear strong and justify the offering of the program at a number of institutions in Iowa. Long-Range Planning: The offering of such a degree program has been part of the long-range planning of the institution for some time.

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GEOLOGY -- Centrality: The proposed major would be consistent with the general mission statement of the University of Northern Iowa. Costs: The university indicated more mathematics and cognate science would be required than for the existing B.A. in geology. The university estimated incremental costs of \$500 for supplies, services and undergraduate research in the second year and \$1,000 plus an FTE faculty position in the third year. The Board Office noted these increases would be needed to upgrade the current B.A. in geology in any case. A concern was raised in the departmental long-range academic plan about the adequacy of resources, both space and faculty, to support the current program.

Provost Martin stated that the university plans to reallocate the space freed up in Latham Hall with the construction of the new Communication Arts Building to the area of Earth Sciences. He indicated also that some progress had been made in procurement of equipment for the area this year and that some part-time faculty funds would be available for the department.

Need/Demand: Both the demand for the program, as indicated by potential students, and the employment opportunities and enhanced prospects for graduate study appear favorable. Quality: The proposal for the B.S. degree was developed with the proposed accreditation guidelines of the American Institute of Professional Geologists in mind and, therefore, should meet minimum quality standards. Long-Range Planning: The university has appeared to have planned well for the development of this program.

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PHYSICS -- Centrality: The proposed Bachelor of Science degree, major in Physics, is not inconsistent with the mission of the University of Northern Iowa. The Board of Regents had previously approved programming in this area. UNI has offered three physics majors (A, B, and C) and a Physics major--Teaching. This proposed B.S. program would replace the A and B programs. Costs: The university indicated there would be no marginal increases in expenditures as a result of the approval of this program. The Board Office did note that the university had estimated a rather large increase in the number of majors in the area of physics. Such an increase should realistically cause a need for further faculty which was not addressed in the university's proposal. Need/Demand: The university reported that the Occupational Outlook Quarterly, Spring 1984, indicated that employment in physics is expected to "grow faster than average." The university anticipates an increased demand for the program and estimated majors to increase from 22 majors the first to 50 majors in five years. Additionally, it is anticipated that nonmajors will nearly double. Both the demand and the need appeared strong enough to justify the addition of the program. Quality: There is currently no accreditation for programs in this area. Duplication: The B.S. degree in physics is offered at both the University of Iowa and Iowa State University. The UNI program is very similar to the programs at the other two Regent universities. One very minor difference is that this program requires undergraduate research. Since this is not a totally new program at UNI and resources are already in place and it is consistent with the mission of the institution, it is not regarded as "unnecessarily duplicative." Additionally, this major could be regarded as basic to an undergraduate university. Long-Range Planning: The Bachelor of Science degree, major in physics, was not mentioned specifically in the last long-range plan of the university which was submitted to the Board of Regents. However, the degree was mentioned specifically in the more detailed departmental plans which would indicate some advance planning for the program.

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APPLIED PHYSICS -- Centrality: The proposed Bachelor of Science degree, major in applied physics, is not inconsistent with the mission of the University of Northern Iowa. This program would replace the Physics major--C, a current Bachelor of Arts degree program in applied physics. Costs: The university indicated there would be no marginal increases in expenditures as a result of the adoption of this program although the Board Office felt that perhaps the university underestimated the possible increased costs. Need/Demand: As stated above, the employment in this area is expected to grow faster than average. The university projected majors will increase from 12 the first year to 30 in five years, and nonmajors are expected to double in the same period. Quality: Since the university currently offers a major in the applied physics area, the basic needs of the program have already been met and are in place. The Board Office did express concern with respect to the quality of the proposed program related to the large numbers of students projected and the serious equipment and facilities needs identified in the department's long-range academic report (1984).

Duplication: The Board Office indicated it was unable to locate any B.S. degree programs in applied physics offered by any other college or university in Iowa. Iowa State University does offer a masters and doctoral program in applied and is contemplating the establishment of a B.S. degree. Consequently, no duplication exists at the present time. The development of a B.S. in Applied Physics at ISU and the fact that UNI is considering requesting authorization to offer an M.A. degree in applied physics, could present problems of duplication at a later date.

Long-Range Planning: No mention was made of this proposed programmatic development in the long-range academic plan submitted in 1984. However, the more detailed departmental plans do indicate an interest on the part of the university to develop a Bachelor of Science degree in applied physics.

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EUROPEAN STUDIES -- The Board Office requested consideration of the proposed European Studies program be deferred in concurrence with the Univ. of Northern Iowa to allow time for further duscussion between the university and Board Office.

Vice President Remington stated it was the feeling of the Interinstitutional Committee that studies of foreign languages and cultures should be viewed as absolutely central to undergraduate colleges and research universities.

Provost Martin stated the university was agreeable to deferral of the European Studies proposal and would supply additional information concerning the proposal.

Regent Anderson asked what concerns the Board Office had with the proposal since approval had been recommended by the Interinstitutional Committee.

Dr. Barak stated the Board Office looked at five criteria and had serious concerns with three and wanted to explore them further. One related to the need and demand for the program. He indicated concerns also with respect to long-range planning in the area and felt the whole area of international studies should be formally addressed by the board. He noted that the mission statements of all three universities were silent with respect to the international studies area and that the mission statements should be a guide in approving new programs.

Regent Anderson asked what criteria was used by the Interinstitutional Committee in reviewing new programs.

Mr. Richey explained there was some overlap in the reviews by the committee and the Board Office but that the Board Office went into greater detail in the area of long-range planning and duplication. The committee's review places more emphasis on the quality of the programs.

Regent Anderson asked if the committee did not look at duplication.

Dr. Barak stated the committee looks primarily at duplication with respect to the Regent universities. He indicated that the Board Office found at least five independent colleges in the state that offered programs in this area.

President Curris stated the university had no objections with the Board Office request for additional information. He indicated there were two areas which should be addressed. First, as pointed out by Vice President Remington, the institutions need to put additional focus on international studies. He stated the university had started to implement the report of the Governor's Task Force on Foreign Languages after it had been approved by the board. He indicated that he now felt they were getting mixed signals from the board. The second issue is that the international studies area is an area which may be expanded. The institutions have addressed it collectively and also singularly.

President McDonald stated this area can and should be addressed in the long-range plans which will be developed by the institutions in the upcoming year.

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INTERNATIONAL AFFAIRS -- Centrality: As stated above, the Board Office expressed concern about the whole area of international studies not being mentioned in the mission statements of the Regent institutions. Since the proposal is for a minor, the concern is not critical at this time. Costs: Because this proposal is for a minor, no new costs should be incurred as a result of the adoption of this proposal. Need/Demand: The Board Office felt the addition of a minor in this area could enhance the employment opportunities for graduates with this minor and majors in areas of high demand. Quality: The university currently offers majors in Russian-area Studies, Latin American Studies and Asian Studies. In addition, faculty are on staff that have capabilities in other international areas as well. Duplication: Both the University of Iowa and Iowa State University have offerings in this area as well as several private colleges in the state. Long-Range Planning: There was no specific reference to this program in the university's long-range plan; however, there were indications in several parts of the plan of an interest in offering international program options, such as this minor in International Affairs.

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CRIMINOLOGY -- Centrality: The proposed Bachelor of Arts degree, major in Criminology, is not inconsistent with the mission of the University of Northern Iowa. The institution already houses a Department of Sociology and Anthropology, and the university's mission is supportive of program offerings in this general area. Costs: The university indicated a new faculty position had been allocated to the program. Total cost estimates, excluding new space and furniture needs, are \$20,300 for the first year. Need/Demand: It seems very likely this program will be well-received by students, and the university indicated there are currently 44 students enrolled in Criminology as a minor. UNI apparently offers the only program in Iowa in this field. The university expects enrollment to increase from 25 the first year to 75 in five years. Quality: There are no accreditation standards for criminology programs available. The program currently offered at the minor level enjoys a good reputation among professionals, and the current faculty is well-regarded. Duplication: This program is apparently the only one offered in the state. Long-Range Planning: Criminology was noted as an area of possible development in the 1984 long-range plan.

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INTERPRETIVE COMMUNICATION -- Centrality: This program does not appear to be inconsistent with the mission of the University of Northern Iowa. The university has already been authorized by the Board of Regents to offer programs in the general area of communication and theatre arts, and this program would create a new option in the performance and communication area. The Board Office noted the department requested that Communication and Theatre Arts--Teaching (Bachelor of Arts degree) be dropped. Costs: The university indicated there would be no additional costs associated with the offering of this new minor. However, the university noted additional library resources may be needed for the program. Need/Demand: The university estimated the demand for this program based on interest currently shown by students and enrollment in similar programs. Since the request is for a minor, there is not a great deal of concern regarding its ability to recruit large numbers of students. Quality: This is an area new and developing at colleges and universities and national standards have not been set. The program appears to be consistent with preliminary guidelines used for constructing the minor. Duplication: There are no programs in Iowa such as the one proposed, according to the university; however, a number of institutions offer programs in the general area of communication and theatre arts. Long-Range Planning: The Board Office indicated that long-range planning for the development of this program appeared to be adequate.

President McDonald asked if students would be allowed to complete programs that will be dropped.

Provost Martin responded whenever a program is dropped, there is a grandfather provision so that students enrolled may complete the program.

Regent Harris stated that he was not convinced there was a need to delay the European Studies program at the University of Northern Iowa.

Motion: Dr. Harris moved that the board accept the recommendation of the Interinstitutional Committee on Educational Coordination for approval of all the curriculum changes at the University of Northern Iowa. Mr. Duchon seconded the motion, and it passed unanimously.

Mr. Richey stated he would send the board, for its information, the analysis of the European Studies proposal which the Board Office prepared and subsequently did not include in the docket memorandum.

GENERAL
July 18, 1985

JOINT STUDY ON REMEDIAL EDUCATION. The Board Office recommended approval of the plan to implement the provisions of House File 686, Section 14.

House File 686, an act of the 1985 session of the General Assembly, provided in Section 14 the following:

"The state board of regents and the state board of public instruction shall meet during the fiscal year beginning July 1, 1985, to develop a plan for offering remedial education for students enrolled in public higher education institutions in this state that coordinates the efforts of the state board of regents institutions and the area schools. Recommendations shall be submitted to the general assembly by January 15, 1986."

In response to this legislative mandate, the staff of the two boards have formulated a process for developing a plan for remedial education. It was recommended an 11-member task force be appointed. The task force would consist of a representative from each of the state universities, 3 representatives from the merged area schools, 3 representatives from the secondary schools and a representative from offices of the Department of Public Instruction and the Board of Regents. According to the proposed timetable, the task force will meet several times in the next few months and develop a plan for remedial education for consideration by the two boards at their November meetings.

The Board Office further recommended the three members from the Regent universities would be the members of the Interinstitutional Committee on Education Coordination.

Vice President Remington noted that earlier in the year the board had adopted a recommendation of the Interinstitutional Committee concerning remedial education. The committee's recommendation was that students with extensive academic deficiencies in need of large-scale remediation would almost certainly be better served by the community colleges. However, individuals needing one or two courses, and especially students graduating in the upper half of their high school classes, should still be eligible for admission to Regent universities.

Regent Harris suggested that in development of a plan for remedial education, the black colleges should be contacted since they have been involved in extensive remedial education for a number of years.

Motion:

Mrs. Anderson moved that the board approve the recommendations concerning the implementation of House File 686 outlined above. Mrs. Murphy seconded the motion, and it passed unanimously.

GENERAL
July 18, 1985

IOWA COLLEGE AID COMMISSION. Mr. Richey reported that the Iowa College Aid Commission held its regular monthly meeting on July 9. The commission considered a policy statement concerning the Iowa Tuition Grant program. This policy statement had been presented to the Board of Regents at its May meeting. Mr. Richey stated that he had asked the commission to defer final action on the policy statement until September so that the Board of Regents would have an opportunity to indicate its views on the proposal.

The proposal being considered is that the Tuition Grant funding be at a level equivalent to the average general fund undergraduate tuition paid by resident students in Regent institutions. In the past there has not been a specific funding level established for the grants, but informally it had been the goal of the commission to fund the program at 75 percent parity.

Regent Anderson asked the amount of the average tuition grant.

Mr. Richey stated between \$2,000 and \$2,100, and all programs were based on need.

Regent Anderson asked if there had been a previous policy statement that committed the state to the principles of providing funding to private colleges.

Mr. Richey stated that the board policy has been to support tuition grants to students based on need to the extent of the financial resources of the state. The amount of funds available is set forth in the appropriations act.

Vice President Remington stated if the policy was changed, a preliminary estimate showed that the appropriations to the Iowa College Aid Commission would increase 60 percent. It is estimated that the maximum grant would increase from \$2,250 to \$2,769, and the average grant actually awarded would increase from \$1,964 to \$2,417.

Mr. Richey stated that the figures mentioned by Vice President Remington were nothing new in terms of the figures that have been included in the deliberations of the commission and to a large extent reflected in its request for funding. He indicated that the policy statement was more of a goal over the long term consistent with the state's priorities rather than a demand for state appropriations. The entitlement proposed is identical to what the private college association had been requesting for years.

President Freedman stated that it seemed incongruent to bless a policy asking for a 60 percent increase in appropriations when the Regents requested a modest 3 percent increase.

Regent VanGilst stated that he had served on the College Aid Commission with Mr. Richey and that he upholds the interests of the Regents as well as that of all of education. Regent VanGilst went on to say that it should be the position of the board that it support what is best for the students of Iowa. He said that funds were needed for the Regent institutions but not at the expense of the private colleges.

Mr. Richey stated one of the things that had distinguished this board was that it had not taken a parochial view but has recognized the total needs of higher education in Iowa. He went on to say that he would propose to represent the Regents along that line on the commission.

Action: President McDonald stated that the report of the Iowa College Aid Commission was received by general consent of the board.

LONG-RANGE PLANNING. The Board Office recommended the following actions: (1) that the Interinstitutional Committee on Educational Coordination, working with the Board Office, review the Board of Regents' policies and procedures on long-range planning; and (2) that the board adopt the schedule outlined below for the development, review and approval of long-range plans.

<u>July 1985</u>	Review of long-range planning policies and procedures.
<u>October 1985</u>	Board of Regents review and approval of policy and procedures.
<u>February 1986</u>	Development of institutional long-range plans.
<u>May 1986</u>	Board of Regents review and approval of institutional long-range plans.
<u>May 1986 to May 1988</u>	Implementation of long-range plans.

Dr. Barak explained the current policies and procedures had served well, but it was felt that they needed to be reviewed. He noted with the prospects of declining enrollment and the current economy of the state, it would be necessary to plan more effectively for the next decade in order to insure the maintenance and improvement of the institutions.

The board's current policy on planning consists of a document entitled "Long-Range Planning Under Conditions of Uncertainty" adopted by the board in 1976 and supplemented by procedures adopted in 1980 that are contained in Section 6.07 of the Procedural Guide. The policy requires each institution to prepare long-range academic plans to cover a ten-year period (i.e., the current biennium, two future biennia, and two past biennia). The planning effort should consider existing and new programs in terms of their quality, centrality, resource requirements, and anticipated demand. The term "centrality" concerns the relatedness of the programs to the overall mission and role of the institution.

GENERAL
July 18, 1985

Mr. Richey stated the institutions are in the initial stages of developing long-range plans, and the Board Office would like to see the long-range planning process be more effective in terms of the board's ability to set directions so that day-to-day decision could be made on those directions.

Regent Greig stated that he had read all of the long-range plans from the last planning cycle and asked if the board made recommendations.

Mr. Richey stated that was part of the process totally missing.

Regent Greig asked should the board not give direction to the institutions as to where it wants them to go.

President Curris stated that he was looking forward with some anticipation to deliberations on the long-range planning process. One weakness he saw, at least from the viewpoint of his institution, was the lack of feedback from the board on the directions the institution was proposing to go.

Regent Anderson stated she felt the board needed to set a framework so that it could respond to the plans and that someplace in the process the board needs to be part of it.

Vice President Remington indicated the present planning process invokes a massive response at the university level. Letters outlining the planning process are sent to the colleges in September. He further stated the board should be aware of how very costly the process was and how important that the current policy and procedures remain in place for this planning cycle.

Mr. Richey stated that it was not the intent to change the policy and procedures for this planning cycle.

Regent VanGilst stated that he felt overwhelmed with the presentations made in the past sessions.

Regent Harris stated that it was certainly overwhelming; but, because of the very nature of the process, he did not see any other way to do it. It is time consuming for the institutions and also a time consuming responsibility which the board must carry out. He noted that some bodies would deal with this type of material in a retreat-type atmosphere where several days would be spent.

President McDonald stated he felt Regent Harris' observations were excellent. The board needed time to reflect on its role and mission in the whole process.

Regent Greig asked if the staff could prepare a report to the board outlining how such a retreat might work.

Mr. Richey stated that it could be prepared as a September docket item.

Action:

President McDonald stated that the board by general consent approved the recommendations concerning the long-range planning process.

FINAL INSTITUTIONAL BUDGETS - FY 1986. The Board Office made the following recommendations:

1. That the salary adjustment fund appropriation distributions shown in Table 1 be given final approval.
2. That tuition replacement appropriation distributions as outlined below be approved.

<u>SUI</u>	<u>ISU</u>	<u>UNI</u>
\$7,150,754	\$7,846,301	\$2,986,360

3. That final approval be given to support Western Iowa Continuing Education at the following levels:

SUI - \$ 42,776

ISU - \$152,433

4. That final approval be given to support the Quad Cities Graduate Study Center program at the same level as FY 1985 (\$126,200).
5. That comparable worth appropriations for FY 1986 be distributed as shown in Table 2.
6. That final approval be given to the CIRAS Small Business Development Center budget at \$693,000.
7. That the Water Resources Research Institute budget of \$133,650 be given final approval.
8. That the Fire Service Education Program budget of \$198,000 through the Department of Public Instruction be given final approval.

Mr. True explained the board had taken preliminary action on the FY 1986 budget at the May board meeting. At that time, budget ceilings and general policies were established. Using those ceilings and general policies, the institutions established detailed FY 1986 line-item internal operating budgets. The individual institutional budgets are presented in the institutional portions of these minutes.

The principal change between the preliminary and final budgets was the adjustment for comparable worth pay increases for Regent employees.

A consolidation of final budget plans presented a general operating budget of \$610,882,864 for fiscal year 1986. Overall, this amounted to a 2.3 percent increase over the revised FY 1985 operating budget. However, one-quarter of the increase was related to comparable worth adjustments.

Table 1

State Board of Regents

SALARY ADJUSTMENT FUND

1985-86

Budget Unit	Need (at 100% Level)			Salary Bill Funding		
	Faculty/ P&S ^{1/}	General Service ^{2/}	Total	Faculty/ P&S	General Service	Total
<u>University of Iowa</u>						
general university	\$2,225,856	\$ 619,913	\$2,845,769	\$1,852,226	\$ 581,788	\$2,434,014
University Hospitals	196,340	176,936	373,276	163,383	166,054	329,437
Family Practice	25,822	1,760	27,582	21,488	1,652	23,140
SCHS-Clinics, Mus. Dys.	30,784	14,514	45,298	19,843	13,236	33,079
SCHS-Cancer, Hemo.				5,774	385	6,159
Psychiatric Hospitals	66,348	27,373	93,721	55,211	25,690	80,901
Hygienic Laboratory	28,990	27,000	55,990	24,124	25,339	49,463
Hospital School	48,576	42,380	91,056	40,505	39,774	80,279
Oakdale Campus	4,098	22,871	26,969	3,410	21,464	24,874
<u>SUBTOTAL</u>	<u>\$2,626,914</u>	<u>\$ 932,747</u>	<u>\$3,559,661</u>	<u>\$2,185,964</u>	<u>\$ 875,382</u>	<u>\$3,061,346</u>
<u>Iowa State University</u>						
general university	\$1,887,090	\$ 570,599	\$2,457,689	\$1,570,325	\$ 535,507	\$2,105,832
Agricultural Experiment Station	203,276	64,464	267,740	169,154	60,499	229,653
Cooperative Extension Service	253,864	56,597	320,461	219,572	53,116	272,688
<u>SUBTOTAL</u>	<u>\$2,354,230</u>	<u>\$ 691,660</u>	<u>\$3,045,890</u>	<u>\$1,959,051</u>	<u>\$ 649,122</u>	<u>\$2,608,173</u>
<u>University of Northern Iowa</u>						
organized	\$ 461,702 ^{3/}			\$ 384,202		
nonorganized	217,268			172,476		
<u>SUBTOTAL</u>	<u>\$ 668,970</u>	<u>\$ 180,605</u>	<u>\$ 849,575</u>	<u>\$ 556,678</u>	<u>\$ 169,498</u>	<u>\$ 726,176</u>
<u>Iowa School for the Deaf</u>	<u>\$ 47,366^{4/}</u>	<u>\$ 34,139</u>	<u>\$ 81,505</u>	<u>\$ 39,415</u>	<u>\$ 32,040</u>	<u>\$ 71,455</u>
<u>Iowa Braille and Sight Saving School</u>	<u>\$ 16,814^{4/}</u>	<u>\$ 35,970</u>	<u>\$ 52,784</u>	<u>\$ 13,992</u>	<u>\$ 33,758</u>	<u>\$ 47,750</u>
<u>TOTAL</u>	<u>\$5,714,294</u>	<u>\$1,875,121</u>	<u>\$7,589,415</u>	<u>\$4,755,100</u>	<u>\$1,759,800</u>	<u>\$6,514,900</u>

^{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, 1985, plus \$60,280 health insurance

^{4/} Increase of 7% on January 1, 1986, would require \$82,890 at ISD; \$29,425 at IBSSS

Table 2
State Board of Regents
Comparable Worth Costs
FY 1986

Budget Unit	FY 1986 Cost		
	Merit	P&S	Total
<u>University of Iowa</u>			
General University	\$ 565,487	\$ 186,529	\$ 752,016
University Hospital	823,403	112,770	936,173
Family Practice	1,398	0	1,398
SCHS-Clinics, Mus. Dys.	12,933	0	12,933
SCHS-Cancer, Hemo.	933	0	933
Psychiatric Hospitals	53,127	6,926	60,053
Hygienic Laboratory	36,529	7,919	44,448
Hospital School	52,030	12,079	64,109
Oakdale Campus	10,056	0	10,056
Subtotal	\$1,555,896	\$ 326,223	\$1,882,119
<u>Iowa State University</u>			
General University	\$ 497,706	\$ 49,530	\$ 547,236
Agricultural Experiment Station	60,101	4,278	64,379
Cooperative Extension Service	99,258	1,406	100,664
Subtotal	\$ 657,065	\$ 55,214	\$ 712,279
<u>University of Northern Iowa</u>	\$ 217,976	\$ 53,763	\$ 271,739
<u>Iowa School for the Deaf</u>	\$ 98,997	\$ 0	\$ 98,997
<u>Iowa Braille and Sight Saving School</u>	\$ 113,827	\$ 1,817	\$ 115,644
<u>Board Office</u>	\$ 3,969	\$ 2,200	\$ 6,169
<u>REGENT TOTAL</u>	<u>\$2,647,730</u>	<u>\$ 439,217</u>	<u>\$3,086,947*</u>

* Available appropriations currently designated as \$2,970,000. Difference to be funded through salary savings or reallocation.

Regent institutions propose to earn \$265,433,803 for education and general operating support in fiscal year 1986 which is a 2.3 percent increase over revised FY 1985 budgets. Institutional income represents approximately 43 percent of total operating income for fiscal year 1986. Over \$128 million of the expected institutional income is in the form of sales and services. The bulk of that is from paying patient revenues at the University Hospitals and Clinics, Psychiatric Hospital, and Hospital School.

State appropriations to the Board of Regents for FY 1986 are \$345.5 million which includes \$6.5 million in salary adjustment appropriations and \$3.0 million for comparable worth. The salary adjustment fund was underfunded by slightly over \$1 million.

An amount of \$18 million was appropriated separately for tuition replacement. This appropriation was meant to reimburse the universities for tuition and fees pledged to academic revenue bond debt service. This need was underfunded by slightly more than \$1 million.

Fiscal year 1986 income projections are outlined in the following table:

<u>Income Projections</u> (000s Omitted)					
<u>Income Category</u>	<u>FY 1985 Orig. Budget</u>	<u>FY 1985 Revised Budget</u>	<u>FY 1986 Proposed Budget</u>	<u>% Change from FY 1985 Original Budget</u>	<u>% Change from FY 1985 Revised Budget</u>
Student Fees	\$103,107	\$103,714	\$108,529	5.3%	4.6%
Federal Funds	11,312	11,389	11,416	0.9	0.2
Sales & Services	125,440	125,428	128,610	2.5	2.5
Other Income	15,317	19,040	16,879	10.2	(11.4)
Appropriations	337,712	337,712	345,449	2.3	2.3
TOTAL INCOME	\$592,889	\$597,283	\$610,883	3.0%	2.3%

The fiscal year 1986 proposed expenditures are outlined below:

Expenditure Category	<u>Budgeted Expenditures</u> (000s Omitted)			% Change	% Change
	FY 1985 Orig. Budget	FY 1985 Revised Budget	FY 1986 Proposed Budget	from FY 1985 Original Budget	from FY 1985 Revised Budget
Salaries & Fringe Benefits	\$457,960	\$454,806	\$470,105	2.7%	3.4%
Fuel & Purchased Electricity	24,271	20,996	26,935	11.0	28.3
Supplies & Services	90,802	87,972	92,996	2.4	5.7
Equipment	7,617	15,586	8,441	10.8	(45.8)
Library Books	7,451	7,451	7,462	0.1	0.1
Building Repairs	4,788	10,471	4,944	3.3	(52.8)
TOTAL EXPENDITURES	\$592,889	\$597,283	\$610,883	3.0%	2.3%

To provide the salary adjustments called for in the state salary bill, budget increases beyond those funded by state appropriations are needed. The underfunded portion will be made up with institutional income. Internal reallocations have been made to accommodate part of the additional cost of the salary policies at the Iowa School for the Deaf and the Iowa Braille and Sight Saving School. The principal source of funding for salary increases at both special schools has been salary savings from unfilled positions.

There was no discrete appropriation made for fuel and purchased electricity for FY 1986. Individual fuel and purchased electricity budgets of the general universities and institutions as well as University Hospitals were combined with their overall operating appropriation requests. Overall, fuel and purchased electricity budgets for fiscal year 1986 are 28.3 percent higher than the actual fuel and purchased electricity expenditures for FY 1985 due in great part to a mild 1984-85 winter.

Equipment expenditures are budgeted at 46 percent below FY 1985 levels. The sharp decrease was to accommodate reallocations necessary to maintain essential institutional services and provide for minimal salary increases.

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A number of essential building repairs were accomplished during FY 1985 as the result of \$3 million in fuel and purchased electricity funds made available for that purpose in accordance with the appropriations statute. Because of an overall austere budget requiring internal reallocations and because the mild winter in 1984-85 is not likely to be repeated, building repair activities are budgeted to be sharply curtailed during FY 1986.

Annually, the Board of Regents institutions receive a number of special purpose appropriations. In contrast to past years, Western Iowa Continuing Education Program funding has been incorporated into the general university budgets at ISU and SUI. Likewise the Quad Cities Graduate Study Center appropriation has been incorporated into the general university budget of the University of Iowa.

The Quad Cities Center has \$126,200 budgeted for FY 1986 while the Western Iowa Program has been budgeted at \$42,776 from SUI and \$152,433 from ISU.

Standing appropriations are established by statute. The livestock disease research fund is a standing limited appropriation with maximum support established at \$300,000 annually.

Within the last few years, the federal government has established grant support for broad-based programs with funds provided to the state for allocation. The state legislature determines the share of these block grants to be assigned to each specific program within the broad authority of the federal statute. The Specialized Child Health Services program (SCHS) administered by the University of Iowa Hospitals and Clinics, qualifies for regular block grant support. Including carryover funds, SCHS programs have been appropriated and have budgeted \$2.5 million in federal block grant funds for FY 1986.

Other special purpose appropriations received by the Regent institutions in FY 1986 are for the Water Resources Institute; the Fire Service Education Program funded by both the Iowa State University general budget and the Department of Public Instruction; and the Center for Industrial Research and Service (CIRAS). For 1986, funding for CIRAS small business development centers was increased from \$500,000 to \$693,000. The Fire Service Education program was appropriated \$198,000 through the Department of Public Instruction; the Water Resources Research was appropriated \$133,650.

Motion:

Dr. Harris moved that the board approve the recommended actions concerning the FY 1986 Final Institutional Budgets. Mr. Greig seconded the motion, and it passed unanimously.

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PROCEDURES WITH STATE GOVERNMENT AGENCIES. The Board Office recommended the board consider but defer action until September on proposed amendments (as shown on following pages) to the Procedural Guide regarding the responsibilities of the Board Office to provide time for consultation between the Board Office and the institutions regarding the proposals.

Mr. Richey stated he had some concerns about the role and authority of the Board Office in various areas and implicit in his concerns was the role of the board in the governance of the institutions.

Mr. Richey stated he had reviewed the responsibilities of the Board Office as set forth in Chapter III of the Board of Regents Procedural Guide. Many of the provisions of the Procedural Guide are vaguely stated and do not reflect long-standing procedures and practices. He noted because of such vagueness, occasional misunderstandings have arisen between personnel in the Board Office and the institutions. Also several changes in key institutional and Board Office personnel over the past several years have added to misunderstandings and confusion. Consequently, the responsibility and role of the office with respect to certain functions need further clarification.

Mr. Richey cited the following areas where misunderstandings have occurred:

- Responsibilities for budget review -- Section 3.03, Subsections B authorizes the executive secretary to sit in on the institutional meetings at which biennial budget requests are developed for the purpose of coordinating "preparation as to format and basic assumptions" and to facilitate interpretation of the final budget to other state agencies and the legislature. Since the institutional budget requests should be developed primarily at the institutional level, this subsection probably does not require any changes. Subsection C empowers the executive secretary to review preliminary summaries for each institution "in order to advise the board as to their acceptability." Since the board considers final detailed budgets, budget ceiling changes, and biennial budget requests, this subsection should be amended to reflect the practices of the past 17 or 18 years. Changes suggested would authorize the executive secretary to establish budget formats and to acquire from the institutions any information needed in carrying out those responsibilities.
- Contact with state agencies -- Subsection D states that "the executive secretary shall be the daily contact, when necessary, between the board and other state agencies." Recently, there have been instances where institutional personnel have gone directly to the Attorney General's Office to acquire designated outside legal counsel and to the State Executive Council for other specific actions. It has been the long-standing perception of the executive secretary that such activities were to be carried out through the Board Office. Subsection E has been proposed which would clarify procedures for such requests.

III. BOARD OFFICE

3.01 Governance

The Board of Regents shall also have and exercise [in addition to its other powers and duties as set forth in Chapter 262] all the powers necessary and convenient for the effective administration of its office and of the institutions under its control; and to this end may create such committees, offices, and agencies from its own members or others, and employ persons to staff the same, fix their compensation and tenure and delegate thereto, or to the administrative officers and faculty of the institutions under its control, such part of the authority and duties vested by statute in the board, and shall formulate and establish such rules [and regulations], outline such policies, and prescribe such procedures thereof, all as may be desired or determined by the board as recorded in their minutes. (Code 262.12) (Employees of the board hereunder shall not come under the division of personnel provided for in Code 8.5.)

3.02 Executive Secretary

- A. The executive secretary of the Board of Regents is responsible for the administration of the Board Office.
- B. All the duties, powers, and authorities previously delegated to, prescribed for, and exercised by the Finance Committee are delegated to and vested in the executive secretary.
- C. The executive secretary of the Board of Regents is empowered in the board's name to act in its stead with respect to such matters as may arise prior to the certification of a bargaining representative in an appropriate unit at the concerned Regent institution. The executive secretary, prior to taking any action pursuant to this resolution, shall consult with board members and the institutional executive of any institution which may be affected by any such action. (April 13-15, 1966, p. 438; June 16-17, 1966, pp. 558-561; February 12-13, 1976, p. 384)

3.03 Office Responsibilities

- A. The Board Office shall provide the general staff work necessary to assist the board in arriving at sound decisions on policies, procedures, and future plans. This includes preparation of written material in advance of board meetings and the compiling, editing, and preparation of surveys, reports, and other necessary research.
- B. The executive secretary shall participate in the combined institutional biennial budget preparation primarily (1) for the purpose

of coordinating such preparation as to format and basic assumptions, and (2) in order to interpret the final budget to other state agencies and the Legislature.

- C. The executive secretary shall review ~~the preliminary annual~~ *all proposed budgets summaries for* by each institution prior to their submission to the board ~~in order to~~ and advise the board as to their acceptability. *The executive secretary is authorized to establish budget formats and to acquire such information as the secretary deems necessary in carrying out these responsibilities.*
- D. The executive secretary shall be the daily contact, when necessary between the board and other state agencies. The executive secretary shall ~~work in cooperation with the public information committee of the institutions to provide~~ *is responsible for coordinating and providing information for* to the Legislature and the public in regard to the board askings and other legislation in which the board has an interest affecting the board and the institutions. *Legislative liaison personnel shall work under the supervision of the executive secretary. The executive secretary shall seek the guidance of the president of the Board of Regents and the board as appropriate in carrying out these duties.*
- E. *Requests by the institutions to state departments and agencies shall be presented to the executive secretary for review and appropriate action. Examples of such requests may include, but are not limited to, requests for legal assistance or employment of outside counsel to the Office of the Attorney General, requests to the Office of the State Comptroller or the Legislative Fiscal Director, or requests to the State Executive Council. Excluded from this requirement are matters directly related to instructional activities (such as matters related to certification of students in teacher education programs) and research (such as applications for research and instructional grants of federal programs administered by various state agencies).*
- F. The executive secretary shall visit the institutions as often as necessary to conduct the business of the Board Office.
- G. The executive secretary, in cooperation with the institutional treasurers, shall have the responsibility for the investment of funds belonging to the institutions.
- H. The executive secretary shall work with the board's financial consultant ~~and bond counsel~~ in the preparation and completion of all matters relating to ~~the financing of capital improvements~~ *borrowings by the board or the institutions. Institutional requests to such consultants and bond counsel and financial institutions shall be routed through the executive secretary unless prior arrangements have been made with that office.*
- I. The executive secretary is the lawful custodian of the records of the board and shall keep and carefully preserve complete files of documents, records, and the proceedings of the board. (November 13-15, 1958, p. 137; June 16-17, 1966, pp. 558-559; January 12-13, 1967, p. 318; May 29-30, 1985, p. 582)

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- J. If the State Board of Regents Office proposed increasing tuition for students at one or more of the institutions of higher learning under its control, not less than 30 days prior to the vote by the state board on the proposed increase, the Board Office shall send written notice of the amount of the proposed increase to all the presiding officers of the student government organizations of the affected institutions. This notice shall include a copy of the proposed tuition-increase docket memorandum *containing the proposed tuition increase*. prepared by the Board Office for the board's consideration. (March 22, 1984, pp. 503-504)

INTENT: It is the intent of the board that this policy would be implemented as follows: As has been the case in the past, The Board Office would propose changes in tuition policy in September in a docket memorandum prepared for the board's consideration. The board would consider this docket memorandum at its September meeting, but would provide student leaders at each of the Regent universities with a copy of its September docket memorandum at least 30 days prior to the date in October on which the board is expected to vote on tuition policy.

- Legislative liaison activities -- Legislative liaison activity is now carried out on behalf of the Board of Regents by the legislative liaison person appointed by each university president. Until the last few years and coincident with several personnel changes, the executive secretary coordinated the legislative liaison activities.

Positions of the Board of Regents on legislation and financial matters were determined by the executive secretary on a day-to-day basis. Determinations were based on past actions of the board and by consultation with the president of the board. Close communication between the president of the board and the executive secretary was routine. In instances where the position of the board on an issue or proposal was not known or could not be deduced from past board actions, the matter was taken directly to the board for consideration. The executive secretary or his designee or the board appeared before various legislative committees, subcommittees and individual legislators to present information or positions and to work out solutions to problems. The executive secretary was consulted before institutional personnel were assigned to make presentations to the General Assembly or any of its entities. The recommended changes in Subsection D would reinstitute the original practices, procedures, and understandings with respect to legislative relations. It is anticipated that board members would be kept informed of legislative activities by the Board Office through special reports, telephone calls, and the board docket. Amendment proposed to Subsection D would state "the executive secretary is responsible for coordinating and providing information to the legislature and the public in regard to the board askings and other legislation affecting the board and the institutions. Legislative liaison personnel shall work under the supervision of the executive secretary. The executive secretary shall seek the guidance of the president of the Board of Regents and the board as appropriate in carrying out these duties."

- Responsibilities for investment of funds -- Subsection H sets out the policies with respect to borrowing of funds. Generally speaking, there have been no major problems in recent years with respect to this activity except that the institutions have gone occasionally to bond counsel or financial consultants with respect to proposed financings without the knowledge of the Board Office. The Board Office should be involved in this activity at the earliest possible stage, and the proposed language is designed to accomplish that.

Regent Murphy stated she was concerned with the intent of the procedural guide additions. The additions seem to redefine the executive secretary's role. She went on to say she was concerned about the universities maintaining autonomy.

Regent Anderson stated she had similar concerns and felt the board should discuss a policy change of this nature before it goes to the universities. She indicated she recognized there may have been problems but suggested discussions with the presidents take place and that the original policies be used as the basis for the discussion.

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Mr. Richey indicated he had considered discussing the issues with the presidents but felt they were issues which should be addressed by the board.

Regent Duchen indicated he thought contact on such items was to be made first with the executive secretary.

Mr. Richey stated the board has always held that Regents' policies would be presented to the legislature. To avoid anarchy, the board has insisted on coordinated policy; decisions whether to change that policy would be made by the board through the president and the executive secretary. The question now was whether the board was being represented or whether there was going to be three separate institutions interpreting board policies.

President McDonald stated it had traditionally been the responsibility of the Regents to make a balanced presentation to the legislature. Day-to-day relationship on legislative issues to see that the board's position was being advocated had been through the executive secretary to the board president. This has been important and assured the legislature was receiving the Regents position. He indicated it was his perception that the legislative liaisons represented the board during the session, and their contact with the executive secretary was also contact with the board president and the board. If contacts were not on a daily basis, things had a tendency to wander.

Regent Tyler stated it appeared to him the executive secretary perceived he had some problems. He went on to say that part of the problem during the last session of the legislature was the board did not speak with one voice and the legislature was somewhat confused.

Regent Greig stated the proposed changes would be a base from which to work without which there would be nothing to discuss.

Regent Harris asked for comments from the presidents.

President Freedman stated he felt the authority of the Board Office was being increased at the expense of the presidents and that the proposed changes appeared to add substantive authority to the executive secretary. He noted they had a process by which each president had access to the board and it had been the choice of the board to meet often. He went on to say history in this state had been that very great power had been delegated to the presidents of the universities. He indicated the universities were three separate institutions and didn't think budget formats established by the executive secretary were necessary. He stated his director of state relations (who is the legislative liaison from the University of Iowa) would be in a very awkward position to work under the supervision of both the executive secretary and the university president. The proposed change that all contacts to state agencies must first go through the executive secretary has the implication the executive secretary may say no. The proposed change regarding investment of funds which would require the involvement of the Board office at a very early stage would appear that the board was questioning the judgment of the presidents of the universities. He noted it was not the fault of the present document (the Procedural Guide) that there were problems but a difference in aspirations. He further stated he was very disturbed by all of the suggestions.

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President Parks stated his remarks were not intended to be personal. He indicated his concerns were similar to those of President Freedman. He noted one of the hallmarks of this system of governance was the significant amount of institutional autonomy. The proposals were in sharp contrast to that autonomy and reflected control which dominated educational systems in other states. He indicated the flexibility of the Iowa Regents' System would be very appealing to candidates seeking the presidency of Iowa State University.

President Curris indicated that he shared some of the observations made by his colleagues. He noted there were many strengths in the higher education system in Iowa. The state had a central Board of Regents which had sought to coordinate higher education. The board delegated responsibilities and held the managers responsible. In such a system, problems will arise; and he felt problems had arisen since he had arrived at UNI. He indicated that if you have a major problem, a major solution is necessary. The same held true if the problem was minor--a minor solution was needed. His impression was that there were some problems, and the ideal way was to work problems out on an ad hoc basis. He indicated what was being proposed was a solution far in excess of the problems and could very well create problems that could haunt us for some time.

Mr. Richey stated the comments made by the presidents reflected the seriousness of the problems. The board had to have day-to-day oversight on the legislative activities; and, if, for the purpose of negotiating and establishing legislative positions and undertaking legislative activities, the legislative liaisons reported only to the institutional presidents, the board was not governing. He further stated he was not proposing a chancellor operation.

Regent Anderson stated she would like to see as a first step to attempt to resolve the problems through reasonable discussion without proposing any substantive changes in language. She indicated she assumed that the presidents understood they employed the legislative liaisons and that the ultimate responsibility resided in the board.

President McDonald stated that the very fact that these matters had come up indicated a great deal of the communication that should take place was not taking place. He further stated it was the responsibility of the board to see its authority was preserved and that the board's position was presented to the legislature.

Motion:

Mrs. Anderson moved that the board abstain from the proposal presented and request the president of the board, the executive secretary, and the three presidents to meet to discuss the concerns voiced using as the basis for discussion the original policies and procedures. Mr. Duchon seconded the motion.

Regent VanGilst asked about the two special schools.

Regent Anderson indicated she would leave their inclusion to the discretion of the president of the board.

Regent Harris asked, for the benefit of the three newer board members, for a review of how the legislative contact people had functioned in the past in terms of the Board Office.

Mr. Richey said that during the 20 plus years that Max Hawkins was the lobbyist for the board, he lobbied for the board and kept the Board Office closely informed. When it came time for a position to be proposed that was an alternative to what the board wanted, Mr. Hawkins would call the executive secretary who in turn contacted the board president and, if necessary, the rest of the board to get a decision. It was a very congenial and effective relationship. If there was some negotiation to take place with committee chairmen, etc., it was discussed ahead of time. Strong reliance was placed on the advice of Mr. Hawkins as to who should represent the board. Mr. Richey noted these conversations were reported immediately to the president of the board. A decision was then made as to the involvement of the full board. He went on to say that we had gotten far away from that type of relationship under current practices.

Regent Harris asked if the presidents of the universities had any objection to having legislative activities coordinated through the Board Office.

President Curris stated he had no objection but felt the proposal presented went beyond coordination. It was the board's discretion to decide where that coordination should take place.

President Parks stated the executive secretary should have a coordinating role, and he felt that coordination already existed but maybe not perfectly.

President McDonald stated he had no problem with the motion and would be glad to sit down with the presidents and the executive secretary.

Regent Duchen stated he did not feel comfortable with what he read. It seemed we were shifting away from the university presidents. He noted we had a wonderful system, and all that was needed was more money.

Regent Harris indicated he planned to vote for the motion and that he was adamantly opposed to anything which weakened the positions of the university presidents.

Regent VanGilst called for the question on the motion.

Vote on motion:

Motion approved.

Regent Harris stated the board had a great deal of confidence in the executive secretary and respect for his ability; but, from time to time, there would be differences as had been faced during this discussion.

EMPLOYEE APPEAL - DR. JAIME LACASA, IOWA STATE UNIVERSITY. The Board Office recommended the board deny the grievant's request for review of a final institutional decision which denied the grievant promotion to the rank of professor.

Mr. Wright explained this appeal had been on the board's agenda for the May 29-30, 1985, meeting. The employee, at that time, requested by telephone and telegram, the board delay acting on the request until he had an opportunity to provide additional information. The employee provided the information. The Board of Regents Procedural Guide, section 4.25 provides that an employee may request review of a final institutional decision by the board. Pursuant to the procedure, the employee must submit the request for review to the chief executive officer of the institution. This officer then forwards the request with the officer's comments to the executive secretary of the board who causes the matter to be reviewed and places the request for board review on the board's agenda. The board may grant the request for review, deny the request, or remand the matter to the institution for further consideration. If the request for review is denied, the employee may then seek judicial review as permitted by law.

The grievant became an instructor at ISU in 1966, was promoted to Assistant Professor in 1974, and to Associate Professor in 1979. He is a tenured member of the Department of Foreign Languages and Literature. The grievant initiated a request for promotion in August 1983. The Faculty Evaluation Committee met, reviewed Dr. Lacasa's record, and recommended promotion to full professor in December 1983. In January 1984 the department head recommended against promotion and had forwarded the recommendations, both positive and negative, to the Vice President for Academic Affairs. In September 1984, the Faculty Appeals Committee (FAC) was contacted by the grievant relative to aspects of his grievance and its processing. Dr. Lacasa then filed a formal request for review of the negative promotion decision with the FAC. A meeting was held between the FAC and Dr. Lacasa and the FAC then found it could not reach the conclusion that Dr. Lacasa should be promoted to full professor. The Vice President for Academic Affairs accepted the report of the FAC in February 1985. On February 25, 1985, Dr. Lacasa requested President Parks review his grievance. Dr. Parks reviewed the materials submitted by the grievant and concluded there was not sufficient reason to overrule the FAC and denied the appeal. The grievance was then filed with the executive secretary. The Board Office review of the record submitted by Dr. Lacasa and the university did not find a flaw in the process which had been detrimental to the grievant on which the grievant did not have an opportunity to address in the campus process. In letter dated June 10, 1985, the grievant took exception to the Board Office review and alleged five procedural errors in the process at the university. The grievant requested the opportunity for an evidentiary hearing, a review of the procedural errors he alleged, a review of his department head's comportment and the head's alleged derogatory statements regarding his promotion, an investigation of the accuracy and substantive weight of the reasons given by his college dean, and he requested promotion to the rank of full professor.

Motion:

Mr. Tyler moved that the board deny the grievant's request for review of a final institutional decision. Mrs. Anderson seconded the motion.

Regent Harris stated he felt the determination of whether a faculty member should be promoted depended upon teaching, research and service and that determination could best be made by the department head and dean who were closer to the employee and should not come to the board for decision.

Mr. Wright stated the intent of referring such appeals to the board was not to ask the board to substitute its judgment for the institutional specialists but to assure adequate review had been given to the issue on the campus.

Vote on motion:

Motion approved.

APPEAL BY VENDOR. The Board Office made the following recommendations:

1. That the board ratify the conclusion of the University of Iowa and the Board Office staff that the current method employed for purchasing scientific chemicals, supplies, equipment, and apparatus is in conformance with statutes and the Board of Regents Procedural Guide. Further, it was recommended that the board, in recognition of the demonstrated savings, affirm the university's prerogative to prequalify vendors when justified by demonstrated economies.
2. That prior to the next bid award for chemicals, supplies, equipment, and apparatus, the university is to conduct a parallel bidding test which incorporates all vendors and is to follow an approach which results in the most savings in public funds. The results of the parallel bidding test shall be shared with the Board Office for consultation, prior to award of contracts for FY 1987.
3. That the Board Office work with the university purchasing personnel prior to the next bid solicitation for scientific chemicals, supplies, equipment, and apparatus to examine alternatives to prequalifying bidders for this contract which would yield equal or better results. The Board Office will then report its findings to the board.

Mr. True explained the board heard complaints from representatives of Midland Scientific, Inc., at the June board meeting about the method of procurement used by the University of Iowa in acquiring contract chemicals, supplies, equipment and apparatus. At that meeting it was the consensus of the board that the Board Office review the information presented and report to the board in July. He also noted that the issues had been reviewed by the staff of the Office of the Attorney General.

Based upon testing done at five-year intervals, the university prequalifies vendors for the chemicals, supplies, equipment, and apparatus contracts; and, since the last testing, only full-line suppliers have been allowed to bid. Midland Scientific is not a full-line supplier. The university had determined, through receiving bids by full-line suppliers and separate, concurrent bids by full-line as well as partial-line suppliers that there was a cost advantage to the university in prequalifying only full-line vendors for this particular contract. The advantage cited by the university in its last test was 8 percent, or \$140,000.

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Midland Scientific challenged the university's position and requested that open competition for items be substituted for the prequalification practice of the university. The manner in which the university structured the test to evaluate the comparative advantage of prequalification versus open competition was also challenged.

The university has already awarded contracts for chemicals, supplies, equipment, and apparatus for the present fiscal year. Bids were opened May 21 and contracts were effective July 1.

The Board Office reviewed the past parallel bid test results by commodity; the method of analysis used by the university; the results of the most recent solicitation; and other pertinent facts. The data reviewed demonstrated a savings through the prequalification process in this particular contract. The savings were substantial, and university practices were judged by the Board Office to be in conformance with the relevant statutes and the Board of Regents Procedural Guide.

Regent VanGilst stated he did not know of any other area in state government where open bidding was not the practice, and he stated that he felt it should be the practice for the universities.

Regent Tyler indicated he felt the practice of prequalifying bidders at the university was wrong.

Vice President Ellis stated the reason for the periodic parallel testing was to assure there was continuing to be a cost saving with the prequalification process. He asked that the board not hold judgment on the system until the tests are run and the results presented to the board.

Regent Greig asked how difficult would it be to bid both ways each year.

Vice President Ellis stated he could not give an exact cost until after the tests were run, but there would be a cost.

Regent VanGilst stated he wanted the lowest bid but also wanted the bids to be open.

Vice President Ellis stated the system brought in the lowest bids, and that it was done in consultation with the vendors.

Motion:

Mrs. Anderson moved that the board approve the recommendations as outlined. Miss VanEkeren seconded the motion, and it was approved with Mr. Tyler and Mr. VanGilst voting no.

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RESPONSE TO IOWA COMMERCE COMMISSION ON THE UNIVERSITY OF IOWA AND IOWA STATE UNIVERSITY TELECOMMUNICATIONS PROJECTS.

Mr. True explained in May the Iowa Commerce Commission (ICC) requested information about the existing or proposed "sale of telecommunication services" at the state universities. The ICC asked the Board of Regents to respond to 16 questions concerning proposed and existing telecommunication systems at the University of Iowa and Iowa State University. The questions were posed by the ICC to help it determine "whether the Commission should regulate the telecommunications services that the Board of Regents offers or intends to offer and if so, to what extent.

Both universities worked cooperatively with the Board Office staff and the Assistant Attorney General in preparing the information required by the ICC. The Assistant Attorney General asserted in the response that the commission did not have jurisdiction over the telecommunications systems at the universities. Further, the response of the Assistant Attorney General stated that "the Board of Regents is not a 'public utility' as defined in Section 476.1 of the Code in that the Board of Regents is not a 'person' within the meaning of that section nor is it or the institutions it governs presently engaged in or contemplating furnishing communication services to the public for compensation."

The Board Office staff with the Assistant Attorney General will monitor the situation closely and keep the board and the affected universities informed.

Regent Harris asked how the board would be affected if the ruling was that the board was a public utility and came under the jurisdiction of the Commerce Commission.

Mr. Richey stated the board would have to comply with the commission's regulations. The commission would set the rates resulting in an erosion of the board's authority to govern.

Action:

President McDonald stated the report concerning the response to the Iowa Commerce Commission was received by general consent of the board.

NEXT MEETINGS.^{1/}

	September 18-19	University of Northern Iowa	Cedar Falls
	October 16-17	University of Iowa	Iowa City
<u>2/</u>	November 11-15		Des Moines
	November 20-21	Iowa School for the Deaf	Council Bluffs
	December 18-19	Iowa State University	Ames
	January 15, 1986		Des Moines (if needed)
	February 19		Des Moines
	March 13	University of Northern Iowa	Cedar Falls
	April 23	University of Iowa	Iowa City
	April 24	Iowa Braille & Sight Saving School	Vinton
	May 21-22	Iowa State University	Ames
	June 18-19	University of Northern Iowa	Cedar Falls

1/ Underscored date () indicates choice if meeting is to be held one day.

2/ Reserved for meetings for selection of president for Iowa State University.

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

CONSENT

The following consent items were presented to the board:

GENERAL

BOARD OFFICE PERSONNEL REGISTER. The register contained the following actions:

- Resignation: Marcia R. Peters, Administrative Assistant, effective July 12, 1985.
- Promotion: Marcia R. Peters, Assistant Director, Personnel and Employment Relations at an annual salary of \$26,000 plus the usual fringe benefits, effective July 12, 1986.
- Merit Increases: Evelyn Cardamon, Secretary III, to \$20,979 annually (Grade 110, Step 8) after annual merit evaluation, effective June 28, 1985.
Ellen Discher, Secretary II, to \$17,347 annually (Grade 107, Step 7) after annual merit evaluation, effective June 28, 1985.

STATE UNIVERSITY OF IOWA

Register of Personnel Changes for June 1985.

JOHN MURRAY ENDOWMENT FUND ANNUAL REPORT. The endowment fund was established in 1945 for the purpose of providing scholarships for students and funds for lecturers in the College of Law, the College of Business Administration, and the School of Journalism. The fund has in excess of \$1 million in principal, and earnings for the most recently audited year were approximately \$109,000. The portfolio has been reviewed, and certain securities will be sold due to recent law requiring divestiture of securities in firms doing business in South Africa. The divestiture activity will be reported as part of the required annual report for the year ending June 30, 1986.

IOWA STATE UNIVERSITY

Register of Personnel Changes for June 1985.

UNIVERSITY OF NORTHERN IOWA

Register of Personnel Changes for June 1985.

IOWA SCHOOL FOR THE DEAF

Register of Personnel Changes for June 1985.

Register of Capital Improvement Business Transactions for June 1985 -
no transactions.

IOWA BRAILLE AND SIGHT SAVING SCHOOL

Register of Personnel Changes for the period May 26 to June 30, 1985.

Register of Capital Improvement Business Transactions for June 1985 -
no transactions.

Motion:

Mr. VanGilst moved that the board approve the items on the consent docket. Mr. Greig seconded the motion, and it passed unanimously.

STATE UNIVERSITY OF IOWA

The following business pertaining to the State University of Iowa was transacted on Thursday, July 18, 1985.

HUMAN BIOLOGY RESEARCH FACILITY. The Board Office made the following recommendations:

1. Receive the report from the University of Iowa and the University of Iowa Facilities Corporation concerning the financing of the Human Biology Research Facility.
2. Authorize the Board Office staff and the university to proceed in negotiations with the University of Iowa Facilities Corporation and the selected underwriter, as well as other necessary consultants to complete the financing staff--including the terms and conditions of the facility lease--so the board can consider the final action on the financing plan to August.
3. Request the Board Office staff work with the University of Iowa to insure that the facility lease provides the board with control at critical decision points after the lease is executed and until the facility becomes the property of the state of Iowa, and request that the project continue to be reported to the board on the Register of Capital Improvement Business Transactions.
4. Discuss whether to have a telephonic meeting in late August or early September to take action on the Human Biology Facility lease and related financial decisions.

Vice President Ellis stated that the board in February had approved the general concept of the financing of the Human Biology Research Facility. He reviewed the project budget, estimated to be \$26.5 million, of which \$8 million would be offset by gifts pledged to the University of Iowa Foundation with the remainder financed through the proceeds of a bond sale. Vice President Ellis noted the entire \$8 million in gifts had been received by the foundation.

The university, in April, solicited proposals on financing of the facility. The solicitation called for plans which would provide flexibility and low debt service cost to the corporation. Flexibility was essentially for the purposes of accommodating future gifts for the facility. Seven proposals were received as a result of the solicitation. Following evaluation of the proposals, including oral presentations by the four finalist underwriters, a decision was made by the Facilities Corporation, in consultation with the Board Office and the university, to select John Nuveen and Company and Securities Corporation of Iowa as its underwriting team for the project.

Vice President Ellis stated that debt issued by the Facilities Corporation would not be exempt from Iowa state income tax as are Board of Regents bonds but would be exempt from federal income tax. At the time the financing plan was initially considered, it was considered that the Facilities Corporation and the university's interests would best be served by utilizing variable rate demand bonds. The judgment to use variable rate bonds was based upon the economies to be realized from arbitrage during the construction period and on the need to retain flexibility in the financing so as to be able to retire the debt prior to maturity in the event that additional gifts toward the cost of the building were received which is a realistic possibility.

Vice President Ellis introduced Paul C. Williams and John H. Peterson of John Nuveen & Co., Inc., and Jack B. Evans of Securities Corporation of Iowa who presented the financing plan.

Mr. Williams explained the financing plan would include a combination of fixed rate bonds and variable rate demand bonds. He noted the key element of the plan was the use of the variable rate financing. They can have maturities of several years but are priced on the basis of weekly short-term interest rates. The reason they can be priced at the shorter term interest rate is because there is a "put" option contained in the bond which allows the holder of the bond to have it redeemed at seven-day intervals which gives the bond holder a very liquid asset. The borrower benefits by having to pay a substantially lower rate of interest. The borrower also has the reciprocal opportunity to "call" the debt on short notice which provides the flexibility to retire the debt prior to maturity.

Regent Duchen asked what would be the distribution between the fixed rate and variable rate bonds.

Vice President Ellis stated that a judgment as to the recommended mix of fixed and variable rate debt has not yet been reached. Estimates are that between \$8-\$10 million in fixed rate and between \$12-\$14 million in variable rate would be issued.

Mr. Williams explained the advantage of fixed rate bonds was the fixed cost at the outset with the disadvantages being the high interest rate and limited flexibility in terms of paying the debt. The advantages of the variable rate demand bonds would be the lower interest rates and the flexibility to call in the debt. A disadvantage would be the variable cost.

Mr. Peterson stated in the short-term an interest rate on the fixed rate could be expected to be about 7.5 percent and from 4.5 to 6 or 7 percent on the variable rate. The plan of financing would involve a ground lease between the Facilities Corporation and the Board of Regents and an occupancy lease. During the three-year construction period, there would be no lease payments and interest would be paid from the bond proceeds. Both the fixed rate and variable debt would be issued simultaneously. Lease payments would go to a trustee who would then repay the bond holders. The fixed rate debt would stay outstanding and amortized over a ten-year period, and the variable rate would fluctuate.

John Nuveen & Co., Inc., would issue the bonds and act as remarketing agent if the variable rate demand bonds come back and redistribute the bonds back to the market. In order to keep all the bonds in the market, interest rates must be adjusted on a periodic basis to reflect changes in the general level of interest rates. Protection against excessive interest rates can be obtained in two ways, a "cap" or limit on interest rates and the ability to convert the variable rate debt to fixed rate bonds at any time.

Mr. Peterson explained that, in order to assure the potential lenders the funds would be available to allow them to convert their bonds into cash on short notice, it was standard procedure to obtain credit enhancement in the form of a letter of credit. Credit enhancement is provided by a large money center bank. Domestic banks have provided billions of dollars in credit enhancements and many are approaching their legal or financial limit. Therefore, quotations were also solicited from large international banks which have entered the market more recently and are much more competitive in their rates. The most favorable bids were received from the international banks, and the Facilities Corporation intends to obtain credit enhancement from one of them. Mr. Peterson indicated that it would probably be the Bank of Tokyo. He further explained that the letter of credit bank would lend money to the trustee for repayment of the variable rate bonds and subsequently create a loan that would be repaid from the stream of revenue from the rental payments.

Regent Harris asked what would be the rate of interest charged by the letter of credit bank.

Mr. Peterson stated that the loan would be activated at a prime related rate with a term in the nature of five years. During that period of time, the variable rate bonds would either be remarketed or converted to fixed rate.

Regent Greig asked what the charge would be by the bank for the contingent liability.

Mr. Peterson stated the Bank of Toyko would charge .30 percent of the par amount of bonds outstanding plus a .15 percent administrative cost on an annual basis in addition to some initial fees.

Mr. Evans explained the marketing of the bonds. He indicated that the fixed rate bonds would be purchased by banks, trust departments, and individuals. The majority of the variable rate bonds would go to money market funds with smaller amounts to trust departments, individuals and corporations.

Mr. Peterson indicated they would like to get approval of the financing plan which would include the lease, indenture, bank credit agreement, remarketing agreement, and purchase contract by August 23 so that the closing could occur September 4. He explained the object of the schedule was to get the bonds marketed as quickly as possible.

Mr. Richey stated there were two central lease agreements for the project. One lease agreement had already been approved by the board and is a lease of the grounds by the Regents to the University of Iowa Facilities Corporation. The second critical lease is the lease of the completed facility to the state of Iowa. The lease would be between the Facilities Corporation as lessor and the Board of Regents acting for the state of Iowa. This lease would represent an unconditional commitment to pay sufficient amounts to cover all debt service and related expenses on the project as well as all operation and maintenance costs necessary to support sponsored research in the facility once it is completed. The risks of short-term rates increasing resulting in an increase in the required debt service would be borne exclusively by the board. He indicated that the Board Office staff was working with the university staff to insure the Board of Regents through the lease of the property, would maintain the control necessary over the process of financing to insure serving the best interests of the state.

Vice President Ellis stated they would handle the project the same way as university-financed projects, and there would be times when board approval would be necessary. He indicated it would be very advantageous to have the board meet on August 22 or 23 to give final approval of the documents.

President McDonald asked if the meeting could take place during the first week of September.

Mr. Williams stated that would add about two weeks to the schedule and delay the date on which funds would be available.

Regent Tyler stated he resented being put in such a pressure situation and it was the second time since he became a member of the board in May.

Regent Anderson asked what decisions would the board be asked to make at the August meeting.

Vice President Ellis stated the board would receive additional details about the lease which is being reviewed by bond counsel.

Mr. Richey stated he had expressed concern about not giving the board adequate time to reflect on the plan of finance.

Vice President Ellis stated if the board felt it needed additional time, the schedule could be revised.

Motion:

Mrs. Murphy moved that the board approve the actions recommended concerning the Human Biology Research Facility and that the board meet on August 22 to take final action on the lease and related financial plans. Mrs. Anderson seconded the motion, and it passed with Mr. VanGilst voting no.

SUSPENSION OF ADMISSIONS TO MASTER OF SOCIAL WORK PROGRAM IN SIOUX CITY. The Board Office recommended the university's proposal to suspend admissions to the program be referred to the Interinstitutional Committee on Educational Coordination and the Board Office for review and recommendation.

The Board Office explained the university was proposing to suspend admissions to the Master of Social Work program which has been ongoing in Sioux City since 1975.

President McDonald introduced James Taylor, Chairman of the Sioux Area Advisory Council on Social Work.

Mr. Taylor stated he had come to appeal to the board on behalf of the council to support the continuation of the social work program in Sioux City. He indicated the program has drawn students from all of western Iowa. He noted that 48 students had graduated from the program since 1979.

Larry Pithan, currently a social worker on the staff of St. Lukes Regional Medical Center in Sioux City, stated he would not have been able to complete his M.S.W. without the program. He indicated the program offers a great service to the people of the area.

Regent Duchen asked how many students were currently in the program.

Mr. Pithan responded there were 16 students and went on to say that graduates generally stay in the western Iowa area.

Regent Duchen asked the university's rationale for suspending the program.

Vice President Remington indicated it was due to money and the subtleties of money. He stated the university did not contradict anything the representatives from the Sioux City area said.

Regent Anderson stated she was aware of the concern in the Quad Cities Center and asked if the proposed suspension reflected a change in the Department of Social Work as well as a budgetary problem.

Vice President Remington stated it was the desire of the faculty to continue outreach services. The problem was the budgetary restrictions on the university as a whole--all programs are in competition for funds.

Motion: Mr. Tyler moved that the board approve the recommended action. Miss VanEkeren seconded the motion.

Mr. Richey stated the Board Office and the Interinstitutional Committee would take all the remarks made into consideration prior to making recommendations to the board.

Vote on motion: The motion passed with Mr. Greig voting no.

FINAL BUDGETS - FY 1986. The Board Office made the following recommendations:

1. That the University of Iowa final operating budgets* for FY 1986 be approved as follows:

General University	\$187,028,419
University Hospitals and Clinics	149,624,473
Psychiatric Hospital	8,851,163
Hospital School	5,007,322
Hygienic Laboratory	3,214,148
Oakdale Campus	2,712,083
SCHS-Clinics & Muscular Dystrophy	3,041,031
SCHS-Cancer, Hemophilia & High Risk	427,607
Family Practice	<u>1,472,588</u>
TOTAL	\$361,378,824*

*(less reductions as needed to compensate for shortfalls in comparable worth funding)

2. That the residence system budgeted operating expenditures for FY 1986 of \$14,990,456 be approved.

The final operating budgets for FY 1986 for all budget units at the University of Iowa provide for the addition of comparable worth salary adjustments to the total preliminary operating budgets approved by the board in May. The General University budget was also increased by \$200,000 as a result of the university's revision of estimates of indirect cost reimbursements. The total final budgets are otherwise identical to those approved by the board in preliminary form.

The total university budget of \$361,378,824 is 3.1 percent greater than the originally approved FY 1985 operating budget and 2.3 percent above the revised FY 1985 operating budget.

The General University operating budget of \$187,028,419 represents an increase of 2.9 percent over the original FY 1985 budget and an increase of 1.4 percent over the revised FY 1985 budget. The preliminary budget has been increased by \$752,016 for comparable worth adjustments and by \$200,000 for additional indirect cost reimbursements.

The following table represents the projected income for FY 1986.

Income Category	Income Projections (000s Omitted)			% Change from FY 1985 Original Budget	% Change from FY 1985 Revised Budget
	FY 1985 Orig. Budget	FY 1985 Revised Budget	FY 1986 Proposed Budget		
Student Fees	\$ 47,301	\$ 47,301	\$ 49,659	5.0%	5.0%
Other Income	10,793	13,418	11,705	8.5	(12.8)
Appropriations	123,678	123,678	125,664	1.6	1.6
TOTAL INCOME	\$181,772	\$184,397	\$187,028	2.9%	1.4%

Appropriation support was increased only 1.6 percent over FY 1985 levels. Excluding adjustments for salary increases and comparable worth, the General University's state appropriation support is actually reduced by nearly \$1.2 million. Further, there is a projected shortfall of over \$400,000 between salary adjustment needs calculated according to the state's salary policy and funding provided by the salary bill.

Total institutional income is expected to increase by 5.6 percent over the original FY 1985 budget and by 1.1 percent over the revised FY 1985 budget. Income from student fees is projected to be \$49.66 million, an increase of 5.0 percent over FY 1985. The increase is the result of tuition increases approved in October 1984 but includes a projection of enrollment declines. Total student fee income includes the allocations to student activities, student services, debt service and building development approved by the board in May. Student fee income would be distributed as shown in the following table.

	FY 1984 (Actual)	FY 1985 (Estimated)	FY 1986 (Projected)
Total Student Tuition Income After Refunds	\$42,828,343	\$50,194,589	\$52,765,606
Allocations to:			
Student Activities and Student Services	1,403,329	1,444,577	1,557,254
Debt Service (Recreation Building, Hancher, Arena/ Recreation Project)	1,358,070	1,353,377	909,104
Building Development (Iowa Memorial Union)	95,966	95,635	639,992
NET TO GENERAL FUND	\$39,970,978	\$47,301,000	\$49,659,256

A sampling of faculty salaries by the Board Office indicated individual salary increases varied considerably (from 0 to 10 percent for a random sampling of 100 faculty members continuing in the same rank). The sampling indicated an average faculty salary increase (from all funds) of 3.2 percent, with the largest average increases reported for the medical and dental colleges. Without these colleges, the average increase was approximately 1.9 percent.

The university reported the addition of P&S positions to the Weeg Computer Center, the library, the University of Iowa Press, the art museum, cooperative education and admissions. The university also reported the addition of four faculty positions--in History, Economics, Political Science (to strengthen the area of Soviet Studies), and in Women's Studies.

The university reported restricted funds are expected to total \$261.5 million in FY 1986 as compared to \$234.0 million in FY 1985. The FY 1986 total includes \$58.0 million in federal funds, \$15.0 million in non-federal gifts and grants, \$100.5 million in sales and services, \$30.0 million in other income and \$58.0 million in bond revenue proceeds.

The university submitted its revised residence system budget for FY 1986 which included revenue projections of \$19,168,165, an increase of \$167,525 over the estimate in the preliminary budget. Operating expenditures are budgeted at \$14,990,456, approximately \$153,000 higher than proposed in the preliminary budget.

The final operating budget for the University Hospitals and Clinics differed from the preliminary budget by the addition of \$936,173 in comparable worth adjustments.

The following table identifies projected income:

Income Category	Income Projections (000s Omitted)			% Change from FY 1985 Original Budget	% Change from FY 1985 Revised Budget
	FY 1985 Orig. Budget	FY 1985 Revised Budget	FY 1986 Proposed Budget		
Sales & Services	\$119,597	\$119,509	\$122,405	2.4%	2.4%
Other Income	206	295	295	42.9	0.0
Appropriations	25,733	25,733	26,924	4.6	4.6
TOTAL INCOME	\$145,536	\$145,537	\$149,624	2.8%	2.8%

The defeasement of outstanding Hancher Auditorium revenue bonds has made available a larger allocation to support the Iowa Memorial Union remodeling project.

The category of Other Income represents 6.3 percent of the total operating budget and includes investment income and indirect cost reimbursements. The university at the direction of the board reviewed its projections of indirect cost reimbursements. After review, the university recommended adding \$200,000 to this income category. The Board Office concurred with the recommendation and further recommended that, if indirect cost reimbursements should exceed the currently budgeted level of \$11.2 million, the additional income be designated for research equipment and research-related building repairs.

The only changes in expenditures from the preliminary budget were in the addition of comparable worth adjustments to professional and scientific and general service staff and the addition of \$200,000 (from the projected increase in indirect cost reimbursements) to the equipment budget. The budgeted expenditures for FY 1986 are portrayed on the following table.

<u>Expenditure Category</u>	<u>Budgeted Expenditures</u> (000s Omitted)			<u>% Change</u>	<u>% Change</u>
	<u>FY 1985</u> <u>Orig.</u> <u>Budget</u>	<u>FY 1985</u> <u>Revised</u> <u>Budget</u>	<u>FY 1986</u> <u>Proposed</u> <u>Budget</u>	<u>from</u> <u>FY 1985</u> <u>Original</u> <u>Budget</u>	<u>from</u> <u>FY 1985</u> <u>Revised</u> <u>Budget</u>
Salaries & Fringe Benefits	\$143,010	\$143,010	\$147,016	2.8%	2.8%
Fuel & Purchased Electricity	10,634	9,182	12,381	16.4	34.8
Supplies & Services	18,797	18,797	19,428	3.4	3.4
Equipment	3,675	5,789	2,647	(28.0)	(54.3)
Library Books	3,908	3,908	3,908	0.0	0.0
Building Repairs	1,749	3,712	1,649	(5.7)	(55.6)
TOTAL EXPENDITURES	\$181,772	\$184,397	\$187,028	2.9%	1.4%

Salary adjustment funds provided through the salary bill were inadequate to fund salary increases. The state salary policy for faculty and P&S staff members called for an average base salary increase of 2 percent for the fiscal year beginning July 1, 1985, to be allocated to faculty and P&S staff at the discretion of the Board of Regents. The university had previously indicated that individual faculty increases would be awarded on a merit basis.

As reported in May, no rate increase was requested; and increases in sales and services income are based on anticipated increases in ambulatory clinic patient visits and diagnostic and therapeutic services. Appropriation support for indigent patient care will represent approximately 18.0 percent of the hospital's general program operating budget.

As in other budget units, the difference between the preliminary and final projected expenditures was due to comparable worth adjustments. The university reported 35.5 FTE positions would be added in support of the opening of the Colloton Pavilion--Phase B. Budgeted expenditures by category are outlined in the following table:

Expenditure Category	Budgeted Expenditures (000s Omitted)			% Change from FY 1985 Original Budget	% Change from FY 1985 Revised Budget
	FY 1985 Orig. Budget	FY 1985 Revised Budget	FY 1986 Proposed Budget		
Salaries & Fringe Benefits	\$ 99,802	\$ 96,704	\$101,255	1.5%	4.7%
Fuel & Purchased Electricity	3,126	2,788	3,262	4.4	17.0
Supplies & Services	41,242	39,640	41,947	1.7	5.8
Equipment	886	4,982	2,458	177.4	(50.7)
Building Repairs	480	1,423	702	46.2	(50.7)
TOTAL EXPENDITURES	\$145,536	\$145,537	\$149,624	2.8%	2.8%

The final operating budget for the Psychiatric Hospital is 2.8 percent above the FY 1985 budget level. The budget of \$8.85 million includes the addition of \$60,053 in comparable worth adjustments. Income projections include \$2.9 million in sales and services; \$241,000 in other income, and \$5.7 million in appropriations.

Budgeted expenditures include \$7.4 million for salaries or 83.5 percent of the total general program operating budget. Other expenditures include \$117,000 for fuel and purchased electricity; \$1.3 million for supplies and services; \$34,000 for equipment; and \$24,000 for building repairs.

The final FY 1986 operating budget for the Hospital School of \$5.0 million is increased over the preliminary budget by the addition of comparable worth adjustments of \$64,109. Anticipated resources include \$4.2 million in appropriations and \$833,142 in institutional income.

Budgeted Hospital School expenditures include \$4.3 million for salaries and \$117,000 for fuel and purchased electricity which were increased over the FY 1985 levels. Other expenditures include \$574,000 for supplies and services; \$18,000 for equipment; and \$20,000 for building repairs.

The final operating budget for the University Hygienic Laboratory of \$3.2 million was changed from the preliminary budget only by the addition of \$44,448 in comparable worth adjustments. The budget represents an increase of 3.9 percent over FY 1985. Anticipated resources include a total of \$2.3 million in state appropriations and \$937,838 in institutional income. Appropriations increased by 4.2 percent over FY 1985, and institutional income is expected to increase by 3.1 percent. Expenditures of \$2.7 million are expected for salaries; \$479,000 for supplies and services; and \$37,000 for equipment. Salaries are increased according to salary policy and include the addition of comparable worth. Other expenditures are unchanged.

The final operating budget of \$2.7 million for the Oakdale Campus is increased over the preliminary budget by the addition of \$10,056 for comparable worth adjustments. The budget represents an increase of 4.8 percent over the original FY 1985 budget or 2.2 percent over the revised FY 1985 budget. Anticipated resources include a total of \$2.4 million in state appropriations and \$307,000 in institutional income. Budgeted expenditures include \$1.5 million for salaries; \$569,000 for fuel and purchased electricity; \$351,000 for supplies and services; \$48,000 for equipment; and \$226,000 for building repairs.

Funding for Specialized Child Health Services (SCHS) is divided into two budget units. Mobile and Regional Clinics and Muscular Dystrophy programs are funded through the state Department of Health, and programs for Cancer, Hemophilia and High Risk Infants receive state appropriations through the Board of Regents.

For Mobile and Regional Clinics and Muscular Dystrophy programs, final budgets are increased only by the addition of \$12,933 in salary adjustment funds. Projected income includes \$2.5 million in federal block grants and carryover; \$497,000 from state appropriations; and \$27,000 from sales and services. State appropriations were increased by \$71,280 over FY 1985 with a stipulation that the additional funds be used for a Specialized Medical Home Care Program. Projected expenditures include \$2.0 million for salaries which includes the addition of staff for the Specialized Medical Home Care Program. The supplies and services category total of \$1.0 million provides for an extension of the Emergency Jobs Bill Purchase of Care Program which provides maintenance services for enrolled children with chronic problems.

The final operating budget for Cancer, Hemophilia, and High Risk Infant programs of \$427,607 is increased over the preliminary budget by the addition of \$933 for funding for comparable worth adjustments. The total budget represents a 3.1 percent increase over the FY 1985 budget. Income projections include \$49,000 in federal funds; \$81,000 in other income; and \$297,000 in appropriations. Appropriations, including comparable worth adjustments, provide 69.5 percent of the total general program operating budget and were increased by 2.6 percent. Budgeted expenditures include \$383,000 for salaries and \$44,000 for supplies and services.

The final operating budget of \$1.5 million for the Family Practice Program for FY 1986 is changed from the preliminary budget only by the addition of \$1,398 in comparable worth adjustments. Anticipated resources include \$34,000 in other income and \$1.4 million in appropriations. The budget presented represented only the portion of costs of the family practice training program under the control of the University of Iowa. The remainder of the program, with total costs of about \$14 million, is controlled by community hospitals and training centers throughout the state. State appropriations are divided according to statute to provide 80 percent in capitation grants to community-based programs and 20 percent to be used at the university for education and technical support. Expenditures include \$1.3 million for salaries and \$138,000 for supplies and services.

Motion:

Mrs. Anderson moved that the board approve the University of Iowa budgets as presented. Mr. Duchon seconded the motion, and it passed unanimously.

PROFESSIONAL AND SCIENTIFIC CLASSIFICATION SYSTEM. The Board Office recommended approval of the following changes in the university's Professional and Scientific Classification System.

<u>From:</u>	<u>To:</u>
1. Coordinator - Campus Programs and Student Activities, pay grade 6, \$17,170 - \$27,210	Pay grade 7, \$18,500 - \$29,470
2. Director of Admissions and Financial Aid, pay grade 16, \$37,910 - \$60,100	Director of Admissions, pay grade 15, \$35,030 - \$55,520
3. Director of the Undergraduate Advising Center, pay grade 12, \$27,620 - \$44,180	Pay grade 13, \$29,910 - \$47,830
4. Director - Educational Placement and College Development, pay grade 12, \$27,620 - \$44,180	Pay grade 13, \$29,910 - \$47,830
5. Manager, Ancillary & Communications Services, pay grade 9, \$21,780 - \$34,520	Manager, Telecommunication Department, pay grade 10, \$23,570 - \$37,710
6. Director of Respiratory Therapy, pay grade 11, \$25,520 - \$40,810	Pay grade 13, \$29,910 - \$47,830
7. Manager, Systems and Programming Services, pay grade 12, \$27,620 - \$44,180	Pay grade 14, \$32,360 - \$51,300
8. Director - Cooperative Education, pay grade 11, \$25,520 - \$40,810	Pay grade 12, \$27,620 - \$44,180
9. Director of Special Support Services, pay grade 12, \$27,620 - \$44,180	Pay grade 13, \$39,910 - \$47,830
10. (New)	Assistant Chief Accountant, pay grade 11, \$25,520 - \$40,810
11. Director of Staff Relations and Development, pay grade 13, \$29,910 - \$47,830	Pay grade 14, \$35,030 - \$55,520
12. Nurse Epidemiologist, pay grade 11, \$25,520 - \$40,810	Pay Grade 12, \$27,620 - \$44,180
13. (New)	Assistant to the Chair - Internal Medicine, pay grade 14, \$32,360 - \$51,300

The Board Office explained eight of the proposed changes involved increases on one pay grade based on expanded duties and responsibilities. Two of the proposed changes involved increases of two pay grades. The volume of procedures in the Respiratory Therapy Department of University Hospital, which increased from 46,000 in 1979-80 to over 130,000 four years later as well as increased technology, have led to increased responsibilities which were reflected in the two-grade change for the Director of Respiratory Therapy. Expanded activities and technological advancements also are reasons for the two-grade change for the Manager of Systems and Programming Services in the Department of Physics and Astronomy. The increase would make the pay grade assignment of the Physics and Astronomy position comparable to that of computer managers with similar responsibilities in other departments.

The new class of Director of Admissions would separate responsibilities for admissions and financial aid currently vested in a single position. The Director of Admissions is in a pay grade one below that of the currently combined class. The university indicated that it is reviewing the effect of the reorganization on the directorship of student financial aid.

The Assistant Chief Account class will reflect the realignment of duties and responsibilities needed to manage the university's increasingly complex accounting system and interactions with other financial systems. The position of Assistant to the Chair - Internal Medicine will recognize the appropriately increased administrative responsibilities resulting from substantial growth in the budget, personnel, and patient load of the Department of Internal Medicine, and the consolidation of administrative functions previously performed by faculty.

Associate Vice President Small noted that pay grade assignments of all changes have been determined through point evaluation and funding for the changes is available through internal reallocation of existing resources.

Motion:

Mr. Greig moved that the board approve the recommended changes in the Professional and Scientific Classification System. Mr. Duchon seconded the motion, and it passed unanimously.

REGISTER OF CAPITAL IMPROVEMENT BUSINESS TRANSACTIONS. The Board Office recommended approval of the register for the period June 15 through July 10, 1985.

Highlights of the register are as follows:

PERMISSION TO PROCEED WITH PROJECT PLANNING:

University Hospitals--Diagnostic Radiology Completion Phase

The university requested permission to initiate a project that will centralize University Hospitals Diagnostic Radiology Division. Because of the substantial increase in the use of diagnostic radiology and the introduction of revolutionary new forms of radiologic imaging, University Hospitals proposed to create a centralized diagnostic center in 33,000 square feet of "shelled" space on the third floor of the John Colloton Pavilion. The project would create diagnostic imaging rooms, patient reception and waiting space, staff and equipment support space, film processing, and mechanical equipment rooms. The center would enable consolidation of radiology services which are crowded in various locations throughout the hospital. University Hospitals estimated the cost of the project at approximately \$4.8 million to be funded through University Hospitals Building Usage Funds.

CONSULTANT AGREEMENTS:

Main Power Plant Boiler Replacement Program--Phase I
Stanley Consultants, Inc., Muscatine, Iowa

Increase: \$2,242,000.00

The university requested approval of an amendment to the engineering contract to include final design services for the entire boiler replacement project. In January the board approved the university's request to negotiate a design agreement with Stanley Consultants on the main power plant boiler replacement project. The university received approval of the board on the \$258,000 in February. At that time, no construction budget had been established; and the university indicated its intention that additional engineering work for the project would be accomplished through amendments to the design agreement. The amendment increased the original contract to \$2.5 million--an increase of 869 percent. The amended amount represented 8.4 percent of the \$29.5 million project cost. The project will replace an outdated boiler with a new fluidized bed combustion boiler. The boiler and associated electrical improvements are part of the \$56 million boiler replacement program approved by the board in November. The fluidized bed boiler and a similar project at ISU would be funded through the sale of revenue bonds and enable the two universities to burn unwashed Iowa coal.

Campus Planning Services--1985-86

Thomas Hodne Architects, Inc., Minneapolis, Minnesota

\$30,000.00

The university requested acceptance of the report on services performed by Thomas Hodne Architects, Inc., as planning consultant during the 1984-85 fiscal year. The university has used this architectural firm since 1972 to provide campus planning services. The services of the firm are obtained through a technical assistance contract which is for small, short-term consulting projects. The university will inform the board and the Board Office in a timely manner on each use of the campus planner.

CONSTRUCTION CONTRACTS:

Equipment Purchase with Academic Revenue Bonds -- Provisions of the academic revenue bonding statutes in Section 262A of the Code of Iowa require that equipment purchases under \$25,000 funded with academic revenue bond proceeds be ratified by the Board of Regents after award by the university. The University of Iowa reported the award of 17 purchase orders on equipment for the University Theatre Addition and requested ratification of the award.

In addition, the university prepared three purchase orders for equipment on the Communications Facility. The university requested ratification of one purchase order for under \$25,000. The additional two purchase orders were for in excess of \$25,000, and the contracts were awarded by the executive secretary.

Television and Telecine Cameras:

Todd Communications, Minneapolis, Minnesota \$308,941.00

Miscellaneous Video Equipment:

Video Midwest, Davenport, Iowa \$25,054.25

Two construction contracts were awarded by the executive secretary on projects over \$250,000.

College of Law Building--Site Development

Award to: McComas/Lacina Construction Co., Inc., Iowa City, Iowa
Base Bid of: (2 bids received) \$617,550.19

This project which was approved by the board in June involves the site work to develop and finish the area around the new College of Law Building.

Human Biology Research Facility--Newton Road Paving Relocation

Award to: Metro Pavers, Inc., Iowa City, Iowa
Base Bid of \$285,410.20, plus Alt. #1-A of \$5,670.50 =
TOTAL AWARD OF: (2 bids received) \$291,080.70

This project was also approved by the board in June and will involve the relocation of Newton Road in order to prepare the site for the Human Biology Research Facility. The road reconstruction project has been given preliminary approval by the Institutional Roads Committee for inclusion in the five-year institutional road program. The Institutional Roads Committee will determine the exact placement of the Newton Road project for repayment within the Regents five-year program. The portion of the project not funded by institutional roads will be funded by the Human Biology Research Facility project. The project will initially fund the entire cost of the road reconstruction with reimbursement to come from the Regents Five-Year Institutional Road Program.

CHANGE ORDERS:

John W. Colloton Pavilion--Phase B Completion

Mid-America Construction Co. of Iowa, Iowa City, Iowa Increase: \$86,348.00

The university requested approval of the 12th change order on this project to convert four patient isolation rooms in the coronary care unit on the fourth floor of the Colloton Pavilion. Design of the rooms would be reconfigured to accommodate cardiac transplant patients. The previous 11 change orders total over \$408,567. The net amount of the contract including the 12th change order will be \$11,533,415. The university indicated that no adjustment would be necessary as the result of this change order as the additional cost would be absorbed by the project contingency.

College of Law Building

PCL Construction Co., Inc., Minneapolis, Minnesota Increase: \$121,380.00

The university requested approval of this change order to provide additional conduit and junction boxes for the audio-visual system through the College of Law Building. This change order corrected a design oversight and provided the capability for a modern audio-visual system for use throughout the building. The audio-visual system consists of video recording and playback systems serving the courtrooms, classrooms and other locations including the library. This was the 31st change order on this construction project. The original construction approved in June 1983 was for \$14,056,000, and the net amount of the new contract including this 31st change order will be \$16,629,504.75.

The entire capital register is on file in the Board Office.

Motion:

Dr. Harris moved that the board approve the Register of Capital Improvement Business Transactions as submitted. Mr. Greig seconded the motion, and it passed unanimously.

APPOINTMENTS. It was recommended that the board approve the following appointments:

Michael J. Finnegan as Business Manager, at a salary of \$60,000, effective July 18, 1985.

Gerald L. Salamon as Acting Director of the Ira B. McGladrey Institute of Accounting Research, effective August 20, 1985, at the currently budgeted salary.

Christopher A. Squier as Assistant Dean for Research and Director of the Dows Institute for Dental Research effective August 1, 1985, at a fiscal year salary of \$73,000.

Motion:

Dr. Harris moved that the board approve the appointments as outlined above. Mr. Greig seconded the motion, and it passed unanimously.

PURCHASE OF PROPERTY. The Board Office recommended the university be authorized to purchase property at 714-717 South Capitol Street, Iowa City, Iowa, from Richard W. and Helga M. Johnson at a price of \$119,000, subject to Executive Council approval.

The university requested permission to purchase a parcel of land on South Capitol Street to locate a new electrical substation. The new electrical substation would interconnect with an Iowa-Illinois Gas and Electric Company substation located across the street. The property would provide the site for the university's electrical substation which is necessary to meet projected electrical requirements of the water treatment plant expansion and the power plant boiler replacement project. The university obtained two appraisals of the property which indicate a value of \$117,000 and \$119,900. The negotiated price is less than 1/2 of 1 percent above the average of the two appraisals and is within the Regents guideline for purchase of property. The university indicated funds were available for the purchase from Income from Treasurer's Temporary Investments.

Motion:

Mr. Greig moved that the board authorize the purchase of property at 714-717 South Capitol Street, Iowa City, Iowa, from Richard W. and Helga M. Johnson at a price of \$119,000, subject to Executive Council approval. Mr. Tyler seconded the motion, and upon the roll being called, the following voted:
AYE: Anderson, Duchen, Greig, Harris, McDonald, Murphy, Tyler, VanEkeren, VanGilst.
NAY: None.
ABSENT: None.

TELECOMMUNICATIONS SYSTEM - PROGRESS REPORT. The Board Office made the following recommendations:

1. Receive the report by the university on the progress of its telecommunications system.
2. Authorize the university to obtain executive secretary approval of the selection of a single vendor before proceeding with final negotiations.

In May 1985 the board authorized the university to proceed with the sale of \$20,000,000 in revenue bonds to pay for the new telecommunications system. This sale was held on June 26, 1985, meeting of the board. The successful bidder on the Telecommunications Facilities Revenue Bonds, Series S.U.I. 1985 was Dain Bosworth/Merrill Lynch/E. F. Hutton with an interest rate of 7.1441.

In March 1985 the university issued a request for proposals to prospective bidders for the telecommunications system equipment, and proposals were received from four bidders. The proposals were reviewed by university staff, working with a consultant, Telecommunications International, Inc. (TII). As the result of evaluation of the bid prices, operating costs through the life of the system, and responsiveness to the request for proposals, two vendors are still

under consideration. They are American Telephone and Telegraph Information Systems (AT&TIS) and Universal Communications Systems, Inc. The university has not made a final selection at this time and is continuing to analyze the proposals from these two firms. The university would like to avoid the delay in proceeding with negotiations with the selected vendor that may result because the board does not meet in August. Therefore, the Board Office recommended the university present the recommended selection of vendor to the executive secretary for his approval. The executive secretary would review the university's request and take the appropriate action on behalf of the board. The board would be asked to affirm the executive secretary's action in approving the vendor selection at the September board meeting.

Vice President Ellis explained the equipment would include two switches, a cable plant, station equipment and other associated equipment. He indicated the bids were carefully scrutinized, and site visits were made to other institutions where the bidders had installed systems.

Mr. Richey stated that he and President McDonald had met with representatives of a bidder who was no longer under consideration who expressed regret they did not get the bid. Their bid was unacceptable because it contained a lease provision which is not an authorized expenditure using bond proceeds. They asked that the bidding be reopened so that they could submit a revised bid. The executive secretary indicated the bidder was told that the reopening of the bidding would violate the integrity of the process.

Regent Tyler asked that because of this new development, decision be postponed until the next meeting so that everyone might have information as to what had been happening with respect to cutting the prospective bidders down to two.

Vice President Ellis stated that one bidder complied with the request for proposals but their bid was clearly the high bid, and they elected not to make a presentation. The second bidder is no longer in contention. The request for proposals asked for two switches to be owned by the university. The proposal which was submitted was that the university share a switch which would be leased. After conferring with bond counsel, it was determined the university could not use bond proceeds to lease property to which the university would not ultimately get title.

Motion:

Mr. Tyler moved that the board postpone action on the recommended actions concerning the telecommunications project. No second was received to the motion.

STATE UNIVERSITY OF IOWA
July 18, 1985

Motion:

Dr. Harris moved that the board
approve the actions as recommended.
Miss VanEkeren seconded the motion,
and it passed with Mr. Duchen abstaining
and Mr. Tyler voting no.

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

IOWA STATE UNIVERSITY

The following business pertaining to Iowa State University was transacted on Thursday, July 18, 1985.

FINAL BUDGETS - FY 1986. The Board Office made the following recommendations:

1. That the Iowa State University final general program operations budgets* for FY 1986 be approved as follows:

General University	\$154,113,750
Agricultural and Home	
Economics Experiment Station	15,455,358
Cooperation Extension Service in	
Agriculture and Home Economics	<u>18,861,976</u>
TOTAL	\$188,431,084*

*(with reductions as necessary to compensate for underfunding of comparable worth adjustment needs)

2. That the university residence system budgeted operating expenditures for FY 1986 of \$20,045,652 be approved.

The final operating budgets for FY 1986 for the three major budget units at Iowa State University provide for the addition of \$712,279 in comparable worth salary adjustments to the preliminary operating budgets. The total budget of \$188.4 million is 2.8 percent greater than the originally approved FY 1985 operating budget and 2.4 percent above the revised FY 1985 operating budget.

The university reported that, with limited state support, the only new needs being met include the funding of fuel and purchased electricity for the operation of the Agronomy Addition (\$250,000); increasing the student aid set-aside (\$440,000); and budgeting to meet the legislative intent for the addition of equipment (\$312,500).

The General University operating budget of \$154,113,750 represents an increase of 3.0 percent over the original FY 1985 budget and an increase of 2.6 percent over the revised FY 1985 budget. The preliminary budget has been increased by \$547,236 for comparable worth adjustments.

Projected resources for the General University include a total of \$102.5 million in state appropriations and \$51.6 million in institutional income. Excluding adjustments for salary and comparable worth, the General University's state appropriation support is actually reduced by nearly \$1.1 million. Additionally, a shortfall of approximately \$350,000 is projected between salary adjustment needs calculated according to the state's salary policy and funding provided by the salary bill.

Expected income by category is shown in the following table:

Income Category	Income Projections (000s Omitted)			% Change from FY 1985 Original Budget	% Change from FY 1985 Revised Budget
	FY 1985 Orig. Budget	FY 1985 Revised Budget	FY 1986 Proposed Budget		
Student Fees	\$ 44,497	\$ 44,629	\$ 46,777	5.1%	4.8%
Federal Funds	50	50	50	0.0	0.0
Sales & Services	935	1,035	1,150	23.0	11.1
Other Income	3,182	3,507	3,601	13.2	2.7
Appropriations	100,970	100,970	102,536	1.6	1.6
TOTAL INCOME	\$149,634	\$150,191	\$154,114	3.0%	2.6%

Institutional income is expected to increase by 6.0 percent over the original FY 1985 budget and by 4.8 percent over the revised FY 1985 budget. The increase in student fees is primarily the result of increases in tuition rates approved by the board in October 1984 of 5 percent for resident students and 11 percent for nonresident students. The university projects Fall 1985 enrollments almost identical to those of Fall 1984 but with a shift in the resident/nonresident mix which results in lower total tuition revenues. Total student fee income includes allocations for student activities and student services, debt service, and building development. FY 1986 distribution is shown in the following table:

	STUDENT TUITION INCOME (000s Omitted)		
	FY 1984 (Actual)	FY 1985 (Estimated)	FY 1986 (Projected)
Total Student Tuition Income After Refunds	\$40,582	\$47,405	\$49,577
Allocations to:			
Student Activities and Student Services	1,917	1,941	1,965
Debt Service (Memorial Union, Hilton Coliseum)	594	622	622
Building Development	0	213	213
NET TO GENERAL FUND	\$ 38,071	\$ 44,629	\$ 46,777

Unrestricted federal funds represent Morrill-Nelson appropriations. The other Income category includes investment income and indirect cost reimbursements. A modest increase in indirect cost reimbursements is projected for FY 1986.

Expenditures are compared with those of the FY 1985 budget in the following table:

Expenditure Category	Budgeted Expenditures (000s Omitted)			% Change from FY 1985 Original Budget	% Change from FY 1985 Revised Budget
	FY 1985 Orig. Budget	FY 1985 Revised Budget	FY 1986 Proposed Budget		
Salaries & Fringe Benefits	\$120,716	\$120,716	\$123,473	2.3%	2.3%
Fuel & Purchased Electricity	6,912	5,772	7,640	10.5	32.4
Supplies & Services	15,682	14,571	16,365	4.4	12.3
Equipment	1,968	3,636	2,280	15.9	(37.3)
Library Books	2,751	2,751	2,751	0.0	0.0
Building Repairs	1,605	2,745	1,605	0.0	(41.5)
TOTAL EXPENDITURES	\$149,634	\$150,191	\$154,114	3.0%	2.6%

Changes made in the salary categories since approval of the preliminary budget reflects a number of minor position changes and internal shifts of positions in addition to the provision of comparable worth adjustments of \$547,236. The university reported, in accordance with the state's salary policy, faculty and institutional officials' salaries have been increased by an average of 2 percent with individual adjustments based on merit review.

The Board Office conducted a random sampling of faculty salaries, and it was found that, with a stratified random sample of 100 faculty members continuing at the same rank, the average salary increase was 2.3 percent. The range of increases for the sample population was from 0 to 6.25 percent with most of the increases very close to 2 percent.

Professional and scientific personnel have received average salary adjustments of 2 percent with additional adjustments for comparable worth as approved at the May board meeting. General service staff will receive 1 percent increases January 1, 1986, with merit step increases during the year.

The university indicated its concern with difficulties in attracting qualified staff in high demand areas such as engineering, computer science, and business administration; and attempts are being made to adjust salaries upward where possible. A continuing concern also is the significant number of staff members on the top step of the Regents merit system pay matrices. During FY 1986 these individuals will receive only 0.5 percent salary increases while the CPI is projected to increase 4 percent.

The most significant addition in staff is that of five new faculty positions in the College of Business Administration. These positions are being funded by reallocation from the temporary teaching account. Three clerical positions in the College of Business Administration are also being added to provide necessary support.

Graduate assistant positions are being added in chemistry, computer science, english, mathematics, and physics. These additions are also being funded by transfer from the temporary teaching reserve. Internal reallocations are being made to add professional and scientific positions in the Colleges of Engineering, Business and Sciences and Humanities, as well as in Academic Affairs, the Office of Affirmative Action, and Telecommunications.

The final budgets for fuel and purchased electricity, equipment, library books, and building repairs are identical to those approved in the preliminary operating budgets. The supplies and services budget has been increased by \$183,594 reflecting general expense salary adjustments and needs for data processing support for admissions, records, and student financial aid. The supplies and services budget includes an unallocated reserve of \$1.99 million in order to provide a degree of flexibility in dealing with changing costs, enrollment adjustments, and program needs. Unless other needs take precedence, these funds are expected to be committed for additional temporary teaching, equipment and building repair projects during the year.

The fuel and purchased electricity budget includes funding for the Mechanical Engineering/Engineering Science and Mechanics and Agronomy buildings.

The university's equipment budget of \$2.3 million represents an increase of 15.9 percent over the original approved FY 1985 budget but a reduction of 37.3 percent from the revised FY 1985 budget. The university reported the increase during the current year resulted from needs for expansion of scientific research and computing equipment, and equipment for the new Mechanical Engineering/Engineering Science and Mechanics Building. It is indicated that the need to meet expenses for repairing or replacing obsolete equipment continues to be a major concern of the university. The computer laboratory fees approved in May are expected to provide approximately \$350,000 of additional revenues to be used to offset some of the costs of computing equipment.

Building repairs are budgeted at the same level as in the original FY 1985 budget. The current year's budget had been increased by \$1.1 million through the use of fuel and purchased electricity savings for utility repair projects. The university reported major concerns with a backlog of approximately \$6 million in needed building repair projects as well as needs for continued renovation of Gilman Hall and potential needs for renovation and redecorating of The Knoll and the President's Office.

Instructional budgets in the eight colleges show percentage increases ranging from 1.3 in the College of Engineering to 25.4 in the College of Business.

President McDonald asked the reason for the dramatic increase in the budget in the College of Business.

Vice President Christensen stated that approximately 60 percent of the staff in the College of Business were on temporary appointment, and a sizable amount would be shifted into tenure-track positions with the five positions being added.

The university reported restricted funds are projected to total \$132.4 million in FY 1986. Total restricted funds are estimated at \$125.3 million for FY 1985 and \$119.2 million for FY 1984. These totals include federal funds, nonfederal gifts and grants, sales and services, other income, and bond revenue proceeds.

The university submitted the residence system budget for FY 1986 of \$20,045,652.

The total amount of the final operating budget for FY 1986 for the Agriculture and Home Economics Experiment Station is changed from that of the preliminary budget by the addition of \$64,379 in funding for comparable worth adjustments.

Projected resources for FY 1986 are outlined in the following table:

Income Category	Income Projections (000s Omitted)			% Change from FY 1985 Original Budget	% Change from FY 1985 Revised Budget
	FY 1985 Orig. Budget	FY 1985 Revised Budget	FY 1986 Proposed Budget		
Federal Funds	\$ 3,472	\$ 3,549	\$ 3,575	3.0%	0.7%
Sales & Services	144	144	144	0.0	0.0
Appropriations	11,486	11,486	11,736	2.2	2.2
TOTAL INCOME	\$ 15,102	\$ 15,179	\$ 15,455	2.3%	1.8%

Appropriation support which included salary adjustments and funding for comparable worth was increased by only 2.2 percent over FY 1985. Without salary adjustments and comparable worth, state appropriations were actually lower than FY 1985 by 0.4 percent.

In FY 1985, special purpose appropriations were provided by the legislature for the Meat Export Policy and Research Center, Food Crops Research Center, Western Iowa Horticultural Research Center, Muscatine Island Research Center and Alternative Crops. These programs are budgeted within the Experiment Station for FY 1986 and their budgets are included in the amounts shown for both FY 1985 and FY 1986.

Institutional income is largely derived from federal funding and is based on estimates in the proposed budget of the U.S. Department of Agriculture for the Hatch Act Agriculture Experiment Station funds.

The budgeted expenditures for FY 1986 are outlined in the following table:

<u>Expenditure Category</u>	<u>Budgeted Expenditures</u> (000s Omitted)			% Change	% Change
	<u>FY 1985</u> <u>Orig.</u> <u>Budget</u>	<u>FY 1985</u> <u>Revised</u> <u>Budget</u>	<u>FY 1986</u> <u>Proposed</u> <u>Budget</u>	<u>from</u> <u>FY 1985</u> <u>Original</u> <u>Budget</u>	<u>from</u> <u>FY 1985</u> <u>Revised</u> <u>Budget</u>
Salaries & Fringe Benefits	\$ 12,991	\$ 12,991	\$ 13,464	3.6%	3.6%
Supplies & Services	1,824	1,824	1,704	(6.5)	(6.5)
Equipment	175	252	175	0.0	(30.50)
Building Repairs	112	112	112	0.0	0.0
TOTAL EXPENDITURES	\$ 15,102	\$ 15,179	\$ 15,455	2.3%	1.8%

Changes from the preliminary budget include the addition of comparable worth adjustments for P&S staff and final adjustments made to fund the Experiment Station's share of salary adjustments. The supplies and services budget has been decreased in order to fully fund salary increases. The salary adjustment policies followed by the Experiment Station are reported to be consistent with those being followed throughout the rest of the university.

Approximately \$85,000 of the total equipment budget will be committed to the Food Crops Research Center and Muscatine Island and Western Iowa Research Projects initially authorized by the legislature in FY 1985. Since equipment is reported to be one of the critical needs of the Experiment Station, additional support will be provided if salary savings or federal funds exceed budget estimates.

The building repairs budget is also maintained at the same level as in FY 1985 although it was reported that renovation and repair work may be funded from non-state funds such as earnings of treasurer's temporary investments.

The final operating budget for FY 1986 for the Cooperative Extension Service of \$18.9 million represents an increase of 1.5 percent over the FY 1985 budget. The preliminary budget has been increased by \$100,664 for comparable worth adjustments.

Income projections are shown by category in the following table:

<u>Income Projections</u> (000s Omitted)					
<u>Income Category</u>	<u>FY 1985 Orig. Budget</u>	<u>FY 1985 Revised Budget</u>	<u>FY 1986 Proposed Budget</u>	<u>% Change from FY 1985 Original Budget</u>	<u>% Change from FY 1985 Revised Budget</u>
Federal Funds	\$ 7,617	\$ 7,617	\$ 7,617	0.0%	0.0%
Appropriations	10,968	10,968	11,245	2.5	2.5
TOTAL INCOME	\$ 18,584	\$ 18,584	\$ 18,862	1.5%	1.5%

Appropriations which include adjustments for salary increases and comparable worth are projected to be 2.5 percent above FY 1985. Without these adjustments, appropriations would be 0.9 percent below FY 1985. No increase is presently projected in federal Smith-Lever funds. The Extension Service budget includes two of the special purpose appropriations approved by the legislature for FY 1985 (State Extension Fruit Specialist and Computer Software Development and Field Staff Training). Not included with general program budgets are approximately \$7.1 million in county support of salaries and operations with funds generated from county property tax levies.

Budgeted expenditures as compared with FY 1985 are shown below.

<u>Budgeted Expenditures</u> (000s Omitted)					
<u>Expenditure Category</u>	<u>FY 1985 Orig. Budget</u>	<u>FY 1985 Revised Budget</u>	<u>FY 1986 Proposed Budget</u>	<u>% Change from FY 1985 Original Budget</u>	<u>% Change from FY 1985 Revised Budget</u>
Salaries & Fringe Benefits	\$ 15,958	\$ 16,122	\$ 16,676	4.5%	3.4%
Supplies & Services	2,423	2,259	1,982	(18.2)	(12.2)
Equipment	204	204	204	0.0	0.0
TOTAL EXPENDITURES	\$ 18,584	\$ 18,584	\$ 18,862	1.5%	1.5%

The university reported the salary policies followed in the Cooperative Extension Service are the same as those of the General University. Faculty positions have been added in Horticulture and Agricultural Economics and Professional and Scientific and general service positions have been added for 4-H youth and staff services. The faculty position in Horticulture is a continuation of a position added in FY 1985 for the Fruit Specialist program authorized and funded by the legislature. The position in Agricultural Economics is being added to strengthen programs (ASSIST and others) in farm financial management.

The supplies and services budget has been decreased in order to fully fund salary adjustments. The equipment budget has been maintained at the same level as in the current year although the university indicates priority equipment needs in the area of computing and instructional communications.

Several special purpose appropriations are budgeted for specific project and program areas at Iowa State. These include the following:

<u>Program</u>	<u>FY 1985 Appropriation</u>	<u>FY 1986 Appropriation</u>	<u>Percent Change</u>
Fire Service Education	\$200,000	\$198,000	(1.0%)
CIRAS-Small Business Development Center	500,000	693,000	38.6%
Water Resources Research Institute	135,000	133,650	(1.0)
Livestock Disease Research	300,000	300,000	0

The Fire Service Education appropriation passes through the Department of Public Instruction for statewide fire service education and is augmented by general university funding.

Iowa State University's Center for Industrial Research and Development administers the Small Business Development Center program. These funds will be used to match federal funds received from the Small Business Administration to partially fund ten subcenters, add two new subcenters and to provide part of the funding for a state director and administrative costs. The program provides statewide management and technical assistance to small businesses in Iowa.

A standing appropriation for Livestock Disease Research is made to the university's College of Veterinary Medicine to carry out research programs under the direction of the Iowa Livestock Health Advisory Council.

Motion:

Mr. Tyler moved that the board approve the FY 1986 final budgets as presented for Iowa State University. Mrs. Murphy seconded the motion, and it passed unanimously.

APPOINTMENT. The board was requested to approve the appointment of Thomas B. Thielen, Vice President for Student Affairs, as Acting Administrator for the Iowa State University Student Health Center, effective July 1, 1985, to serve until a new director was chosen, salary as budgeted.

President Parks stated both he and the board had received letters from the staff of the health center requesting a medical person be appointed to the position of acting administrator. He explained it had not been his feeling a member of the medical staff was not capable of being administrator but that it was his position not to appoint a current staff person as interim director. He indicated he had no worry that the quality of the health service would deteriorate during the interim period and recommended without reservation the appointment of Vice President Thielen.

Motion:

Mr. Tyler moved that the board approve the appointment of Thomas B. Thielen as Acting Administrator for the Iowa State University Student Health Center. Mr. Greig seconded the motion, and it passed unanimously.

FINANCIAL AID - INTERNATIONAL STUDENTS. The Board Office recommended Iowa State University be authorized to begin a voluntary check-off fee in the amount of \$7.50 per semester for use as international student aid beginning with the fall semester 1985. The check-off would only be solicited from international students, and dollar-for-dollar matching would be provided by other university student aid funds.

Because of increased tuition and the special problem faced by international students due to the prolonged strength of the U.S. dollar in foreign exchanges, the international students at Iowa State University, supported by the Government of the Student Body, requested permission to initiate a voluntary student aid check-off fee. The university estimated that, with approximately 2,000 international students on the campus and a 75 percent voluntary participation rate, \$22,500 would be generated per year for student aid. The ISU Student Aid Office would manage the funds and make determinations of need and absorb any administrative costs. Part of the proposal involves the university's commitment to supply an equal match of other student aid for international students to be combined with the amount generated through the voluntary program. Currently, Iowa State has a positive check-off fee for the Iowa Public Interest Research Group and a Voluntary Health Service Fee for HMO services, which is used to supplement the student's current insurance.

Regent Tyler asked if there were any negative check-off fees.

Vice President Madden stated the only remaining negative check-off was the \$2 senior class fee which was established in 1945. The money raised through this fee was generally used to fund a physical project on the campus.

Regent VanEkeren indicated initially she had some concerns with the check-off; but, after talking with the students, she felt it was a good idea. This was, from a student's standpoint, a very unique type of funding; and there were people who would benefit from the aid.

Motion:

Miss VanEkeren moved that the board approve the actions as recommended concerning the establishment of a voluntary check-off fee of \$7.50 per semester for international students. Mr. Greig seconded the motion, and it passed unanimously.

LEASES OF PROPERTY. The Board Office recommended approval of the renewal of five leases with the city of Ames at a rental rate of \$1 per year per lease for a period of 29 years and one day, for five city parks as follows:

Brookside Park, 65 acres, commencing March 1, 1986
Franklin Park, 4 acres, commencing March 1, 1986
McDonald Woods, 3 acres, commencing March 1, 1986
Stuart Smith Park, 32 acres, commencing March 1, 1986
Zumwalt Park, 6.2 acres, commencing March 1, 1986

The leases had been previously approved by the board for varying lengths of time. The first of the leases began in 1943. These five leases presently have varying expiration dates ranging from 1987 to 1990. The city wishes to undertake improvements at the parks which cause the city to desire to be assured that its investment will be available to the community for more years than are available under any one of the leases. The lands covered by the leases are either in the floodplain or in areas for which the university has no present plans for future expansion. It is beneficial to the university not to have to care for the land, not to be liable for activities on the land, and to have activities on the land provided by the city for use of the city's residents including staff and students of the university.

The leases provide that either party may terminate the leases on one year's written notice. In the event of such termination, the city would have the right to remove buildings and equipment it had placed in the parks. If the city elects not to remove a permanent structure or building erected at a cost of more than \$2,000, the city is to be compensated for the depreciated value of the structure or building, based on a 20-year life schedule, if the board and university have funds available for such payment. The leases hold harmless the board and the university for claims arising out of the city's use of the property.

Motion:

Mr. VanGilst moved that the board approve the leases with the city of Ames at a rental rate of \$1 per year per lease for a period of 29 years and one day commencing March 1, 1986 as follows: Brookside Park, 65 acres; Franklin Park, 4 acres; McDonald Woods, 3 acres; Stuart Smith Park, 32 acres; and Zumwalt Park, 6.2 acres. Mr. Duchon seconded the motion, and upon the roll being called, the following voted:

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

NAY: None.

ABSENT: None.

EQUIPMENT ACQUISITION - MASTER LEASE PURCHASE AGREEMENT. The Board Office made the following recommendations:

1. Authorize Iowa State University to complete negotiations with Dougherty Dawkins Lease Group for the establishment of a master lease with an option to purchase agreement. The initial amount of the financial lease would be exclusively for a replacement mainframe computer for the Computation Center and a new computerized ISU Center ticket sales system with a total estimated need of \$3,133,325.
2. Authorize the university to complete negotiations with Dougherty Dawkins Lease Group which would incorporate an option to expand the master lease up to a total of \$4.5 million.
3. Authorize the executive secretary to approve final agreements negotiated by Iowa State University following completion of negotiations with Dougherty Dawkins Lease Group and following further consultation with the board's financial consultant and legal counsel.
4. That use of the optional leasing provisions in the proposed master lease agreement may be utilized with board approval of the specific projects to be financed.
5. Request the Board Office staff to review the Procedural Guide purchasing provisions to determine if the guide provides for adequate consultation and review by the board and the Board Office of major equipment purchases and related financing proposals.

Iowa State University has been working with the Board Office and the board's financial consultant, Speer Financial, Inc., during the last several weeks to determine more beneficial ways of financing two major equipment purchases. The equipment purchases which require financing are a \$2.2 million replacement mainframe computer and a computerized ticket sales system for the Iowa State Center estimated at \$450,000.

The mainframe computer has been bid, and the award was made to National Advance Systems for an AS/9160 mainframe computer at a cost of \$2,178,390. Installation of the new computer was completed in May 1985. The first payment is not due until November which allowed the university time to evaluate alternative financing. The computer manufacturer offered financing terms over five years at 8.5 percent interest. However, the computer manufacturer's installment plan would be considered only if an alternative means of extending the payments was not found. The mainframe computer is part of the ISU Computation Center and is being treated as an enterprise for which cost-based billing will be made for usage of the computer. Income from these billings would offset required debt service and operating costs for the system.

The Iowa State Center computerized ticket sales system was designed as a cooperative project among the ISU Center, the Greater Des Moines Civic Center, and Veterans Memorial Auditorium in Des Moines. The system would provide for computerized management of direct ticket sales at outlets in addition to the auditorium facilities. It is envisioned that a retail firm or firms which have a variety of outlets in Iowa would have ticket-selling operations connected by computer to the ISU Center. The proposal

is meant to enhance sales for all three cooperating facilities with the cost of the new computerized system to be recovered through surcharges on tickets. Specifications have been prepared, and bids are currently being solicited. The university would like to proceed with installation of this system to allow operations to commence by early fall 1985.

The master lease concept in financing equipment involves the purchase of equipment from the selected vendor by a third party (in this instance, Dougherty Dawkins Lease Group) who, in turn, leases the equipment to the university. The conditions of the lease allow the university to purchase the equipment after a selected period of time, usually for \$1. The interest portion of the lease payments made by the university are exempt from federal taxation. This concept has not been previously used by Board of Regents institutions. The master lease can also provide for financing more than one particular piece of equipment.

The umbrella concept of the master lease makes it administratively more efficient than individual lease/purchase arrangements. It can result in lower administrative costs because multiple projects can be financed within a single lease agreement, and it is flexible by providing for expansion without rewriting a separate agreement.

The university solicited proposals on this financing from seven institutions and, with the assistance of the board's financial consultant, Speer Financial, Inc., has analyzed the proposals submitted. Dougherty Dawkins Lease Group was recommended based upon the analysis by the university and the financial consultant. The lease group will work through United Bank and Trust Company of Ames at which the university currently has a longstanding banking relationship. The present value net interest rate proposed on financing the mainframe computer and the computerized ticket sales system is calculated by Speer Financial to be 7.21134 percent. The terms are for five years with ten semi-annual payments spaced equally throughout the period. At the end of the five years, an outright purchase option would be available to the university for compensation of \$1.

Because detailed agreements have not been reviewed and because negotiations with Dougherty Dawkins Lease Group have not been completed, the Board Office recommended not to approve any specific agreement at this time.

Motion:

Mr. Duchon moved that the board approve the recommended actions concerning the master lease purchase agreement. Miss VanEkeren seconded the motion, and it passed unanimously.

LEASE OF PROPERTY. The Board Office recommended approval of the five-year extension of a lease initially negotiated in 1967 and commencing October 1, 1967, with C. D. and Melba Wood for the use of approximately 2,304 square feet of space at 501 West Taylor Street, Creston, Iowa, for the term October 1, 1985, to September 30, 1990, at an annual rent of \$11,528.

The Creston Area Extension Office has been in this location since 1967. The facility meets the present needs of the extension service and is anticipated to continue to meet the needs for the five years of the lease. The landlord has agreed to remodel a storage area prior to the beginning of the new lease term. The rental rate of \$5 per square foot per year for the space, which represents a 4.2 percent increase over the last five-year lease, is reported by the university to be reasonable for the Creston community. The university reported the review conducted pursuant to Executive Order No. 44 yielded no vacant schoolhouses in the Creston Community School District.

Motion:

Mr. VanGilst moved that the board approve the five-year extension of a lease with C. D. and Melba Wood for the use of approximately 2,304 square feet of space at 501 West Taylor, Creston, Iowa, for the term October 1, 1985, to September 30, 1990, at an annual rent of \$11,528. 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.
ABSENT: None.

LEASE OF PROPERTY. The Board Office made the following recommendations:

1. That the board approve the plan of the university to participate in the Ames Convention Bureau, and
2. That the board approve the lease with the Ames Convention Bureau for the use of approximately 270 square feet of space known as Room 098, Ground Floor, Scheman Building, Iowa State Center, for a term of one year beginning August 1, 1985, and ending July 31, 1986, renewable for one year, at an annual rent of \$3,600.

During the past several months, the university, the city of Ames, and local business leaders have been discussing ways of encouraging economic development in Ames. The organization and operation of the Ames Convention Bureau is considered to be important to the economic development in Ames. A budget of approximately \$120,000 for the operation of the bureau has been developed. The community enterprises which anticipate benefit from the bureau will contribute to it. The university will pay \$30,000 in annual contributions, the cost of which is shared by the Iowa State Center, the residence halls, university extension, and the Memorial Union. The funds contributed will not be appropriated funds and will be generated from the activities of the entities. The university expects its facilities and services to be benefited by the bureau by increased utilization. These include center facilities, residence halls (when not used by students), food service in Memorial Union, and the educational and public service programs of the university including the extension service. The university also expects to benefit from a public relations standpoint.

Because a substantial number of convention and meeting activities occur at the Iowa State Center, the university determined significant benefits would be derived from having the offices of the bureau located at the Scheman Continuing Education Building. The lease provides for the bureau to use a 15 foot x 18 foot room on the ground floor of Scheman with the university providing all utilities and custodial services. The bureau will provide its own furnishings and telephone service. The annual rent is calculated at \$13.33 per square foot per year. The university reported the space was available and would not interfere with other university programs. The lease's liability and indemnification clause provides indemnification and a hold harmless clause for the protection of Iowa State University. The Board Office suggested this clause be expanded to protect the Board of Regents, its members and employees, and the state of Iowa.

Motion:

Miss VanEkeren moved that the board approve the plan of the university to participate in the Ames Convention Bureau and approve the lease with the Ames Convention Bureau for the use of approximately 270 square feet of space (Room 098), Ground Floor, Scheman Building, Iowa State Center, for a term of one year beginning August 1, 1985, and ending July 31, 1986, renewable for one year, at an annual rent of \$3,600 with the liability and indemnification clause expanded to protect the Board of Regents, its members and employees, and the state of Iowa. Mr. Greig seconded the motion, and upon the roll being called, the following voted:

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

REGISTER OF CAPITAL IMPROVEMENT BUSINESS TRANSACTIONS. The Board Office recommended approval of the register for the period of June 28 through July 18, 1985.

Highlights of the register are as follows:

PROJECT DESCRIPTIONS AND BUDGETS

Gilman Hall Renovations--Phase 2		
69th G.A. Academic Revenue Bonds	\$ 67,000	
Income from Treas. Temporary Investments	<u>283,000</u>	
TOTAL		<u>\$350,000.00</u>

Funding for this project was requested as part of the Regents 1985-87 capital request. Because the capital funds were not made available, the university redefined the scope of the project and requested permission to proceed with the first phase of three stages in Phase 2. The entire Phase 2 project, estimated at \$5,890,000, would renovate the center portion of Gilman Hall, as well as the southeast and southwest wing. The first stage will renovate the area vacated by Chemistry Stores into physical chemistry teaching laboratories.

<u>Printing and Publication Building--Roof Replacement</u>	
Printing Department	\$300,000
Extension Publications	50,000
Overhead Reimb.for Use of Facilities	60,000
69th G.A. Academic Revenue Bonds (Energy Conservation Program--Phase I)	<u>30,000</u>
TOTAL	<u>\$440,000.00</u>

This project was approved in March with a budget of \$240,000 and involves replacement of the roof and the heating, ventilating, and air conditioning system in a university-owned facility constructed in 1968. The increased cost results from the need to reinforce the existing roof structural system and to extend chilled water lines to the building.

CONSULTANT AGREEMENTS

<u>Utilities--Sanitary Sewer System Evaluation</u>	
Veenstra and Kimm, Inc., West Des Moines, Iowa	Increase: <u>\$5,752.00</u>

The additional services on this project involve additional inspection and monitoring for the study of the university's sanitary sewer system. This amendment increases the amount of the consultant's agreement to \$70,752, This is the first amendment to the contract. Source of funds for the evaluation of the sanitary sewer system is Utility Repair Funds.

CONSTRUCTION CONTRACTS

Iowa State Center--Scoreboard and Marquee

The following information on the scoreboard and marquee project at the Iowa State Center was reported to the board for information purposes only. Bids have been received, but not awarded, on three contracts.

<u>Main Scoreboard/Auxiliary Scoreboards/Indoor Message Centers:</u>	
Fairplay Scoreboards, Des Moines, Iowa	<u>\$493,757.00</u>
<u>Outdoor Message Center:</u>	
American Sign and Indicator Corp., Spokane, WA.	<u>\$97,244.00</u>
<u>Electrical Construction/Structural Support:</u>	
Nikkel and Associates, Inc.	<u>\$59,400.00</u>

This project involves replacement of the scoreboard in Hilton Coliseum and also includes the installation of two outdoor computerized message centers to promote activities at the Iowa State Center. The new scoreboard will be equipped with a color computer graphics center. The project is funded through the sale of advertising by sponsors and from a \$100,000 Class of 1983 Gift. The university intends to proceed with the project when all advertising and financing arrangements have been finalized. Upon receipt from the university of the request to award and information on the availability of the funding, the executive secretary will then award the contracts in accordance with Regent capital procedures

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Scheman Continuing Education Building--Roof Replacement

Award to: K & B Roofing Contractors, Inc., West Des Moines, Iowa

Base Bid of: (6 bids received) \$130,500.00

This project involves replacing the roof and insulation on Scheman. The award is within the revised project budget.

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. Mrs. Anderson seconded the motion, and it passed unanimously.

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

Mr. Richey stated that Regent VanEkeren had received a petition from international students and indicated that it would be mailed to each of the board members.

UNIVERSITY OF NORTHERN IOWA

The following business pertaining to the University of Northern Iowa was transacted on Thursday, July 18, 1985.

FINAL BUDGETS - FY 1986. The Board Office made the following recommendations:

1. That the university final general program operations budget for FY 1986 be approved in the amount of \$53,064,000.
2. That the university residence system budgeted expenditures for FY 1986 be approved in the amount of \$8,550,000.

The annual general program operating budget of \$53,064,000 is \$272,000 higher than the preliminary budget, mainly to cover the cost of comparable worth adjustments.

The table below summarizes income projections for general operations in FY 1986. The significant decrease in Other Income in FY 1986 compared to FY 1985 is the result of a one-time distribution and modification in reporting interest income. The university has moved to an accrual accounting basis for reporting investment income. The university will now report this income when earned rather than when received.

Income Category	Income Projections (000s Omitted)			% Change from FY 1985 Original Budget	% Change from FY 1985 Revised Budget
	FY 1985 Orig. Budget	FY 1985 Revised Budget	FY 1986 Proposed Budget		
Student Fees	\$ 11,309	\$ 11,784	\$ 12,093	6.9	2.6
Other Income	570	1,155	610	7.0	(47.2)
Appropriations	39,358	39,358	40,361	2.5	2.5
TOTAL INCOME	\$ 51,237	\$ 52,297	\$ 53,064	3.6%	1.5%

Appropriations represent 76.1 percent of all general program operating income for FY 1986 with student fees representing 22.8 percent. Other Income consists of investment income, indirect cost recoveries from grants and contracts, and a variety of miscellaneous fees relating to student-related services.

Approximately 91 percent of the tuition and fee income is used for general operating support. Approximately 9 percent is used for student activities and is not reported as general operating revenue. FY 1986 distribution of student tuition is shown in the following table:

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	<u>FY 1984</u> <u>(Actual)</u>	<u>FY 1985</u> <u>(Estimated)</u>	<u>FY 1986</u> <u>(Projected)</u>
Total Student Tuition Income After Refunds	\$11,426,559	\$12,991,302	\$13,296,816
Allocations to:			
Student Activities and Student Services	562,032	656,306	664,289
Debt Service	433,936	434,920	426,305
Building Development	<u>116,090</u>	<u>116,249</u>	<u>113,930</u>
NET TO GENERAL FUND	\$10,314,501	\$11,783,827	\$12,092,292

In addition to general fund income, the university reported an estimated \$24.9 million in restricted funds for FY 1986. These include federal funds, non-federal gifts and grants, sales and services of auxiliary enterprises, other miscellaneous sources and revenue bond proceeds.

The budgeted expenditures for FY 1986 as compared to FY 1985 as shown below:

<u>Expenditure Category</u>	<u>Budgeted Expenditures</u> <u>(000s Omitted)</u>			% Change from	% Change from
	<u>FY 1985</u> <u>Orig.</u> <u>Budget</u>	<u>FY 1985</u> <u>Revised</u> <u>Budget</u>	<u>FY 1986</u> <u>Proposed</u> <u>Budget</u>	<u>FY 1985</u> <u>Original</u> <u>Budget</u>	<u>FY 1985</u> <u>Revised</u> <u>Budget</u>
Salaries & Fringe Benefits	\$ 40,493	\$ 40,513	\$ 42,207	4.2	4.2
Fuel & Purchased Electricity	2,407	2,100	2,407	-	14.6
Supplies & Services	6,657	6,637	6,745	1.3	1.6
Equipment	448	448	463	3.3	3.3
Library Books	783	783	793	1.3	1.3
Building Repairs	449	1,816	449	-	(75.3)
TOTAL EXPENDITURES	<u>\$ 51,237</u>	<u>\$ 52,297</u>	<u>\$ 53,064</u>	<u>3.6%</u>	<u>1.5%</u>

Salaries account for 79.5 percent of total planned general program operating expenditures. Eighty percent of the \$271,739 allocated for comparable worth is for adjustments in the Regent merit staff with the remainder going to the professional and scientific staff. An increase of approximately \$86,000 in professional and scientific staff support beyond comparable worth adjustments has resulted from recent reclassification of selected merit staff positions and a new position to support operations in the Biology Department.

An analysis through sampling of faculty salary increases confirmed that increases are consistent with state salary assumptions of 2 percent for FY 1986. Based on the university's estimate of total salary increase costs associated with the state salary assumption, however, the state has funded only 85 percent of the need. The shortfall of \$123,000, of necessity, must be funded through reallocation measures.

Fuel and purchased electricity is being budgeted for FY 1986 at the same level as the beginning of FY 1985. This is approximately 15 percent more than estimated expenditures for FY 1985. Fuel and purchased electricity remains one of the most difficult expenditure categories to project because of unexpected changes in prices and unanticipated weather conditions. Subsequent to preliminary budget estimates, the university added approximately \$6,000 to its \$6.7 million supplies and services expenditure category which is a technical adjustment associated with interdepartmental service charges. Equipment and building repair budgets remain as reported in the preliminary budgets. The library book budget has been reduced by \$10,000 from the preliminary budget due to a re-evaluation of need for the School of Business.

Final operating budget expenditures of \$8,550,000 and estimated revenues of \$10,500,000 are identical to those in the preliminary budgets approved in March 1985. Incorporated in the income estimate is a 5 percent rate increase for the double occupancy room with full board. The rate for FY 1986 will be \$1,894 per occupant. Associated with the \$8.55 million planned expenditure budget is \$770,000 in debt service requirements and \$330,000 in mandatory transfers to the bond reserve fund and the improvement fund. The remained projected revenue, \$850,000, becomes part of the surplus fund and will help support planned maintenance and improvements of approximately \$1.1 million in FY 1986.

Motion:

Mr. VanGilst moved that the board approve the Final Budgets of the University of Northern Iowa for FY 1986 as submitted. Miss VanEkeren seconded the motion, and it passed unanimously.

OTHER PERSONNEL TRANSACTIONS. The board was requested to approve the following personnel transactions:

Dr. Ronald Bro, from Professor of Industrial Technology to Professor and Head, Department of Industrial Technology, for a three-year term, effective August 1, 1985, at a salary rate of \$37,980.

Dr. Richard S. Newell, from Professor History to Professor of History and Acting Coordinator of International Studies, effective approximately August 15, at a salary rate of \$42,700 on a nine-months basis.

Motion:

Mr. Duchon moved that the board approve the personnel transactions outlined above. Mr. VanGilst seconded the motion, and it passed unanimously.

ACADEMIC CALENDARS - 1986-87, 1987-88, 1988-89. The Board Office recommended approval of the academic calendars of the university for 1987-88 and 1988-89 and the revised calendar for 1986-87 academic years.

The Board Office explained the university had for several years had academic calendars which included approximately 75 days of instruction. During the past year, the Faculty Senate established a committee to formulate guidelines for academic calendars. The committee was composed of faculty, students, and administrators. The committee's report which was approved by the senate included a recommendation that each semester of an academic year contain at least 75 days of instruction. The university administration submitted a revised calendar for 1986-87 and calendars for 1987-88 and 1988-89 which contain at least 75 days each semester. The university is continuing to review the academic calendars for the summer session in 1987, 1988, and 1989.

Motion: Mr. Tyler moved that the board approve the academic calendars for 1986-87, 1987-88, and 1988-89 as submitted. Mr. Greig seconded the motion, and it passed unanimously.

PHASED RETIREMENT PROGRAM ANNUAL REPORT. The Board Office recommended acceptance of the 1984-85 annual report on the operation of the phased retirement system.

The university reported that four new participants entered the program during 1984-85, bringing the total number of participants during the year to seven. The university reported the costs of phased retirement incentives paid during 1984-85 to be \$24,961. Annualized released funds in the amount of \$114,140 were made available as a result of phased retirement for other instructional purposes.

Motion: Mr. Greig moved that the board accept the Phased Retirement Program annual report as presented. Mrs. Anderson seconded the motion, and it passed unanimously.

REGISTER OF CAPITAL IMPROVEMENT BUSINESS TRANSACTIONS. The Board Office recommended approval of the register for the period of June 11 through July 2, 1985.

Highlights of the register are as follows:

PROJECT DESCRIPTIONS AND BUDGETS

The university reported an increase in the project budget of the Visitation Entrance and Information Center project from \$101,750 to \$142,850. The increased budget will accommodate a construction contract which was awarded. The project will construct a small visitor's information center located at the main entrance to the university adjacent to University Avenue south of Gilchrist Hall.

CONSTRUCTION CONTRACTS

In June the board awarded purchase orders on equipment for the new Communication Arts Center which were funded by academic revenue bonds. This month the university approval of a purchase for photographic equipment and supplies to Calumet Photographic, Inc., Bensonville, Illinois, for \$36,412.90

The following construction contracts were awarded by the executive secretary:

Auditorium Building--Replace Windows and Entrance Doors

Award to: Paul G. Christensen Construction Co., Cedar Falls, Iowa
Base bid of: (5 bids received) \$229,500.00

This project involves the replacement of windows and doors in the Auditorium Building, constructed in 1900. Double-pane windows will be installed to improve energy efficiency.

Bartlett Hall--Renovation of East Wing

Awards to:

General: Huff Construction Co., Waterloo, Iowa
Base Proposal of \$370,000, minus Alt. G-2
of \$1,957. plus Alt. G-10 of \$1,200 =
TOTAL AWARD OF: (9 bids received) \$369,243.00

Mechanical: Young Plumbing and Heating Co., Waterloo, Iowa
Base Proposal of: (6 bids received) \$346,375.00

Electrical: Freeman Electric, Inc., Independence, Iowa
Base Proposal of \$97,850, plus Alt. E-5 of
\$740 = TOTAL AWARD OF: (4 bids received) \$98,590.00

This project provides for the renovation of three floors of the east wing in Bartlett Hall to accommodate the Student Services Department. The project will permit the relocation of various student service units from buildings throughout the campus into one location. The project was included in the Regents 1985-87 capital program presented to the General Assembly. In February the board authorized the university to proceed with planning on a project reduced in scope in order to provide proper space for important university functions. The project is funded by Building Repairs.

The following contracts were awarded by the university and presented to the board for ratification:

Communication Arts Center--Final Phase

Various equipment purchases: \$154,277.18

Each of these contracts were under \$25,000. The Board of Regents Procedural Guide authorizes the university to award equipment contracts funded by academic revenue bonds with subsequent ratification by the board.

Price Lab School--Replace Auditorium Lighting

Award to: Meisner Electric, Inc., Waterloo, Iowa

Base Proposal of: (5 bids received)

\$79,580.00

The university awarded this contract on June 28, 1985. There was an irregularity in the bids. The low bidder, Meisner Electric, Inc., responded in the bid documents by furnishing a bid price and indicating use of one of the three lighting systems prequalified by the university. However, Meisner Electric did not submit a list of stage light fixtures and lighting control equipment, parts prices, and fabrication schedule with the bid as requested in the specifications. The additional information was delivered to the university by Meisner two hours after the opening of bids. In order to encumber FY 1985 funds, the contract was awarded to Meisner Electric. The price of the next lower was 10.4 percent higher than Meisner's bid.

The entire register is on file in the Board Office.

Motion:

Mr. Duchon moved that the board approve the Register of Capital Improvement Business Transactions as presented. Miss VanEkeren seconded the motion, and it passed unanimously.

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

President Curris stated that following the September board meeting at UNI, he, Regent Murphy, and Mr. Richey would be leaving for China where they would be visiting five Chinese universities.

IOWA SCHOOL FOR THE DEAF

The following business pertaining to the Iowa School for the Deaf was transacted on Thursday, July 18, 1985.

FINAL BUDGET-- FY 1986. The Board Office made the following recommendations:

1. That the Iowa School for the Deaf final operating budget for FY 1986 be approved in the amount of \$5,109,904.
2. That the board approve the Chapter I, Education Consolidation and Improvement Act budget in the amount of \$122,405, subject to program approval by the Department of Public Instruction.

The final operating budget of the Iowa School for the Deaf is \$98,997 higher than the preliminary budget proposal. All of the increase is in comparable worth adjustments.

School income is composed of unrestricted federal funds, sales and service income, other institutional income, state appropriations, and restricted federal funds. The total for FY 1986 is \$5,232,309 and includes \$122,405 in restricted funds. Federal fund support for general program operations is for the milk/school lunch program. Other institutional income flows from rentals, sales of crops and meals as well as interest earned on daily investment of cash balances. General program operating income projections are summarized by category below.

Income Category	Income Projections (000s Omitted)			% Change from FY 1985 Original Budget	% Change from FY 1985 Revised Budget
	FY 1985 Orig. Budget	FY 1985 Revised Budget	FY 1986 Proposed Budget		
Federal Funds	\$ 90	\$ 90	\$ 90	-	-
Sales & Services	39	39	39	-	-
Other Income	49	49	49	-	-
Appropriations	4,752	4,752	4,932	3.8	3.8
TOTAL INCOME	\$ 4,930	\$ 4,930	\$ 5,110	3.7%	3.7%

Appropriations for FY 1986 represent almost 97 percent of total program operating income.

The distribution of budgeted expenditures by category is shown below.

<u>Expenditure Category</u>	<u>Budgeted Expenditures</u> (000s Omitted)			<u>% Change from FY 1985 Original Budget</u>	<u>% Change from FY 1985 Revised Budget</u>
	<u>FY 1985 Orig. Budget</u>	<u>FY 1985 Revised Budget</u>	<u>FY 1986 Proposed Budget</u>		
Salaries & Fringe Benefits	\$ 3,893	\$ 3,743	\$ 4,093	5.1	9.4
Fuel & Purchased Electricity	271	241	278	2.6	15.4
Supplies & Services	601	601	622	3.5	3.5
Equipment	77	77	29	(62.3)	(62.3)
Library Books	5	5	5	-	-
Building Repairs	83	263	83	-	(68.4)
TOTAL EXPENDITURES	\$ 4,930	\$ 4,930	\$ 5,110	3.7%	3.7%

Salaries account for 80 percent of the total general program operating expenditures. Faculty and professional and scientific employee salary increases will approximate 7 percent with the increase effective January 1, 1986. Merit staff will receive a 1 percent across-the-board increase effective January 1, 1986, in addition to earned merit increases. Comparable worth increases--all to merit staff--amount to an additional 7 percent on the average, although selectively applied. There has been \$3,687 reallocated from building repairs to fund, in part, improved life and long-term disability insurance programs for school employees. Concurrently, state salary increase assumptions have been funded at only 88 percent of computed need. The estimated shortfall of \$10,000 has been made up, for the most part, by deleting unfilled positions.

The fuel and purchased electricity support level should be adequate even with a more severe winter than experienced in recent years. Due to the reduction in the equipment category, additional equipment support will have to be derived from unanticipated savings in other expenditure categories.

Program support through Chapter I--Education, Consolidation, and Improvement Act is determined by a formula based on enrollment. A budget of \$122,405 has been requested for FY 1986. The school has submitted its program proposal to the Department of Public Instruction. Final approval is yet to be received. Chapter I funds have declined with the declining enrollment. Instructional program support focuses on speech training and independent living skills. The program is coordinated with the required Individual Education Plans (IEP) for each student who participates in this specialized program. Summer travel teams, an academic support program, funds several teams that cover the state making contacts with former students and their parents. These contacts serve a variety of purposes including updates on IEPs, reviewing availability of service at the school, and assistance in finding summer employment. Funding for physical therapy benefits those students who need assistance in muscle control and motor performance.

The following table summarizes the Chapter I program support:

<u>Program</u>	<u>FY 1985</u>	<u>FY 1986</u>
Instruction	\$125,546	\$100,444
Summer Travel Team	5,597	4,154
Physical Therapy Service	7,500	7,500
State Auditing Services	1,240	1,240
Indirect Costs @ 8%	<u>11,191</u>	<u>9,067</u>
TOTAL	\$151,074	\$122,405

Motion:

Mr. Duchen moved that the board approve the Final Budgets for FY 1986 as submitted by the Iowa School for the Deaf. Mrs. Anderson seconded the motion, and it passed unanimously.

POLICY FOR HEALTH MAINTENANCE. The Board Office recommended the board give tentative approval to the school's Health Maintenance policy with final approval on behalf of the board being made by the executive secretary following review and comment by appropriate state health officials and the board's legal counsel.

The policy provides for the administration of emergency care, medication, and treatment of students. It provides that school personnel shall administer first aid or emergency care if a student becomes sick or injured while under the supervision of school personnel, provides for the administration of medication and treatment of students by school staff when ordered by a physician or dentist, and provides for care and handling of medication and medical supplies. Appropriate procedures for implementing this policy are provided.

The policy and procedures were developed at the school after consultation with a broad spectrum of health professionals and state agencies. The Board Office recommended only minor changes in the document. The recommended changes as well as the entire document will be reviewed by the board's counsel prior to implementation at the school.

Regent Anderson expressed interest in the meaning of the phrase "unthinkable disaster" as used in the proposed policy and procedure. Mr. Richey explained that was one of the items to be reviewed before final approval.

Motion:

Miss VanEkeren moved that the board approve the recommendations concerning the Policy for Health Maintenance. Mr. VanGilst seconded the motion, and it passed unanimously.

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

IOWA BRAILLE AND SIGHT SAVING SCHOOL

The following business pertaining to the Iowa Braille and Sight Saving School was transacted on Thursday, July 18, 1985.

FINAL BUDGET - FY 1986. The Board Office made the following recommendations:

1. That the FY 1986 Iowa Braille and Sight Saving School final budget be given approval in the amount of \$2,899,052.
2. That the Chapter I, Education Consolidation and Improvement Act, restricted fund budget for FY 1986 receive approval in the amount of \$39,584, subject to final program approval by the Department of Public Instruction.

The final operating budget is \$115,644 more than that reported in the preliminary proposal. The increase is the result of added appropriations for comparable worth. Some additional reallocations have been required since the preliminary proposal to fund revised employee life and disability insurance programs.

Appropriations account for 95.5 percent of the general program support. Other operating income for the school includes federal funds for the school milk/lunch program, various sales of goods and services including printed materials for the visually handicapped, and space rentals as well as other income including interest earned on daily cash balances. Income projections for FY 1986 as compared to FY 1985 are shown below.

<u>Income Category</u>	<u>Income Projections</u> (000s Omitted)			<u>% Change from FY 1985 Original Budget</u>	<u>% Change from FY 1985 Revised Budget</u>
	<u>FY 1985 Orig. Budget</u>	<u>FY 1985 Revised Budget</u>	<u>FY 1986 Proposed Budget</u>		
Federal Funds	\$ 35	\$ 35	\$ 35	-	-
Sales & Services	84	84	84	-	-
Other Income	11	11	11	-	-
Appropriations	2,591	2,591	2,769	6.9	6.9
TOTAL INCOME	\$ 2,721	\$ 2,721	\$ 2,899	6.5%	6.5%

Approximately 98 percent of the appropriation for comparable worth adjustments has been allocated to Regent merit positions. Budgeted

expenditures by line item for general program operations are outlined in the table below:

<u>Expenditure Category</u>	<u>Budgeted Expenditures</u> (000s Omitted)			<u>% Change from FY 1985 Original Budget</u>	<u>% Change from FY 1985 Revised Budget</u>
	<u>FY 1985 Orig. Budget</u>	<u>FY 1985 Revised Budget</u>	<u>FY 1986 Proposed Budget</u>		
Salaries & Fringe Benefits	\$ 2,148	\$ 2,126	\$ 2,318	7.9	9.0
Fuel & Purchased Electricity	162	154	164	1.2	6.5
Supplies & Services	290	290	303	4.5	4.5
Equipment	36	40	35	(2.8)	(12.5)
Library Books	5	5	5	-	-
Building Repairs	80	106	74	(7.5)	(30.2)
<u>TOTAL EXPENDITURES</u>	<u>\$ 2,721</u>	<u>\$ 2,721</u>	<u>\$ 2,899</u>	<u>6.5%</u>	<u>6.5%</u>

Salaries account for 80 percent of the total planned general program expenditures for FY 1986. The remaining expenditure shares are as follows: fuel, 5.6 percent; supplies and services, 10.4 percent; equipment and building repairs, 3.8 percent; and books, 0.2 percent.

Salary increases for faculty and professional and scientific staff have been budgeted at approximately 7 percent with increases to be effective January 1, 1986. In addition to merit increases for Regent merit staff, state salary policy calls for a 1 percent across-the-board increase effective January 1, 1986. Comparable worth increases amount overall to 9.1 percent for merit staff and 1.5 percent for professional and scientific staff. Adjustments, however, were based on selected position classifications.

The state funded the salary policy at approximately 90 percent of the school's need level. This shortfall, estimated at \$5,000, had to be made up through internal reallocations. In part, that reallocation process resulted in budgeted full-time equivalent positions for the school being reduced from 113.9 in FY 1985 to 109.1 in FY 1986, a 7 percent reduction. Concurrently, the school enrollment is expected to decline to 58 or a 6.5 percent decrease from the fall of 1984.

The increase in fuel and purchased electricity is in recognition of a recently determined rate increase. Providing the weather remains moderate, this should be sufficient to cover institutional needs. Supplies and services have been adjusted upward by approximately \$5,000. Equipment funding has been reduced accordingly. Library books are budgeted with a 10 percent inflation estimate. Building repairs have been reduced by approximately 8 percent from the original FY 1985 budget in order to meet recently determined additional needs for employee fringe benefits and fuel and purchased electricity rate adjustments.

Transportation reimbursement for personal vehicle use by parents and guardians in transporting students has been budgeted at 17 cents per mile in accordance with the rate approved in May.

There have been several instructional staff additions to meet instructional program needs. The teaching staff has been increased by two developmental teachers, an orientation/mobility teacher, a dormitory liaison teacher--all full-time--and one part-time music teacher. The extended school staff has been reduced for FY 1986 to meet the needs of one three-week session, which will be expanded to a four-week session in FY 1987. Reductions in instruction aide positions and one position in the physical plant result in a net reduction in staff of 4.8 full-time equivalent positions.

The school receives federal funds to assist in meeting the special educational needs of handicapped children through Chapter I of the Education Consolidation and Improvement Act. These funds are administered through the Department of Public Instruction. The funding level which the board was asked to approve contingent upon program approval by DPI is based on school enrollments. FY 1986 support has been set at \$39,584. The school's proposal will support a continuing program of parent education and staff development. A parent education program supports parent workshops to aid in responding to recreational needs and physical skill development for their handicapped children. A staff development program involves training for the lead member of a Crisis Intervention Team. This team assists regular dormitory staff as crises develop. Additionally, in-service training for school staff is supported to keep staff apprised of current techniques on behavior management. Funds support 1.8 full-time equivalent positions.

Motion:

Mrs. Murphy moved that the board approve the Final Budgets for FY 1986 as submitted by the Iowa Braille and Sight Saving School. Mr. Tyler seconded the motion, and it passed unanimously.

AGREEMENTS. The Board Office recommended approval of agreements for the benefit of IBSSS, as follows:

- Renewal of Paraprofessional In-service Program with Kirkwood Community College.
- Renewal of Shared Faculty Agreement between IBSSS and Vinton Community School District for 1985-86 school year.
- Renewal of Agreement between IBSSS and Virginia Gay Hospital, Vinton, for speech therapy services.
- Renewal Agreement for Occupational Therapy and Physical Therapy Services.

Kirkwood Community College - this contract provides for Residential Attendant Training and a Medication Certification Program for selected employees at IBSSS during the period August 26, 1985, to May 14, 1986, at a cost of \$1,300. The program provides 60 hours of instruction for the attendant program and 10 hours for the medication program. The programs are essential for a residential care facility, and the school reported it has been pleased with the instruction previously provided by Kirkwood.

Vinton Community School District - this agreement provides for reimbursement to IBSSS of the actual cost of providing a part-time foreign language instructor to the Vinton Schools and contains a clause which holds harmless the Board of Regents for injuries or damage resulting from the teacher's presence at Washington High School. The Iowa Code, Chapter 28E, provides that contracts between independent public bodies must be recorded with the Secretary of State and the County Recorder. IBSSS will process the filings. The agreement provides, as it has in past years, for the Superintendent's signature to bind the Iowa Braille and Sight Saving School to the agreement. The school noted that the arrangement has functioned satisfactorily in the past.

Virginia Gay Hospital - this agreement would allow speech therapists at IBSSS to be available to Virginia Gay Hospital. The hospital anticipates the need for speech therapy will be infrequent. Under the agreement, IBSSS would bill the hospital for actual use of the therapists at an hourly rate which is a pro rata share of the cost of salary, fringe benefits, and overhead costs for the therapists. The agreement would be for a period of one year beginning approximately July 1, 1985.

Saint Francis Hospital - this agreement would allow 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, 1985, at a total cost not to exceed \$5,000. The school began utilizing the therapists at Saint Francis Hospital in Waterloo in 1981 under a contracted services agreement approved by the board. Under the agreement the hospital would provide evaluation of students relative to their physical and occupational therapy needs, would perform physical and occupational therapy for students in accordance with physicians' orders, would assist IBSSS staff with care planning for students; would instruct IBSSS staff in appropriate therapy measures, and would consult with IBSSS staff regarding the purchase of supplies and equipment pertaining to occupational and physical therapy.

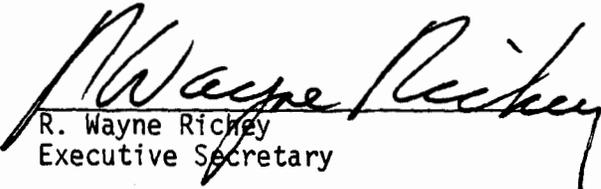
Motion:

Mr. Duchon moved that the board approve the agreements as outlined above. Mr. Tyler seconded the motion, and it passed unanimously.

IOWA BRAILLE AND SIGHT SAVING SCHOOL
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President McDonald then asked board members and institutional executives if there were additional matters to be raised for discussion pertaining to the Iowa Braille and Sight Saving School. There were none.

ADJOURNMENT. The meeting of the State Board of Regents adjourned at 3:50 p.m. on Thursday, July 18, 1985.


R. Wayne Richey
Executive Secretary