

The State Board of Regents met on Wednesday, July 20, 1994, at Iowa State University, Ames, Iowa. The following were in attendance:

July 20

Members of State Board of Regents

Mr. Berenstein, President	All sessions
Mr. Collins	All sessions
Mr. Dorr	All sessions
Ms. Furgerson	All sessions
Mrs. Hendricks	All sessions
Mrs. Johnson-Matthews	Excused
Dr. Newlin	All sessions
Mrs. Pellett	All sessions
Dr. Tyrrell	All sessions

Office of the State Board of Regents

Executive Director Richey	All sessions
Director Specter	All sessions
Director Volm	All sessions
Associate Director Houseworth	All sessions
Associate Director Racki	All sessions
Minutes Secretary Briggle	All sessions

State University of Iowa

President Rawlings	All sessions
Associate Provost Folkins	All sessions
Vice President Manasse	All sessions
Vice President True	All sessions
Associate Vice President Small	All sessions
Director Yanecek	All sessions

Iowa State University

President Jischke	All sessions
Provost Kozak	All sessions
Vice President Madden	All sessions
Vice President Theilen	All sessions
Associate to the President Adams	All sessions
Executive Assistant to the President Dobbs	All sessions
Associate Director Anderson	All sessions

University of Northern Iowa

President Curris	All sessions
Associate Vice President Means	All sessions
Vice President Conner	All sessions
Executive Assistant to the President Stinchfield	All sessions
Assistant to the President Gadelmann	All sessions
Director Chilcott	All sessions
Director Mixsell	All sessions

Iowa School for the Deaf

Superintendent Johnson	All sessions
Assistant Superintendent Balk	All sessions
Business Manager Heuer	All sessions
Interpreter Reese	All sessions

Iowa Braille and Sight Saving School

Superintendent Thurman	All sessions
Director Woodward	All sessions

GENERAL

The following business pertaining to general or miscellaneous business was transacted on Wednesday, July 20, 1994.

APPROVAL OF MINUTES OF BOARD MEETING, JUNE 14, 1994. The Board Office recommended the Board approve the Minutes, as written.

President Berenstein asked that pages 1075-1078 of the Minutes be reorganized to reflect more accurately that Regent Newlin and he excused themselves from the meeting room prior to any discussion of the University of Iowa health sciences center's participation in a statewide organized health care delivery system.

President Berenstein asked for additional corrections, if any, to the Minutes.

MOTION: Regent Tyrrell moved to approve the Minutes of the June 14, 1994, meeting, as revised. Regent Furgerson seconded the motion. **MOTION CARRIED UNANIMOUSLY.**

CONSENT ITEMS. The Board Office recommended the Board approve the consent docket, as follows:

Approve the Board Meetings Schedule;

Refer the post-audit reviews of the University of Northern Iowa to the Interinstitutional Committee on Educational Coordination and the Board Office for review and recommendation; and

Receive the Register of Capital Improvement Business Transactions for the Iowa Braille and Sight Saving School.

Regent Dorr asked whether the Regents meeting in December 1994 scheduled to be held on the 14th and 15th was anticipated to be a one-day meeting. He said he had a conflict on the 15th.

Mr. Richey responded that he believed the business to be transacted in December could be done in one day, December 14.

Regent Dorr noted that he would have to leave early on the 14th.

President Berenstein stated that the December 1994 Board meeting would be held on the 14th; the meeting cannot carry into the 15th.

ACTION: President Berenstein stated the Board approved the consent docket, as presented, by general consent.

INTERINSTITUTIONAL COMMITTEE ON EDUCATIONAL COORDINATION. (a) Post-Audit Report, Iowa State University. The Board Office recommended the Board receive the post-audit report on the undergraduate interdisciplinary major in Linguistics at Iowa State University and approve the continuance of the program.

A post-audit report was prepared for the Board of Regents in 1989 on the interdisciplinary program in Linguistics at Iowa State University that raised some concerns about the viability of the program and included a recommendation that the program be reviewed again in four years. A new report was prepared following an internal review of the program and it appeared to indicate that the original concerns had all been addressed and that the program was now considered to be viable.

MOTION: Regent Hendricks moved to receive the post-audit report on the undergraduate interdisciplinary major in Linguistics at Iowa State University and approve the continuance of the program. Regent Pellett seconded the motion. **MOTION CARRIED UNANIMOUSLY.**

ACCREDITATION REPORTS. (a) Accreditation of Nurse Anesthesia Education Program, University of Iowa. The Board Office recommended the Board receive the report.

GENERAL
July 20, 1994

The University of Iowa College of Nursing was notified that initial accreditation was awarded by the Council on Accreditation of Nurse Anesthesia Educational Programs to the Nurse Anesthesia Education Program.

The program received Board of Regents approval in April 1994; six students will be enrolled and begin class work in September 1994.

The review consisted of submission of a self-study, an on-site visit, a report by the site visit team, a response by the university, and certification by the Council. A second on-site visit to the program will be conducted within the 12-month period following graduation of the first class of students.

Vice President Manasse stated that the University of Iowa will be the national leader for Departments of Nursing and Anesthesia collaboratively offering a degree. The university will be collaborating with two rural community hospitals. He said they are all set to launch the program.

Regent Hendricks referred to the commitment of university funds to the faculty line in 1997-98, and asked what was being done in the interim. Vice President Manasse responded that they were using grant funds.

President Berenstein stated that university officials were to be congratulated for having achieved accreditation. He asked that those sentiments be shared with the faculty.

ACTION: President Berenstein stated the Board received the report, by general consent.

(b) Approval of Education Practitioner Program, Iowa State University. The Board Office recommended the Board receive the report.

The State Board of Education on June 17, 1994, granted continuing approval of teacher education programs offered by Iowa State University for the period July 1, 1994, through June 30, 1999.

Approval was received for all 106 major and minor endorsement programs submitted which prepare administrators, counselors, and specialists, as well as teachers from the pre-kindergarten to community-college level.

The review also examined the College of Education as overseer of teacher preparation in the Colleges of Agriculture, Family and Consumer Sciences, Liberal Arts and Science, and Design. The review consisted of submission of an institutional report in

three volumes, an on-site visit and report by seven team members, a response by the university, and approval by the State Board of Education.

President Berenstein stated that Iowa State University officials were to be congratulated on receiving continuing approval for its teacher education programs, and asked that faculty also be congratulated.

ACTION: President Berenstein stated the Board received the report, by general consent.

REPORT BY DONOVIN SPRAGUE, REGENT AMERICAN INDIAN COORDINATOR.

The Board Office recommended the Board hear the presentation of Donovan Sprague, Regent American Indian Coordinator.

The Priority Study Group on Affirmative Action suggested that Mr. Sprague be invited to address the Board on the subject of recruitment and retention of American Indian students and faculty.

Mr. Sprague assumed this position on November 17, 1993. His duties include coordinating the recruitment of American Indian students for the three Regent universities. He advises and counsels American Indian students on personal problems related to educational, financial and vocational needs. He works under the general direction of the principal student affairs officer at each of the universities. His office is housed at the University of Northern Iowa where daily supervision is provided by the student affairs officer.

Regent Furgerson introduced Donovan Sprague.

Mr. Sprague stated that he came from the Black Hills of South Dakota as a member of the Lakota Sioux tribe. He was born and raised on a Sioux reservation and has experienced a lifetime of Indian education policies in America.

Mr. Sprague stated that a primary function of the American Indian Student Coordinator is to coordinate recruitment of Indian students for the three Iowa Regent universities and to advise and counsel Indian students on educational, financial and vocational needs. He said a recruitment plan has been developed to increase the number of American Indian students at the three universities. It identifies potential students from within the target area which includes the Midwest area of the United States. Other responsibilities include maintaining a network between the three universities for support of Indian students in areas related to academics, financial, cultural and social concerns. This effort includes providing information on new developments in the U.S.

GENERAL
July 20, 1994

Indian educational system including curriculum, tuition incentives, scholarships, advocating for new programming and coursework for Indian studies.

Mr. Sprague has found extremely low numbers of American Indian students in higher education in Iowa. During the Spring 1994 semester there were 72 American Indian students at the University of Iowa, 52 at Iowa State University, and only 16 at the University of Northern Iowa. He stressed that it is essential to network with the Indian community and tribal organizations to show support, interest and what they offer the Indian students. He said there have been terrible experiences by parents of today's students due to assimilationist policies of the government in Indian affairs. Some of these include the old boarding school experiences where students were beaten for speaking one word of their Indian language, where their hair was cut off, where the religion was taken, and the whole culture was disrupted. This is why some Indian homes do not place high value on our educational system. This is also why Mr. Sprague has heard Indian youngsters state that their educational goal is to graduate from junior high and then maybe "try high school". This indicates the despair of the Indian student.

Since there is only one Mesquaki student at the University of Northern Iowa, Mr. Sprague said there is much work to be done in visiting these students and parents. He has coordinated bus trips from the Mesquaki Settlement to visit Iowa State University during its symposium week and transported students to the University of Northern Iowa for a campus visit. He has attended educational planning meetings at the Mesquaki Tribal Center and was a keynote speaker at the settlement school graduation. He said these activities are important for working with the students. Support organizations for students at the University of Northern Iowa which he has founded include forming an American Indian Science and Engineering Society chapter and organizing the Native American Student Union organization. He is an advisor for both groups.

Mr. Sprague provided background to his tuition proposal. He stated that in 1804, representatives of the Sac and Fox Tribes were called to St. Louis where federal agents plied them with alcohol and then secured their agreement to a treaty ceding all their tribal lands. In 1829, the two tribes were forced across the Mississippi River. In 1835 the Ojibway, Menominee, Iowa, Sioux, Winnebago, Ottawa, Potawatomi, and Sac and Fox Tribes agreed to let the U.S. make a "final adjustment" of their land claims and all were removed. Mr. Sprague stated that to increase the enrollment of American Indian students at the Iowa Regent universities, an in-state tuition rate for out-of-state Indian students should be examined. This would include area tribes, especially those who were forcibly removed from the Iowa homelands through U.S. Indian policy. The Sac and Fox, Iowa, and Oto tribes were the most recent to have an Iowa home base.

Iowa tribes were removed to Oklahoma, Kansas and Nebraska. The closest neighboring tribes besides the Mesquaki near Tama include the Winnebago, Omaha and Santee Sioux in Nebraska and the Yankton Sioux in South Dakota. Sioux City was founded by the Yankton Sioux and still has the largest population among Indian people in Sioux City. Other eligible tribes under this plan could include the above-mentioned tribes under the 1835 treaty. Most of these tribes reside in Wisconsin, Minnesota, Nebraska, Kansas, South Dakota and Oklahoma.

In 1993 the University of Arkansas began a recruitment plan to offer in-state tuition rates for out-of-state Indian tribes. The recruitment plan developer indicated very positive feelings about the plan. In one year they had a 300 percent increase in enrollment response. It serves to increase diversity on the campus and recognizes Indian contributions to Arkansas and America. At the University of Minnesota-Morris, American Indian students from out-of-state can take advantage of a program on campus called the "Minority Student of Color Waiver" for tuition. Students must be in the upper 25 percent of their graduating class or have a 3.0 GPA to be eligible. Fort Lewis College in Durango, Colorado, offers free tuition to American Indian students.

Mr. Sprague stated that in-state tuition rates for out-of-state American Indian students would greatly enhance Iowa as a place of more diverse educational opportunity. Iowa would gain multicultural enrichment and earn respect throughout Indian country. There are presently only 16 American Indian students at the University of Northern Iowa and only one is from the Mesquaki Tribe, despite the Mesquaki Settlement being nearby. He said that by developing programs and opportunity at the schools such as Indian curriculum and staff, American Indians would then begin participating in the Iowa higher education system. He hoped to continue with discussion and input from Iowa's three Regent universities regarding his tuition proposal. Quality achievement standards can be built in, with Indian support programs developed. The emphasis should not be on the quantity of Indian students brought in, but in opening up the schools to Indian participation and success.

With regard to the recruitment area, Mr. Sprague stated that in Iowa the largest numbers of American Indians are located in the Sioux City area and the Mesquaki Settlement near Tama. Those locations are followed by Des Moines, Davenport, Dubuque and Cedar Rapids. He has found the largest numbers of American Indian high school graduates in Sioux City. There are approximately 20 to 25 graduates each year and we need to attract those students to the three universities. Busing the students to the universities would be helpful and telecommunications networking would also be beneficial.

GENERAL
July 20, 1994

Mr. Sprague is planning an American Indian arts and music festival to be held at the University of Northern Iowa during the week of September 26 through October 1, during Native American Week. Students from each of the three universities would participate in the activities. They plan to use telecommunications for panel discussion. This will be a statewide and regional event. He hopes to receive support and contributions from each university to host the festival. These efforts also assist in attaining diversity.

Mr. Sprague noted that during the last year at his previous job, working with Indian students at Black Hills State University, they set an all-time enrollment record for Indian students attending the school. Mr. Sprague concluded by stating that he was pleased to make this presentation because he wants to keep attuned with the Board. Networking and communication is the best way to do that.

President Berenstein asked if Mr. Sprague would be making a formal request to the Board in September when tuition policy comes up for discussion. Mr. Sprague responded that he would not. He will continue working with the universities on the development of a proposal.

President Berenstein asked that Mr. Sprague coordinate the effort with Mr. Richey.

Regent Hendricks asked what guidelines are used for determining whether a student is an American Indian. For example, does one grandparent on each side have to be American Indian?

Mr. Sprague responded that individuals have to prove to be one-quarter American Indian blood to be a member of a federally-recognized tribe. In some cases people cannot trace the family tree back, for instance, if they were adopted. In cases where there are questions about a person's qualifications, universities have panels that ask questions of the students in order to make an eligibility determination.

President Berenstein asked for an example of some of the courses that might be included in a program of Indian studies. Mr. Sprague responded that some of the courses offered now are historical, about the wars of 100 years ago. He said students need the historical background but they cannot focus only on historical issues. More subjects need to be taught such as contemporary literature and journalism, and economic development subjects that apply to the area such as casino management, law, politics, treaties, government, water rights. He referred to the American Indian Science and Engineering Society chapter he began at the University of Northern Iowa and said he wished to start a chapter at the other two Regent universities to encourage an increase in the number of American Indians interested in the sciences.

GENERAL
July 20, 1994

President Rawlings stated that the University of Iowa has two experts in tribal law in the Law School – Bob Clinton and James Anaya. Tribal law is a specialty at the University of Iowa Law School.

Mr. Sprague stated that he has met both of them. He thanked officials of both Iowa State University and the University of Iowa for their excellent programs.

President Berenstein stated that Mr. Sprague's presentation was very beneficial. He thanked him for coming.

Regent Furgerson stated that having people like Mr. Sprague and Scharron Clayton talk to the Regents is very important. Regent Furgerson cannot represent all minority groups. She suggested that when the Regents hold the upcoming session with Dr. Clayton they include a segment with Mr. Sprague, also.

President Berenstein suggested that when they meet at the University of Northern Iowa in September it might be a good time to meet with the two individuals. He asked Regent Furgerson to speak with Ms. Clayton and coordinate the session for the afternoon before the Regents meeting in September.

ACTION: President Berenstein stated the Board received the presentation of Donovan Sprague, Regent American Indian Coordinator, by general consent.

REPORT ON CHILD CARE PROGRAMS. The Board Office recommended the Board receive the report.

This report responded to questions raised by members of the Board during the presentation of the annual report on child care at the May meeting.

University of Iowa

The university rents university-owned property to the University of Iowa Student Association (UISA) to provide day care centers. The fiscal year 1995 rent for five of the six units increased approximately 67 percent from \$150 to \$350 per month. The remaining unit increased 8.6 percent from \$350 to \$380 per month.

The university has a purchase of service agreement with the UISA centers to reserve the majority of the child care slots in the centers for students and employees. The average university contribution per child is \$1,164. The UISA centers also receive income from federal Title XX, federal food program, and work/study reimbursement.

Approximately half of the spaces in UISA centers are used by students. Average rate paid by students is \$3,580 per year. The employee rate is \$3,780.

The university will soon be opening a new child center in Westlawn, renovated mostly with UIHC funds. The costs of custodial services, utilities and maintenance will be financed mainly from UIHC funds.

The center will be operated under contract with Greentree, Inc., a subsidiary of Servicemaster Corporation. Greentree will be responsible for the operating costs exclusive of UIHC-provided services. Greentree will remit to the UIHC half of any income in excess of 110 percent of operating expenses.

All of the 135 slots at the UIHC center will be allocated to employees with preference given to UIHC staff. The average fee charged employees will be \$5,512 per year which is at the high end of the rates charged in the Iowa City area. The average annual general fund contribution by the university to the center is \$46 per child.

Iowa State University

The child care center at Iowa State University is located in Pammel Court. The costs of utilities, custodial services and maintenance are borne by the Department of Residence.

The university receives funds from the City of Ames, the United Way, Story County, and the Government of the Student Body to offset the cost of providing child care.

The rates for employees at the Iowa State University child care center are based upon income and range from \$347 to \$424 per month for full-time care. Rates for student parents are \$297 per month for full-time care.

Approximately 75 percent of the slots are used by children of students.

The general fund contribution by the university for child care per year is \$575 per child.

University of Northern Iowa

The Child Development Center is housed in classrooms at the Price Laboratory School. The center serves teacher education as well as providing child care.

The rate charged to students is \$2,625 for infants for ten months. The employee infant rate is \$3,850 for ten months.

The average fiscal year university contribution per child is \$2,027.

Approximately 75 percent of the slots in the center are used by student parents.

The Department of Residence offers before and after school care for children living in student housing. The cost of this care is covered by student fees.

Associate Vice President Small stated that the funds for the university hospital child care center are from patient revenues not State funds or State appropriations.

Regent Tyrrell questioned whether the State appropriated funds several years ago for child care services on the campuses. Associate Vice President Small responded affirmatively, stating that those funds were listed as the average university contribution under the student government-supported centers.

President Berenstein asked if fees for child care are based on a sliding scale whereby people who make more money pay more for child care. Associate Vice President Small said the rates are figured differently for users of the two centers. The student government-sponsored child care centers have different rates depending on a person's status. Students pay the lowest rates, staff pay the next higher rate, faculty pay the next higher rate, and those who are not affiliated with the university pay an even higher rate. She said that next fall those rates will go to a true sliding scale.

President Berenstein asked if someone who makes \$50,000 will pay full cost for child care or whether part of the cost of child care would be subsidized by the university. Associate Vice President Small responded that the individual would benefit from the money that has been appropriated if they utilize one of the student government-sponsored centers. In the hospital child care system that individual would be paying what is basically the full tuition.

President Berenstein said that was an issue that was raised at one of the last Regent meetings. He had requested clarification and was not completely satisfied. With a sliding scale there is a rate at which people will pay the full cost. Are university officials aiming at achieving that?

Associate Vice President Small responded that to the extent the legislature has directed the university to subsidize the operation of the student government child care centers, there would always be some university involvement. University employees

GENERAL
July 20, 1994

utilizing those day care centers would always get a share of the funds appropriated, no matter how much money they make. Individuals outside of the university system would not receive any of the appropriated funds.

President Berenstein asked whether a faculty member in the College of Medicine who makes \$50,000 a year, for example, would receive some subsidy. Associate Vice President Small responded that she had not looked in detail at the next year's tuition recommendations. It was her understanding that when a person's income is that high they would not receive the subsidy.

President Berenstein said that he wanted to know what the level is because it seemed ridiculous for people who can afford to pay child care to not be paying for it. Associate Vice President Small said she did not believe there were any people who were making that amount of money who were in those centers.

President Berenstein asked that she find out for him. Associate Vice President Small responded that she would.

President Berenstein stated that one of the problems which has been experienced in communication not only with the Regents and the legislature but within the Regents and the Board Office is that they do not compare "apples and apples". He said it would be nice if the numbers could be presented the same from everyone. He stressed that he was talking about the entire system of numbers, which was appropriate to bring up at this meeting because they were talking about budgets, also. He said the officials of all three universities had made great strides in their presentations on budget requests. Being presented with the information in one page had made it much easier to understand.

Associate Vice President Small responded that each institution developed its report separately; they did not work together over time as they have on the budgets. She said that when they have the time, as they had with the budget development, they will coordinate their reporting.

President Berenstein said it should be a long-range goal to present all reports in a uniform manner.

President Jischke clarified that child care at Iowa State University is not a university activity. University child care is a not-for-profit agency to which the university contributes \$46,000. The rates and policies for subsidy are set by the agency. The university provides the agency with funding through the State appropriation for subsidizing child care for students.

Regent Hendricks asked whether the child care agency provides Iowa State University officials with an annual audit. Vice President Madden responded that United Way is provided an audit.

President Jischke said the issue is who sets policy on charges.

President Berenstein asked that Iowa State University officials address the question he asked of Associate Vice President Small regarding an employee making \$50,000. President Jischke responded that the agency's policy leads to subsidy for all who use the child care center although there is a substantially larger subsidy for students versus non-students.

Regent Collins noted that if the university is subsidizing the child care agency, university officials cannot step aside with regard to oversight. President Jischke responded that he agreed.

Regent Dorr addressed all three universities. He said the impetus for child care began with the legislature three years ago for students on campus. He asked at what point in the policy development was the decision made to provide child care services for employees. What is the Board's role in the evolution of that policy? To what extent did the expenditure of funds increase beyond the original appropriation and by what authorization?

Regent Hendricks stated that the policy goes back to before Regent Dorr was on the Board. If they want to recruit qualified female staff and faculty members those women have to know that qualified care of their children is available. She said it goes back to meetings with female faculty and staff on each campus at which time the Regents were told that the biggest need was quality child care so employees could give their full attention to their jobs. Regent Hendricks stated that the policy to include child care for staff as well as students originated with the Board of Regents.

President Berenstein said it was his understanding that the provision of child care for staff as well as students was included from the beginning.

President Jischke stated that the university child care center is a not-for-profit agency in Ames that receives support from the City of Ames, United Way, the County, the Government of the Student Body and the university. It was in existence before the appropriation from the State to subsidize child care for students. University officials decided that rather than create a separate child care center, they would use the State funding plus some in-kind contributions from the Department of Residence in the form

of space, to expand child care availability for students. Those served by the child care center are overwhelmingly students. The agency also provides child care for others, some of whom are faculty and staff of Iowa State University, and some of whom are not related to the university at all. President Jischke stated that university officials do not violate the trust of the State in providing subsidy to students.

President Jischke stated that Iowa State University does not have adequate availability of child care. The ability to recruit and retain women faculty and staff requires the availability of quality child care. University officials are trying to find ways to expand the availability. To the extent they do, he believes that child care ought not to be subsidized for people beyond a certain income level.

Regent Furgerson said the county-provided funds are probably PROMISE funds for people involved in that program who need child care. When child care centers get money from different sources it means they have to broaden the pool of those who are eligible for their services. There can be a sliding fee scale but people cannot be treated differently. She said that is another problem with regard to licensing requirements because the licensing is done through the Department of Human Services. She stressed that they cannot make assumptions. They have to have good information.

President Curris discussed University of Northern Iowa's child care program. University officials are pleased with the program. It is totally supported by fees and the State. It is an integral part of the university's early childhood education program and it is housed in the laboratory school for that specific purpose. There are two fee levels. A fee was established for staff members before the State provided its subsidy, all of which was used to expand the number of students who were able to utilize the child care service. University officials have not looked at whether there is a level of salary at which point the subsidy could be eliminated. It was his understanding that the Board was now asking that to be done, which he said they would do.

Regent Dorr stated that it was the Board's responsibility to make policy, which he said they should do. The issue of availability of quality child care was a legitimate policy matter. The issue of charges was another policy matter. The Regents need to decide whether or not they want to establish a policy for child care.

President Berenstein said the issue of policy has to be raised at some point in time down the road. This is a very complicated issue and it involves far more than just the university systems.

Regent Hendricks said it was her recollection that in the Regent priorities through the years that she has been on the Board child care has been a top priority. She thought the Regents had directed the institutions to address that issue.

President Berenstein expressed concern that there is no policy pertaining to the upper salary limits at which child care subsidy is no longer provided.

Regent Dorr stated that the Regents have a responsibility to establish good policy. They have a responsibility to review how funds are spent and for whom. To just receive a report and to let this evolve was irresponsible. If that was what the Board chose to do in receiving the report, he said he would register an abstention.

President Berenstein asked for a motion to receive the report.

MOTION: Regent Pellett moved to receive the report.
Regent Furgerson seconded the motion.

Regent Pellett suggested that President Berenstein consider appointing a committee to look into this and determine whether or not to set policy.

President Berenstein said that was a good idea and suggested the committee members include institutional representatives along with Regents. The committee could take an in-depth look at the two issues that had been raised. He then said he hoped it was reported that way by the press -- that the Regents are not opposed to child care. One of the Regents' goals is to make child care available. They will address the policy question of how it is going to be paid. He said it would be responsible for the Regents as well as the media to report it to the people of Iowa in that fashion.

VOTE ON THE MOTION: The motion carried with Regent Dorr abstaining.

Regent Hendricks suggested the committee be seated as a Regents Priority Study Committee on Child Care. President Berenstein agreed and said the committee would meet within the next 30 days and would report to the Board at its September meeting.

Later in the meeting, President Berenstein appointed the following members of the Board of Regents to the committee: John Tyrrell, Elizabeth Hendricks, Betty Jean Furgerson and Thomas Dorr. He asked that each of the five institutions appoint one member to serve on the committee. The committee will consist of five institutional representatives and four Regents, and will be gender balanced.

REPORT OF THE BANKING COMMITTEE. The Board Office recommended the Board (1) approve the modification of the Board of Regents investment policy related to international equities and (2) receive the report on current Banking Committee items.

Regent Hendricks stated that the Banking Committee discussed and took action on several items, some of which also require Board action, as follows:

MOTION: Regent Hendricks moved to adopt a Resolution authorizing the Executive Director to fix the date or dates for the sale of \$6,545,000 Academic Building Revenue Bonds, Series ISU 1994. Regent Newlin seconded the motion, and upon the roll being called, the following voted:
AYE: Berenstein, Collins, Dorr, Furgerson, Hendricks, Newlin, Pellett, Tyrrell.
NAY: None.
ABSENT: Johnson-Matthews.

MOTION CARRIED UNANIMOUSLY.

Regent Hendricks stated that the following resolution authorized University of Northern Iowa officials to begin reconstruction of the Price Laboratory School Field House prior to the issuance of the bonds in order meet the arbitrage rules.

MOTION: Regent Hendricks moved to approve the reimbursement resolution for the reconstruction of Price Laboratory School Field House at the University of Northern Iowa. Regent Collins seconded the motion, and upon the roll being called, the following voted:
AYE: Berenstein, Collins, Dorr, Furgerson, Hendricks, Newlin, Pellett, Tyrrell.
NAY: None.
ABSENT: Johnson-Matthews.

MOTION CARRIED UNANIMOUSLY.

Regent Hendricks stated that the Banking Committee approved the process for the sale of \$15,060,000 in college savings bond on behalf of the University of Northern Iowa. She said the bonds would be issued in denominations no larger than \$1,000 which was designed to encourage parents to save for college.

MOTION: Regent Hendricks moved to approve the process for the negotiated sale of \$15,060,000 in College Savings Bonds for the University of Northern Iowa. Regent Tyrrell seconded the motion, and upon the roll being called, the following voted:
AYE: Berenstein, Collins, Dorr, Furgerson, Hendricks, Newlin, Pellett, Tyrrell.
NAY: None.
ABSENT: Johnson-Matthews.

MOTION CARRIED UNANIMOUSLY.

Regent Hendricks stated that the Board needed to modify the Board of Regents investment policy related to international equities as a result of recently hiring Walter Scott and Partners.

Mr. Richey noted that each of the Regents had received the proposed modifications.

MOTION: Regent Hendricks moved to approve the modification of the Board of Regents investment policy related to international equities. Regent Collins seconded the motion. **MOTION CARRIED UNANIMOUSLY.**

Regent Hendricks stated that the Banking Committee had a presentation of internal audits and received several state audit reports.

ACTION: President Berenstein stated the Board received the report of the Banking Committee, by general consent.

AMERICANS WITH DISABILITIES PROGRESS REPORTS, IOWA STATE UNIVERSITY AND THE UNIVERSITY OF NORTHERN IOWA. The Board Office recommended the Board receive the report.

At its April 1994 meeting the Board received reports on implementation of the Americans with Disabilities Act by Iowa State University and the University of Northern Iowa. At that time the Board adopted recommendations. Institutional reports addressing the recommendations were to be submitted in 6 months.

This report provided an update on implementation of the recommendations. Progress reports for the University of Iowa and special schools will be docketed in September.

Iowa State University

The Board directed the university to proceed with all due diligence to develop the Americans with Disabilities Act (ADA) required transition plan.

Facilities: Program Access and Self-Evaluation

Current activities include detailed cost analysis (85 percent complete), analysis and recommendations regarding building entrances (80 percent complete), and analysis of user comments. User experiences are being analyzed to determine priorities for conforming with ADAAG (Americans with Disabilities Act Accessibility Guidelines).

Academic Programs

For FY 1995 university officials have reallocated \$40,000 to the Office for Students with Disabilities so that it can provide equipment or other accommodations which will allow individual disabled students to compete in the academic environment.

University of Northern Iowa

The Board directed the university to (1) include as a specific part of the self-evaluation necessary evaluations of the accessibility of programs, services and activities to determine any needed modifications; and (2) undertake a more systematic and detailed assessment of academic programs to determine accessibility problems and institute a process of systematic assessment of progress using objective measures.

Program Accessibility and Facilities

University officials proposed a format to address issues of accessibility for programs, activities and services in preparation for a review of its revised self-evaluation.

University officials identified academic programs, support services and other activities which are to be evaluated. Thirty-seven academic programs, seventeen support services, eight administrative services, and eight other activities will be evaluated.

Non-Facility Program Access

University officials will provide a detailed description of the work done by the Disabled Student Services Office in identifying and facilitating accommodations for students who need them.

President Berenstein stated that there was some question about reporting requirements when the Regents discussed this matter in April. Have those questions been resolved and was everyone comfortable?

There was a general consensus that the matters had been resolved.

ACTION: President Berenstein stated the Board received the report, by general consent.

UNIT COST STUDY. The Board Office recommended the Board receive the unit cost of instruction reports for 1992-93.

The cost of instruction per student ("unit cost") represents the general fund-supported cost of instruction of a full-time equivalent student at a given level.

Unit cost studies by the Regent universities have been prepared since 1962-63 using a formula which remains essentially unchanged since inception.

The average undergraduate unit cost is used as a basis to determine the funding goal for the Iowa Tuition Grant Program. Unit costs also are considered in establishing tuition rates, reviewing the program emphasis of the universities and measuring instructional productivity and cost benefits.

Unit Cost of Instruction

The composite unit cost of instruction for a Regent FTE student in 1992-93 was \$8,201, an increase over a two-year period of 3.9 percent; during the same two-year period, the Higher Education Price Index increased 6.7 percent.

The composite unit cost of instruction in 1992-93 was highest at the University of Iowa (\$9,676), largely as a result of costly advanced graduate and professional-level programs. The 5.4 percent increase in unit cost over a two-year period is primarily due to increased costs and a 2.6 percent drop in enrollment.

The composite unit cost of instruction at Iowa State University in 1992-93 was \$7,592, which represented a decrease of .9 percent over a two-year period. This slight decrease in unit cost is primarily because of a 1.0 percent increase in enrollment, the impact of reversions between FY 1991 and FY 1992, and the substantial increase in indirect cost recoveries are deducted from total expenditures in the calculation of unit costs.

The composite unit cost of instruction at the University of Northern Iowa in 1992-93 was \$6,388, which represented an increase of 14.7 percent over a two-year period, primarily because enrollment growth funds approved by the legislature substantially increased funding for instruction and instruction-related activities.

The composite undergraduate unit cost was \$6,069 at the University of Iowa, \$6,509 at Iowa State University and \$5,956 at the University of Northern Iowa. The greater composite undergraduate cost at Iowa State University may be due, in part, to a larger proportion of undergraduates in more costly science and engineering programs.

The Regent composite cost ranged from \$4,833 for a lower division undergraduate student to \$26,813 for a professional-level student.

Methodology

Data are available in generally comparable form for alternate years since 1967 so that an analysis of cost changes over time is possible. Standardized methods of computation are used to calculate both *total* and *variable* costs of instruction.

In its simplest terms, the average cost of instruction could be determined by dividing total costs by the total number of students. State audit reports list this as "Cost Per Student." However, not all institutional costs are classified as instructional and the cost of instruction varies significantly according to student level.

The unit cost of instruction is calculated by first determining which institutional costs are related to instruction and by classifying these costs according to student level. The formula makes certain assumptions relative to attribution of costs to the various levels of instruction.

Unit costs are determined for each of five student levels: Lower Division (freshman, sophomore); Upper Division (junior, senior); Masters; Advanced Graduate; and Professional. *Included* in the computation are expenditures for instruction, research, academic support (excluding Price Laboratory School), student services, institutional support and plant operations and maintenance (excluding building repairs). *Excluded*

from the computation are building repairs, public service, scholarships and fellowships, auxiliary enterprises, health care units, academic support (Price Laboratory School), and indirect cost recovery.

A total of \$487.9 million general fund expenditures (84 percent) in included expenditures is allocated by student level in the computation of the cost of instruction.

FTE enrollments are based on 31 credit hours per student per fiscal year for undergraduates and 18 credit hours per student per fiscal year for graduate students. Each professional student is counted as one FTE.

The total FTE students at the three universities has decreased .4 percent, from 59,705 in 1990-91 to 59,492 in 1992-93. The total FTE students at the University of Iowa has declined by 2.6 percent, while the total FTE students have increased at Iowa State University and the University of Northern Iowa by 1.0 percent and 1.6 percent respectively during this two-year period.

Variable Cost of Instruction

Variable costs of instruction are computed by subtracting specified fixed costs from total costs. Of the \$487.9 million costs included in the determination of the unit cost of instruction, \$390.2 million are variable costs.

Fixed costs (20 percent of total costs) include research, library books, physical plant operations and equipment, and are expected to remain stable within a reasonable enrollment range. Variable costs (80 percent of total costs) include direct instructional costs, general administration and student services, and represent those costs which change in proportion to the number of FTE students.

The variable costs of instruction are as follows:

	<u>1990-91</u>	<u>1992-93</u>	<u>% Change</u>
University of Iowa	\$7,612	\$8,026	5.4
Iowa State University	5,772	5,688	-1.5
University of Northern Iowa	<u>4,565</u>	<u>5,307</u>	<u>16.3</u>
Regent University Composite	\$6,303	\$6,559	4.1

The two-year increase in variable costs of 4.1 percent was only slightly higher than the two-year increases in Regent composite unit cost of 3.9 percent.

President Berenstein questioned the difference in unit cost between the various universities. Mr. Richey responded that the difference in cost related to programs

offered. For example, specialized undergraduate programs cost more than general undergraduate programs. Also, the composite unit cost of advanced graduate education and professional education will have higher unit costs.

Regent Hendricks asked whether counting each professional student as one FTE distorts the figures. What about a student who, for instance, registers for one graduate course per semester?

President Jischke responded that at Iowa State University the professional students would be in the College of Veterinary Medicine. There are very few part-time students in that college.

President Rawlings said it was the same at the University of Iowa. Law school students are mostly full-time students. He noted that professional students were those in law, medicine, dentistry and pharmacy, not in the MBA program.

Regent Dorr questioned how effective the formula is since it has not been changed since 1962-63. He suspected that most other universities' formulas had changed in that time.

Mr. Richey responded that the formula had been reviewed during that time but that it had not substantially changed. He said the definition of FTE has changed. Another change in the formula has been to eliminate some of the research overhead expenditures as a result of determining how much overhead should be attributed to unit cost from facilities costs. The lack of change in the formula enables them to keep track of the trends. He stated that determination of unit cost is a very complex issue. It will never be perfect.

Regent Dorr said he questioned how the costs that are incurred in all of the new federally-funded research programs are amortized, and where those costs become incurred within the system. He was concerned about the ability to support those efforts. If those costs are being absorbed quite handily and the formula does not reflect that, they are doing a disservice by not having it in there as well they would if the costs were included in the formula and they reflected negatively.

President Rawlings stated that the research dollars were not included in this set of numbers; therefore, they need not worry about a distortion occurring in these numbers as a result of research grants and contracts. He said this was in essence the teaching budget.

Regent Dorr responded that those research grants and budgets indirectly impact overhead expenses that may or may not be absorbed in the system accordingly. They may be absolutely right; the overhead may be absorbed completely within the research grants process. If so, he would be satisfied to know that the formula took that into account. However, if they are, then some time down the road when those funding sources diminish, they will have a major policy concern.

Mr. Richey said that was one reason why the indirect cost reimbursements were left out of the unit costs. The revenue was supposed to come through the indirect cost reimbursement to cover a variety of costs other than the direct costs of a given research project. Those costs are figured in both sides of the formula; out of both the direct costs in terms of attribution of unit cost and out of the indirect cost reimbursement. He noted that the latter has been an issue between the Federal government and the institutions for decades and is growing more intensively every year.

Regent Dorr stated that at some point someone should review the formula. President Berenstein asked that Mr. Richey take a look at that.

Regent Tyrrell asked whether the definition of a full-time student was one who takes a minimum of 12 credit hours per semester. Do they make an adjustment to 31 credit hours?

Mr. Richey said the definition in terms of receipt of student aid for undergraduates is 12 hours. The definition of FTE is 31 credit hours per student per fiscal year for undergraduates and 18 credit hours per fiscal year for graduate students.

Regent Tyrrell questioned whether it is adjusted to 31 hours. Mr. Richey responded that it is adjusted to 31. He said he believes that one reason why students take 5 years to 6 years to graduate is because the definition of a full-time student for federal aid is 12 hours per semester or 24 semester credit hours for a given fiscal year. The Regents' system counts an FTE on the basis of 31 semester credit hours per academic year. Students cannot graduate in four academic years taking 12 credit hours per semester.

ACTION: President Berenstein stated the Board received the unit cost of instruction reports for 1992-93, by general consent.

EXECUTIVE SESSION. President Berenstein requested the Board enter into closed session pursuant to Code of Iowa section 21.5(1)(i) upon the requests of employees whose performances were being considered.

MOTION: Regent Tyrrell moved to enter into closed session. Regent Pellett seconded the motion, and upon the roll being called, the following voted:
AYE: Berenstein, Collins, Dorr, Furgerson, Hendricks, Newlin, Pellett, Tyrrell.
NAY: None.
ABSENT: Johnson-Matthews.

MOTION CARRIED UNANIMOUSLY.

The Board having voted at least two-thirds majority resolved to meet in closed session beginning at 11:07 a.m. on Wednesday, July 20, 1994, and recessed therefrom at 12:15 p.m. on that same date.

FINAL OPERATING BUDGETS FOR FISCAL YEAR 1995. The Board Office recommended the Board approve the FY 1995 final operating budgets for the Regent institutions as set forth in the separate docket items.

The FY 1995 final all-funds operating budgets for the Regent institutions total \$1.9 billion for FY 1995, an increase of 2.1 percent over estimated FY 1994 expenditures.

The FY 1995 final general fund operating budgets for the Regent institutions total \$1.1 billion for FY 1995, an increase of 3.8 percent over estimated FY 1994 expenditures.

State operating appropriations for the Regent institutions total \$527,758,826 for FY 1995, an increase of 2.9 percent over FY 1994.

Tuition and fees revenues for FY 1995 are 4.6 percent higher than estimated FY 1994 expenditures, based on the rate increase approved by the Board last fall.

Total salary expenditures are expected to grow 4.3 percent over FY 1994 estimated expenditures. Net increase for faculty at the three universities average 3 percent.

Salary policies for professional & scientific staff at the University of Iowa and Iowa State University provide for increases which average 3 percent and are based on

performance. University of Northern Iowa increases for professional & scientific staff average 4 percent.

For general service, the pay matrices will increase by 2 percent effective July 1, 1994, and another 2 percent effective January 1, 1995. Within-range step increases will be provided in FY 1995 in accordance with the collective bargaining agreement and for non-contract employees in accordance with the provisions of the merit rules.

The salary appropriation of \$16.7 million for the Regent system was made after reduction of the salary budget for one-time bonuses in the amount of \$7.4 million, a net increase for salaries of \$9.3 million over FY 1994. The institutions augmented the salary adjustment appropriation with additional institutional revenues and reallocated funds to fund the State salary policies.

Building repair budgets have increased to \$15.6 million, 0.8 percent over FY 1994 estimated expenditures, through application of new tuition revenues and permanent reallocations, in response to instructions by the Board to eliminate fire safety deficiencies and reduce deferred maintenance.

Reallocations for all Regent system institutions total \$6.8 million in FY 1995. The University of Iowa reallocations (\$2.6 million) were modest compared to Iowa State University (\$4.1 million). The Board Office has requested additional information from the universities on reallocations within colleges.

The December Board docket will include a report from each of the institutional presidents and superintendents on activities to improve institutional efficiency and effectiveness. These reports are in response to the Board's mandate to do a comprehensive review of programs and services in order to save money; reduce or eliminate programs. It will include reports on efforts to reduce levels of supervision and the number of supervisors within the institutions.

Library collections have been augmented by approximately \$700,000, a 6.2 percent increase over FY 1994 estimated expenditures. This amount is primarily to fund inflationary increases for these materials.

Aid to students will grow \$1.5 million (5.0 percent) as a result of the tuition rate increase approved by the Board last fall and an additional \$.9 million for scholarships.

Institutional officials identified a large number of specific programs to which they intend to direct incremental and reallocated resources within the context of strategic planning goals. Some of these include:

All Universities

	Student Aid/Scholarships	\$2,254,186
	Undergraduate Education Initiatives	1,953,645
	Graduate/Research Initiatives	2,119,220
	Libraries	425,279
	Building/Utility Repair	1,825,000
SUI	Primary Health Care	\$300,000
	Health Services Office	492,000
ISU	Distance Learning	436,128
	Diversity/Minority Recruitment & Retention	340,000
UNI	Enrollment Growth (included above in UG Ed)	615,000
	Recycling/Reuse Technology Transfer Center	239,745
	Metal Casting	100,000

The FY 1995 general fund budgets for the Iowa School for the Deaf and the Iowa Braille and Sight Saving School represent increases over FY 1994 estimated expenditures, excluding capital funds, of 2.5 percent and 3.1 percent respectively.

Regional study centers received \$14,552 in additional appropriations for salaries in FY 1995. Other components of the Iowa portion of the budgets remain unchanged.

The final FY 1995 budget for Lakeside Laboratory was \$300,000, to be split 50 percent University of Iowa, 30 percent Iowa State University and 20 percent University of Northern Iowa. The distribution reflects current funding considerations and anticipated future patterns for the laboratory's utilization.

The FY 1995 restricted fund budgets for the Regent institutions total \$754.8 million for FY 1995, a 0.3 percent decrease from estimated FY 1994 expenditures. FY 1994 estimated expenditures of restricted funds include \$7 million in flood-related repairs at Iowa State University.

State appropriations for tuition replacement total \$25,843,645, and were reflected as restricted use funds.

President Berenstein referred to the \$1.882 billion in receipts and noted that only \$1.873 billion in expenditures. Associate Director Houseworth stated that in the

University of Northern Iowa restricted funds budget the revenues and expenditures were reported as not the same. She said it was apparently the way they account for those funds.

President Berenstein stated that the University of Northern Iowa's restricted fund budget proposal showed \$763 million in revenues and expenses of \$754 million. He asked that the Board Office figure that out and explain the differences to him later.

MOTION: Regent Hendricks moved to approve the FY 1995 final operating budgets for the Regent institutions as set forth in the separate docket items. Regent Furgerson seconded the motion. MOTION CARRIED UNANIMOUSLY.

(a) University of Iowa. The Board Office recommended the Board (1) approve the FY 1995 final operating budget for the University of Iowa in the amount of \$1,104,183,120; and (2) approve a 5 percent rate increase for University Hospitals and Clinics.

General Educational Fund

The FY 1995 final general fund budget was \$302,288,510, which represented an increase of \$11.1 million (3.8 percent) over estimated FY 1994 expenditures. The budget was in line with the preliminary budget approved by the Board.

The university's State appropriation for FY 1995 was \$190,980,028, which represented an increase of \$5.9 million (3.2 percent) over FY 1994.

Projected revenue from tuition and fees for FY 1995 of \$90,928,482, represented an increase of \$4.9 million (5.7 percent) over FY 1994.

- o Projected tuition revenues were based on the Board's general rate increases approved for the University of Iowa of 4.4 percent for resident students and 7.5 percent for nonresidents, and the \$15 per semester deferred payment fee approved by the Board last December.
- o Law and pharmacy tuition revenue increases were \$194,000 and \$223,275, respectively.
- o Student headcount enrollment was projected to decline approximately 1.0 percent.

FY95 FINAL BUDGET SUMMARY FOR THE UNIVERSITY OF IOWA
GENERAL UNIVERSITY BUDGET

FY94 AND FINAL FY95 GENERAL FUND BUDGET BY SOURCE OF REVENUE			FY95 UNAVOIDABLE COST INCREASES IN THE GENERAL UNIVERSITY BUDGET	
Revenues	FY94 Budget	Proposed FY95 Budget		
State Appropriations	\$185,094,830	\$190,980,028	Compensation Increases	\$7,858,956
Tuition and Fees	\$88,050,482	\$90,928,482	State Auditor Costs	\$70,500
Reimb. Indirect Cost	\$19,055,000	\$20,005,000	Health Protection Office	\$226,791
Interest	\$200,000	\$300,000	Utilities	\$900,000
Other Income	\$75,000	\$75,000	Library Acquisitions	\$476,000
Subtotal	\$290,475,312	\$302,288,510	Total	\$9,532,247

FY95 STATE APPROPRIATIONS INCREASES		ALLOCATIONS OF FY95 NEW REVENUES AND REALLOCATIONS WITHIN THE GENERAL UNIVERSITY BUDGET BY STRATEGIC PLANNING GOALS	
Operating Budget Increases		Strategic Planning Goals:	
Library Acquisitions	\$426,000	Goal #1:	Comprehensive Strength in Undergraduate Programs
Annualization	\$546,637	Goal #2:	Premier Graduate and Professional Programs in a Significant Number of Areas
Graduate Health Insurance	\$350,000	Goal #3:	A Faculty of National and International Distinction
Building Renewal	\$395,000	Goal #4:	An Academic Community Diverse in Gender, Race, Ethnicity, and Nationality
Primary Health Care	\$300,000	Goal #5:	Strong Ties Between the University and External Constituencies
Subtotal:	\$2,017,637	Goal #6:	A Quality Teaching, Learning, and Living Environment
Appropriations for Compensation Increases	\$6,669,307		
Less: Return of 1994 Appropriation	(\$2,801,746)		
Total Increases:	\$5,886,198		

FY95 GENERAL UNIVERSITY BUDGET: CHANGES IN REVENUES, ALLOCATIONS, AND REALLOCATIONS		Initiative	Goal	Allocation
Revenue Increases		Honors Program	1,3,6	\$30,000
Tuition and Fees	\$4,878,000	Ctr for Eval. & Assess.	1,2,6	\$25,000
State Appropriations	\$5,885,198	Iowa Space Grant Match	1,5	\$50,000
Interest Income	\$100,000	Bellin Center	1,3,5,6	\$5,000
Indirect Cost Recovery	\$950,000	Child Care	6	\$20,000
Subtotal:	\$11,813,198	Sponsored Programs	2,3,5	\$59,000
Internal Reallocations	\$2,559,000	Student Aid Set Aside	1,2,4	\$894,676
Total New Revenues and Reallocations:	\$14,372,198	Undergraduate Faculty	1,3	\$340,000
Allocations		Law-Tuition Surcharge	2,3	\$194,000
Compensation Increases	\$7,858,956	Pharmacy-Tuition Surcharge	2,3	\$223,275
Other Unavoidable Cost Increases	\$1,673,291	Building Renewal	1,2,6	\$945,000
Strategic Planning Initiatives	\$4,839,951	Grad Assistant Stipends	1,2,4	\$350,000
Total Allocations:	\$14,372,198	Health Ins. for Grad Assts	1,2,4	\$350,000
		Women's Athletics-Crew	6	\$65,000
		Primary Health Care	2,5	\$300,000
		Health Sciences Office	1,2,2	\$492,000
		Research Support Services	2,3	\$150,000
		Women in Sci. & Engineering	1,2,3,4	\$52,000
		Library Operations	1,2	\$105,000
		Campus Network	1,2,3	\$135,000
		Affirmative Action Office	4,6	\$55,000
		Total:		\$4,839,951

- o Approximately \$895,000 will be set aside from the tuition increase to augment student financial aid.

General education fund indirect cost recoveries from sponsored research and other grant and contract activities were projected to be \$20,005,000 for FY 1995, which represented a \$950,000 increase over the FY 1994 original budget and \$250,000 increase over the FY 1994 estimated budget.

Unavoidable cost increases of \$1,673,291 will be funded from the increase in State appropriations, institutional revenues and reallocations. Some of these unavoidable cost increases included library acquisitions (\$476,000), utilities (\$900,000), and State Auditor (\$70,500).

Of the \$226,791 reallocated and new funding allocated for the Health Protection Office, \$165,000 is for extraordinary price increases for the disposal of radioactive waste.

Strategic planning initiatives of \$4,839,951 will be funded from the increase in State appropriations, institutional revenues and reallocations. Some of the strategic planning initiatives include student aid set aside (\$894,676), building renewal (\$945,000), graduate assistant stipends (\$350,000), graduate assistant health insurance (\$350,000), and health services office (\$492,000).

The \$55,000 allocated for the Affirmative Action Office will be used to fund a position that will assist in meeting increased demands for training by university departments regarding sexual harassment and the Americans with Disabilities Act.

The \$340,000 reallocated to support faculty hires in the undergraduate colleges will be used to hire five junior faculty for the College of Liberal Arts and to improve the recruitment and retention of minority faculty through the efforts of the Opportunity at Iowa program.

The \$300,000 additional funding appropriated for primary health care will continue to enhance funding of the Department of Family Practice begun during FY 1994 and initiate a model regional health professions education program and a physical locum tenens program.

The internal reallocations include \$400,000 from building renewal as the result of projected utility savings redirected toward critical deferred maintenance and fire safety needs in FY 1994, which will be restored to the utility base in FY 1995.

Salary adjustment costs, including annualization, of \$7.9 million were supported by State appropriations (\$7.2 million) and additional tuition and fee revenue (\$.7 million). The \$7.2 million in salary adjustment costs funded from State appropriations was offset by \$2.8 million base adjustment for removal of non-recurring funds, for a net of \$4.4 million.

Salary budgets proposed for general fund-supported faculty and professional & scientific staff increased an average of 3.0 percent. Salary increases will be distributed based on merit and equity. Salary budgets for graduate assistants were increased by the 3 percent plus an additional 2 percent funded through reallocations, for a total increase of 5 percent in accordance with the first-year goals of the Plan to Revitalize Graduate Education.

Salary policy for supervisory merit staff is set by the Board with the principal goal of equity with bargaining merit staff. The salary schedules for these positions will be increased by 2 percent on July 1, 1994, and by an additional 2 percent on January 1, 1995. Merit step increases also will be available for those eligible. Salary increases for merit staff covered by collective bargaining, provided in accordance with contractual obligations, include merit step increases, a 2 percent increase on July 1, 1994, and an additional 2 percent on January 1, 1995.

The annualization of FY 1994 merit step increases average approximately 1.2 percent of the merit staff budget. An additional cost for health insurance results from the annualization of the January 1, 1994, increase in premiums and a small additional contribution to the necessary terminal liability reserves.

University Hospitals

The final FY 1995 general fund budget for the University Hospitals was \$363,836,700, which represented a \$17.2 million increase (5.0 percent) over the estimated FY 1994 expenditures.

The State appropriation of \$28,722,559 represented an increase of \$344,906 or 1.2 percent over FY 1994. State appropriations represented 7.9 percent of University Hospitals' FY 1995 revenue.

Based on anticipated levels of patient service, the indigent patient census in FY 1994 will utilize approximately a \$42,568,894 (11.7 percent) proportion of the FY 1995 operating budget versus the \$28,722,559 (7.9 percent) of the operating budget supported from appropriated funds.

UIHC officials requested Board approval of a five percent rate increase to be effective July 1, 1994.

Additional sales and services revenues projected for FY 1995 of \$22.2 million was based on patient revenue growth factors of a 2.1 percent increase in complexity of care and 1.5 percent increase in ambulatory patient volume, anticipated modest increases in reimbursement levels from major payers, and the proposed rate increase. Of the additional revenue, \$7.9 million was attributable to the proposed rate increase.

Expenditures totaling \$4,713,400 were reallocated.

Psychiatric Hospital

The final FY 1995 general fund budget for the Psychiatric Hospital was \$15,955,400, which represented a 4.0 percent increase over FY 1994.

The State appropriation of \$6,994,310 represented an increase of \$111,641 (1.6 percent) over FY 1994. State appropriations represented 43.8 percent of the Psychiatric Hospital's FY 1995 revenue.

UIHC officials requested Board approval of a seven percent rate increase to be effective July 1, 1994, for the Psychiatric Hospital.

Additional sales and services revenues projected for FY 1995 of \$470,859 were based on the proposed rate increase, combined with anticipated new growth in patient services and modest increases in reimbursement levels from major payers. Of this additional revenue, \$120,000 was attributable to the proposed rate increase.

University Hospital School

The final FY 1995 general fund budget for the University Hospital School was \$7,491,500, which represented a 3.3 percent increase over FY 1994.

The State appropriation of \$5,664,456 represented an increase of \$116,463 or 2.1 percent over FY 1994. State appropriations represented 75.6 percent of the hospital school's FY 1995 revenues.

UIHC officials requested Board approval of a seven percent rate increase to be effective July 1, 1994, for the University Hospital School.

Additional sales and services revenues projected for FY 1995 of \$123,037 was based on the proposed rate increase, combined with the annualization of patient admission and ambulatory service growth experienced in FY 1994 and modest increases in reimbursement levels from major payers. Of this additional revenue, \$30,000 was attributable to the proposed rate increase.

University Hygienic Laboratory

The final FY 1995 general fund budget for the University Hygienic Laboratory was \$5,056,100, which represented a 2.8 percent increase over FY 1994.

The State appropriation of \$3,138,234 represented an increase of \$73,421 or 2.4 percent over the original FY 1994 budget. State appropriations represented 62.1 percent of the Hygienic Laboratory's FY 1995 revenues.

UIHC officials requested Board approval of a four percent rate increase to be effective July 1, 1994, for the University Hygienic Laboratory.

Additional sales and services revenue of \$62,479 was based on the average rate increase of 4 percent, including the Laboratory's rate adjustment on public drinking water (MPN) testing and hospital service testing, in conjunction with anticipated growth in laboratory service volume during FY 1995.

Total expenditures of \$106,000 were reallocated.

Specialized Child Health Services (SCHS)

The final FY 1995 general fund budget for the SCHS - Cancer, Hemophilia, High Risk Infant Program was \$674,800, which represented a 3.4 percent increase over FY 1994.

Another program of the SCHS, Mobile and Regional Clinics, receives an appropriation through the Department of Health and subsequently contracts with the UIHC for the operation of the clinics; funding for this program of \$3,312,414 brings total SCHS funding to \$3,987,214.

The State appropriation of \$440,817 represented an increase of \$12,130 or 2.8 percent over FY 1994.

Other income of \$88,902, the amount budgeted in FY 1994, was anticipated from the Department of Pediatrics and the UIHC.

Oakdale Campus

The final FY 1995 general fund budget for the Oakdale Campus was \$3,517,018, which represented a 0.1 percent decrease from the estimated FY 1994 expenditures.

The increase over the original FY 1994 budget was entirely due to the \$36,524 increase in State appropriation for FY 1995.

FY 1995 revenues from other sources did not reflect the \$40,000 budget ceiling increase approved by the Board in May to reflect greater-than-budgeted rental and cafeteria income in FY 1994, since the client increases experienced in FY 1994 were not anticipated to continue in FY 1995.

A \$34,282 projected increase in the FY 1995 utility budget to reflect a 3.5 percent inflationary increase was funded through reallocation from the supplies budget.

Family Practice Program

The final FY 1995 general fund budget for the Family Practice Program was \$1,860,624, which represented a 2.4 percent increase over FY 1994.

State appropriations fund \$1,840,624 of the FY 1995 Family Practice Program general fund, and represented a \$43,931 (2.4 percent) increase over FY 1994.

Special Purpose Appropriations

The final FY 1995 general fund budget for the special purpose appropriations was \$2,553,197, which represented an increase of \$16,181 (0.6 percent) over FY 1994.

The special purpose appropriations for FY 1995 were as follows:

Iowa Center for Agricultural Safety and Health	\$ 247,230
Center for Biocatalysis and Bioprocessing	1,284,981
Center for Advanced Drug Development	496,481
Iowa Substance Abuse Consortium	62,032
National Advanced Driving Simulator	273,653
State Tumor Registry	<u>188,820</u>
Total	\$2,553,197

Restricted Funds

Restricted funds for FY 1995 total \$397,636,857 which represented a 1.2 percent increase over the original FY 1994 budget.

Athletic Budget

FY 1995 revenues and expenditures total \$17,902,214 and were reduced \$592,442 from the preliminary budget presented last month.

Residence System

Revenues and operating expenses were unchanged from the preliminary budget submitted to the Board in March 1994.

Estimated revenues total \$25,293,231 and proposed expenses for operations total \$20,049,782, leaving \$5,243,449 net revenue available for debt service, mandatory transfers, and transfers to voluntary reserves.

Regent Tyrrell referred to restricted income funds for endowed chairs, the honors program, etc., and asked where in the budget were those funds? Vice President True responded that income from endowments was included in the restricted category.

Regent Tyrrell asked where that fits into the general university budget. Vice President True responded that the revenue was reported as projected restricted funds expenditures.

(b) Iowa State University. The Board Office recommended the Board approve the final FY 1995 operating budget for Iowa State University in the amount of \$599,829,298.

The final FY 1995 all funds operating budget for Iowa State University of \$599,829,298 was 1.4 percent greater than FY 1994 estimated expenditures.

The final FY 1995 general fund budget of \$306,197,351 was 3.1 percent greater than FY 1994 estimated expenditures. The final budget was in line with the preliminary budget passed by the Board last month.

The funds were distributed among budget units as follows:

General University	\$238,700,219
Ag. Experiment Station	34,563,312
Cooperative Extension	26,774,631
Inst. Physical Research & Tech.	3,970,904
Special Purpose Approps.	<u>2,188,285</u>
Total General Funds	\$306,197,351

Chief revenue components included \$206,447,960 in State appropriations for operations (+3.1 percent), \$77,619,572 in tuition and fees (+3.8 percent), Federal support of \$12,420,819 (+0.8 percent), sales and services of \$175,000 (+2.9 percent) and indirect cost recovery of \$7,400,000 (+10.4 percent).

The increase in tuition and fees was attributed primarily to Board-approved rate increases, from \$2,192 to \$2,291 for undergraduate residents; from \$7,226 to \$7,551 for non-residents in academic year 1994/95.

Enrollment was projected to remain steady, with a shift toward more part-time students.

Indirect cost recovery (ICR) budgeted at \$7.4 million was \$700,000 over the FY 1994 original budget and the same as FY 1994 estimated expenditures. The figure reflected a higher negotiated recovery rate and greater sponsored project funding.

University officials proposed to fund mandated collective bargaining agreements for all general services staff, including a 2.0 percent increase July 1, 1994, and a 2.0 percent increase January 1, 1995. Eligible employees will receive appropriate step increases.

Regular salary increases average 3.0 percent for continuing faculty and continuing professional and scientific staff, excluding those on the Ames Laboratory budget. Increases for faculty and P&S staff who meet minimum performance standards were at least 1 percent.

General University

The proposed \$238,700,219 budget was 2.5 percent greater than FY 1994 estimated expenditures.

Iowa State University officials identified \$11.6 million of new and reallocated funds in the FY 1995 general university budget. New funding totals \$6.8 million and reallocation added \$4.1 million. In addition, \$635,000 in WOI-TV restricted endowment earnings were indicated along with general funds. The WOI-TV endowment earnings

are specifically earmarked for journalism scholarships (\$50,000), biotechnology research (\$148,872) and distance learning (\$436,128).

The proposed expenditure budget was tied closely to the university's strategic plan, as explained in the discussion that follows.

Goal #1: Intellectually Stimulating Environment -- \$434,000, including \$240,000 for curriculum diversity and \$100,000 for minority and women faculty recruitment.

Goal #2: Outstanding Undergraduate Programs -- \$2,640,158, including \$986,513 in scholarships, \$125,000 in library acquisitions, \$663,833 in curriculum initiatives and new faculty positions, and \$365,000 in building and utility repairs.

Goal #3: Outstanding Graduate & Research Programs -- \$1,299,145, including \$301,770 in biotechnology and other research initiatives, an additional \$365,000 in building and utility repairs, an additional \$125,000 in library acquisitions, and \$161,833 for new faculty.

Goal #4: Outstanding Extension & Outreach Programs -- \$539,019, including \$436,128 for the distance learning initiative.

Goal #5: National Stature in Technology -- \$160,279, including \$90,000 for distributed computing and \$70,279 for library and other technology initiatives.

Mandatory cost increases were expected to total \$948,597.

Expenditures for catastrophic building loss insurance (\$177,466), new building operating support (\$146,049) and utilities, bus service and fire protection (\$446,167) total \$769,682.

Other unavoidable cost increases, such as hazardous waste disposal, DNR emission fees, State Auditor charges, Child Farm Safety Program and a portion of the university's cost of Lakeside Laboratory, were estimated at \$178,915.

Iowa Agriculture and Home Economics Experiment Station (IAHEES)

The proposed \$34,563,312 budget was \$2,923,224 (9.1 percent) greater than FY 1994 estimated expenditures.

The estimated Federal appropriation for FY 1995 was budgeted at the FY 1994 original budget figure of \$3,870,819.

An additional \$2.5 million in State appropriated funds were used to allow the Experiment Station to continue its efforts to strengthen and focus research programs on issues impacting Iowa agriculture.

Allocation of the new funding and reallocated funds included \$420,000 for faculty positions to meet high priority research needs facing the Iowa agricultural community, \$340,000 for 8.5 P&S positions to enhance the research efforts of the faculty, and \$500,000 for building renovations and repairs.

Cooperative Extension Service

The proposed \$26,774,631 budget was \$475,701 (1.8 percent) greater than FY 1994.

Federal support was expected to rise by \$100,000 (1.2 percent) to \$8,500,000.

Other than \$626,400 for salary increases, which excluded the \$250,699 base adjustment for removal of non-recurring salary funds, no additional State appropriations were received for FY 1995.

In continuing its shift to an agile, client-driven organization, extension will establish an agriculture hot line and augment funding for efforts dealing with youth violence prevention.

New funding and reallocations will enable continuation of the Iowa 1440 Program model on a limited scale and provide funds for building repair and maintenance.

One-time funding of \$100,000 from the cooperative extension and \$100,000 from the Experiment Station and the Colleges of Agriculture and Veterinary Medicine will be used for program support to help initiate the Iowa Pork Industry Center during FY 1995. This \$200,000 was in addition to \$600,000 of extension personnel committed to providing assistance to the Iowa pork industry.

Institute for Physical Research and Technology (IPRT)

The proposed \$3,970,904 budget was a net \$21,468 (0.5 percent) higher than FY 1994.

State appropriation is the sole general fund source. Salary adjustments total \$71,108, excluding the removal of \$11,777 in FY 1994 bonus funds, and non-salary funds were decreased \$37,863.

Support for outreach programs increased from \$710,000 to \$1,000,000 from funds diverted from development research projects. IPRT will protect \$.7 million in funding directed to the Center for Advanced Technology Development (CATD) for competitively selected research projects that seed economic development efforts in Iowa.

Special Purpose Appropriations

Iowa State University receives State funds for four units which are legislatively designated as special purpose appropriations, as follows:

<u>Unit</u>	<u>FY 1994</u>	<u>FY 1995</u>	<u>% Increase</u>
Livestock Producers Assistance	\$ 300,000	\$ 200,000	-33.3%
Leopold Center	560,560	560,926	0.1%
Small Business Development Ctr.	1,043,630	1,151,173	10.3%
Livestock Disease Research	<u>275,969</u>	<u>276,186</u>	<u>0.1%</u>
	\$2,180,159	\$2,188,285	4%

Restricted Funds

Restricted funds total \$293,631,947, an 8.9 percent increase over the FY 1994 original budget and 0.4 percent decrease from FY 1994 estimated expenditures. FY 1994 estimated expenditures include approximately \$7 million in flood-related repairs.

Federal support budgeted at \$110.8 million was 2.6 percent greater than the FY 1994 original budget.

Indirect cost reimbursements of \$4.8 million, a 76.1 percent increase over the FY 1994 original budget, reflect an increase in the overall level of sponsored funding and an increase in the negotiated indirect cost rate.

Athletic Budget

The final FY 1995 budget reflected changes from the FY 1995 preliminary budget. FY 1995 revenues total \$11,241,672 or \$325,865 more than the preliminary budget. FY 1995 expenses total \$10,883,763; this amount was \$268,115 higher than the preliminary budget.

Sports operational budgets were \$61,945 less than the FY 1995 preliminary budget.

University athletic officials will delay the beginning of women's soccer until revenues and expenditures of the Athletic Department are more certain.

Non-sports operational budgets (support functions) were more than \$600,000 less than in FY 1994, but were increased by \$417,000 from the preliminary FY 1995 budget to reflect better the anticipated expenditures.

Residence System

Proposed revenues total \$31,315,140 and proposed expenses for operations total \$26,973,103.

The revenue, debt service, university overhead and mandatory transfer information in the FY 1995 final proposed budget were identical to the figures included in the FY 1995 preliminary budget.

Overall expenditures for the final proposed budget were \$142,037 (0.52 percent) less than the preliminary budget.

President Jischke stated that he had invited Katie Rice, President of the P&S Council, to speak to one issue of concern. At the last meeting, Iowa State University officials asked for a change in the policy regarding reimbursement for travel expenses. They believe the policy ought to be to reimburse up to the amount allowed by the Internal Revenue Service. He said this was particularly important for the extension employees who must, as a condition of employment, use their own automobiles to carry out their work.

Mr. Richey stated that the Board Office began consultation with the State in terms of the proposed change in reimbursement rate. He said the State has a vital interest in this matter as it is a subject of collective bargaining. State officials asked for additional time to study the impact on the State. Therefore, this subject was scheduled for the September Regents meeting.

President Jischke stated that university officials were not proposing to change the collective bargaining agreement. They were proposing the change for P&S employees.

Mr. Richey stated that a change in rate for one group of employees would have an impact on other groups of employees. State officials believe the proposed change would have an impact on the rest of State government, and that was why they wanted to study the matter.

President Jischke stated that he had not received any correspondence to that effect from the Board Office. Mr. Richey responded that he thought he had talked with university officials.

Ms. Rice stated that for over a year the Iowa State University Professional & Scientific Council members have expressed concern regarding the current mileage reimbursement rate. She said that increasing the rate would impact many staff members at Iowa State University but the most significant impact would be on extension staff. Iowa State University extension field employees are required to access a motor vehicle as a condition of their employment. Since the vast majority of extension staff live more than thirty miles from Ames, access to the university motor pool is not possible. She gave an example of an agriculture extension field specialist in northwest Iowa who, in 1993, drove 14,150 miles. His total out-of-pocket expense amounted to over \$1,100 based on the 21 cents per mile reimbursement.

Ms. Rice stated that the typical staff member in extension travels anywhere from 10,000 to 12,000 miles a year, serving Iowans in agriculture, families, youth communities, and business and industry. On the average, extension employees expend approximately \$800 to \$900 out of their own pockets to perform their jobs. Currently there are 164 extension positions in the field who submit claims for expense reimbursement. In addition, there are 100 county extension directors whose travel is paid directly from county tax funds. Those directors are reimbursed at a rate of 25 to 29 cents per mile. In addition, the current rate charged to departments at Iowa State University for motor pool use ranges from 25 to 29 cents per mile.

Ms. Rice asked that the Regents support moving to the Internal Revenue Service mileage allowance rate to eliminate the inequitable financial burden to extension employees.

President Berenstein said his only concern was where does it stop. Should everyone in the system be reimbursed at the IRS level? If they approve Iowa State University's request won't they have to do it for everyone else?

Ms. Rice said she understood the equity issue. She believes that extension is so profoundly impacted by this policy, that is where they want to start.

President Berenstein asked whether Ms. Rice thought they could start and end it there. Ms. Rice said that was not a decision that she could address.

President Jischke stated that for other employees of the university if they feel that the reimbursement is inadequate they have the option of using the university's car pool.

Extension employees who live away from Ames do not have that option. They are particularly impacted. Some extension employees are funded from county funds and some are funded from university funds. In some instances co-workers are reimbursed at different levels.

Regent Dorr stated that university officials presented a legitimate reason for changing the rate for extension employees who do not have access to the centralized motor pools. It should not be a cost of doing business for extension employees because they do not have access to the motor pool. He suggested the Board explore ways to make an exception to the rule.

Regent Pellett said she agreed with Regent Dorr. She said this was a real issue of contention among extension personnel with different reimbursement rates within their unit. If it depends upon the State doing some investigating then the Regents need to urge the State to do so with haste.

Regent Collins said he agreed with everything said about the extension staff. What he wanted to know was what other people within the Regent system have to use their own vehicles because they do not have access to institutional vehicles. Are there other pockets of similarly affected employees that the Regents should be aware of before acting on Iowa State University's request? They need to know the magnitude of the situation before they act.

President Berenstein questioned whether the Regents could wait until the September meeting to make a decision on the issue of mileage reimbursement. Mr. Richey said they should wait until they receive the report from the State, as requested.

President Berenstein questioned whether the Regents could retroactively approve the revision in mileage reimbursement in September. Mr. Richey responded that the Regents could act on the matter in September and could either make it effective then or retroactive to July 1.

President Berenstein stated that if the Regents can do it retroactively he would be interested in doing so. He asked whether everyone was in accord with the idea that the extension group at Iowa State University should be afforded the higher rate of reimbursement. He asked for a motion on that particular point with the understanding that they would discuss the matter at the September meeting to do it retroactively.

MOTION: Regent Pellett moved that Iowa State University extension employees should be afforded a higher rate of mileage reimbursement and that the

Regents would discuss the matter, including retroactivity, in September. Regent Newlin seconded the motion.

Director Woodward stated that Iowa Braille and Sight Saving School has outreach personnel who are stationed outside of Vinton. The school is self-funding six vehicles but there will be seven outreach employees in the field; therefore, one person will have to drive her own car. She said the proposed policy revision should apply to that employee, also.

President Berenstein stated that staff was to determine what other areas of the Regent system should also be considered for reimbursement at a higher rate because he did not want to make the policy decision on a piecemeal basis.

Regent Dorr said this issue needs to be addressed. He suggested that within the system they find out how many people are impacted in these isolated, non-motor pool environments, and bring it back to the September meeting for resolution.

Regent Hendricks suggested that people who are staffing satellite clinics for UIHC might also fall under the proposed policy revision.

President Berenstein asked whether the Regents would have the information on the number of employees impacted throughout the system by the September meeting. Mr. Richey responded that they would.

President Berenstein asked that the motion on extension personnel be tabled until the September meeting.

MOTION TO TABLE: Regent Tyrrell moved to table the motion to the September meeting. Regent Hendricks seconded the motion. MOTION CARRIED UNANIMOUSLY.

(c) University of Northern Iowa. The Board Office recommended the Board approve the final FY 1995 operating budget for the University of Northern Iowa in the amount of \$166,827,000.

University of Northern Iowa officials proposed an FY 1995 operating budget of \$166,827,000 including \$95,652,000 in general funds and \$71,175,000 in restricted funds. The proposed budget was 8.3 percent higher than the FY 1994 original budget, including increases of 3.2 percent in general funds and 15.9 percent in restricted funds. The

increase in general funds was 0.2 percent (\$225,000) higher than proposed in the FY 1995 preliminary general fund operating budget.

Revenue

State appropriations for operations will increase by \$1.9 million or 2.9 percent.

General fund revenue from tuition and fees was estimated to increase by \$832,833 or 3.7 percent. This estimate was based on Board-approved rate increases and stable enrollment for full-time resident and nonresident graduate and undergraduate students.

Though the spring graduating class set a new record, university officials continued to project enrollment conservatively. One unknown factor was the number of students who would attend only part-time.

Reimbursed indirect cost revenue was budgeted at \$550,000, an increase of \$75,000 from the amount included in the FY 1995 preliminary general fund budget. This sum was \$200,000 less than the FY 1994 estimate and 14.9 percent less than the FY 1993 actual of \$646,342. Given the university's momentum in developing sponsored research, this proposed indirect cost revenue figure was perhaps too conservative.

General fund sales and services revenues were budgeted at \$475,000, an increase of \$150,000 from the preliminary FY 1995 general fund budget.

The major component of the increase in FY 1995 restricted funds was the additional revenue to be generated by the bond sale for the Price Laboratory School Fieldhouse Replacement and the Wellness/Recreation Center.

Expenditures

General fund salary adjustment costs, including annualization, of \$2.8 million were supported by State appropriations (\$2.1 million) and additional tuition revenue and internal reallocations, including position eliminations (\$0.7 million). The \$2.1 million in salary adjustment costs funded from State appropriations did not include the \$1 million base adjustment for removal of non-recurring funds.

The sum of \$745,000 of the State appropriation increase would be used for program and strategic planning initiatives.

Consistent with the university's primary strategic goal of strengthening its undergraduate program, \$590,000 of new funding would be devoted to instruction and academic support

areas. Of this amount, \$352,500 was allocated for faculty positions to assist with implementation of the core program in general education and provide additional faculty in focal academic areas. Departments designated to receive additional faculty were Economics, Management, Curriculum and Instruction, Educational Psychology and Foundations, Communication Studies, Geography, Psychology, Biology and Mathematics.

Outside the academic area, 3.5 positions were added in Information Systems and Computing Services to address the demand for computer networking and workstation consultant services from all areas of campus.

General fund expenditures for equipment were budgeted to decline by 3.9 percent (\$27,000).

The sum of \$100,000 in increased State appropriations was designated for the metal casting program in response to specific gubernatorial recommendations and legislative deliberations.

FY 1995 funding will provide a new faculty position and supplies and services in industrial technology.

The State appropriation for the Recycling and Reuse Technology Transfer Center was \$239,745, the same as in FY 1994. A permanent program manager was hired during FY 1994 to manage the center's activities.

Individual salary decisions for United Faculty members would be made consistent with the Master Collective Bargaining Agreement for 1993-1995 and would average 4.0 percent above the FY 1994 adjusted base (after the 1 percent bonus reduction).

Academic administrators and professional and scientific staff salary increases would average approximately 4.0 percent.

The AFSCME Collective Bargaining Agreement provides for a 2.0 percent increase effective July 1, 1994, and a 2.0 percent increase effective January 1, 1995, plus merit step increases to those eligible.

From tuition and fee increases, \$100,000 would be used to increase funding for graduate education. Of this amount, \$60,000 will be used for graduate assistant stipends and \$25,000 for scholarships.

Student aid was increased by \$474,000 over FY 1994 to keep pace with tuition rate increases and to provide additional aid. This allocation was \$175,000 above the amount included in the FY 1995 preliminary budget.

An additional \$250,000 of the tuition increase was designated for building repair (from a budgeted \$550,000 in FY 1994 to \$800,000 in FY 1995). The \$800,000 budgeted for building repair compares to the FY 1994 budget of \$550,000. Reallocations raised actual expenditures to \$1.2 million in FY 1994. Actual expenditures were \$1.3 million in FY 1993.

Restricted Funds

Budgeted FY 1995 restricted fund expenditures included a 100 percent increase in the budget for building repair. Expenditures were budgeted to increase from \$500,000 in the FY 1994 original budget to \$1,000,000 in FY 1995. FY 1994 estimated expenditures were \$1,250,000.

FY 1995 restricted fund expenditures for equipment were budgeted to decline by 50 percent (\$1.5 million) from the FY 1994 original budget; restricted funds available for student aid were expected to decline by 14.1 percent (\$1.2 million)

Athletics

Projected FY 1995 revenue increased \$61,058 (to \$4,208,638) from the preliminary budget presented last month.

Projected FY 1995 expenses increased \$49,705 (to \$4,118,918) from the preliminary budget presented last month.

The total projected operating balance on June 30, 1995, was \$89,720.

Residence System

The FY 1995 final proposed residence system budget was unchanged from the preliminary budget presented to the Board in March 1994.

Revenues total \$15,291,453 and expenditures for operations total \$13,125,325 leaving \$2,166,128 net revenue available for debt service, mandatory transfers, and transfers to voluntary reserves.

President Curris stated that the Board Office raised questions at last month's meeting regarding revenue projections. University officials subsequently made some modifications.

(d) Iowa School for the Deaf. The Board Office recommended the Board approve the FY 1995 final operating budget for the Iowa School for the Deaf in the amount of \$6,843,959.

The FY 1995 final all funds operating budget for the Iowa School for the Deaf was \$6,843,959, a 1.3 percent increase over the FY 1994 estimated expenditures.

The final FY 1995 general fund budget was \$6,694,973, a 1.3 percent increase over the FY 1994 estimated expenditures.

The FY 1995 State appropriation for Iowa School for the Deaf was \$6,412,510, a \$184,571 (3.0 percent) increase over FY 1994, excluding capital funds.

The \$75,000 for the visual fire/storm warning system funded by the 1994 legislature was expended in FY 1994 and did not appear in the FY 1995 budget.

Salary adjustment costs of \$204,039 were funded from the increase in State appropriations (\$184,571) and reallocations (\$19,468).

Faculty - The revised teachers' salary schedule for the 1994-95 contract year resulted in increases averaging 3.9 percent after adjustment for non-recurring bonuses.

Professional and Scientific - The salary adjustments were based on average increases of 4 percent after deduction of bonuses (a net of 3 percent over current year) based on merit within the existing pay ranges.

General Service - The pay matrices were increased by 2 percent effective July 1, 1994, and another 2 percent effective January 1, 1995. Within-range step increases were provided in FY 1995 in accordance with the collective bargaining agreement and for non-contract employees in accordance with the provisions of the merit rules.

Additional reallocations included an audiology position moving from a salaried expense to a contract expense and savings from the resignation of a 15-year teacher and replacement with a first-year teacher to cover catastrophic insurance and motor vehicle liability fund expenses.

The FY 1995 budget would support:

Provision of pre-K through 12th grade instruction to 167 students;

The on-campus educational program which serves 95 students who live in the residences plus 40 students who live at home but attend on-campus classes;

Off-campus and mainstream educational programs in the Lewis Central, Council Bluffs and Atlantic schools serving other students with Iowa School for the Deaf staff providing instructional services within their students' own school districts;

A parent/infant education program that provides very young children who have hearing difficulties and their families with educational programs in the years before schooling traditionally begins; and

The Summer Learning Adventure program, budgeted to begin in FY 1994, which will target basic skills remediation, computers and technology enrichment, and pre-school learning activities for deaf and hard-of-hearing children.

The FY 1995 restricted funds budget was \$148,986, which represented a 7.6 percent decrease from FY 1994 estimated expenditures primarily due to decreases in or unavailability of current grant awards.

(e) Iowa Braille and Sight Saving School. The Board Office recommended the Board approve the FY 1995 final operating budget for the Iowa Braille and Sight Saving School in the amount of \$4,293,201.

The FY 1995 final all funds operating budget was \$4,293,201, an 8.8 percent increase over FY 1994 estimated expenditures. The increase was primarily in the FY 1995 restricted funds budget of \$552,662, which represented a \$353,824 increase over FY 1994.

The FY 1995 restricted funds budget included revenues and expenditures associated with the school's endowment fund budget and with outreach orientation and mobility consultants funded from external funds, which previously were not reflected in the operating budget.

The FY 1995 general fund budget was \$3,740,539, a 3.1 percent increase over FY 1994 estimated expenditures, excluding capital expenditures.

The budget was developed using the school's strategic planning process.

The State appropriation of \$3,549,152 represented a \$91,545 increase (2.6 percent) over FY 1994, excluding capital expenditures.

The \$60,000 for compliance with the Americans for Disabilities Act funded by the legislature was included in FY 1994 estimated expenditures. Any unexpended amounts at June 30, 1994, would be carried over and expended during FY 1995.

School officials proposed to use the entire appropriation increase for salary augmentation for policies similar to those at the Iowa School for the Deaf.

Reallocation of salaries and fringe benefits from the elimination of five positions would be used to fund two new positions, contracted services and maintenance of campus facilities.

The staffing changes were in response to increased enrollment of students with multiple disabilities.

The operating budget continues support of three main educational programs for visually impaired and blind youth from throughout Iowa.

(f) Regional Study Centers. The Board Office recommended the Board approve FY 1995 budgets for the Quad-Cities Regional Study Center (\$308,374), Tri-State Regional Study Center (\$133,035) and Southwest Iowa Resource Center (\$71,662).

Each year funds are appropriated to the Board of Regents for distribution to the Quad-Cities Regional Study Center, the Tri-State Regional Study Center and the Southwest Iowa Resource Center.

The FY 1995 educational appropriations for the study centers total \$280,019. In addition, in May 1994 the Board allocated salary increase funds of \$14,552 to the regional study centers to fund an average 4 percent salary increase.

The Quad-Cities Regional Study Center FY 1995 budget included revenues of \$158,000 (51.2 percent) from the State of Illinois and \$150,374 (48.8 percent) from the State of Iowa for total revenues of \$308,374. Proposed expenditures included \$199,000 for personnel, \$55,500 for contractual, and \$53,874 for travel, commodities, capital equipment, printing, telephone and administration.

The Tri-State Regional Study Center's FY 1995 budget included total revenues of \$133,035 including \$72,535 from the State of Iowa, \$40,000 from the State of Nebraska, \$2,500 from Wayne State College, and estimates of \$8,000 from the State of South Dakota and \$10,000 in local support.

Expenditures were projected at \$128,534 including carry forward of a FY 1994 shortfall of \$10,000. Salaries, including fringe benefits, were budgeted at \$89,422. Other expenses included rent, office supplies, travel, administration, printing, and advertising and promotion.

FY 1995 revenue for the Southwest Iowa Resource Center, which is supported solely by Iowa contributions, was \$71,662. Expenses included \$46,947 for a coordinator and secretary and their benefits. Other expenses of \$24,715 included course delivery, Iowa School for the Deaf services, printing, program promotion, travel.

(g) Lakeside Laboratory. The Board Office recommended the Board (1) receive the report on Lakeside Laboratory and (2) approve the proposed \$300,000 general fund operating budget to be funded as follows:

University of Iowa	\$150,000
Iowa State University	90,000
University of Northern Iowa	<u>60,000</u>
	\$300,000

Last month the Board asked for reassurance of the commitment of support by the local community. President Berenstein has since met with a delegation and received this assurance.

Since last summer the Lakeside Lab Coordinating Committee has selected Dr. Arnold van der Valk to work half-time in the new position of Director of Lakeside Lab beginning July 1, 1994, and has taken steps to ensure a smooth transition from the current administration to the new administration.

The Coordinating Committee consisted of David Glenn-Lewin (ISU), Richard Stinchfield (UNI), Leo Davis (SUI), Judy Thoreson (community), and Robert Barak (Board Office).

Responsibility for the day-to-day operation of Lakeside Laboratory will shift from the University of Iowa to Iowa State University based on an interinstitutional understanding that the institution housing the director would also take on the related Lakeside Laboratory functions.

The proposed FY 1995 budget of \$300,000 consisted of contributions from all three Regent universities and the development of a single line item for Lakeside Laboratories. A detailed budget prepared by the new director and recommended by the Coordinating Committee was presented to the Regents.

Funding by the universities was recommended as follows:

<u>Institution</u>	<u>Amount</u>	<u>Percentage</u>
University of Iowa	\$150,000	50%
Iowa State University	90,000	30%
University of Northern Iowa	60,000	20%
	<u>\$300,000</u>	<u>100%</u>

The general budget included funding for the following:

Salary and Benefits	\$111,250
Summer Faculty	90,000
Operating Expenses	56,300
Building Maintenance	35,000
Equipment	5,000
Recruiting	<u>2,450</u>
Total	<u>\$300,000</u>

The funding level by the University of Iowa was continued at the budgeted rate of the past several years. The remainder of the cost of the general budget was recommended to be shared by Iowa State University and the University of Northern Iowa on a 60 percent/40 percent basis.

President Berenstein discussed a meeting he attended at Lake Okoboji. He met with Arnold van der Valk, Tom Bedell, Karen Goodenow, Sue Richter and State Senator Jack Kibbie on Saturday, June 25. He did not think there was any misunderstanding about what the Regents had committed to, or the fact that the Lakeside Laboratory was going to be a joint venture between the Regent system and the Lake Okoboji community. He explained to them that the Regents were concerned that the community had not made a proposal prior to the time the Regents made their financial commitment for the operation of Lakeside Laboratory for fiscal year 1995. The Lake Okoboji representatives were under the impression that the Regents were going to reduce their \$300,000 commitment by the amount of funds that were secured by the Okoboji group. He stated that was never the intention and that was not what was said at the Regents' meeting. He explained to Ms. Thoreson that any funds or projects that the community was going to participate in would be added to the \$300,000. He said the

misunderstanding pointed out that they have to be careful in what they say to make sure that if there are any questions, those questions are raised promptly.

President Berenstein said they had a very good meeting. The meeting clarified some points. They were in accord from the beginning but there was a lack of communication. He said he was very comfortable with the Lakeside Laboratory project. The community is definitely committed. There are 55 students. Facilities for dormitories are needed. He believes that Dr. van der Valk is competent and understands the problems. President Berenstein was satisfied that the community has lived up to its end of the bargain.

MOTION: Regent Furgerson moved to (1) receive the report on Lakeside Laboratory and (2) approve the proposed \$300,000 general fund operating budget. Regent Tyrrell seconded the motion.
MOTION CARRIED UNANIMOUSLY.

Regent Tyrrell said it was his understanding that the Regents agreed to commit \$300,000 for the first year and that the funding for the subsequent two years was dependent upon the progress made with the community.

President Berenstein said that what Regent Tyrrell referred to was the motion that was passed at the last meeting. The original motion of one to two years ago was that this would be a three-year project in which the community was to participate. The Regents now have something in writing. The community is going to participate but it has to have some funds with which to do so.

Regent Tyrrell asked for the deadline for reviewing this matter again concerning a recommendation for next year. He was disturbed that the Regents reviewed this matter in June with the program to start July 1 and a budget all set. What else could they do but fund it for a year? Are they going to review the program this calendar year to make a determination with respect to next year?

Mr. Richey responded that the normal course would be for the Regents to review the program next April or May.

Several Regents expressed concern that a review at that time would be too late.

Regent Dorr stated that what the Regents needed was a progress report on the community's success and commitment to raising its share of the funds.

President Berenstein stated that the Regents needed to receive a progress report before the end of the year.

Regent Dorr said the Regents should receive a report by December so they can determine whether or not the community is going to be able or is in a position to honor its commitment.

Regent Hendricks said she agreed with Regent Dorr. Therefore, the Regents were actually approving a one-year plan, what they approved last year, and were asking the community to come back with a progress report before the Regents commit to the next year.

President Berenstein stated that the motion on the floor did not include a clause concerning the Regents' commitment for the next two years. He suggested the motion be withdrawn and another motion made.

WITHDRAWAL OF MOTION: Regent Furgerson withdrew her motion.

MOTION: Regent Tyrrell moved to accept this report and to schedule a report of the accountability of the community before the end of the calendar year in order to make judgments regarding the program for the next two years. Regent Collins seconded the motion. **MOTION CARRIED UNANIMOUSLY.**

President Berenstein asked Mr. Richey to communicate the intent of the motion to Arnold van der Valk and Judy Thoreson, and to explain to them what is expected of them.

(h) Board Office. The recommendation and discussion concerning the Board Office final FY 1995 budget can be found on page 93 of these Minutes.

PRELIMINARY BUDGET REQUESTS FOR FISCAL YEARS 1996 AND 1997. The Board Office recommended the Board receive reports on the FY 1996 and FY 1997 general fund operating budget requests of the Regent institutions and preliminary Board Office recommendations.

The preliminary Board Office recommendation for the FY 1996 State appropriations request was \$544,698,965, an increase of 3.2 percent over FY 1995, and \$558,540,942 for FY 1997, an increase of 2.5 percent over FY 1996. Final FY 1996

and FY 1997 recommendations will be submitted to the Board for approval in September.

Appropriations requests submitted by the institutions were based on the Board of Regents goals and institutional strategic plans.

Projected revenue from sources other than State appropriations, including tuition revenues, was based on FY 1995 projections.

Regent institutional officials requested total general fund operating budgets (exclusive of salary increases) of \$1.16 billion for FY 1996, and \$1.21 billion for FY 1997. The request included \$571,212,185 in total State appropriations for operations for FY 1996, an increase of 8.2 percent, and \$614,902,655 in FY 1997, which represented a 7.8 percent increase.

The primary emphasis of the requests were undergraduate education; strengthening research and other creative work; improving access by all Iowans to Regent universities; improving the facilities, equipment and operating budgets basic to strong programs of teaching and research; and improving the flexibility, efficiency and accountability of governance of Regent institutions.

The recommended increases in State appropriations for FY 1996 and FY 1997 were allocated as follows:

Requested and Recommended Appropriation Increases - Regent Institutions

	<u>FY 1996</u> <u>Request</u>	<u>%</u> <u>Increase</u>	<u>FY 1996</u> <u>Recommendation</u>	<u>%</u> <u>Increase</u>
<u>University of Iowa</u>				
General University	\$15,740,000	8.2	\$6,807,804	3.6
University Hospitals	3,791,691	13.2	1,334,116	4.6
Psychiatric Hospital	133,013	1.9	93,975	1.3
Hospital School	468,739	8.3	127,511	2.3
Oakdale	166,050	5.9	111,586	3.9
Hygienic Laboratory	259,625	8.3	53,929	1.7
Family Practice	152,235	8.3	148,856	8.1
SCHS CA/HE	35,365	8.0	886	0.2
Special Purpose	<u>1,585,528</u>	<u>62.1</u>	<u>76,596</u>	<u>3.0</u>
Total	<u>\$22,332,246</u>	<u>9.2</u>	<u>\$8,755,259</u>	<u>3.6</u>

GENERAL
July 20, 1994

	<u>FY 1996</u> <u>Request</u>	<u>%</u> <u>Increase</u>	<u>FY 1996</u> <u>Recommendation</u>	<u>%</u> <u>Increase</u>
<u>Iowa State University</u>				
General University	\$12,066,054	8.0	\$ 5,291,933	3.5
Experiment Station	239,011	0.8	192,175	0.6
Cooperative Ext. Service	701,935	3.8	201,919	1.1
IPRT	2,027,157	51.1	20,314	0.5
Special Purpose	<u>(49,903)</u>	<u>(2.3)</u>	<u>(63,696)</u>	<u>(2.9)</u>
Total	\$14,984,254	7.3	\$ 5,642,645	2.7
University of Northern Iowa	5,400,000	7.9	2,387,975	3.5
Iowa School for the Deaf	513,000	8.0	120,933	1.9
Iowa Braille & Sight Saving	<u>283,859</u>	<u>8.0</u>	<u>93,327</u>	<u>2.6</u>
TOTAL INCREMENT	\$43,513,359	8.2	\$17,000,139	3.2

	<u>FY 1996</u> <u>Request</u>	<u>%</u> <u>Increase</u>	<u>FY 1997</u> <u>Recommendation</u>	<u>%</u> <u>Increase</u>
<u>University of Iowa</u>				
General University	\$16,925,461	8.2	\$ 5,448,929	2.8
University Hospitals	4,025,738	12.4	1,209,123	4.0
Psychiatric Hospital	135,642	1.9	61,478	0.9
Hospital School	467,600	7.6	75,424	1.3
Oakdale	169,595	5.7	96,087	3.3
Hygienic Laboratory	259,200	7.6	31,562	0.9
Family Practice	5,339	0.3	784	0.0
SCHS CA/HE	3,600	0.8	809	0.2
Special Purpose	<u>2,418,046</u>	<u>58.4</u>	<u>78,894</u>	<u>3.0</u>
Total	\$24,410,221	9.2	\$7,003,090	2.8

<u>Iowa State University</u>				
General University	\$11,597,977	7.1	4,288,032	2.7
Experiment Station	180,607	0.6	130,072	0.4
Cooperative Ext. Service	676,764	3.6	176,728	1.0
IPRT	2,024,958	33.8	17,622	0.4
Special Purpose	<u>(49,698)</u>	<u>-2.3</u>	<u>(64,484)</u>	<u>(3.0)</u>
Total	14,430,608	6.5	\$4,547,970	2.1

GENERAL
July 20, 1994

	<u>FY 1996</u> <u>Request</u>	<u>%</u> <u>Increase</u>	<u>FY 1997</u> <u>Recommendation</u>	<u>%</u> <u>Increase</u>
University of Northern Iowa	\$ 4,833,000	6.6	1,954,117	2.8
Iowa School for the Deaf	\$ 333,923	4.9	84,855	1.3
Iowa Braille & Sight Saving	<u>\$ 240,533</u>	<u>6.3</u>	<u>46,249</u>	<u>1.3</u>
TOTAL INCREMENT	\$44,248,285	7.8	\$13,636,281	2.5

Salary Annualization

	<u>FY</u> <u>Request</u>	<u>1996</u> <u>Recommendation</u>	<u>FY</u> <u>Request</u>	<u>1997</u> <u>Recommendation</u>
University of Iowa	\$1,928,013	\$1,134,225	\$1,928,013	\$ 0
Iowa State University	606,169	606,169	0	0
University of Northern Iowa	186,000	186,000	58,000	0
Iowa School for the Deaf	37,128	37,128	37,871	0
Iowa Braille & Sight Saving	<u>27,786</u>	<u>27,786</u>	<u>28,342</u>	<u>0</u>
Total	\$2,785,096	\$1,991,308	\$2,052,226	\$ 0

The Board Office recommendation for salary and benefit annualization for FY 1996 covered amounts needed to continue paying salaries and benefits for which commitments already had been made. Included were annualization of the 2 percent increase on January 1, 1995, and merit step increases for general service staff and related escalation of fringe benefit costs, including FICA.

No recommendation was made for FY 1997 since the salary increases to be set by the collective bargaining agreements were not known.

Inflation

	<u>FY</u> <u>Request</u>	<u>1996</u> <u>Recommendation</u>	<u>FY</u> <u>Request</u>	<u>1997</u> <u>Recommendation</u>
General	\$3,462,218	\$2,597,909	\$3,613,704	\$2,679,125
Utilities	1,622,184	1,604,905	1,662,515	1,625,653
Library	<u>1,042,858</u>	<u>1,042,858</u>	<u>1,131,755</u>	<u>1,131,755</u>
Total	\$6,127,260	\$5,245,672	\$6,407,974	\$5,436,533

The institutional appropriations requests included a general rate of price inflation of 4.2 percent for supplies, services, and equipment. That figure was based upon an analysis of the Higher Education Price Index (HEPI) by Charles Whiteman, Director of the University Institute for Economic Research. The Board Office recommendation for price inflation was 3.0 percent.

An 8.5 percent price increase was requested for library acquisitions based on projections by the university librarians of an inflation rate of 8 percent to 10 percent. The utilities cost increases were based on the inflationary consumption growth increases projected by each institution and reviewed by the Board Office.

Building Repair

	FY <u>Request</u>	1996 <u>Recommendation</u>	FY <u>Request</u>	1997 <u>Recommendation</u>
University of Iowa	\$1,673,473	\$1,160,697	\$1,667,200	\$1,160,697
Iowa State University	1,500,000	873,530	1,500,000	873,530
University of Northern Ia.	870,000	616,546	870,000	616,546
Iowa School for the Deaf	109,043	50,858	113,973	50,858
Iowa Braille & Sight	<u>72,672</u>	<u>25,000</u>	<u>59,661</u>	<u>25,000</u>
Saving School				
Total	\$4,225,188	\$2,726,631	\$4,210,834	\$2,726,631

Adequate building renewal funds were required to avoid adding to the list of deferred maintenance requirements, to insure steady progress in the removal of fire and other environmental safety deficiencies, and to permit renewal of facilities to accommodate the requirements of new technology and teaching and research techniques. The recommendation was generated by a formula which was consistent with past Board practice.

This recommendation represented the continuation of a five-year program to bring building renewal funding up to the minimal level necessary to accomplish these objectives.

Opening New Buildings

	FY <u>Request</u>	1996 <u>Recommendation</u>	FY <u>Request</u>	1997 <u>Recommendation</u>
University of Iowa	\$300,000	\$150,000	\$300,000	\$150,000
UIHC	64,256	64,256	55,719	55,719
Iowa State University	104,272	104,272	33,398	33,398
University of Northern Ia.	<u>215,000</u>	<u>215,000</u>	<u>0</u>	<u>0</u>
Total	\$683,528	\$533,528	\$389,117	\$239,117

The requests supported the need of the universities to secure adequate funding for the operation of new and remodeled facilities, including maintenance, cleaning and utilities. No program funding was included.

Undergraduate Education/Enrollment Growth

	FY <u>Request</u>	1996 <u>Recommendation</u>	FY <u>Request</u>	1997 <u>Recommendation</u>
University of Iowa	\$ 410,000	\$ 300,000	\$ 410,000	\$ 300,000
Iowa State University	1,500,000	1,200,000	1,500,000	750,000
University of Northern Ia.	<u>500,000</u>	<u>300,000</u>	<u>500,000</u>	<u>400,000</u>
Total	\$2,410,000	\$1,800,000	\$2,410,000	\$1,450,000

One of the top priorities of the Board of Regents and the institutions was additional funds to meet the educational needs of undergraduates at Regent universities. Funding for the University of Iowa of \$300,000 each year would support additional faculty salaries, instructional development and student retention efforts. Iowa State University would direct an additional \$1 million in FY 1996 and \$750,000 in FY 1997 targeted to freshmen retention and \$200,000 in FY 1996 for expanding international experiences for students. In accordance with the University of Northern Iowa's primary emphasis to provide a high-quality undergraduate experience, funding for the University of Northern Iowa of \$300,000 in FY 1996 and \$400,000 in FY 1997 would be used for additional faculty positions, equipment replacement and improvement of the university's library collection.

Higher Education Access

	FY <u>Request</u>	1996 <u>Recommendation</u>	FY <u>Request</u>	1997 <u>Recommendation</u>
University of Iowa	\$150,000	\$150,000	\$150,000	\$150,000
Iowa State University	500,000	500,000	500,000	500,000
University of Northern Ia	<u>200,000</u>	<u>100,000</u>	<u>200,000</u>	<u>100,000</u>
Total	\$850,000	\$750,000	\$850,000	\$750,000

Child Care

	FY <u>Request</u>	1996 <u>Recommendation</u>	FY <u>Request</u>	1997 <u>Recommendation</u>
University of Iowa	\$ 60,000	\$0	\$ 60,000	\$0
Iowa State University	150,000	0	100,000	0
University of Northern Ia.	<u>50,000</u>	<u>0</u>	<u>50,000</u>	<u>0</u>
Total	\$260,000	\$0	\$210,000	\$0

Institutional Initiatives

	FY <u>Request</u>	1996 <u>Recommendation</u>	FY <u>Request</u>	1997 <u>Recommendation</u>
University of Iowa	\$14,425,957	\$2,931,000	\$16,340,346	\$2,182,000
Iowa State University	8,350,000	400,000	8,450,000	400,000
University of Northern Ia.	2,900,000	600,000	2,650,000	450,000
Iowa School for the Deaf	326,790	2,000	140,335	2,000
Iowa Braille & Sight Saving	<u>157,000</u>	<u>20,000</u>	<u>125,000</u>	<u>0</u>
Total	\$26,159,747	\$3,953,000	\$27,705,681	\$3,034,000

	<u>FY 1996 Recommendation</u>	<u>FY 1997 Recommendation</u>
<u>SUI</u>		
Libraries	\$ 554,000	\$ 552,000
Graduate Stipends/Health Insurance	350,000	350,000
Biosciences Initiative	800,000	200,000
Primary Health Care	330,000	330,000
Family Practice	147,000	0
UIHC	<u>750,000</u>	<u>750,000</u>
Total - SUI	\$2,931,000	\$2,182,000

GENERAL
July 20, 1994

	<u>FY 1996</u> <u>Recommendation</u>	<u>FY 1997</u> <u>Recommendation</u>
<u>ISU</u>		
Improving ISU's Research Capacity	\$ 500,000	\$ 500,000
Livestock Producers Assistance (Special Purpose)	<u>(100,000)</u>	<u>(100,000)</u>
Total - ISU	\$ 400,000	\$ 400,000
 <u>UNI</u>		
Project Development for Iowa's Educators	600,000	450,000
 <u>ISD</u>		
Libraries	2,000	2,000
 <u>IBSSS</u>		
Vehicle Replacement Program	<u>20,000</u>	<u>0</u>
 Total	 <u>\$3,953,000</u>	 <u>\$3,034,000</u>

Funding recommended for the University of Iowa of \$350,000 of new State funds in each FY 1996 and FY 1997, with an additional \$350,000 in each year provided by the institution from reallocation for graduate assistant stipends and health benefits would enable the University of Iowa to meet the goals of the Plan to Revitalize Graduate Education of improving net stipends for TAs and RAs to third rank in the Big Ten and to provide a competitive Health Insurance Allowance (HIA) within three years. Of this annual increase, approximately \$100,000 each year will be used to increase the HIA and approximately \$600,000 will be needed to increase stipends.

Funding of \$500,000 for each FY 1996 and FY 1997 was recommended to improve Iowa State University's research capacity. The funds would be used to maintain equipment, provide technical help to allow wider use of research facilities, provide laboratory animal attendants at the level required for accreditation, and provide services to faculty in processing proposals and awards.

The sum of \$600,000 was recommended for each of FY 1996 and FY 1997 for the University of Northern Iowa to establish model programs leading to master degrees designed to meet the professional needs of Iowa educators.

The request by Iowa State University for funding of \$1.3 million each year for a proposed increase to provide full tuition scholarships for graduate students who are on assistantships of one-half time or more was under study to compare compensation for graduate students with the University of Iowa and with peer institutions. The comparison will be reflected in the final recommendations in September.

GENERAL
July 20, 1994

Funding of \$330,000 each year was recommended to continue the State's positive support for the UI Health Center's Primary Health Care Initiative. Currently, university officials are formulating an initiative to offer an interdisciplinary experience for health profession students to practice together in a community-based setting. Part of this support will assist the university to attain the goal to fully expand the eight training sites over the next five years for the purpose of interdisciplinary, primary care, and rural health education.

An additional appropriation of \$147,000 was recommended for the Family Practice Program in FY 1996 to accommodate program expansion by a total of 14 training positions over the current complement of 159.

UIHC officials requested a \$3,000,000 increase in its State appropriation for FY 1996 and an additional increment of \$3,222,000 in FY 1997 to replace paying patient revenues no longer available to subsidize the Indigent Patient Care Program.

The Board Office recommended an increase of \$750,000 each year to address this problem. National health care coverage is expected to reduce the number of indigent patients when and if it is adopted.

The Board Office recommended that it convene an interinstitutional group to discuss the proposal by the University of Northern Iowa for university centers at community colleges, and develop a coordinated plan for Board approval of such centers that maximizes cooperation and coordination.

Mr. Richey stated that the institutional requests were for an increase of 8.2 percent or \$43.5 million for operations exclusive of State salary policy. He noted that these were preliminary recommendations. He reviewed with the Regents the institutional requests and the Board Office recommendations. With regard to price inflation, there were two components for all institutions: 1) library and 2) all the rest. The Board Office recommended a 3 percent increase in price inflation although the institutions requested 4.2 percent. Price inflation in the amount of 8-1/2 percent was requested for library books. The Board Office recommended the full amount. With regard to building repair, the Board Office recommended a 5-year program to bring the building repair budgets up to where they should be. The program would be phased over a longer period than the institutions proposed. With regard to child care, the Board Office recommended no funding, pending discussion at this meeting. With the creation of the Priority Study Committee on Child Care, the Board Office would look to the committee for guidance.

ACTION:

President Berenstein stated the Board received reports on the FY 1996 and FY 1997 general fund

operating budget requests of the Regent institutions and preliminary Board Office recommendations, by general consent.

(a) University of Iowa. The Board Office recommended the Board receive the report on the FY 1996 and FY 1997 general fund operating budget request of the University of Iowa and preliminary Board Office recommendations.

	<u>FY 1996 Request</u>	<u>% Increase</u>	<u>FY 1996 Recommendation</u>	<u>% Increase</u>
<u>University of Iowa</u>				
General University	\$206,720,028	8.2	\$197,787,832	3.6
University Hospitals	32,514,250	13.2	30,056,675	4.6
Psychiatric Hospital	7,127,323	1.9	7,088,285	1.3
Hospital School	6,133,195	8.3	5,791,967	2.3
Oakdale	2,997,068	5.9	2,942,604	3.9
Hyg. Lab	3,397,859	8.3	3,192,163	1.7
Family Practice	1,992,859	8.3	1,989,480	8.1
SCHS CA/HE	476,182	8.0	441,703	0.2
Special Purpose	<u>4,138,725</u>	<u>62.1</u>	<u>2,629,793</u>	<u>3.0</u>
Total	\$265,497,489	9.2	251,920,502	3.6

	<u>FY 1997 Request</u>	<u>% Increase</u>	<u>FY 1997 Recommendation</u>	<u>% Increase</u>
<u>University of Iowa</u>				
General University	\$223,265,489	8.2	\$203,236,761	2.8
University Hospitals	36,539,988	12.4	31,265,798	4.0
Psychiatric Hospital	7,262,965	1.9	7,149,763	0.9
Hospital School	6,600,795	7.6	5,867,391	1.3
Oakdale	3,166,663	5.7	3,038,691	3.3
Hyg. Lab	3,657,059	7.6	3,429,421	0.9
Family Practice	1,998,198	0.3	1,990,264	0.0
SCHS CA/HE	479,782	0.8	442,512	0.2
Special Purpose	<u>6,556,771</u>	<u>58.4</u>	<u>2,708,687</u>	<u>3.0</u>
Total	\$289,527,710	9.2	259,129,288	2.8

Salary annualization of \$1,134,225 was recommended for FY 1996. Inflation was recommended as follows:

GENERAL
July 20, 1994

	FY <u>Request</u>	1996 <u>Recommendation</u>	FY <u>Request</u>	1997 <u>Recommendation</u>
General	\$1,818,330	\$1,375,404	\$1,899,732	\$1,417,916
Utilities	959,646	959,646	1,012,005	1,012,005
Library	<u>530,031</u>	<u>530,031</u>	<u>574,753</u>	<u>574,753</u>
Total	<u>\$3,308,007</u>	<u>\$2,865,081</u>	<u>\$3,486,490</u>	<u>\$3,004,674</u>

Opening new building funds were recommended as follows:

	FY <u>Request</u>	1996 <u>Recommendation</u>	FY <u>Request</u>	1997 <u>Recommendation</u>
General Education Fund	\$300,000	\$150,000	\$300,000	150,000
UIHC	<u>64,256</u>	<u>64,256</u>	<u>55,719</u>	<u>55,719</u>
Total	<u>\$364,256</u>	<u>\$214,256</u>	<u>\$355,719</u>	<u>\$205,719</u>

	FY <u>Request</u>	1996 <u>Recommendation</u>	FY <u>Request</u>	1997 <u>Recommendation</u>
Undergraduate Education	\$410,000	\$300,000	\$410,000	\$300,000

	FY <u>Request</u>	1996 <u>Recommendation</u>	FY <u>Request</u>	1997 <u>Recommendation</u>
Higher Education Access	\$150,000	\$150,000	\$150,000	\$150,000

	FY <u>Request</u>	1996 <u>Recommendation</u>	FY <u>Request</u>	1997 <u>Recommendation</u>
Child Care	\$60,000	\$0	\$60,000	\$0

The report on child care requested by the Board for the July docket will be reviewed intensively before final recommendations are made in September.

Funding would enable the university to continue implementation of the highest priorities in its five-year plan to improve child care service for the university community. A portion of the additional funding requested in FY'96 would permit the university to provide a partial subsidy to members of the university community who must continue to

pay regular child care fees while assuming the additional cost of sick child care. The next priority for which the university seeks funding is to provide a campus coordinator for child care and family issues.

Another major goal of the university is to have scholarship funds available for children of student parents who do not attend the UISA-sponsored child care centers.

Institutional Initiatives

	<u>FY</u> <u>Request</u>	<u>1996</u> <u>Recommendation</u>	<u>FY</u> <u>Request</u>	<u>1997</u> <u>Recommendation</u>
Graduate Assistant Stipends/ Health Insurance	\$350,000	\$350,000	\$350,000	\$350,000

Funding was recommended for the University of Iowa of \$350,000, as requested each in FY 1996 and FY 1997. An additional \$350,000 in each year will be provided by the institution from reallocations. This aggregate annual \$700,000 increase for graduate assistant stipends and benefits in each of the next two years will enable the University of Iowa to meet the goals of the Plan to Revitalize Graduate Education by improving net stipends for TAs and RAs to third rank in the Big Ten and to provide a competitive Health Insurance Allowance (HIA) within three years. The University of Iowa would be competitive with peer institutions for the best graduate student talent. This three-year plan begun in FY 1995 has been approved by the Board.

Approximately \$100,000 each year will be used to increase the HIA and approximately \$600,000 will be needed to increase stipends. Under the revitalization plan graduate assistant net stipends would be increased an average of approximately 20 percent. The HIA would meet at least 80 percent of the single premium cost of a broad coverage health plan.

	<u>FY</u> <u>Request</u>	<u>1996</u> <u>Recommendation</u>	<u>FY</u> <u>Request</u>	<u>1997</u> <u>Recommendation</u>
Libraries	\$554,000	\$554,000	\$552,000	\$552,000

	<u>FY</u> <u>Request</u>	<u>1996</u> <u>Recommendation</u>	<u>FY</u> <u>Request</u>	<u>1997</u> <u>Recommendation</u>
Biosciences Initiative	\$4,700,000	\$800,000	\$4,700,000	\$200,000

Funding was recommended for a bold and ambitious initiative to support growth and refinement of the University of Iowa programs in biosciences (biological, biomedical

and pharmaceutical sciences). The initiative is to design, develop and maintain a competitive, world-class environment for the pursuit and application of knowledge and education related to the biosciences.

The mission will be accomplished by drawing together the strength present in a wide variety of disciplines on campus including components of the Colleges of Liberal Arts, Engineering, Medicine, Dentistry, Nursing, Pharmacy, Graduate College, UIHC and University Hygienic Laboratory. These units were responsible for approximately \$120 million in external grant and contract support in the last 12 months.

	<u>FY</u> <u>Request</u>	<u>1996</u> <u>Recommendation</u>	<u>FY</u> <u>Request</u>	<u>1997</u> <u>Recommendation</u>
Primary Health Care	\$330,000	\$330,000	\$330,000	\$330,000

Funding of \$330,000 each year was recommended to continue to improve the State's support for the University of Iowa Health Center's primary health care initiative. Currently, university officials are formulating an initiative to offer an interdisciplinary experience for health profession students to practice together in a community-based setting and part of this support will assist the university to attain the goal to fully expand the eight training sites over the next five years for the purpose of interdisciplinary, primary care, and rural health education. In addition, funding will be utilized for personnel costs, equipment, and supplies to initiate a statewide database of nurses in continuation of the effort to provide a statewide tracking system of health professionals involved in the provision of primary care.

These funds will be used also for assistance in securing two additional family practice faculty in order to allow for further expansion of family practice educational offerings and strengthening of the teaching, research, and service missions of the department to the benefit of students and the citizens of the state.

	<u>FY</u> <u>Request</u>	<u>1996</u> <u>Recommendation</u>	<u>FY</u> <u>Request</u>	<u>1997</u> <u>Recommendation</u>
Recruiting and Maintaining Minority Faculty	\$200,000	\$0	\$200,000	\$0

	<u>FY</u> <u>Request</u>	<u>1996</u> <u>Recommendation</u>	<u>FY</u> <u>Request</u>	<u>1997</u> <u>Recommendation</u>
Instructional Equipment	\$0	\$0	\$1,331,000	\$0

GENERAL
July 20, 1994

	FY <u>Request</u>	1996 <u>Recommendation</u>	FY <u>Request</u>	1997 <u>Recommendation</u>
Health Informatics	\$953,000	\$0	\$550,000	\$0

The university recently announced receipt of a \$7.3 million dollar contract with the National Library of Medicine which will use the Iowa Communications Network to establish a pilot program to improve health care delivery to rural communities.

The resource center for this contract will be housed in the Hardin Library for the Health Sciences; however, this library requires modernization which this request addressed.

The Center for Health Informatics will provide a high-capacity communications hub to the extensive computer resources available elsewhere on the University of Iowa campus and to the worldwide resources available via the Internet.

The Board Office did not recommend the investment of State appropriations in addition to the Federal funds for this program.

	FY <u>Request</u>	1996 <u>Recommendation</u>	FY <u>Request</u>	1997 <u>Recommendation</u>
Computing Technology and Networks	\$1,900,000	\$0	\$1,900,000	\$0

The funding requested would begin to address two very serious information technology needs that exist with respect to the University of Iowa's ability to provide appropriate services and instruction. Funds were requested for the replacement of increasingly obsolete desktop computers, which limits the abilities of university faculty to meet essential teaching, service, and research duties. Additional classrooms need to be equipped for delivery of computer-based curricula or for integration of distance learning objectives.

The Board Office recommended that current funds be reallocated for this request.

Oakdale

	FY <u>Request</u>	1996 <u>Recommendation</u>	FY <u>Request</u>	1997 <u>Recommendation</u>
Equipment	\$12,540	\$0	\$12,453	\$0

Family Practice

An additional appropriation of \$147,000 was recommended in FY 1996 to accommodate program expansion by a total of 14 training positions over the current complement of 159.

UIHC

Indigent Patient Care Program - State Appropriation Support Shortfall

UIHC officials requested a \$3,000,000 increase in its State appropriation for fiscal year 1995-96 and an additional increment of \$3,222,000 in FY 1996-97 to replace paying patient revenues no longer available to subsidize the Indigent Patient Care Program.

State appropriation support has eroded from 11.06 percent of UIHC's operating budget in FY 1990 to 7.89 percent in FY 1995.

There are substantial financial implications arising from the Indigent Patient Care Program's census proportionality holding at 9.52 percent during this period while the State appropriation's support of the total operating budget declined to 7.89 percent. The Board Office recommended an increase of \$750,000 each year to address this problem.

Paying Patients Subsidy of Graduate Medical Education and other Educationally-Related Costs at UIHC

Educationally-related program costs have grown to \$86 million in FY 1995, 23 percent of UIHC's total operating budget. UIHC officials requested that the purpose for which the State appropriation is granted be broadened to encompass support of educationally-related program costs at UIHC as well as the Indigent Patient Care Program and that beginning in FY 1996, each year for the next five years, a 20 percent increment of the State appropriation be designated to be available to support this broader purpose.

	<u>FY</u> <u>Request</u>	<u>1996</u> <u>Recommendation</u>	<u>FY</u> <u>Request</u>	<u>1997</u> <u>Recommendation</u>
Health Services Research & Policy Analysis Centers	\$200,000	\$0	\$318,000	\$0

Funding was requested to establish the Health Services Research and Policy Analysis Center. The center will facilitate interdisciplinary and multidisciplinary efforts to

examine the complex issues of health and health care, with particular attention to how these interface with today's social, economic, and political issues. In addition, it will be imperative for the leadership of the center to focus on translating research findings into policy options for persons making health care policy decisions.

The Board Office recommended the university fund the center from other resources, since funding by the legislature has been requested and not approved for the last several years.

University Hospital School

The Board Office recommended no new programs or program expansions for the Hospital School.

	<u>FY</u> <u>Request</u>	<u>1996</u> <u>Recommendation</u>	<u>FY</u> <u>Request</u>	<u>1997</u> <u>Recommendation</u>
Comprehensive Assistive Technology Services	\$134,000	\$0	\$140,100	\$0

	<u>FY</u> <u>Request</u>	<u>1996</u> <u>Recommendation</u>	<u>FY</u> <u>Request</u>	<u>1997</u> <u>Recommendation</u>
Community Communications Center	\$105,000	\$0	\$0	\$0

	<u>FY</u> <u>Request</u>	<u>1996</u> <u>Recommendation</u>	<u>FY</u> <u>Request</u>	<u>1997</u> <u>Recommendation</u>
Competitive Salary Levels-Specific Prof. Positions	\$56,339	\$0	\$58,875	\$0

	<u>FY</u> <u>Request</u>	<u>1996</u> <u>Recommendation</u>	<u>FY</u> <u>Request</u>	<u>1997</u> <u>Recommendation</u>
Outpatient Biobehavioral Service	\$0	\$0	\$93,125	\$0

University Hygienic Laboratory

The Board Office recommended no new programs or program expansions for the University Hygienic Laboratory.

	<u>FY</u> <u>Request</u>	<u>1996</u> <u>Recommendation</u>	<u>FY</u> <u>Request</u>	<u>1997</u> <u>Recommendation</u>
Safety Renovation Program	\$24,000	\$0	\$0	\$0

	<u>FY</u> <u>Request</u>	<u>1996</u> <u>Recommendation</u>	<u>FY</u> <u>Request</u>	<u>1997</u> <u>Recommendation</u>
Molecular Epidemiology and Surveillance Program	\$33,350	\$0	\$94,500	\$0

	<u>FY</u> <u>Request</u>	<u>1996</u> <u>Recommendation</u>	<u>FY</u> <u>Request</u>	<u>1997</u> <u>Recommendation</u>
Environmental Parasitological Monitoring Unit	\$55,500	\$0	\$27,500	\$0

	<u>FY</u> <u>Request</u>	<u>1996</u> <u>Recommendation</u>	<u>FY</u> <u>Request</u>	<u>1997</u> <u>Recommendation</u>
Enhanced Communications Program	\$39,500	\$0	\$23,525	\$0

	<u>FY</u> <u>Request</u>	<u>1996</u> <u>Recommendation</u>	<u>FY</u> <u>Request</u>	<u>1997</u> <u>Recommendation</u>
Air Quality Monitoring Program	\$26,975	\$0	\$31,675	\$0

SCHS - Cancer, Hemophilia, High Risk Infant

	<u>FY</u> <u>Request</u>	<u>1996</u> <u>Recommendation</u>	<u>FY</u> <u>Request</u>	<u>1997</u> <u>Recommendation</u>
Study	\$31,765	\$0	\$0	\$0

Special Purpose Appropriations

Funding requested for special purpose appropriations was as follows:

	FY 1995 <u>Budget</u>	FY 1996 <u>Request</u>	FY 1997 <u>Request</u>
Center for Ag Health & Safety	\$ 247,230	\$ 400,000	\$ 416,800
Center Biocatalysis & Bioprocessing	1,284,981	1,366,000	871,202
Center for Advanced Drug Development	496,481	360,000	333,440
Iowa Substance Abuse Consortium	62,032	82,325	103,704
Center for Global/Regional Env Research	0	500,000	500,000
Center for Health Effects of Env Contamination	0	220,000	451,788
National Advanced Driving Simulator	273,653	700,000	3,348,000
Iowa Birth Defects Registry	0	310,400	323,437
State of Iowa Cancer Registry*	<u>188,820</u>	<u>200,000</u>	<u>208,400</u>
Total	\$2,553,197	\$4,138,725	\$6,556,771

*formerly listed as State Tumor Registry

Funding recommended for special purpose appropriations was as follows:

	FY 1995 <u>Budget</u>	FY 1996 <u>Recommendation</u>	FY 1997 <u>Recommendation</u>
Base-FY 1995 Appropriation	\$2,553,197	\$2,553,197	\$2,553,197
Inflationary Adjustment	<u>0</u>	<u>76,596</u>	<u>155,490</u>
Total	\$2,553,197	\$2,629,793	\$2,708,687

President Rawlings stated that the Board Office had done a fair job with its recommendations on the operating side of the budget request. University of Iowa officials have at the heart of their budget request the university's strategic plan with special emphasis on the strategic goal of becoming one of the top 10 public universities in the country. He stated that a number of the university's colleges are now not only approaching the top 10 but are in the top 10 and, in some cases, are in the top 5 colleges nationwide.

With regard to the biosciences initiative, President Rawlings stated that nothing else would get the university to the top ranking quicker. The initiative involves 7 of the 10 colleges on the University of Iowa campus. Biosciences is an area where the university is already very strong. He said the university received \$134 million in grants and contracts in the biosciences in this last year, of which about \$108 million was in the College of Medicine alone. That is the strongest effort by any college in this state in terms of grants and contracts, and in research generally.

The University of Iowa College of Medicine is one example of a health sciences center that is an economic engine as well as a research engine. President Rawlings stated that the College of Medicine takes \$1 of State funds and turns it into \$10 of final University of Iowa funds. Overall at the institution the leverage of State funds to overall university funds is 4 to 1. The College of Medicine today gets about 9 percent of its revenues from State appropriations. There is an emphasis for the University of Iowa health sciences to carry its expertise into rural Iowa. He said he has had discussions with several of the Regents about the impact that can be made across the state over the Iowa Communications Network through the kinds of leverage the university has already gained with a National Library of Medicine grant of \$7.5 million to link University of Iowa Hospitals and Clinics to three other hospitals in the state of Iowa. He believes that effort can be replicated many times throughout the state.

President Rawlings stated that there are four sources of funding for the biosciences initiatives. The first is internal reallocation. Because of the high priority of the initiative university officials are reallocating from other areas of the university. A second funding source is Federal grants and contracts. Federal grants received for biosciences total \$134 million and were climbing. Thirdly, private fund raising, particularly from private foundations from which the university has already had tremendous success in attracting private dollars for research efforts. The fourth source of funding is the State. The request before the Board at this time was for seed money that university officials can then leverage at a very high rate over several years.

President Rawlings said the State request had 2 components: 1) recurring and 2) non-recurring. The recurring portion was primarily for personnel. He stressed that this was the most pressing need. University officials need to build the personnel resources into the budget in order to achieve the leverage they are capable of achieving. With regard to the second part of the request, the non-recurring expenses, he said he would discuss that area in more detail under the preliminary capital request docket item.

There are dramatic changes taking place in the structure of the nation's health care delivery systems. President Rawlings said the changes are matched by the university's evolution in the basic biological sciences which has a direct impact on health care delivery. The country's health care system is in a period of very startling breakthroughs. Many of these breakthroughs are being made at the University of Iowa. University officials would like to continue to make those breakthroughs in the future because they have an impact, not simply upon science and basic knowledge, but also on applications both in patient care and economic development.

President Rawlings emphasized that the University of Iowa health sciences center is an engine which takes State dollars, invests them and produces a very major return in

first-rate research, first-rate teaching, patient care and eventually economic development. As a result, he said that while university officials were pleased to see the Board Office respond to the initiative, they felt that it needed to be at a somewhat higher level. He said \$1.5 million would get the initiative off to a decent start in the first year. The \$1.5 million would be concentrated on the recurring portion of the budget for personnel.

Regent Collins noted that University of Iowa officials requested \$4.7 million for the biosciences initiatives and the Board Office recommended \$800,000. President Rawlings stated that although university officials appreciated the recognition of the initiative, \$1.5 million would be considered a first-year decent start. Other than that, the Board Office response to university requests for the operating budget was quite reasonable.

Mr. Richey said the Board Office-recommended amount would focus on the core staff to get the initiative underway. During the next year university officials would find out how much external funding could be achieved. He noted that this was a preliminary recommendation.

Regent Dorr asked if there was a way in which to measure concretely how the biosciences initiative impacts on the quality of undergraduate and graduate education. President Rawlings responded that the most interesting single anecdotal evidence is a student this year who won a Rhodes scholarship in the College of Liberal Arts. The student came to the University of Iowa 4 years ago and had an opportunity to work in the laboratory in his freshman year. Four years later the student is publishing articles in the field. The research in the laboratory started with Federal grants which enabled university officials to enhance the educational experience.

Regent Dorr asked, aside from purely anecdotal evidence, how university officials measure success. He said this was obviously a major effort. He referred to the laser facility and how it did not evolve as planned. In order to make sure this initiative serves the basic underlying mission statements, how did university officials propose to effectively measure whether they are successful in meeting their goals?

President Rawlings responded that the laser facility was a case of building something from scratch. University officials planned to invest in something that was new, that the university was doing only in a very small way, and to build something big from it. He said the biosciences initiative was almost the opposite. The biosciences effort at the University of Iowa is already highly successful in seven colleges on the university campus, and the quality is nationally competitive. University officials are going to build it into something that is even stronger and that will have even more pay off.

President Rawlings then addressed Regent Dorr's question of how to measure whether they have succeeded. He said they would look at further growth in grants and contracts to see how competitive the faculty is in taking seed money and boosting it. Secondly, they look at the kinds of training grants received to prepare students in the various fields so they are graduating students who are highly qualified. A third measure was the university's standing relative to other institutions in areas such as competition for designation as a national center in cancer. Right now University of Iowa Hospitals and Clinics is not a designated national center in the United States. That designation is needed in order to be a top-ranked U.S. College of Medicine. He said this biosciences initiative would enable them to compete for that kind of designation. The designation would impact not only on the prestige of the College of Medicine but it would have a huge impact on rural Iowa. With national cancer center designation the University of Iowa would become one of a handful of national centers for the study of cancer and for the care of patients with cancer.

With regard to measures on the instructional/educational side, President Rawlings said university officials will use the existing benchmarks in assessing how they are doing in teaching students. They could compare benchmarks with the initiative every year to see what progress is being made.

(b) Iowa State University. The Board Office recommended the Board receive reports on the FY 1996 and FY 1997 general fund operating budget request for Iowa State University and preliminary Board Office recommendations.

	FY 1996 <u>Recommendation</u>	<u>% Increase</u>	FY 1997 <u>Recommendation</u>	<u>% Increase</u>
General University	\$156,623,580	3.5%	\$160,911,612	2.7%
Ag. Experiment Station	30,879,668	0.6%	31,009,740	0.4%
Cooperative Extension	18,471,550	1.1%	18,648,278	1.0%
Inst. Physical Research & Tech	3,991,218	0.5%	4,008,840	0.4%
Special Purpose Approps.	<u>2,124,589</u>	<u>-2.9%</u>	<u>2,060,105</u>	<u>-3.0%</u>
Total	\$212,090,605	2.7%	\$216,638,575	2.1%

The Board Office recommendation for State appropriations for Iowa State University for FY 1996 was \$212,090,605 (+2.7 percent) and FY 1997 was \$216,638,574 (+2.1 percent). Iowa State University's request for State appropriations for operations for FY 1996 was \$221,432,214 (+7.3 percent) and FY 1997 was \$235,862,822 (+6.5 percent).

GENERAL
July 20, 1994

Salary annualization of \$606,169 was recommended for FY 1996. Inflation was recommended as follows:

	<u>FY Request</u>	<u>1996 Recommendation</u>	<u>FY Request</u>	<u>1997 Recommendation</u>
General	\$1,211,556	\$ 913,696	\$1,262,442	\$ 943,136
Utilities	649,440	632,161	636,862	600,000
Library	<u>412,817</u>	<u>412,817</u>	<u>447,906</u>	<u>447,906</u>
Total	\$2,273,813	\$1,958,674	\$2,347,210	\$1,991,042

Increased building repair funding was recommended at \$873,530 for both years, 13.9 percent greater than the FY 1995 budget of \$6,299,055. The FY 1994 expenditure for building repair was \$6,009,055.

	<u>FY Request</u>	<u>1996 Recommendation</u>	<u>FY Request</u>	<u>1997 Recommendation</u>
Opening New Buildings	\$104,272	\$104,272	\$33,398	\$33,398

	<u>FY Request</u>	<u>1996 Recommendation</u>	<u>FY Request</u>	<u>1997 Recommendation</u>
Undergraduate Education	\$1,500,000	\$1,200,000	\$1,500,000	\$750,000

	<u>FY Request</u>	<u>1996 Recommendation</u>	<u>FY Request</u>	<u>1997 Recommendation</u>
Higher Education Access	\$500,000	\$500,000	\$500,000	\$500,000

	<u>FY Request</u>	<u>1996 Recommendation</u>	<u>FY Request</u>	<u>1997 Recommendation</u>
Child Care	\$150,000	\$0	\$100,000	\$0

No increases were recommended for child care at any of the three universities.

Institutional Initiatives

	<u>FY</u> <u>Request</u>	<u>1996</u> <u>Recommendation</u>	<u>FY</u> <u>Request</u>	<u>1997</u> <u>Recommendation</u>
Improving ISU's Research Capacity	\$500,000	\$500,000	\$500,000	\$500,000
	<u>FY</u> <u>Request</u>	<u>1996</u> <u>Recommendation</u>	<u>FY</u> <u>Request</u>	<u>1997</u> <u>Recommendation</u>
Tuition Scholarships - Grad Assistants	\$1,300,000	\$0	\$1,300,000	\$0
	<u>FY</u> <u>Request</u>	<u>1996</u> <u>Recommendation</u>	<u>FY</u> <u>Request</u>	<u>1997</u> <u>Recommendation</u>
ADA Compliance	\$250,000	\$0	\$250,000	\$0
	<u>FY</u> <u>Request</u>	<u>1996</u> <u>Recommendation</u>	<u>FY</u> <u>Request</u>	<u>1997</u> <u>Recommendation</u>
Healthy Livestock for Iowa	\$3,000,000	\$0	\$0	\$0

The requested funding would enable the College of Veterinary Medicine to continue to provide animal agriculture in Iowa the latest in veterinary health care. The funds would enhance and modernize livestock research, service, and teaching in the college for technicians and graduate students, support a few select faculty positions, and provide equipment to support the teaching and research functions of the college.

	<u>FY</u> <u>Request</u>	<u>1996</u> <u>Recommendation</u>	<u>FY</u> <u>Request</u>	<u>1997</u> <u>Recommendation</u>
Technology Transfer	\$2,000,000	\$0	\$2,000,000	\$0

The additional funding for the Institute for Physical Research and Technology (IPRT) was requested to build upon what have been fundamentally pilot activities. The incremental funding would be used to meet three objectives: providing focused technology assistance to Iowa companies, providing new technologies for product or process extension, and providing additional services to university colleges in creating new commercial entities and improving the commercial competitiveness of existing businesses.

GENERAL
July 20, 1994

	<u>FY</u> <u>Request</u>	1996 <u>Recommendation</u>	<u>FY</u> <u>Request</u>	1997 <u>Recommendation</u>
Distance Education Via the ICN	\$500,000	\$0	\$1,000,000	\$0

The Iowa Communications Network (ICN) enables Iowa State University to provide an increasing array of credit and non-credit instruction to Iowans who are place-bound and unable to attend classes in Ames. Depending on the results of market surveys and the funding provided by the State of Iowa, it was Iowa State University's goal to bring several degree programs to the people of Iowa via the ICN in the next few years.

The funding requested would support the installation and maintenance costs for three classrooms and additional specialized services for off-campus students.

	<u>FY</u> <u>Request</u>	1996 <u>Recommendation</u>	<u>FY</u> <u>Request</u>	1997 <u>Recommendation</u>
Total Quality Innovative Information Management Initiative	\$400,000	\$0	\$0	\$0

	<u>FY</u> <u>Request</u>	1996 <u>Recommendation</u>	<u>FY</u> <u>Request</u>	1997 <u>Recommendation</u>
Iowa Pork Industry Center	\$500,000	\$0	\$500,000	\$0

The funding requested would provide additional staffing and support costs for the newly-formed Iowa Pork Industry Center, which has an important role to play in assisting the State of Iowa to maintain and to expand its swine industry.

	<u>FY</u> <u>Request</u>	1996 <u>Recommendation</u>	<u>FY</u> <u>Request</u>	1997 <u>Recommendation</u>
Community Development	\$0	\$0	\$3,000,000	\$0

Long-term economic stability and balanced economic growth require further diversification and development of Iowa's economy. By partnering basic and applied researchers from many of Iowa State University's Colleges, including Engineering, Liberal Arts and Sciences, Agriculture, Business, and Design, to focus on development of both large and small communities, Iowa State University can assist Iowa in developing balanced and diversified economic growth in both urban and rural areas.

Special Purpose

Funding recommended for special purpose appropriations was as follows:

	<u>FY 1995</u>	<u>FY 1996</u> <u>Recommendation</u>	<u>FY 1997</u> <u>Recommendation</u>
Small Business Development Center	\$1,151,173	\$1,179,521	\$1,206,843
Leopard Center	560,926	564,814	568,818
Livestock Disease Research	276,186	280,254	284,444
Livestock Producers Assistance Prg.	<u>200,000</u>	<u>100,000</u>	<u>0</u>
Total	<u>\$2,188,285</u>	<u>\$2,124,589</u>	<u>\$2,060,105</u>

	<u>FY</u> <u>Request</u>	<u>1996</u> <u>Recommendation</u>	<u>FY</u> <u>Request</u>	<u>1997</u> <u>Recommendation</u>
Small Business Development Center	\$1,190,132	\$1,179,521	\$1,228,828	\$1,206,843

The Iowa Small Business Development Centers (SBDC) are significant service providers for small business in Iowa. Additional funds appropriated in FY 1995 were budgeted for salaries and \$60,000 will be used to establish a "subcenter" at Iowa Central Community College in Ft. Dodge.

	<u>FY</u> <u>Request</u>	<u>1996</u> <u>Recommendation</u>	<u>FY</u> <u>Request</u>	<u>1997</u> <u>Recommendation</u>
Leopold Center for Sustainable Agriculture	\$566,369	\$564,814	\$572,041	\$568,818

	<u>FY</u> <u>Request</u>	<u>1996</u> <u>Recommendation</u>	<u>FY</u> <u>Request</u>	<u>1997</u> <u>Recommendation</u>
Livestock Disease Research	\$281,881	\$280,254	\$287,815	\$284,444

	<u>FY</u> <u>Request</u>	<u>1996</u> <u>Recommendation</u>	<u>FY</u> <u>Request</u>	<u>1997</u> <u>Recommendation</u>
Livestock Producers Assistance Program	\$100,000	\$100,000	\$0	\$0

President Jischke addressed what he described as the relatively low level of increase for Iowa State University given the strategic importance of some of the initiatives and the fact that not one of the institutional initiatives were recommended for funding. He said he would discuss three of the initiatives to illustrate the importance of their funding to the strategic objectives of the university.

GENERAL
July 20, 1994

President Jischke stated that healthy livestock for Iowa was a proposal to strengthen the College of Veterinary Medicine. He said the new dean in the College of Veterinary Medicine is making substantial progress in strengthening the college. A high priority for the college is swine medicine. The dean's proposal included not only strengthening research activities as they relate to Iowa livestock but changing the character of the educational experience. University officials have reallocated funds to give the new Veterinary Medicine dean a start on these efforts. He noted that a new chairman had been hired in clinical veterinary medicine. University officials have been able to bring a nationally-renowned swine specialist to the Iowa State University College of Veterinary Medicine. President Jischke stated that the \$3 million proposal for healthy livestock for Iowa was the centerpiece of the university's efforts to strengthen one of the important activities at Iowa State University and one which related directly to the state of Iowa. The Board Office recommendation of no funding was quite troubling.

Technology transfer has been an initiative for Iowa State University for a number of years. President Jischke said it was an effort for which university officials have leveraged Federal funds substantially. University officials have recommended funding for technology transfer for the three years he has been at Iowa State University.

With regard to the Iowa Pork Industry Center, President Jischke said he hoped they would be able to increase the budget to a more appropriate level to ensure that funding is consistent with university priorities.

Regent Newlin asked President Jischke to comment on the points in the strategic plan on which these three initiatives impact. President Jischke responded that virtually every feature of the strategic plan is impacted in the proposal for the College of Veterinary Medicine. The initiatives would change the character of how veterinarians are taught. There was a proposal for a rural practice plan where students would intern in rural veterinary practices around the state. A second element of the dean's plan was to expand research as it relates to livestock industry in Iowa especially swine. He said this was an area that is vitally important to Iowa's future. Swine is a \$3 billion/year industry for Iowa. When adding other livestock it becomes \$5 billion to \$6 billion/year. The livestock area is something for which Iowa State University is uniquely responsible. The need for continued development of vaccines for livestock is very important.

With regard to outreach, President Jischke said university officials would like to use the Iowa Communications Network to extend the role of the College of Veterinary Medicine around the state. The requested funds would allow those initiatives to go forward. The largest goal of Iowa State University's strategic plan is to be the best land grant university in the U.S. He stated it was that goal that helped attract the new veterinary

dean to the position, along with the strong commitment of the university to support veterinary medicine.

Mr. Richey pointed out that the Board Office received the universities' requests about 5 days before the Board Office recommendations had to be finalized. He said there will be discussions between now and the development of final recommendations for the September Regents meeting. Meetings for that purpose are scheduled for each of the five campuses. He also pointed out that the percentage of increase for appropriations for the three general universities was almost identical. The difference at Iowa State University was in the organized research area where Iowa State University this year completed a five-year program for a major increase in agricultural research. He said \$14.5 million was added to the agricultural research budget over those 5 years.

Mr. Richey stressed that these were preliminary recommendations. He said he recognized that some of the programs were highly desirable from the state's standpoint. The institutional requests and Board comments will be taken into consideration in the development of final recommendations in September.

President Jischke said there was apparently some confusion about when the university's information for its budget request was sent to the Board Office. He believed the was delivered to the Board Office earlier than Mr. Richey indicated it had.

Mr. Richey said it was his recollection that Iowa State University's information came in to the Board Office just ahead of the fourth of July.

President Jischke said it was his understanding that the materials were received in the Board Office on June 28. Mr. Richey said that was correct.

Regent Newlin noted that the 3x5 program was intended to ratchet the agriculture research effort, and not to go backwards then the sixth year. Mr. Richey responded that the Board Office recommendation did not take anything away from the university. In fact, the Board Office recommendation maintained Iowa State University's general university rate of growth commensurate with the other institutions. The recommendation concerning the Iowa State Experiment Station was for a fairly modest increase in FY 1996 and 1997.

President Jischke asked to reinforce what Regent Newlin said about having brought the Agriculture and Home Economics Experiment Station to a more competitive position, they do not want to now embark on a multi-year program of poor funding so that it slides backward. Secondly, over the last several years, because of the high priority the agriculture research element of the university's budget has received, other elements

have not been funded well. He said there is a balancing act. He concluded by stating he was concerned that the overall recommendation was inadequate.

Regent Pellett stated that her family has been in the livestock business for a long time. She said that in many respects the Iowa State University College of Veterinary Medicine has not met the expectations of livestock producers. The new dean is ready to gear up and meet the changing needs of the livestock industry in Iowa. She felt strongly that the livestock community expects the dean to do so. She hoped the Regents would consider very seriously honoring the university's request.

Regent Hendricks expressed concern about the number of centers included for funding in the budget requests. As the Regents continue to approve centers they need to look to more than 1 to 2 years from inception to what it will take to fund these centers in the next 5 years. She said her comment was addressed to all three universities.

President Jischke stated that a year and a half ago when Iowa State University officials were designing the Pork Industry Center, they did not anticipate the emergence of environmental impacts in that industry. The industry's needs are changing and growing.

(c) University of Northern Iowa. The Board Office recommended the Board (1) receive the report on the FY 1996 and FY 1997 general fund operating budget requests of the University of Northern Iowa and Board Office preliminary recommendations; and (2) that the Board Office convene an interinstitutional group to discuss university centers at community colleges and develop a coordinated plan for Board approval of such centers that maximizes cooperation and coordination.

The Board Office preliminary recommendation for State appropriations for operations for the University of Northern Iowa was \$70,511,936 (+3.51 percent) for FY 1996 and \$72,466,053 (+2.77 percent) for FY 1997. The university's request for State appropriations for operations was \$73,523,961 (+7.93 percent) for FY 1996 and \$78,356,961 (+6.57 percent) for FY 1997.

Salary annualization of \$186,000 was recommended for FY 1996. Inflation was recommended as follows:

	<u>FY 1996</u>		<u>FY 1997</u>	
	<u>Request</u>	<u>Recommendation</u>	<u>Request</u>	<u>Recommendation</u>
General	\$380,000	\$271,429	\$397,000	\$279,571
Library	<u>99,000</u>	<u>99,000</u>	<u>108,000</u>	<u>108,000</u>
Total	\$479,000	\$370,429	\$505,000	\$387,571

Building repair funds were recommended at \$616,546 for both years.

The sum of \$215,000 was recommended for FY 1996 as requested by the university for the opening of the fourth floor addition to the Donald O. Rod Library and the Center for Energy and Environmental Education (CEEE) Building.

	<u>FY Request</u>	<u>1996 Recommendation</u>	<u>FY Request</u>	<u>1997 Recommendation</u>
Improving Undergraduate Education	\$500,000	\$300,000	\$500,000	\$400,000

The university's primary emphasis is to provide a high-quality undergraduate experience. The recommended amounts would be used for additional faculty positions, equipment replacement and improvement of the university's library collection. Staff positions would also be added within student support services areas such as student advising and retention.

Additional funding would also provide seminars by master teachers and mentors for new faculty, within the framework of the recently-established Center for the Enhancement of Teaching.

	<u>FY Request</u>	<u>1996 Recommendation</u>	<u>FY Request</u>	<u>1997 Recommendation</u>
Higher Education Access/Diversity	\$200,000	\$100,000	\$200,000	\$100,000

	<u>FY Request</u>	<u>1996 Recommendation</u>	<u>FY Request</u>	<u>1997 Recommendation</u>
Child Care	\$50,000	\$0	\$50,000	\$0

Institutional Initiatives

	<u>FY Request</u>	<u>1996 Recommendation</u>	<u>FY Request</u>	<u>1997 Recommendation</u>
Professional Development for Iowa's Educators	\$600,000	\$600,000	\$600,000	\$450,000

The sum of \$600,000 was recommended for FY 1996 and \$450,000 for FY 1997 for the University of Northern Iowa to establish model programs leading to master's degrees designed to meet the professional needs of Iowa educators. Five models were envisioned:

- o discipline-specific continuing education, offered statewide, leading to a master's degree;
- o urban education continuing education model involving the university, an urban school district, and professional educational association in the district;
- o mid-size district model involving the university, the school district, teachers, and permitting teachers in neighboring school districts to participate;
- o multi-district consortiums in which the university works with representatives of several rural school districts in providing a master's degree program; and
- o theme-focused, professional development programs with statewide clientele, components of which can be incorporated into graduate programs.

It was estimated that the cost of each model would average \$120,000. Each model will be evaluated; in FY 1997 successful models will be implemented in additional locations.

	<u>FY</u> <u>Request</u>	<u>1996</u> <u>Recommendation</u>	<u>FY</u> <u>Request</u>	<u>1997</u> <u>Recommendation</u>
Expand Industrial Technology Program	\$750,000	\$0	\$500,000	\$0

The university's request would enable it to expand its industrial technology program. Industrial technologists serve industry by bridging the gap between professional engineers and vocationally-prepared and community college-educated technicians. Because industrial technology is built around the intensive use of computing and technical equipment and required clinical instruction, program size is limited.

The Board Office preliminary recommendation included no new funds for this program since additional funds were received for FY 1995

	<u>FY</u> <u>Request</u>	<u>1996</u> <u>Recommendation</u>	<u>FY</u> <u>Request</u>	<u>1997</u> <u>Recommendation</u>
Classrooms for the Year 2000	\$500,000	\$0	\$500,000	\$0

The university's request would provide for the design and development of state-of-the-art classrooms. The classrooms would contain networked work stations which would be Iowa Communications Network connected. The classrooms would serve as

demonstration models and be used for in-service training of teachers in addition to preservice work.

Research would be done on effective learning environments and classroom designs to develop prototypes for replications in Iowa schools.

	<u>FY</u> <u>Request</u>	<u>1996</u> <u>Recommendation</u>	<u>FY</u> <u>Request</u>	<u>1997</u> <u>Recommendation</u>
Expanded Financial Assistance	\$300,000	\$0	\$300,000	\$0
	<u>FY</u> <u>Request</u>	<u>1996</u> <u>Recommendation</u>	<u>FY</u> <u>Request</u>	<u>1997</u> <u>Recommendation</u>
Outreach and Distance Learning	\$500,000	\$0	\$500,000	\$0

University officials requested funding to support administrative coordination of the (off-campus) distance learning program (\$75,000), library and computing services to distance learners (\$100,000), and advising and counseling services (\$50,000).

University officials also proposed to establish outreach centers at the State's community colleges (\$275,000).

The Board Office believes that there is a need for interinstitutional consultation and discussion on the development of "centers" at the community colleges. It was not clear where the university's proposed centers would be located, what specific functions they would serve and how these services might duplicate those already provided by Iowa State University at some community colleges. It would be desirable for all three universities to cooperate on such ventures so as to better serve the State and provide such arrangements in a coordinated fashion that would reflect well on the Regent institutions.

To this end the Board Office recommended that it convene an appropriate group of university representatives to discuss this issue and develop a coordinated plan for such centers that maximizes cooperation and coordination.

	<u>FY</u> <u>Request</u>	<u>1996</u> <u>Recommendation</u>	<u>FY</u> <u>Request</u>	<u>1997</u> <u>Recommendation</u>
Mathematics Education Partnership Program	\$250,000	\$0	\$250,000	\$0

GENERAL
July 20, 1994

The university's requested program would provide a specific means to implement standards to improve mathematics education in all Iowa classrooms by working in partnership with every school district in Iowa. This initiative supports national education goals and was consistent with the university's central mission in teacher education.

President Curris stated that University of Northern Iowa officials were generally pleased with the preliminary Board Office recommendations, although they were very conservative. There were two areas for which he commented. First, he addressed the Board staff's concern regarding the university's request for outreach and distance learning. The Board Office was concerned that there may be duplication among the institutions and wanted to formulate a committee to look at that area. University of Northern Iowa officials were willing to participate in that process. He said it was his understanding that meant the request was held in abeyance until a determination is made as to whether there is a more efficient or economical way to meet some of the needs.

The one area which President Curris felt required additional consideration was the request to expand University of Northern Iowa's industrial technology program. For several years university officials have felt increasing demands from Iowa industry to increase the number of graduates in several of the university's engineering and industrial technology programs. He said there is a growing field of engineering and industrial technologists who are baccalaureate graduates who have increasing roles to play in manufacturing, in construction and in several industries. It was the demand for these individuals that the University of Northern Iowa has experienced great difficulty in meeting. In fact, he said one prominent CEO in the state has indicated to university officials that his company would like to hire everyone the University of Northern Iowa graduates. This educational field requires extensive commitment, equipment (including computerized equipment), and clinical hands-on experience. There are limitations to what the university can do with the current staff and facilities.

University of Northern Iowa officials made a request to strengthen the engineering and industrial technology programs by expanding the number of graduates in four specific programs: the electrical mechanical engineering technology program, the construction management technology program, the graphics communication technology program, and the manufacturing technology program, all of which are experiencing very high demand. President Curris said this request was consistent with what the University of Northern Iowa should be doing. He asked the Board staff and the Board to give serious consideration to requesting funds that would allow the university to invest in this area.

GENERAL
July 20, 1994

Mr. Richey asked President Curris to brief the Board on the recommendation for professional development for Iowa educators. He said it was an exciting program. President Curris stated that recent legislation was passed by Congress which added a couple of national education goals, one of which is the professional development of the nation's teaching force. He said professional development is something that has been lacking throughout the country. Given the responsibilities that the University of Northern Iowa has for teacher preparation, university officials were particularly interested in moving in this area. They were also concerned about the decreasing number of Iowa educators who have master's degrees. In Iowa the proportion of the teaching force that receives any kind of education beyond the bachelor's degree has been decreasing for the last 5 to 10 years, ranking Iowa below the national average.

Teacher educators on the University of Northern Iowa campus have developed models using the fiber optics network and existing resources to provide professional development, particularly master's degrees, that are geared toward the needs of teachers. Most of the master's degree work that has occurred has been geared toward preparing teachers to be administrators or to pursue doctoral studies in education. There has not been a master's degree program that is geared toward professional development where the practitioners have had the opportunity to indicate what it is that they feel they need in terms of continuing education. The university's teacher educators are working on some of these models now conceptually with practitioners from the field.

Regent Dorr stated that he had an observation directly related to the proposed funding of the industrial technology area that in conjunction with some of the earlier discussions presented a very interesting higher education dichotomy. There is an issue of how many more Ph.D.s need to be trained versus how many literate industrial technologists is there a demand for in the workplace. In the broader scheme of policy issues as the Regents direct the strategic planning processes of these institutions, that is a key area that they need to keep in mind. He referred to President Curris' comment about the executive wanting to hire all of University of Northern Iowa's engineering and industrial technology graduates relative to recent studies that suggest there is going to be quite a burdensome excess of trained medical specialists as medical policy in this country is revamped.

Regent Dorr referred to the 1995 budgets and the proposed 1996 and 1997 budgets, and the generally declining or stagnant enrollment issue. There is even a possibility of stagnating funded research efforts. However, institutional budgets continue to increase at somewhere between 3-1/2 percent to 6-1/2 to 7 percent. He said it was interesting that authorized capital bonding capabilities on an annualized basis have exceeded the amount of tuition replacement funds that have been allocated since he has been on the

Board. He stated that at some point they have to make some very difficult decisions because it appeared that they were continually overcommitting to funding of programs.

Regent Hendricks stated that the Regents needed to reevaluate what some of the present programs are doing. She gave as one example the Regents Center on Early Childhood Education and said they needed to evaluate what that center is currently doing. The Regents need to determine whether they and the people in the state are satisfied with what the center is doing. They may need to look at diversion of some funds. She proposed an alternative to the mathematics education partnership. The Board of Regents annually allocates Eisenhower grant funds. The grant funds are generally piecemealed out throughout the state. The Regents might want to consider funding one institution that can coordinate improving mathematics and science education.

Mr. Richey stated that in recent years the Board has requested the institutions to review programs and services and to report in December on the actions they propose to take relative to reallocation of funds. That request was also made for this year and was a part of an ongoing effort both in terms of the current fiscal year and fiscal years 1996 and 1997. He said the Regents can look forward to receiving that report in December.

Regent Hendricks said it would be nice to have a report which reflected taking some really hard looks so that when the Regents are presented with a request for funding something like the Regents Center for Early Childhood Education they would know whether or not they concur with continuing a program's funding.

Regent Newlin referred to Regent Dorr's comment about the relationship between enrollments and budget increases. He said that at both the University of Iowa and Iowa State University there is also a research function. The Regents have to determine their priorities relative to each of the institutional strategic plans. If they do not want the institutions to be the best land grant institutions or the best medical facility, etc., they need to recognize that when they talk about budgets and reallocating resources. He concluded by stating that budget decisions were not just based on enrollment.

(d) Iowa School for the Deaf. The Board Office recommended the Board receive the report on the FY 1996 and FY 1997 general fund operating budget request of the Iowa School for the Deaf and preliminary Board Office recommendations.

The Board Office recommendation for State appropriations for operations for the Iowa School for the Deaf for FY 1996 was \$6,533,443 (+1.9 percent) and FY 1997 was \$6,618,298 (+1.3 percent). The Iowa School for the Deaf's request for State

appropriations for operations for FY 1996 was \$6,925,510 (+8.0 percent) and FY 1997 was \$7,126,618 (+4.9 percent).

Salary annualization of \$37,128 was recommended for FY 1996.

Inflation funding at 3 percent was recommended as follows:

	<u>FY</u> <u>Request</u>	<u>1996</u> <u>Recommendation</u>	<u>FY</u> <u>Request</u>	<u>1997</u> <u>Recommendation</u>
General	\$31,823	\$22,731	\$33,160	\$23,413
Utilities	7,686	7,686	8,009	8,009
Library	<u>530</u>	<u>530</u>	<u>575</u>	<u>575</u>
Total	<u>\$40,039</u>	<u>\$30,947</u>	<u>\$41,744</u>	<u>\$31,997</u>

Building repair increases were recommended according to formula at \$50,858 for each year. For FY 1996, this was an increase of 18.5 percent over the FY 1995 budget of 275,000. The actual expenditure in FY 1994 was \$349,138.

	<u>FY</u> <u>Request</u>	<u>1996</u> <u>Recommendation</u>	<u>FY</u> <u>Request</u>	<u>1997</u> <u>Recommendation</u>	
Library	\$2,000	\$2,000	\$2,000	\$2,000	
		<u>FY</u> <u>Request</u>	<u>1996</u> <u>Recommendation</u>	<u>FY</u> <u>Request</u>	<u>1997</u> <u>Recommendation</u>
Textbooks/Instructional Materials	\$75,000	\$0	\$0	\$0	
		<u>FY</u> <u>Request</u>	<u>1996</u> <u>Recommendation</u>	<u>FY</u> <u>Request</u>	<u>1997</u> <u>Recommendation</u>
Vocational Education	\$150,000	\$0	\$94,335	\$0	
	<u>FY</u> <u>Request</u>	<u>1996</u> <u>Recommendation</u>	<u>FY</u> <u>Request</u>	<u>1997</u> <u>Recommendation</u>	
School Bus	\$57,815	\$0	\$0	\$0	

	<u>FY</u> <u>Request</u>	<u>1996</u> <u>Recommendation</u>	<u>FY</u> <u>Request</u>	<u>1997</u> <u>Recommendation</u>
In-Service Training	\$41,975	\$0	\$0	\$0
	<u>FY</u>	<u>1996</u>	<u>FY</u>	<u>1997</u>
	<u>Request</u>	<u>Recommendation</u>	<u>Request</u>	<u>Recommendation</u>
Suburbans	\$0	\$0	\$44,000	\$0

Mr. Richey noted that the Board Office recommended requesting funds for telephone systems for the two special schools in the preliminary capital plan.

Superintendent Johnson pointed out that Iowa School for the Deaf receives no tuition money, no bonding revenues, and no other tax-based funds. The school's budget request goes straight to the legislature, its only source of funding. He said school officials were appreciative of the general recommendations that were given to all of the institutions, and were appreciative of the recommendations related to fire safety, deferred maintenance and accessibility.

Superintendent Johnson said there were three items which he wished to address, one of which was a capital project for which he would appreciate further review. The two operating budget items related to the school's instructional program. The first item was textbooks used for instructional purposes. He said instruction is the purpose of the school. They need to update and utilize more appropriate instructional materials. The second item was in the area of vocational education. School officials are not going to be allowed to continue to receive vocational educational funds. They have a hard time getting equipment. Vocational education is in areas in which the school's graduates can get employment. The school needs to update its equipment and instructional materials that will allow students to become more employable when they finish their educational career.

With regard to the capital project he earlier referenced, Superintendent Johnson expressed concern about the lack of recommendation for the Recreation Center. The Recreation Center has been on the capital priority list for approximately 5 years. It appeared to now be completely off the list. He said he would appreciate a review of that situation to hopefully put it back on the list. The Recreation Center is an instructional need and would help the school meet goal #1 of its strategic plan for an appropriate educational program for the students.

Regent Collins stated that his following question applied to both the special schools. Will getting hooked up to the Iowa Communications Network be a budget item for a State appropriation or how do the Regents need to start the process of getting the two schools onto the network?

Superintendent Johnson said it appeared that in discussions about hooking up the K-12 programs, the special schools were Board of Regents institutions. In discussions about hooking up Board of Regents institutions, it appeared that the special schools were considered K-12 programs. He said they always seem to be on the wrong side of that "fence". He said he did not know where they fit into the system or how to proceed with getting hooked up. They have gotten figures from ICN officials. Iowa School for the Deaf officials have talked with the provosts of the universities because with the Southwest Iowa Regent Resource Center being housed on their campus, there is a real need and a use for the system.

Regent Furgerson stated that Regent Collins raised a question for which she would like Mr. Richey to get some information to the Regents. Through State appropriations is the only way the special schools will get onto the Iowa Communications Network. The schools do not have the ability to bond. They do not get funding on a per pupil basis and they do not receive tuition money. As the special schools have been cut from the discussion of ICN placement, it was getting to the point where it is affecting delivery of services to students, directly and indirectly. The special schools serve students with disabilities. She said that is something that needed to be looked into.

Regent Furgerson stated that another consideration for the special schools with regard to the Iowa Communications Network was that they are in a situation of recruiting specially qualified staff for whom training is not available in this state; therefore, they have to do a lot of recruiting outside of the state. Iowa's special schools salaries are not very competitive and yet the special schools are being held to the K-12 public school-level of salaries. She said that also seems to be true in terms of retirement benefits because special schools faculty are not eligible for TIAA-CREF. She stated that there were a lot of issues about funding of the special schools that needed to be looked into.

Regent Dorr stated that the Regents ought to do whatever they can to see to it that the special schools receive funding to get hooked up to and operate on the ICN.

Regent Furgerson said she agreed with Regent Dorr.

(e) Iowa Braille and Sight Saving School. The Board Office recommended the Board receive the report on the FY 1996 and FY 1997 general fund operating budget request of the Iowa Braille and Sight Saving School and preliminary Board Office recommendations.

The Board Office recommendation for State appropriations for operations for the Iowa Braille and Sight Saving School for FY 1996 was \$3,642,479 (+2.6 percent) and FY 1997 was \$3,688,728 (+1.3 percent). The Iowa Braille and Sight Saving School's request for State appropriations for operations for FY 1996 was \$3,833,011 (+8.0 percent) and FY 1997 was \$4,028,544 (+6.3 percent).

Salary annualization of \$27,786 was recommended for FY 1996. Inflation was recommended as follows:

	FY	1996	FY	1997
	<u>Request</u>	<u>Recommendation</u>	<u>Request</u>	<u>Recommendation</u>
General	\$20,509	\$14,649	\$21,370	\$15,089
Utilities	5,412	5,412	5,639	5,639
Library	<u>480</u>	<u>480</u>	<u>521</u>	<u>521</u>
Total	\$26,401	\$20,541	\$27,530	\$21,249

Building repair funds were recommended at \$25,000 for both years. The current budget of \$17,500 was inadequate to meet repair needs. Actual FY 1994 expenditures were \$73,500, including \$60,000 in one-time funding for the gymnasium floor.

	FY	1996	FY	1997
	<u>Request</u>	<u>Recommendation</u>	<u>Request</u>	<u>Recommendation</u>
Vehicle Replacement Plan	\$52,000	\$20,000	\$0	\$0

In April 1994, the Board approved the school's purchase of six vehicles financed through the master lease to establish a self-funding vehicle replacement program for faculty members who provide orientation and mobility outreach services. The funding of \$20,000 recommended in FY 1996 would implement a vehicle replacement plan to provide a means of replacing high mileage/unsafe vehicles and buses used by general fund staff. Staff currently are driving and/or transporting students in high mileage vehicles which previously have experienced breakdowns.

The highest priority of the vehicle replacement plan would be replacement of school buses. The school operates five bus routes to transport students home and back to school each weekend during the school year. Because of the distance each bus must travel, the winter weather and the disabled students being transported, safe and reliable buses must be used.

	FY <u>Request</u>	1996 <u>Recommendation</u>	FY <u>Request</u>	1997 <u>Recommendation</u>
Technology Initiative	\$60,000	\$0	\$45,000	\$0

School officials requested funding of \$60,000 in FY 1996 for an assistive device specialist and \$45,000 in FY 1997 for an assistive device assistant/teacher. Educational programs across Iowa, including Iowa Braille and Sight Saving School, need technical assistance to meet the diverse needs of children who are blind or visually impaired. Examples include assessment of children's need for assistive technology, providing the knowledge options for children so equipment is appropriate and cost efficient, and training of teachers and families in the use of their children's technology. It is of the utmost importance to have resource persons whom are knowledgeable of the most recent developments of the ever changing field of technology.

No funding was recommended. School officials were urged to develop outside grant funding for this initiative.

	FY <u>Request</u>	1996 <u>Recommendation</u>	FY <u>Request</u>	1997 <u>Recommendation</u>
Telephone System	\$45,000	\$0	\$35,000	\$0

A new telephone system is needed to meet the school's immediate communication needs and provide flexibility to meet future needs. The current system is 15 years old and was a discontinued model when it was purchased. The system has been extended to its limits in an attempt to meet minimum communication needs and cannot be further expanded or modified.

The telephone system was included and recommended for funding in the capital budget request (within deferred maintenance resolution).

	FY <u>Request</u>	1996 <u>Recommendation</u>	FY <u>Request</u>	1997 <u>Recommendation</u>
Accounting System	\$0	\$0	\$45,000	\$0

GENERAL
July 20, 1994

Mr. Richey noted that the Board Office recommended requesting funds for telephone systems for the two special schools in the preliminary capital plan. Iowa Braille and Sight Saving School officials requested the funds in the operating budget but the Board Office addressed the request in the capital budget because they are large non-recurring expenditures.

Superintendent Thurman thanked the Regents for their earlier comments supporting Iowa Communications Network funding for the special schools. He noted that he took a 16-hour flight last month. As part of passing the time, he listed what he thought Iowa Braille and Sight Saving School could do on the Iowa Communications Network. At the end of the 16th hour he had identified 35 activities that could be done.

Superintendent Thurman stated that the Board Office recommendation was a valid one for the most part. By and large Iowa Braille and Sight Saving School officials were pleased especially with regard to the recommendation concerning the telephone system. He said the Board Office recommendation on the accounting system was probably right. He doubted they would be able to find an outside grant to help replace the accounting system but it was appropriate to look at. With regard to the technology initiative, school officials will definitely seek some grant money. He made an offer to the three universities which might be interested in technology and adaptives with which the school has considerable expertise. Perhaps one of the universities would like to look at this initiative with them.

Superintendent Thurman asked that the Regents reconsider the vehicle replacement plan. He said the requested figure was not arbitrary but was based on replacing a wheelchair adaptive school bus. The school runs five separate routes every weekend. Next year one-third of the students will be in wheelchairs. When school officials made the decision that to save money they would close the school every weekend, it was imperative that students be transported home on the weekends in very safe, comfortable buses.

(f) Regional Study Centers. The Board Office recommended the Board receive the regional study centers' FY 1996 and FY 1997 general fund operating budget requests and the Board Office preliminary recommendations.

The preliminary recommendations contained herein will be revised upon guidance from the Board. Final FY 1996 and FY 1997 recommendations would be submitted to the Board for approval in September.

Preliminary Recommendations

The Board Office preliminary recommendation included only the following general inflationary cost increases:

<u>Center</u>	FY 1995 Non- Personnel Base (Iowa Share)	FY 1996 Recommended Increase from State of Iowa	FY 1997 Recommended Increase from State of Iowa
Quad-Cities Regional Study Center	\$53,334	\$1,600	\$1,648
Tri-State Regional Study Center	\$15,866	\$ 476	\$ 490
Southwest Iowa Resource Center	\$24,715	\$ 741	\$ 764

Center Requests

Regional study centers' officials requested the following incremental requests, including funds for salary and fringe benefit increases, from the State of Iowa for FY 1996 and FY 1997:

<u>Center</u>	FY 1995 Iowa Appropriation	FY 1996 Requested Increase from State of Iowa	FY 1997 Requested Increase from State of Iowa
Quad-Cities Regional Study Center	\$150,374	\$21,626	\$12,000
Tri-State Regional Study Center	\$ 72,535	\$ 2,465	\$ 3,000
Southwest Iowa Resource Center	\$ 71,662	\$51,766	\$ 9,697

In addition, Quad-Cities Regional Study Center officials requested funds to equalize the funding between the states of Iowa and Illinois.

Included within the budget request for the Southwest Iowa Resource Center was an increase from part-time to full-time staffing.

(g) Equipment for Interinstitutional Instructional Technology. The Board Office recommended the Board approve the request for \$6 million in one-time instructional equipment for the five Regent institutions.

An urgent need exists at the five Regent institutions for the replacement of outdated, outmoded classroom instructional equipment to enhance or maintain a high quality of instruction.

The five Regent institutions requested a total of \$6 million for a one-year request for this needed instructional equipment.

The University of Northern Iowa request of \$1.5 million would help address its on-going efforts to enhance the quality of education for undergraduates. The requested equipment may include:

Chemistry	\$ 537,000
Geographic Info. Sys. Stations	119,250
Physics	243,971
Electronic Resources Room	98,250
Computers for Student Teachers	300,000
Instructional Videos	24,817
Environmental Science	180,905
TOTAL	\$1,504,193

Iowa State University's request included funds to take the entire campus to the "next level" in instructional technology. Examples included:

Department of Chemistry	\$ 500,000
Biology Program	300,000
Department of Agronomy	205,000
College of Engineering	115,000
College of Veterinary Medicine	175,000
College of Business	70,000
College of Design	150,000
Department of Food Science	200,000
College of Education	170,000
College of Engineering (Ag & Biosystems)	115,000
TOTAL	\$2,000,000

The University of Iowa's list of most urgent instructional equipment included:

Liberal Arts	\$1,250,000
Business Administration	80,000
Education	55,000
Engineering	500,000
Nursing	45,000
Pharmacy	70,000
TOTAL	<u>\$2,000,000</u>

Iowa School for the Deaf officials requested \$250,000 in three broad areas: 1) computer needs in the classroom; 2) equipment for vocational education classrooms; and 3) auditory training units.

Iowa Braille and Sight Saving School officials requested \$250,000 to create an Assistive Device Resource Center for meeting the needs of Iowa's children and youth who are blind or visually impaired, or who have multiple disabilities as well as blindness.

These requests were for a one-time appropriation to provide badly-needed enhancements to teaching and learning in the areas noted above.

(h) Board Office. The Board Office recommended the Board approve the final budget for fiscal year 1995 and receive the report on the preliminary request for fiscal years 1996 and 1997.

The budget for fiscal year 1995 was the same as presented to the Board for final action in June except for the revision of the salary of the Executive Director to reflect the Governor's action on that issue.

The proposed budget for fiscal year 1996 included an increase of approximately \$10,000 for annualization of salaries and for price inflation of three percent. The only other proposed increase was to add an Assistant Director to the Human Resources Unit at a cost of approximately \$52,000 annually including supporting expense of \$3,000.

The human resources unit was being reorganized upon the occasion of the retirement of the Merit System Director. The staff in that unit was reduced by one position about three years ago during the State's financial crisis. The staffing of the unit is below the level vital to effective leadership and oversight in the area of human resources. Total

expenditures for personnel in Regent institutions exceed \$1 billion annually and cover 23,600 employees exclusive of student employees.

The budget request for fiscal year 1997 included funds for three percent price inflation for the non-salary category. It continued the additional human resources position proposed for fiscal year 1996.

PRELIMINARY CAPITAL REQUESTS FOR FISCAL YEARS 1996 AND 1997. The Board Office recommended the Board (1) receive the Board Office preliminary recommendations for general fund capital budget requests of \$46,558,000 for FY 1996 and \$50,155,000 for FY 1997, and (2) receive a FY 1996 preliminary tuition replacement appropriation request of \$28,203,546.

FY 1996 and FY 1997 General Fund Capital Budgets

The Board Office FY 1996 general fund preliminary recommendations totaled \$46.6 million; the FY 1997 recommendations totaled \$50.2 million.

Last year the Board recommended projects totaling \$62.9 million for FY 1995. Projects totaling \$29 million were funded.

The highest priority projects for the biennium were those to correct fire and environmental safety concerns (\$2.1 million in FY 1996; \$2.2 million in FY 1997), disabled student access (\$.1 million in each year) and deferred maintenance issues (\$11.8 million in FY 1996; \$13.3 million in FY 1997).

The sum of \$2 million was authorized during the 1994 legislative session to begin planning the Intensive Livestock Research Facilities at Iowa State University. The FY 1996 recommendation would provide for construction of the Kildee Hall Addition. The FY 1997 recommendation would complete the project.

The Biology, Biology Annex remodel project (FY 1996 recommendation) at the University of Iowa will renovate the Biology Complex which includes Old Biology and the Annex constructed in 1902, Biology I constructed in 1963, and Biology II constructed in 1969.

Projects recommended for FY 1997 included:

The sum of \$8.8 million to construct a Performing Arts Center at the University of Northern Iowa (The total project cost of \$17.8 million included \$9 million in private funds);

The sum of \$7.2 million to complete the Chemistry Building remodel at the University of Iowa;

The sum of \$4.0 million to complete Livestock Units for Swine and Cattle Research at Iowa State University (\$3 million in bonding authority was authorized by the 1994 legislature for this project);

Planning funds were also recommended to begin remodeling the Auditorium at the University of Northern Iowa, Instructional Technology Facilities - International Center at the University of Iowa, and the Physics Building at the University of Northern Iowa.

Officials of the University of Iowa and Iowa State University both requested FY 1996 funds for engineering facilities. The Board Office recommended that those projects and their proposed sizes be studied further over the next six weeks. The study would examine the need for the facilities and the functions to be housed in them in relation to the universities' missions.

University of Iowa officials requested \$4.5 million in planning funds in FY 1997 for a \$58.7 million Bio-Medical Research Building, which was not recommended. The Board Office recommended that the university investigate the possibility of remodeling older areas of the UIHC for this purpose. As space in the Pappajohn and Pomerantz Family Pavilions is completed, space in other areas of the hospital will become available for other uses. Health system reform could lead to the consolidation of space at the hospitals and clinics.

Tuition Replacement Appropriation

Tuition replacement appropriations represent an ongoing commitment of the Governor and General Assembly to meet the debt service cost of Academic Building Revenue Bonds.

Anticipated tuition replacement expenditures and the preliminary FY 1996 appropriation request totaled \$28,203,546. This figure was very tentative and was subject to revision downward. The FY 1995 tuition replacement appropriation and estimated expenditures were \$25,843,645.

Mr. Richey stated that the Board Office preliminary recommendation was to request \$46,558,000 for FY 1996 capital projects with a deferred recommendation until the September Board meeting on the issue of the engineering buildings which were requested both by Iowa State University and the University of Iowa (Engineering

Teaching and Research Complex and Engineering Building Addition, respectively). The institutional requests for 1996 totaled \$96.5 million. The total biennial request for the institutions was \$183.9 million. The recommended amount for the biennium was \$96,713,000. He stated that if the engineering building for Iowa State University is restored, the total biennial capital request would be \$106 million.

With regard to the priorities of the capital projects that were recommended for FY 1996, Mr. Richey stated that the first five follow the Board's previous priority order with the holdout on the engineering buildings. He noted that the Board Office recommended a higher priority for the steam distribution replacement system at the University of Northern Iowa because it is a basic institutional renovation. He felt it was perhaps more important to have a reliable steam distribution system than a new building. The new Performing Arts Center at the University of Northern Iowa was recommended completely, both for planning and construction in FY 1997. The Livestock Units for Swine and Cattle Research at Iowa State University was requested for funding in FY 1995 at \$1 million and funded at \$3 million. The \$4 million requested for FY 1996 for this project was recommended for funding in FY 1997 in order to accommodate within an overall figure some of the other major items for new construction and remodeling.

The Board Office recommended roughly \$15 million for the remodeling and renovation of the Biology Building and Biology Annex at the University of Iowa. The first three priorities for funding were, as usual, fire safety, accessibility to the disabled, and deferred maintenance. Within deferred maintenance were the two telephone systems for the special schools. Mr. Richey stated that the capital projects would be reviewed further after the discussion today and a revised recommendation would be presented to the Board in September.

President Rawlings stated that there were a couple of items that he would like to see reexamined. Last year the University of Iowa had two capital projects included for full planning funds. Those were the engineering facility and the biomedical research facility. Both received a recommendation of no funding at this time. He said both projects were crucial to the university's biosciences initiative. These capital projects fit directly into the biosciences initiative. He would like to have further conversation with Mr. Richey about those projects. However, the Board Office comment that the university can begin to use hospital space for some biomedical research was something they would pursue. It does not solve the problem but it would begin to chip away at the space needs for research. By the same token, university officials do not think that addresses the need for a biomedical research building. They would like to talk further with the Board Office about it in the next 30 days.

President Berenstein suggested that Presidents Jischke and Curris, and Superintendents Johnson and Thurman also discuss their concerns with the Board Office in the next 30 days.

ACTION: President Berenstein stated the Board, by general consent, (1) received the Board Office preliminary recommendations for general fund capital budget requests of \$46,558,000 for FY 1996 and \$50,155,000 for FY 1997, and (2) received a FY 1996 preliminary tuition replacement appropriation request of \$28,203,546. Regent seconded the motion. **MOTION CARRIED UNANIMOUSLY.**

FIVE-YEAR CAPITAL PLANS. The Board Office recommended the Board (1) approve the Board Office preliminary recommendation of \$227,275,000 for the five-year general fund capital program for FY 1996-2000; (2) give preliminary approval of the five-year program request of \$93,517,000 for the University of Iowa Hospitals and Clinics; and (3) receive the report on all funds five-year capital plans.

General Fund Capital Program FY 1996 - FY 2000

All State agencies must submit five-year capital project priority plans to the Legislative Capital Projects Committee no later than November 1 of each year.

The Board is required by statute to submit a five-year building program to the General Assembly at the beginning of each legislative session.

The institutions identified general fund capital projects totaling \$463.2 million for the five-year period. The Board Office preliminary recommendation was for a general fund plan for \$227.3 million to be financed by appropriations or bonding.

The institutional total requests and preliminary recommendations were as follows:

<u>Institution</u>	<u>Total Request</u>	<u>Total Recommendation</u>
SUI	\$178,013,000	\$ 85,157,000
ISU	\$176,029,000	\$ 80,207,000
UNI	\$ 98,300,000	\$ 58,400,000
ISD	\$ 10,078,000	\$ 2,973,000
IBSSS	\$ 755,000	\$ 538,000
Total	\$463,175,000	\$227,275,000

Projects not recommended at this time included the following:

- o Engineering Building Addition at the University of Iowa
- o Engineering Teaching and Research Complex at Iowa State University
- o Bio-Medical Research Facility at the University of Iowa
- o Recreation Building at Iowa School for the Deaf

The Board Office recommended that the requested engineering facilities and their proposed scope be studied over the next six weeks. The Board Office also recommended that the University of Iowa investigate the feasibility of remodeling older areas of the University of Iowa Hospitals and Clinics in place of constructing a new bio-medical research facility.

University of Iowa Hospitals and Clinics

The Board Office preliminary recommendation included the University of Iowa Hospitals and Clinics' five-year requested plan of \$93.5 million to be financed with patient-generated revenues. The projects were summarized by type as follows:

New Construction	\$46.8 million
Remodeling/Renovation	38.9 million
Fire and Environmental Safety	<u>7.8 million</u>
Total	\$93.5 million

All Funds Five-Year Capital Plans

These capital plans included projects planned to be funded from all sources. Other fund sources, in addition to capital appropriations, were bonding authority and UIHC patient-generated revenue; include auxiliary service or enterprise revenue bonds (utility, telecommunications and residential systems), Iowa Department of Transportation (institutional roads program), gifts and grants, and departmental renewal and replacement funds.

The all-funds institutional totals which included the Board Office preliminary recommendations for the five-year general fund capital program (FY 1996 - FY 2000), UIHC program and other funds were summarized below:

<u>Institution</u>	<u>Amount</u>
SUI	\$269.3 million
ISU	\$240.6 million
UNI	\$ 77.6 million
ISD	\$ 2.6 million
IBSSS	<u>\$.5 million</u>
Total	\$590.6 million

Receipt of this five-year capital program did not constitute approval of specific projects but was an estimate of future capital needs. The proposed projects were subject to further review and availability of funding and specific project approval by the Board.

ACTION: President Berenstein stated the Board, by general consent, (1) received the Board Office preliminary recommendation of \$227,275,000 for the five-year general fund capital program for FY 1996-2000; (2) received the five-year program request of \$93,517,000 for the University of Iowa Hospitals and Clinics; and (3) received the report on all funds five-year capital plans.

FIVE-YEAR INSTITUTIONAL ROADS PROGRAM. The Board Office recommended the Board (1) approve the recommended six-year institutional roads program for calendar years 1995 through 2000 totaling \$6,660,000, including projects totaling \$1,110,000 for 1995; and (2) receive the list of identified, unfunded institutional roads needs at the Regent institutions totaling \$19,387,000.

Funds for reconstruction, improvements and maintenance of the roads and streets at the Regent institutions were provided by the state park and institutional roads program of the Iowa Department of Transportation.

The recommended institutional roads program for 1995 totaled \$1,110,000, as follows.

University of Iowa	\$ 444,000
Iowa State University	444,000
University of Northern Iowa	222,000
Iowa School for the Deaf	0
Iowa Braille and Sight Saving School	<u>0</u>
TOTAL	<u>\$ 1,110,000</u>

The Regents' six-year institutional roads program, 1995 through 2000, totaled \$6,660,000, as follows:

University of Iowa	\$ 2,648,000
Iowa State University	2,648,000
University of Northern Iowa	1,324,000
Iowa School for the Deaf	40
Iowa Braille and Sight Saving School	<u>0</u>
TOTAL	<u>\$ 6,660,000</u>

The institutions identified unmet institutional roads needs totaling \$19,387,000.

Iowa Braille and Sight Saving School officials reported no institutional roads construction needs for the six-year period.

ACTION: President Berenstein stated the Board, by general consent, (1) approved the recommended six-year institutional roads program for calendar years 1995 through 2000 totaling \$6,660,000, including projects totaling \$1,110,000 for 1995; and (2) received the list of identified, unfunded institutional roads needs at the Regent institutions totaling \$19,387,000.

VENDORS WITH POTENTIAL CONFLICT OF INTEREST. The Board Office recommended the Board (1) approve the request of Iowa State University to add the names of T. Galaxy and Caps & Gowns to the list of approved vendors with a potential conflict of interest; and (2) approve the request of the University of Northern Iowa to add the name of Don Naggjar to the list of approved vendors with a potential conflict of interest.

The owner of both T. Galaxy and Caps & Gowns is Mary Beukema Harms, adjunct instructor of marketing for Iowa State University. T. Galaxy is in the business of screen printing garments with manufacturing facilities in Ames. Caps and Gowns rents gowns and hoods to faculty and students for graduation.

Mary Beukema Harms stated that she has no responsibilities for recommending or influencing any university department concerning purchase decisions.

Don Naggiar is employed in the Department of Theatre (one-year temporary contract) to oversee the maintenance of the Strayer-Wood Theatre facility and for instruction. University of Northern Iowa officials wish to sub-contract with Mr. Naggiar on a one-time basis for a design assignment and the renovation of the entire stage floor of the Strayer-Wood Theatre.

These jobs will be completed outside of his normal working hours.

MOTION: Regent Tyrrell moved to (1) approve the request of Iowa State University to add the names of T. Galaxy and Caps & Gowns to the list of approved vendors with a potential conflict of interest; and (2) approve the request of the University of Northern Iowa to add the name of Don Naggiar to the list of approved vendors with a potential conflict of interest. Regent Newlin seconded the motion, and upon the roll being called, the following voted:
AYE: Berenstein, Collins, Dorr, Furgerson, Hendricks, Newlin, Pellett, Tyrrell.
NAY: None.
ABSENT: Johnson-Matthews.

MOTION CARRIED UNANIMOUSLY.

AFFILIATED ORGANIZATIONS REPORTS. The Board Office recommended the Board receive reports on:

- a. ISU Committee for Agricultural Development
- b. ISU Agricultural Foundation

The Iowa State University Committee for Agricultural Development (CAD) was organized in 1943. Working jointly with Iowa State University researchers, CAD purifies, increases and distributes seed and germplasm of crop varieties developed by researchers from state experiment stations in the north central region and USDA.

This activity assists the Experiment Station in their research programs by producing and distributing soybean, forage crop, small grain, horticulture crop, and corn seeds of Iowa Experiment Station-approved varieties. The CAD also maintains supplies of pure seed for foundation seed production for all varieties on the approved list for Iowa.

Funds generated by CAD operations are used for grants-in-aid to Iowa State University research projects. During the past 40 years, these grants have totaled several thousand dollars.

An independent audit for the year ended December 31, 1993, found that CAD complied in all material respects. For the year ended December 31, 1993, operating revenues of \$319,985 and operating expenses of \$231,513 yielded operating income of \$88,472. With the inclusion of other revenues and expenses, the excess of revenue over expenses of the unrestricted fund was \$90,673.

The committee reported net worth of \$1,958,425 for the unrestricted fund and \$224,462 for the restricted endowment fund for the year ended December 31, 1993.

The Iowa State University Agricultural Foundation was organized in 1938 with a grant of 9 farms and a \$100,000 contingency fund from C.R. Musser. Three more farms were added by Mr. Musser in 1941. The farms, which were to be used for scientific and educational purposes, ranged in size from 120 to 320 acres. They provided a variety in soil and farming types and were representative of distressed, rented farms.

The goals of the Agricultural Foundation from its inception were to improve the income of family farms through practical, economical, and profitable methods of production and management. Other current objectives included developing and providing opportunities for young people to enter commercial agriculture, improving family living conditions of the farm operators on the farms owned and controlled by the Agricultural Foundation, and documenting and disseminating the results of these objectives to the general public through teaching, research, and cooperative extension programs of Iowa State University.

As agricultural technology changed over the years, the Agricultural Foundation gradually shifted to test demonstration farms. During this evolution, some farms reorganized; others were sold. The Agricultural Foundation owned the following Iowa farms during 1993:

- o a 197-acre cash grain farm in Crawford County
- o a 160-acre cash grain farm in Hancock County
- o a 720-acre swine and corn farm in Taylor County
- o a 706-acre cash grain farm in Boone County (the Uthe farm)
- o a 198-acre farm in Washington County (Southeast Iowa Research Center) leased to ISU as an outlying research center

The annual financial review by Reinmund & Company, CPA, for the year ended December 31, 1993, reported sales of \$344,776 and operating expenses of \$309,748. After other revenues and expenses, the excess of revenues over expenses was \$84,098. The review reported a fund balance of \$1,268,026 as of December 31, 1993. In spite of the excess of revenues over expenses, because of an equity change in inventory, the fund balance remained virtually unchanged from the December 31, 1992, fund balance of \$1,268,107.

ACTION: President Berenstein stated the Board received reports on the ISU Committee for Agricultural Development and the ISU Agricultural Foundation, by general consent.

APPOINTMENTS TO THE EDUCATIONAL TELECOMMUNICATIONS COUNCIL OF THE IOWA COMMUNICATIONS NETWORK. The Board Office recommended the Board receive the report and approve recommended appointees by President Berenstein of Thomas Dorr and Betty Jean Furgerson to serve one-year terms as members of the Educational Telecommunications Council (ETC).

Iowa Telecommunications Commission (ITC)

Senate file 2089 established the Iowa Telecommunications and Technology Commission which:

has sole authority to supervise the management, development and operation of the Iowa Communications Network.

is responsible to ensure that the network operates in an efficient and responsible manner.

is composed of three members appointed by the Governor and subject to confirmation by the Senate. Members appointed by Governor Branstad to serve a 6-year term include: Joan Axel (Muscatine), Robert Baur (Van Meter) and Richard Westcott (Des Moines).

Advisory Groups and Councils

- o An eighteen-member Education Telecommunications Council (ETC), Regional Councils and Advisory groups on telemedicine applications, on telecommunications representing the telecommunications industry and others as necessary are authorized.

The Education Telecommunication Council (ETC) has responsibility for establishing scheduling and site usage policies for educational users, recommends enhancements for educational applications, coordinates regional councils and proposes rules for recommendation to the commission.

Membership on the ETC includes two persons each from the Regents, community colleges, AEAs, local school boards, school administrators, private colleges, the ISEA, three persons with specified backgrounds by the Department of Education, one person by public broadcasting.

President Berenstein recommended appointments to serve one-year terms as members of the Educational Telecommunications Council (ETC).

MOTION: Regent Pellett moved to receive the report and approve recommended appointees by President Berenstein of Thomas Dorr and Betty Jean Furgerson to serve one-year terms as members of the Educational Telecommunications Council (ETC). Regent Newlin seconded the motion.
MOTION CARRIED UNANIMOUSLY.

BOARD OFFICE PERSONNEL TRANSACTIONS. The Board Office recommended the Board ratify the Register of Personnel Transactions which included the following item:

Resignation of RHONDA PLIMMER, Secretary I, effective July 28, 1994.

MOTION: Regent Furgerson moved to ratify personnel transactions, as presented. Regent Tyrrell seconded the motion. **MOTION CARRIED UNANIMOUSLY.**

President Berenstein stated that this was Rob Specter's last Board of Regents meeting. He acknowledged Director Specter's great contributions to the Regent system and said he would be missed. He wished him good luck in his future endeavors.

PROGRESS REPORT ON THE WAY-UP CONFERENCE. The Board Office recommended the Board receive the report.

Regent Furgerson provided the following information on the keynote speakers for this year's Way-Up Conference:

Thursday morning, November 10, 1994, Dr. Judith Kuipers, Chancellor, University of Wisconsin, LaCrosse, Wisconsin;

Friday morning, November 11, 1994, Dr. Ione Elioff, President, Delgado Community College, New Orleans, Louisiana;

Friday luncheon, November 11, 1994, Dr. Lucy Morros, President, Barat College, Lake Forest, Illinois.

Regent Furgerson stated that there would be some good breakout sessions. She said the Regents and institutional heads would receive invitations for the Thursday evening dessert reception to be held at the Cedar Rapids Art Museum from 8:00 - 10:00 p.m.

ACTION: President Berenstein stated the Board received the progress report, by general consent.

BOARD MEETINGS SCHEDULE. The Board Office recommended the Board approve the Board Meetings Schedule.

September 7-8, 1994	University of Northern Iowa	Cedar Falls
October 19-20	University of Iowa	Iowa City
November 16-17	Iowa State University	Ames
December 14-15	To Be Determined	Des Moines
January 18, 1995	Telephonic	
February 15-16	University of Northern Iowa	Cedar Falls
March 15-16	Iowa State University	Ames
April 19-20	University of Iowa	Iowa City
May 17-18	Iowa School for the Deaf	Council Bluffs
June 21-22	University of Northern Iowa	Cedar Falls
July 19-20	Iowa State University	Ames
September 20-21	University of Iowa	Iowa City
October 18-19	University of Northern Iowa	Cedar Falls
November 15-16	Iowa State University	Ames
December 13-14	To be determined	Des Moines

ACTION: The Board Meetings Schedule was approved, by consent.

GENERAL
July 20, 1994

President Berenstein then asked Board members and institutional officials if there were additional general or miscellaneous items for discussion. There were none.

STATE UNIVERSITY OF IOWA

The following business pertaining to the State University of Iowa was transacted on Wednesday, July 20, 1994.

RATIFICATION OF PERSONNEL TRANSACTIONS. The Board Office recommended the Board ratify personnel transactions, as follows:

Register of Personnel Changes for May 1994 which included one additional promotion and tenure action.

MOTION: Regent Furgerson moved to ratify personnel transactions, as presented. Regent Tyrrell seconded the motion. **MOTION CARRIED UNANIMOUSLY.**

FACULTY PRACTICE PLAN REVISIONS. The Board Office recommended the Board approve the proposed University of Iowa Faculty Practice Plan revisions with the effective date of the changes to the compensation to be July 1, 1995.

The University of Iowa medical service plan was established in 1948 under the authority of the President as granted by the Board of Regents. The plan is among the oldest, continuously operating plans in the country.

The principal objective of the plan has been to improve the University of Iowa College of Medicine teaching resources, research facilities and service opportunities. The proposed modification was intended to continue to better position the University of Iowa College of Medicine to cope with potential changes in health reform taking place nationally.

Four primary changes were proposed in the University of Iowa Faculty Practice Plan: name, governance, structure, faculty compensation and academic enrichment fund.

Name

It was proposed that the name "Medical Service Plan" be changed to "Faculty Practice Plan," which was more consistent with nomenclature used throughout the country at

other academic health science centers. The change would also indicate that some participants in the plan are not physicians.

Governance Structure

The new organization will be managed by a board which includes all fifteen clinical department heads, one basic science department head and six elected at-large members.

The management committee will be chaired by the dean and will consist of six additional members. Three of those must be department heads and three others will be clinical faculty members, of whom at least one must be an elected member of the Faculty Practice Plan Board.

The governance structure change will incorporate a broader range of representation among all of the clinical departments and establish a central authority to permit the practice plan to respond rapidly to demands from managed care organizations and health care reform. It will also serve to demonstrate the integration of its efforts with the mission of the University of Iowa Hospitals and Clinics and the Health Sciences Center.

Faculty Compensation

The revisions called for a clinical faculty member's salary to consist of two components: (1) an academic service component, which is compensation for teaching, research, and College of Medicine administration responsibilities. The academic service component will be funded by university general funds, the College of Medicine academic enrichment fund, and extramural grants and contracts; and (2) compensation for patient care services and clinical administrative responsibilities.

The new provisions call for this compensation to be performance based and therefore variable. Base compensation would be established that could vary up to an established ceiling annually.

The implementation of the program would begin in fiscal year 1996, beginning July 1, 1995, in order to allow for an orderly transition. The clinical services component will be funded by departmental clinical income generated from service to patients.

Faculty salaries and fringe benefits for 1993-94 in the Faculty Practice Plan amounted to \$37,749,168.00. The increase for service funds in the Faculty Practice Plan for 1993-94 was \$92,592,510.

Academic Enrichment Fund

The revision calls for the establishment of an academic enrichment fund which is in effect a "dean's tax" which transfers to the Dean of the College of Medicine 10 percent of the clinical earnings of the clinical departments. This represents a significant increase over previous Medical Service Plan financial transfers to the College of Medicine.

The Academic Enrichment Funds will be available to enhance the academic, clinical and functional environment of the College of Medicine and its constituent departments and programs at the discretion of the dean.

Apparently the Interim Dean of the College of Medicine in 1992 was not aware of the need to seek Board approval of changes to this medical plan when revisions were made without notification to the Board of Regents.

Vice President Manasse requested that the Board approve the principles, plan and governance structure for what is now called the Medical Service Plan but which university officials wish to call the Faculty Practice Plan in the College of Medicine. He said this was the legislatively-enabled mechanism by which physicians appointed in the College of Medicine can bill and receive money for professional services rendered. The practice plan has been a tremendous enhancement to the State revenue appropriated to the College of Medicine. Vice President Manasse stated that as President Rawlings earlier indicated, the State appropriation represents only 9 percent of the total operating budget of the College of Medicine. The practice plan was another substantial portion of its revenue base.

The practice plan and associated principles have not substantially changed since 1946. Vice President Manasse said there were some minimal amendments in the mid- to late-1980s. Over this past year university officials have performed a thorough and intensive review of the existing plan's governance structure, financing, compensation plans and academic purposes. It was as a result of the comprehensive review that university officials now proposed four major changes. First, it would be called a Faculty Practice Plan rather than a Medical Service Plan. He said the plan was intended to become more inclusive and more in line with the name generally given these kinds of plans across the country. Secondly, a major change was recommended in the governance of the plan. University officials proposed to expand the governance to include all clinical department heads, representatives of the basic sciences departments, as well as some at-large individuals. The governance group would be chaired by the Dean of the College of Medicine.

Vice President Manasse stated that a third change was the proposal to formalize the compensation of tenure-track physicians to include two base components -- an academic base, funds which would be derived from State appropriations, research grants and other institutional funds, and a clinical compensation base which would be based on productivity and participation in the delivery of clinical services to patients. He said the changes would not become effective until July 1, 1995. University officials anticipated coming to the Board next spring to indicate progress in implementing the changes. At the present time each of the clinical departments was asked to review how this might be implemented. Those ideas will be further developed by the Dean of the College of Medicine and Vice President Manasse. University officials will then come to the Board indicating how the plan will be implemented. The fourth major change in the plan was the establishment of an academic support fund. A portion of all earnings will be transferred to the Dean's Office in the College of Medicine. Those funds typically are used to provide specialized funding to individual departments including new initiatives. He said quality of instruction will be addressed with the funds through the use of new technologies, for example. The fund gives the dean and the administrative officers of the college broader discretion than what a single department might be able to provide.

The practice plan changes have been approved by the College of Medicine. Two of Vice President Manasse's colleagues who were intimately involved were Interim Assistant Vice President Dennis Domsic, who is the Associate Director of the Faculty Practice Plan, and Mark Mills, who serves in the office of University Legal Counsel.

President Berenstein asked whether university officials were requesting an amendment to the bylaws to allow them to do all the things Vice President Manasse outlined. Vice President Manasse responded that was correct.

President Berenstein stated that before he votes to approve the changes, he wants to know what part is salary and what part is compensation from earnings of the school. The people of Iowa deserve to know what the professors and the doctors who are going to be paid out of this practice plan are being compensated. He then asked whether the College of Dentistry was included at the present time. Vice President Manasse responded that dentistry was not included. The College of Dentistry has its own practice plan.

President Berenstein referred to the implementation of the academic enrichment fund and asked whether the Board has final authority on the distribution of the funds or was the proposal for university officials to do whatever they want with the money? Vice

President Manasse said the proposal was an enablement by which a certain portion of the clinical income would go directly to the dean of medicine.

President Berenstein asked whether the dean of dentistry and the dean of nursing would have the same prerogative. Vice President Manasse responded that dentistry has a dental service plan. The College of Nursing does not have a service plan.

President Berenstein asked for a motion prior to further discussion on this matter.

MOTION: Regent Tyrrell moved to approve the proposed University of Iowa Faculty Practice Plan revisions with the effective date of the changes to the compensation to be July 1, 1995. Regent Furgerson seconded the motion.

Regent Tyrrell expressed concern that teaching in the College of Medicine be given a proper priority and reward under this plan. There was no language in the plan that encouraged good teaching or that faculty will be given an opportunity to prosper if they are a good teacher in the College of Medicine.

Vice President Manasse said that was also an issue of concern to university officials and to the College of Medicine faculty. There are competing demands between teaching, research, and the clinical care of patients. However, the issue of quality of instruction and the relationship between the faculty and students in the instructional process is not per se an issue of the faculty practice plan. He stated that every person who is in the classroom doing teaching must have high ideals about the practice. The dean has ultimate responsibility to the department heads to assure that is happening. He said the broader concern was if they provide incentives to the faculty through this change in compensation, would faculty become more interested in caring for patients than doing a good job in the classroom. There is a vigilance issue that the dean and the departments must address, particularly for those faculty who may begin to skew a bit toward rewarding themselves through clinical practice.

Regent Hendricks stated that a significant portion of clinical income comes from the surgical areas. The proposed practice plan will impact the salary of faculty who have residents working for them. It is a lot slower to show a resident how to do something or to allow a resident to do something than it is to do it yourself. She expressed concern that the residents and fellows get the appropriate one-on-one education. There appeared to be a disincentive to allow the student to spend the time to learn while doing and/or observing. She then referred to an article in Newsweek that indicated that six departments at the University of Iowa Hospitals and Clinics are ranked in the top 10

nationally. Some of those very highly-rated departments are smaller departments, such as otolaryngology. By putting caps on the fees and taking 10 percent off the top, will they be able to maintain the level of quality of those highly-rated departments?

Vice President Manasse said he may be able to better answer that after each of the departments has proposed how they plan to implement the plan. He addressed another concern raised by Regent Hendricks. He said that across the breadth of medical specialties there are capacities to earn a lot of money. There are other areas where it costs the university, particularly in highly-specialized departments with low clinical volume. He asked that Associate Director Domsic provide the Regents with an update on the status of those discussions. There is a commitment to maintain some of these small but highly-expensive programs because they are the only ones of their kind in the state. Also, university officials do not want some people to have opportunities far beyond what the rest of the school and its faculty may have.

Associate Director Domsic stated that managed care was, in many respects, a threat to the compensation base of those covered under the medical practice plan. The structure proposed for adoption was an attempt to protect what they have and enhance their ability to compete in a managed care environment. The education fund will protect the educational activities and transfer some of the clinical income directly to where it will benefit the institution in the future. For instance, one of the areas that will receive funding from the education fund is the field of primary care. The funds will be used to enhance their ability to bring in patients who can serve instructional purposes and also for the training of rural primary care physicians throughout the state.

Regent Newlin asked for the total earnings of the clinical departments for the academic enrichment program and how they arrived at the 10 percent figure.

Vice President Manasse first addressed the 10 percent question. He said it is very typical in faculty practice plans in colleges of medicine for a proportion, from 5 to 10 percent, to be taken off the top and returned for general application for the entire college.

President Rawlings stated that the University of Iowa has been the outlier nationally by having almost no fund for education in the dean's office.

Vice President Manasse noted that this was a particularly timely issue as the new dean comes on board. The dean will need to begin new initiatives and to put on track some things that perhaps in the past should have been done but for which there was no source of funding.

Regent Newlin asked how much money were they talking about. Was it 10 percent of \$50 million or \$5 million, or what amount? Vice President Manasse responded that the earnings for the medical service plan for 1993-94 were about \$93 million.

Regent Hendricks asked what percentage of the earnings went to the dean's discretion prior to this new proposal. Vice President Manasse responded that it was about \$3.5 million.

Regent Hendricks asked if the proposal would in effect double the amount that goes for the dean's discretion. Vice President Manasse said that was correct.

Regent Dorr asked where the other \$6 million would have gone under the current practice plan. Associate Director Domsic responded that this year 66 percent of the funds went back into the departments that contributed the money. The dean had about \$3 million to redistribute based on need.

President Berenstein asked that the Regents, as members of the Board of Trustees of University of Iowa Hospitals and Clinics, be provided with a copy of the final statement. He stated that the more openness and candor concerning this matter the better the plan is going to operate in the managed care environment.

Regent Collins asked for a definition of "earnings". Vice President Manasse responded that earnings is all the collective money -- gross income.

Regent Collins asked if they were proposing to take 10 percent off the top of gross income for what was equivalent to a profit sharing plan. Vice President Manasse responded that it was something on that order.

Regent Collins asked who the plan's participants would be. Other than the doctors are instructors and department heads included, and how many participants are there? Vice President Manasse responded that all of the tenure-track faculty of the College of Medicine are members of the plan, including the department heads. In the College of Medicine each of the clinical department heads have clinical practices. Participation does not include the basic science departments in the College of Medicine -- biochemistry, microbiology, anatomy and physiology. It is strictly the clinical side of the college. At this time and until the changes become implemented, it is only extended to MDs. There is an enablement in the proposed revision to include physician assistants, nurse practitioners, physical therapists and others who work in collaboration with physicians and whose services may be billable.

President Berenstein asked that when university officials are preparing the additional information with which to supply to the Regents, they treat it as if the plan were in effect and show who would get what. He said it would be very helpful to see how they would implement it if the plan were in effect with last year's earnings.

Regent Hendricks said it was her understanding that every department is billed back for its square footage use that it occupies in the University of Iowa Hospitals and Clinics. Was that correct? Vice President Manasse responded that there was an agreement between the College of Medicine and the hospital for certain overhead charges for the use of space and personnel. There have been some differences of opinion about the assessment levels. He hopes to end some of those major disagreements about the overhead assessments by the end of this month. The college will continue to reimburse the hospital for certain expenses.

Regent Newlin asked if the clinical revenues were net of the overhead charges. Vice President Manasse said that was correct.

Regent Collins stated that he did not know of any business that could operate by taking 10 percent of the gross revenues and applying it to what could be called bonuses. Vice President Manasse responded that this was not a totally business operation. It is a charitable organization. He referred to the proposition for the university to jointly build a facility with the Veteran's Administration. The money will not come from a single department but rather there would be a contribution from the dean's fund. If a department wants to buy a piece of equipment that it cannot afford, it will have to go somewhere else to find the additional dollars. Those are the kinds of purposes for which the fund would be utilized.

President Berenstein stated that if they take 10 percent off the top there might not be any money left with which to do the capital improvements. He said they have to clarify when the money goes back to those departments that the money has to be used for their capital improvements.

Regent Dorr questioned whether it was prudent to authorize the initiation of bylaws revisions without having first looked at the pro formas. President Berenstein noted that the bylaws gives them the ability to do it. They are coming back to the Regents with the first implementation.

Regent Hendricks said she did not want to approve the proposal until she had seen some figures. President Berenstein noted that approving the bylaws was different than approving the implementation of the new program.

Regent Hendricks stated that she did not want to approve the revisions in the practice plan until she saw some figures. She questioned whether the motion might be withdrawn and phrased so that they wait to take action until they see some figures on how this is going to work.

Regent Tyrrell asked what would happen to the process if the Regents did not approve the request at this meeting. Vice President Manasse stated that he would very much like to see the Board approve the proposal today. This was something for which there has been a tremendous amount of discussion. University officials have begun to share a certain amount of the overall earnings of the plan back to the dean's office and it has worked effectively. He was quite prepared to come to the Board at a future meeting to lay out exactly what the earnings are, where the expenditures are, and what they anticipate those earnings and expenditures to be for the forthcoming year. They are just finishing the accounting for 1993-94 which should be completed toward the end of August. He said he would be more than willing to put that information on the table for the Regents. They need to begin to implement the plan particularly as they anticipate the managed care commitments and their organized delivery system.

Regent Collins stated that responsible management told him that at every step they take it is harder to go back. He was not comfortable making that massive decision at this time.

Associate Director Domsic stated that of the approximate gross income of \$93 million this past fiscal year, about \$38 million was spent on faculty salaries, approximately \$31 million went to professional and scientific and merit support staff salaries. He stressed that \$69 million out of the \$93 million in revenues was spent on salaries. Some of the money is used to back up teaching programs and research activities. Collection services for billing and collecting for patient care is around \$5.2 million. There is about \$6.7 million in overhead charges to the hospital and approximately \$1.8 million in overhead charges to the university. The management costs of the practice plan were about \$345,000. Equipment expenditures were about \$1 million and another \$10 million was spent on a variety of miscellaneous items.

Associate Director Domsic stated that what was proposed did not substantially change the bottom line of the College of Medicine or the faculty practice plan. It provides a governance structure for responding quickly and appropriately to the changing environment. He said it was very important to proceed with approval on the governance structure. In terms of the compensation, he said they were attempting to develop an incentive for people to perform more clinical service in order to protect the financial base for the College of Medicine and bring in the patients that are critical for the teaching programs. The clinical service component outlines that the compensation

to the faculty will be performance based and variable. University officials want the flexibility to adjust salaries upward where the market demands and downward where the performance is not appropriate or the market is pushing the price down. He said managed care is going to change the distribution of wealth between the surgical departments and primary care.

President Berenstein said he did not question the concept. He felt there was not enough support to pass the bylaws revision today. The whole program might be better off by their tabling the motion to the next meeting, after the Regents have had an opportunity to review the numbers.

MOTION TO TABLE: Regent Hendricks moved to table the motion.
Regent Furgerson seconded the motion.
MOTION CARRIED UNANIMOUSLY.

PROFESSIONAL AND SCIENTIFIC CLASSIFICATION SYSTEM. The Board Office recommended that the Board approve the proposed revisions to the University of Iowa's Professional & Scientific Classification Plan as presented.

The university annually reviews its Professional & Scientific classification plan and proposed revisions in class descriptions, changes in pay grade assignments, and new classes as needed to provide for the equitable recognition of work performed.

The twenty-six (26) revisions proposed included five new classes and increases of 1 to 3 pay grades for twenty-one classes.

The general fund cost of promotional increases for FY 1995 for all classes excluding the UIHC Nursing Department was \$16,500.

The first seven changes recommended were the result of an overall review and restructuring of classes in the UIHC Nursing Department. Two new nursing classes were recommended and revised descriptions and pay grade increases were proposed for five classes in order to provide more equitable compensation and more appropriate recognition of work performed.

New programs and other significant changes in responsibilities over the past five years resulted in the revised descriptions and pay grade changes recommended for four administrative classes in the UIHC Pharmacy Department. Increases of 1 to 3 pay grades based on revised duties and responsibilities were recommended for 12 other hospital and general university classifications.

Three new classes in addition to the two proposed for the Department of Nursing were recommended.

All proposed pay grade assignments were based on application of the university's point count evaluation system. Funds to implement the proposed revisions were available from existing resources.

Regent Hendricks asked how the salaries of nurses compared with the private sector. Associate Vice President Small responded that the last time university officials made a comparison with the private sector the university's salaries were a little below those of the private sector. She noted, however, that the university is governed by the State's comparable worth law which requires that they compare internally; therefore, university officials did not make a comparison with the outside market for these specific classes.

Regent Newlin asked if the average of these classes would be at the mid-point of the university's range. Vice President Small responded that the overall average is below the mid-point of the range.

Regent Newlin asked whether it would be around 90 percent of the mid-point. Vice President Small responded that her recollection the last time they made a comparison was that it was about 95 percent.

Regent Collins asked how long ago that comparison took place. Vice President Small said it was 2 years ago.

MOTION:

Regent Furgerson moved to approve the proposed revisions to the University of Iowa's Professional & Scientific Classification Plan, as presented.

President Berenstein asked for a second to the motion. Hearing none, he declared:

THE MOTION DIED FOR LACK OF A SECOND.

President Berenstein questioned the inaction on the issue. He said the Board needed to give university officials some direction.

Regent Hendricks stated that she would like to see a comparison to the outside market place.

Associate Vice President Small said they could do that but the university is governed by the State comparable worth law. They are supposed to be concerned with internal equity.

Regent Collins asked for further clarification of what university officials compare against. Vice President Small responded that the State comparable worth law says they have to measure the skill, effort, responsibility and working conditions of each of the classifications and then compare them to all the other internal classifications. It is that comparison that determines pay grade. They utilize the University of Iowa point count system. The 1985 comparable worth law states that university officials are not to slot a job based on the external market. Since 1985 university officials have made some general comparisons of the university's mid-points to the outside market but they have not looked at specific classes.

Regent Collins asked to what internal classifications they compared the associate director of nursing. Associate Vice President Small responded that the university's point count system requires that they answer a series of 35 questions about each classification and give answers which have numerical values. The values are then toted. The associate director of nursing position would be comparable to all other classifications that have the same level of responsibility and point count.

Regent Collins asked if that meant the nursing position could be comparable to a position in the engineering department, for example. Associate Vice President Small said that it could be. For instance, the associate director of nursing and the associate director of information systems have the same value and were both being recommended to move to pay grade 14.

Director Volm stated that the Regents are required by State law to establish pay based on comparable worth but he also reviewed surveys to see how the nursing classifications ranked with regard to the outside market. Generally they were comparable at the entry level and behind at the top end.

Associate Vice President Small noted that some of the proposed classes were substantially behind the market and with the implementation of the recommended changes the classifications would be in the market but not above it.

Colleen Goode, Interim Director of Nursing, stated that she was aware of what the external nursing market is paying. The University of Iowa Hospitals and Clinics' entry-level nursing salary is comparable with the external market. The top of the nursing salary scale is not comparable. The salaries were low in the classifications that were proposed for an increase in pay grade.

Regent Dorr questioned whether "salary" referred to base salary plus benefits or salary alone. Interim Director Goode responded that they were comparing base salary. Benefits were excluded from the comparison.

Regent Collins said he did not want to leave the individuals in the classifications proposed for revision in an abyss. However, a significant message was being sent that the Regents have to be more comfortable with proposals that come forward for approval before they are asked to take action. They have to have a better system to give them the information which they feel they need to base a decision.

Mr. Richey stated that the Board Office had been working on the cost of the university's request. He questioned the cost figures which were provided to the Board Office. The figures still indicate a net cost savings based on the proposed changes and other changes in the utilization of personnel.

Regent Dorr noted that there was a cost savings for the first year but when they look at five years out there is an annual cost to the upgrade. What happens to years 2 through 4?

Associate Vice President Small responded that in each year the costs will be subsumed within the overall university policy. For instance, in the 5th year if the university policy was for an overall three percent increase, 1.4 percent of the increase would go for the promotional increases and 1.6 percent to this group would go for the remainder of salary increases.

Mr. Richey noted that the proposed changes were not premised on extraordinary allocations from the State.

President Berenstein stated that the Regents were given the financial information about 10 minutes ago which did not allow enough time for analysis.

Regent Furgerson noted that the nursing positions, for the most part, were occupied by women which was why comparable worth had an impact on the recommendations.

Regent Dorr asked if the pay grade increases were being proposed because they were out of line relative to the comparable worth law. Associate Vice President Small responded that comparable worth sets the structure. The classifications were out of line in relationship to the entire system which was why they were being presented.

Associate Vice President Small suggested, for the Regents who were not on the Board at the time the comparable worth study took place, that university officials provide those members with additional information on the comparable worth law.

Regent Collins asked when the proposed revisions would become effective. Associate Vice President Small responded that they would become effective today.

Regent Hendricks asked why the Regents were not presented with these requests last month. Associate Vice President Small responded that not all of the reviews were completed. In some years university officials bring the proposed classification changes to the Board with the preliminary budgets and some years with the final budgets. In the future university officials would always bring them in with the preliminary budgets.

Regent Hendricks stated that in looking at the various classifications proposed for revision, it did not appear, other than for nurses, that these were necessarily women's issues. She noted that some of the proposed top salaries were for large increases.

Associate Vice President Small stated that if the increase that results from the promotion is one to two pay grades the dollar amount is \$1,250. If it is more than two pay grades the dollar amount is \$1,500.

Regent Newlin said they needed to compare the mid-points which Mrs. Small indicated were 95 percent on the average.

MOTION:

Regent Furgerson moved to approve the proposed revisions to the University of Iowa's Professional & Scientific Classification Plan as presented. Regent Collins seconded the motion.

Regent Dorr said he did not like being pressured to make a decision in this manner. Associate Vice President Small said they never intended to pressure the Regents.

President Berenstein asked what would happen if this motion was not passed or was tabled. Associate Vice President Small responded that no change could be made until approval by the Regents.

President Berenstein asked if the university would have to keep paying the affected personnel the same salaries they were now being paid. Associate Vice President Small stated that it would be relatively undistruptive in the departments outside of nursing. There are many things that hinge on the proposed changes in nursing.

REGISTER OF CAPITAL IMPROVEMENT BUSINESS TRANSACTIONS. The Board Office recommended the Board approve the university's capital register.

PERMISSION TO PROCEED WITH PROJECT PLANNING

Shared Use Research Facility for the Health Sciences Center and the Iowa City Veteran's Administration Medical Center

In December 1993 university officials reported to the Board on preliminary discussions they had with the Iowa City Veteran's Administration Medical Center (VA) concerning the possible construction of a research building on the grounds of the Iowa City VA, to be jointly financed and used by the university and the VA.

The Iowa City Veteran's Administration Medical Center and the health sciences colleges of the university have had an affiliation since 1969. This affiliation includes education, research and patient care services. In addition, a number of faculty members from the College of Medicine have specific patient care responsibilities at the VA Hospital. Patient care services in internal medicine, neurology, ophthalmology, psychiatry, and urology are, in part, provided by faculty members from the College of Medicine who are then jointly compensated by the VA and the university.

The university and Veteran's Administration wish to expand and enhance the teaching, research, and patient care services relationship. Therefore, the university has for several months discussed with the VA Medical Center Administration a joint venture which would construct a research building on the grounds of the Iowa City Veteran's Administration Medical Center. University officials now wished to proceed through commitments of design in order to secure more research space for its health science college faculty who work collaboratively at the VA Medical Center. Research laboratory space needs are especially critical for the Departments of Ophthalmology, Neurology, and Psychiatry, and the Gene Therapy program and AIDS-related research efforts.

University officials had reached an agreement in principle with the VA administration to accomplish these joint objectives. The basic proposed agreement was as follows:

- o Facility - Two-story structure of approximately 13,200 gross square feet.
- o Estimated Cost - \$2.2 million to \$2.6 million.
- o Funding Sources - VA to finance design and construction costs of the first story; university to finance design and construction incremental cost of second story.

University cost estimated to be \$1.1 million to \$1.3 million, with \$150,000 for design and the balance for construction.

- o University Sources - To be cost-shared among the general university and the user health sciences colleges.
- o Ownership of Facility - Consistent with federal law, Iowa City VA Medical Center would own the building erected on its property. The university would have input on design of the research building, but the VA would contract for and oversee actual construction.
- o Use Rights - The university would enter into formal agreement for right of use of approximately 50 percent of space in the building for 20 years. Federal law precludes the university from taking joint ownership or obtaining a security interest in the research building. Therefore, provisions concerning the cancellation of the right of use and the return of university funding will be developed in the agreement, to address the risk that the VA may not be in existence for 20 years of the agreement.
- o Operation and Maintenance Expenses - Responsibility of the VA.
- o Documentation - The university and VA would enter into a Memorandum of Understanding defining the terms above, to allow the design of the second story to begin. Prior to commitment of funds for actual construction, the university would enter into and also present to the Board for approval a Joint Use Agreement defining the use of the research building by university researchers.

VA officials requested a commitment on the design of a two-story structure at this time. Without this commitment, the VA will need to proceed with a one-story design for use by the VA only. Later university involvement and commitment would result in redesign of the project and higher costs.

Vice President True stated that University of Iowa officials brought this project to the Board several months ago for informational purposes. At that time they said they would keep the Regents apprised of the progress. University officials hope that by September they will return to the Board either with an agreement for their consideration or with information that they have not been successful in working out the necessary details with the Veterans Administration. He said this was an important project and that university officials were doing everything possible to bring this to completion. It would add vital research capacity for the College of Medicine.

Regent Dorr asked that as university officials bring details on this project to the Board they should include the rationale for the project. The Regents need to have that written information prior to September when the agreement is brought back to the Board.

Regent Tyrrell asked about the future of the Veterans Administration hospitals in light of the discussion about national health insurance. President Berenstein said he did not want to get into a philosophical discussion of the V.A. today. The Regents are going to discuss this project again in September. He said Regent Tyrrell had a good point and that he wanted that addressed at the next meeting.

APPROVAL OF PROGRAM STATEMENTS AND DESIGN DOCUMENTS

Center for University Advancement

The Center for University Advancement will be located to the northwest of Hancher Auditorium on a site that includes land purchased by the foundation to be donated to the university, and land currently owned by the university. The facility will contain approximately 112,200 gross square feet distributed over five levels. The lower level of the main wing of the building will contain mechanical space, office support space and storage space. The next three levels of the main wing will provide office and support space for the organizations housed in the building. The top level of this wing will house an assembly, reception and entertainment facility capable of division into three smaller facilities, support space to include catering kitchens and an employees lounge. These meeting spaces will be used by the organizations housed in the Center for University Advancement and by the administration, colleges and departments of the university. The west end of the building will consist of a cylindrical form which contains vertical circulation, a small training facility, a memorabilia room, reception desks, a large area for stand-up social events and a fourth-floor board room. The exterior of the building will consist of native Iowa stone, white metal panels, glass block and glazing.

The facility has been designed to accommodate the projected size of the occupant organizations for approximately ten years. The Board of the University of Iowa Foundation requested that alternatives for physical expansion of the building be investigated. The architect determined that it would be possible to add a wing of variable size to the west end of the building. The project will contain details, such as the elevator and structural design, to accommodate the future construction of the addition.

Planning for furnishings and equipment for the building has not been completed and these items are not reflected in the budget. These items will be acquired and installed by the foundation and the alumni association.

The project cost for the Center for University Advancement is \$17,831,000.

President Rawlings introduced Darrell Wyrick, President of the University of Iowa Foundation, and the architects on this project: Bill Anderson of Brooks Borg and Skiles and Charles Gwathmey of Gwathmey Siegel & Associates of New York. He said this was one of the most positive projects he had brought to the Board of Regents. Although the building is being constructed with private funds the facility is a great value to the university as a whole. He said the Board last received a report on this project in February 1994. He read a statement from an article in the September 1993 issue of Interiors magazine which highly praised the Gwathmey firm.

Mr. Gwathmey presented slides of different views of the facility and discussed the features. He said this was a kind of cornice building which framed the entire art campus. The architects were asked to plan for the possibility of an addition in the future, which he discussed. The addition could vary from 4 to 10 stories. The skin includes Iowa limestone which is quarried locally. The foundation board room is on the top of the rotunda.

President Berenstein thanked Mr. Gwathmey for the presentation.

MOTION: Regent Furgerson moved to approve the program statement and design documents for this project. Regent Tyrrell seconded the motion. MOTION CARRIED UNANIMOUSLY.

PROJECT DESCRIPTIONS AND BUDGETS

<u>Center for University Advancement</u>	<u>\$17,831,000</u>
Source of Funds: Gifts to the UI Foundation and Revenue Bond Proceeds	

Preliminary Budget

Design, Inspection and Administration	
Consultant	\$ 1,500,000
Architectural/Engineering Services	640,000
Construction:	
Building	13,825,000
Utility Extensions	440,000
Art in State Buildings	86,000
Contingencies	<u>1,340,000</u>
 TOTAL	 <u>\$ 17,831,000</u>
 Source of Funds:	
Gifts to the U of I Foundation	\$ 5,831,000
Center for Advancement Revenue	
Bond Proceeds	<u>12,000,000</u>
 TOTAL	 <u>\$ 17,831,000</u>

University officials proposed to finance the project with a combination of private funds (gifts and other income to the Foundation, and a grant from the Alumni Association), and proceeds from revenue bonds sold by the Regents and retired through lease payments for the building paid by the foundation. The Board Office was working with the university to develop an acceptable plan of finance, which was subject to approval by the Banking Committee. Until such approval, all project expenses will be paid from gifts to the University of Iowa Foundation.

Bowen Science Building--Microbiology Laboratory Remodeling \$1,856,500
Cores 3-400 and 3-500

Source of Funds: Income from Treasurer's Temporary Investments
and College of Medicine Earnings and Gifts

Preliminary Budget

Design, Inspection and Administration	
Consultants	\$ 146,900
Architectural/Engineering Services	51,500
Construction	1,507,400
Contingencies	<u>150,700</u>
 TOTAL	 <u>\$ 1,856,500</u>

Source of Funds:

Income from Treasurer's Temporary Investments	\$ 739,400
College of Medicine Earnings and Gifts	<u>1,117,100</u>
 TOTAL	 <u>\$ 1,856,500</u>

This project will combine the fourth and fifth phases of the program which will result in the remodeling of 18,800 square feet of research laboratory space.

University Hospitals and Clinics--Diverter Room Development \$780,275
Source of Funds: University Hospitals Building Usage Funds

Preliminary Budget

Construction	\$ 642,200
Contingency	64,220
Architectural and Engineering Support	41,745
Planning and Supervision	<u>32,110</u>
 TOTAL	 <u>\$ 780,275</u>

The project will construct a 2,300 gross square feet addition to the lower level of the Carver Pavilion.

University Hospitals and Clinics--UIHC Back-Up Boiler \$770,000
Source of Funds: University Hospitals Building Usage Funds

Preliminary Budget

Construction	\$ 616,000
Contingency	61,600
Architectural and Engineering Support	61,600
Planning and Supervision	<u>30,800</u>
 TOTAL	 <u>\$ 770,000</u>

This boiler will provide the necessary steam supply to maintain hospital operations in the event of an interruption to the supply from the university utility system.

Bowen Science Building--Repair Exterior \$736,050
Source of Funds: Income from Treasurer's Temporary Investments

Preliminary Budget

Design, Inspection and Administration	\$ 66,750
Construction	582,000
Contingencies	<u>87,300</u>
 TOTAL	 <u>\$ 736,050</u>

This project was necessary to repair leaks which have developed in the exterior of the facility due to failed sealants and flashing design.

University Hospitals and Clinics--Carver Pavilion Sprinkler System \$540,000
Improvements--Phase A
Source of Funds: University Hospitals Building Usage Funds

Preliminary Budget

Construction	\$ 432,000
Contingency	43,200
Architectural and Engineering Support	43,200
Planning and Supervision	<u>21,600</u>
 TOTAL	 <u>\$ 540,000</u>

This was the first phase of a three-phase project that will upgrade fire sprinkler pumps, risers, mains and install additional sprinklers expanding the existing sprinkler coverage in the outpatient and diagnostic clinics of Carver Pavilion.

University Hospitals and Clinics--Renovation of Cardiac
Angiography and Electrophysiology Laboratories \$418,295
Source of Funds: University Hospitals Building Usage Funds

Preliminary Budget

Construction	\$ 338,700
Contingency	33,870
Architectural and Engineering Support	28,790
Planning and Supervision	<u>16,935</u>
TOTAL	<u>\$ 418,295</u>

This project was for the renovation of approximately 1,400 net square feet of space in the Adult Cardiovascular Diseases Diagnostic Laboratories on the fourth level of the Carver Pavilion. The project was required to accommodate replacement radiographic imaging units that will be installed in each procedure room.

University Hospitals and Clinics--Seventh Floor South Wing
Inpatient Unit Renovation \$322,335
Source of Funds: University Hospitals Building Usage Funds

Preliminary Budget

Construction	\$ 261,000
Contingency	26,100
Architectural and Engineering Support	22,185
Planning and Supervision	<u>13,050</u>
TOTAL	<u>\$ 322,335</u>

This project was for the renovation of approximately 8,700 gross square feet of space of the seventh floor South Wing Inpatient Nursing Unit. The project will result in the replacement of the antiquated and code-deficient inpatient care unit in the 1926-vintage General Hospital.

University Hospitals and Clinics--Emergency Generator Room \$300,000
Fire Suppression Systems
 Source of Funds: University Hospitals Building Usage Funds

Preliminary Budget

Construction	\$ 240,000
Contingency	24,000
Architectural and Engineering Support	24,000
Planning and Supervision	<u>12,000</u>
 TOTAL	 <u>\$ 300,000</u>

The emergency generator rooms are located in John Pappajohn Pavilion, Roy Carver Pavilion, General Hospital, Boyd Tower, South Wing and Westlawn. The generator systems are required to meet recent, more stringent hospital fire code requirements and the recommendations of the University Hospitals insurance carrier.

ARCHITECT/ENGINEER AGREEMENTS

<u>Bowen Science Building--Microbiology Laboratory Remodeling--</u> <u>Cores 3-400 and C-500</u> Brooks Borg and Skiles, Des Moines, Iowa	<u>\$145,000</u>
<u>University Hospitals and Clinics--Mechanical Head End Equipment</u> Hansen Lind Meyer, Iowa City, Iowa	<u>\$62,730</u>
<u>University Hospitals and Clinics--Diverter Room Development</u> Hansen Lind Meyer, Iowa City, Iowa	<u>\$47,595</u>
<u>University Hospitals and Clinics--Pomerantz Family Pavilion</u> <u>Pneumatic Tube System Installation</u> Hansen Lind Meyer, Iowa City, Iowa	<u>\$46,700</u>
<u>University Hospitals and Clinics--Replace Carver Pavilion Kathabar</u> <u>Air Handling Units</u> Hansen Lind Meyer, Iowa City, Iowa	<u>\$38,530</u>

University Hospitals and Clinics--Replace General Hospital and
Boyd Tower Roofs \$36,372
Shive-Hattery Engineers and Architects, Iowa City, Iowa

Amendments:

West Campus Parking Ramp Expansion \$479,931
Herbert Lewis Kruse Blunck, Des Moines, Iowa

Recreation Building--Athletic Facilities Improvement Program \$76,430
Herbert Lewis Kruse Blunck, Des Moines, Iowa

University officials requested approval of Amendment #2 to the agreement with Herbert Lewis Kruse Blunck for the construction of an addition to the Recreation Building. The amendment, in the amount of \$76,430, will provide additional required services due to the expansion of the heating, ventilating, and dehumidification improvements for the lower level of the Recreation Building.

Amendment No. 2 will not result in an increase in the total project budget.

University Hospitals and Clinics--Patient Fiscal and Admitting
Service Expansion \$3,700
Hansen Lind Meyer, Iowa City, Iowa

University Hospitals and Clinics--Urodynamics Suite Development
and Urology Clinics Remodeling \$3,400
Design Engineers, Cedar Rapids, Iowa

CONSTRUCTION CONTRACTS

Hawkeye Drive Relocation and Intersection Improvements \$795,464.75
Award to: Metro Pavers, Inc., Iowa City, Iowa
(3 bids received)

Hawkeye Storage Parking Lot \$491,000.00
Award to: Barkers, Inc., Iowa City, Iowa
(3 bids received)

University Hospitals and Clinics--Urodynamics Suite Development
and Urology Clinic \$266,301.00

Award to: McComas-Lacina Construction Company, Inc., Iowa City, Iowa
(4 bids received)

Bowen Science Building--Install Fire Alarm--Phase 2 \$238,867.00

Award to: Protex Central, Inc., Hastings, Nebraska
(2 bids received)

Engineering Building--Remodel College Administrative and Student
Services Area \$224,960.00

Award to: Denis Della Vedova, Inc., Albia, Iowa
(2 bids received)

West Campus Steam Distribution Improvements and Extensions--
Colloton Pavilion Cross Tie \$88,200.00

Award to: R. M. Boggs Company, Iowa City, Iowa
(4 bids received)

Currier Hall--Remodel First Floor South

Reject Bids

Three bids were received for this project on May 26, 1994. All bids exceeded the engineering estimate of \$363,000 by at least 37 percent. On June 11, 1994, the Executive Director authorized the university reject all bids. Based on the result of the bid opening, the university expressed its intent to cancel the project.

Kinnick Stadium--Press Box Improvements

Reject Bids

Three bids were received for this project on May 27, 1994. All bids exceeded the engineering estimate of \$1,490,000 by at least 34 percent. On June 29, 1994, the executive director authorized the university reject all bids and reevaluate and re-bid the project at a future date.

University of Iowa Hospitals and Clinics--South Pavilion Telecommunications
Switchroom Development

Reject Bids

Four bids were received for this project on June 23, 1994. All bids exceeded the engineering estimate of \$525,789 by at least 43 percent. On June 29, 1994, the executive director authorized the university reject all bids and reevaluate and re-bid the project at a future date.

CHANGE ORDERS TO CONSTRUCTION CONTRACTS

University Hospitals and Clinics--Development of an Eye Institute (Shell)

McComas-Lacina Construction Company, Inc., Iowa City, Iowa

Change Order #31 (\$ 42,045.48)

Change Order #32 (\$ 58,232.00)

Main Power Plant Capacity Improvements

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

Change Order #6 \$ 61,599.00

Change Order #7 \$ 38,525.00

ACCEPTANCE OF COMPLETED CONSTRUCTION CONTRACTS

Medical Laboratories--Animal Care Remodeling

Mid-America Construction Company, Inc., Iowa City, Iowa

Van Allen Hall--Repair Exterior, Replace Roof--Roof Package

Rafoth Furnace and Sheet Metal Works, Inc., Cedar Rapids, Iowa

MOTION:

Regent Hendricks moved to approve the university's capital register, as presented. Regent Furgerson seconded the motion. MOTION CARRIED UNANIMOUSLY.

APPROVAL OF LEASE. The Board Office recommended the Board approve the lease, as presented.

University officials requested approval to renew a lease as lessee with Thomas R. Alberhasky for the university's use of 7,480 square feet of warehouse space located 624 South Madison Street in Iowa City, Iowa. The space is assigned to Weeg Computer Center for computer maintenance and storage purposes. The lease is of the Board's standard form.

The space will be leased for a two-year period commencing August 1, 1994, through July 31, 1996, at the rate of \$1,920 per month (\$3.08 per square foot, \$23,040 per year). This was an increase of approximately 5.5 percent over the previous lease agreement.

MOTION: Regent Furgerson moved to approve the lease, as presented. Regent Tyrrell seconded the motion, and upon the roll being called, the following voted:
AYE: Berenstein, Collins, Dorr, Furgerson, Hendricks, Newlin, Pellett, Tyrrell.
NAY: None.
ABSENT: Johnson-Matthews.

MOTION CARRIED.

UNIVERSITY HEALTH PLANS. The Board Office recommended that the Board: (1) authorize two new health care options for University of Iowa faculty, professional and scientific staff, and merit system supervisors, and (2) authorize the university to proceed to complete the detailed design of the plans, to set 1995 premium rates not to exceed the 1994 rates for the CHIP I program, and to enter into contracts for the services of non-university providers subject to the satisfactory negotiation of reimbursement rates. The university will report back to the Board in September regarding the final form of the plans.

University officials proposed to make available two new health insurance plans to its faculty, professional and scientific staff, and merit system supervisors effective January 1, 1995. Both plans, the Care Manager plan and the University Select Health Care plan were designed to provide high-quality care at affordable prices, and would be made available in addition to the current fee-for-service plans. Both plans involve the election of a primary care provider to provide care or make referrals as needed.

Participants in the Care Manager plan will receive medical care through providers employed by the University of Iowa. Participants in the University Select Health Care plan will have three options or "points of service" each time medical care is sought.

- o The first option refers to care provided either by the patient's primary care provider or as a result of a referral by that provider. Ninety percent (90%) of the amount charged will be paid by the plan.
- o Under the second option patients may decide to seek specialty care directly from any provider who is a member of the university select health

care panel without a referral from a primary care provider. Under those circumstances the plan will pay 80 percent of the amount charged.

- o Under the third option care is rendered by providers who are not members of the university select health care panel. Patients may choose to seek health care providers who do not participate in the plan in which case 60 percent of usual, customary and reasonable charges will be paid by the plan.

The monthly costs of the University Select Health Care plan will be somewhat higher than the Care Manager plan and somewhat lower than the current CHIP I program.

The proposed plans were developed by a university committee consisting of representatives of the College of Medicine faculty, university and university hospital administrators, and other faculty and staff representatives. In addition to providing high-quality care at affordable prices, the new options will help insure an adequate patient base for the education of future health professionals.

University officials will proceed to finalize the details of the plans, establish premium rates and enter into contracts for the services of non-university providers. They will report back to the Board on the final form of the plans so that they might be considered by eligible staff during the fall open enrollment period.

President Berenstein asked if dentistry was anticipated to be included in the proposed health care plans. Associate Vice President Small responded that neither of the two options included dentistry.

President Berenstein asked if university officials have had discussion about offering a dental plan to employees through the College of Dentistry. Associate Vice President Small responded that university officials have had discussions with College of Dentistry officials about offering a plan to employees but they were not bringing anything forward at this time. There exists and will continue to exist dental insurance in the flexible benefits plan.

President Berenstein asked if the participants can use dentists who are not part of dental school. Associate Vice President Small responded that there was no restriction on the providers.

Vice President Manasse stated that the Board members needed to be aware that the College of Dentistry is studying the offering of a managed care dental plan through the College of Dentistry.

Associate Vice President Small noted that given the time constraints such a managed care dental option would not be included in this first offering to employees.

Regent Pellett stated, as Chairwoman of the Employee Health Insurance Priority Study Committee, that the committee recommended approval of the university's proposal.

MOTION:

Regent Pellett moved to (1) authorize two new health care options for University of Iowa faculty, professional and scientific staff, and merit system supervisors, and (2) authorize the university to proceed to complete the detailed design of the plans, to set 1995 premium rates not to exceed the 1994 rates for the CHIP I program, and to enter into contracts for the services of non-university providers subject to the satisfactory negotiation of reimbursement rates. The university will report back to the Board in September regarding the final form of the plans. Regent Hendricks seconded the motion. **MOTION CARRIED UNANIMOUSLY.**

President Berenstein then asked Board members and institutional officials if there were additional items for discussion pertaining to the University of Iowa. There were none.

IOWA STATE UNIVERSITY

The following business pertaining to Iowa State University was transacted on Wednesday, July 20, 1994.

RATIFICATION OF PERSONNEL TRANSACTIONS. The Board Office recommended the Board approve personnel transactions, as follows:

Register of Personnel Changes for June 1994, which included four requests for early retirement.

MOTION: Regent Furgerson moved to approve the university's personnel transactions, as presented. Regent Tyrrell seconded the motion. **MOTION CARRIED UNANIMOUSLY.**

CENTER FOR TEACHING EXCELLENCE. The Board Office recommended the Board receive the oral presentation about the Center for Teaching Excellence.

Dr. Steven Richardson was prepared to give a presentation on the Center for Teaching Excellence at Iowa State University that would summarize the current activities and future plans for the Center.

The Center is one of the centerpieces in Iowa State University's strategic planning initiative to improve undergraduate education. The Center's programs began in August 1993 with an orientation session that acquainted newly-hired faculty with the teaching resources available at Iowa State University, the demographics of Iowa State University's population, teaching techniques, and information on performance evaluations.

Many of the efforts of the center during its first year of operations have been directed toward initiating a campus dialog about the quality of teaching and how to improve teaching. Through monthly evening forums and newsletters distributed to all faculty, the Center has helped Iowa State University faculty articulate a clearer vision of teaching excellence.

The Center also has made available to individual faculty advice and resources on improving course materials, classroom presentation, and teaching evaluations.

ACTION: President Berenstein stated that due to the lateness of the hour this presentation would be postponed to the September meeting.

REGISTER OF CAPITAL IMPROVEMENT BUSINESS TRANSACTIONS. The Board Office recommended that the Register of Capital Improvement Business Transactions for Iowa State University be approved.

PROJECT DESCRIPTIONS AND BUDGETS

Beef Nutrition and Management Research Farm-- \$950,000

Research Housing Renovation

Source of Funds: FY 1995 Bonding Authorization

Preliminary Budget

Contracts	\$ 750,000
Design Services	75,000
Construction Administration	25,000
Miscellaneous	1,000
Fixed Equipment	12,000
Movable Equipment	12,000
Project Reserve	<u>75,000</u>
TOTAL	<u>\$ 950,000</u>

The Beef Nutrition and Management Research Farm facilities which serve the farm must be improved to accommodate contemporary research for the beef industry.

Advances in utilization of feed stock and other resources involved in beef cattle finishing and refined management decision methodology are essential for this industry and Iowa beef producers to remain competitive. Research work will include ruminant nutrition, feedlot management, molecular biology/biotechnology related to animal growth, feed utilization, and product value.

Animal Science Teaching Farm Swine Facilities--Phase 1 \$400,000
Source of Funds: FY 1995 Bonding Authorization

Preliminary Budget

Contract	\$ 300,000
Design Services	36,000
Miscellaneous	1,000
Fixed Equipment	16,000
Movable Equipment	16,000
Project Reserve	<u>31,000</u>
 TOTAL	 <u>\$ 400,000</u>

The Animal Science Teaching Farm, constructed in 1965-1966, are experiencing structural and safety problems and are obsolete compared to facilities currently found in the swine industry. The new facilities will enhance teaching effectiveness and ensure adequate animal care.

Animal Science Teaching Farm Swine Facilities-- \$ 950,000
Arena and Classroom
Source of Funds: FY 1995 Bonding Authorization

Preliminary Budget

Contract	\$ 770,000
Design Services	77,000
Construction Administration	15,400
Miscellaneous	1,000
Fixed Equipment	4,800
Movable Equipment	4,800
Project Reserve	<u>77,000</u>
 TOTAL	 <u>\$ 950,000</u>

The Animal Science Teaching Farm facilities were constructed in the mid-1970s and are undersized, outdated, and experiencing structural and safety problems. Additional space is needed for animal evaluation classes and laboratories, demonstrations, and "hands-on" experience with new management practices and programs.

Bilsland Swine Breeding Farm--Renovate Facilities--Phase I \$700,000
Source of Funds: FY 1995 Bonding Authorization

Preliminary Budget

Contracts	\$ 550,000
Design Services	55,000
Construction Administration	21,000
Miscellaneous	1,000
Fixed Equipment	9,000
Movable Equipment	9,000
Project Reserve	<u>55,000</u>
 TOTAL	 <u>\$ 700,000</u>

The Bilsland Swine Breeding Farm facilities were constructed in the 1950's and are experiencing structural and safety problems and are obsolete compared to facilities currently found in the swine industry. Research areas to be emphasized over the next decade are genetic control of reproduction, genotype by environmental interaction for reproductive and lean tissue growth traits, the genetics of immune response, genetic control of lean tissue feed conversion, and identification and transfer of major genes.

University officials presented a revised budget for the following project.

<u>Friley Hall--Phase 5 Masonry Improvement</u>	March 1994 Budget	<u>\$271,000</u>
	Revised Budget	<u>\$277,000</u>

Project Budget

	Budget Approved <u>March 1994</u>	Revised Budget <u>July 1994</u>
Construction Contracts	\$ 230,800	\$ 230,800
Design Services	19,500	22,000
Construction Administration	2,330	2,550
Miscellaneous	2,000	500
Project Reserve	<u>16,370</u>	<u>21,150</u>
 TOTAL	 <u>\$ 271,000</u>	 <u>\$ 277,000</u>

	Budget Approved <u>March 1994</u>	Revised Budget <u>July 1994</u>
Source of Funds:		
Dormitory System Surplus Funds	<u>\$ 271,000</u>	<u>\$ 277,000</u>

The increase in the project budget is in response to project conditions that could not be assessed and included as a part of the original project scope. Additions include additional cleaning of decorative limestone required to return the stone to its original color, and additional brick and mortar joint replacements which could not be accurately assessed until the contractor's scaffold was in place. The revised budget also includes additional stone patching required to return the decorative stone to its original condition.

ARCHITECT/ENGINEER AGREEMENTS

Student Health Center \$43,500
Baldwin White Architects, Des Moines, Iowa

University officials received expressions of interest from nine firms wishing to provide design services for the Student Health Center. The university Architectural Selection Committee selected four firms for interviews and further evaluation. Based on the interviews and after careful consideration, university officials recommended the selection of Baldwin White Architects to provide design services for the project. The firm demonstrated extensive experience, ability, and exuberance to complete the project.

Applied Science Center 1--IPRT Advanced Semiconductor Materials \$63,000
Characterization Laboratories
Giffels Associates, Detroit, Michigan

ACCEPTANCE OF COMPLETED CONSTRUCTION CONTRACTS

Hamilton Hall Basement Renovation--Phase 2
Sande Construction and Supply Company, Inc., Humboldt, Iowa

Energy Management System Modernization and Upgrade--Phase 2
L. A. Fulton and Sons, Inc., Des Moines, Iowa

Energy Management System Modernization and Upgrade--Phase 3
L. A. Fulton and Sons, Inc., Des Moines, Iowa

Hilton Coliseum--Addition for Title IX Compliance--Phase 1
R. H. Grabau Construction, Inc., Boone, Iowa

FINAL REPORTS

Swine Nutrition and Management Research Center--Research Unit \$1,294,500

MOTION: Regent Newlin moved that the Register of Capital Improvement Business Transactions for Iowa State University be approved. Regent Collins seconded the motion. **MOTION CARRIED UNANIMOUSLY.**

TELECOMMUNICATIONS NETWORK UPGRADES. The Board Office recommended the Board approve the purchase of \$3,000,000 in equipment to upgrade and expand Iowa State University's telecommunications network.

Iowa State University officials requested approval to upgrade the university's telecommunications system. A phased upgrade was planned to update the university's telecommunications system hardware and software. Upgrades were planned for a portion of the university's Private Branch Exchange (PBX), an AT&T System 85.

The upgrade was necessary to make the university compliant with Federal Communications Commission 10-XXX requirements and the dialing requirements of the new Bellcore North American Numbering Plan. It also will position the university for new technologies such as Wireless, Multi-Media, Personnel Communications Systems, Photonics, Fiber Backplane Switch Modules, Broadband, and Asynchronous Transfer Mode (ATM).

The upgrade strategy provided investment protection, facilitates regulatory compliance, and assures technology evolution. When compared to a complete replacement, the upgrade strategy offers technological evolution with low risk, reasonable cost, and almost no disruption to customers.

The estimated cost of \$3,000,000 was to be funded from the Improvement and Extension Bond Fund that was generated by university telecommunications operations for the purpose of improving and expanding the university's telecommunications network.

MOTION: Regent Collins moved to approve the purchase of \$3,000,000 in equipment to upgrade and expand Iowa State University's telecommunications network. Regent Furgerson seconded the motion. **MOTION CARRIED UNANIMOUSLY.**

PRELIMINARY RESOLUTION FOR THE SALE OF \$6,545,000 ACADEMIC BUILDING REVENUE BONDS, SERIES I.S.U. 1994. The Board Office recommended that the Board adopt A Resolution authorizing the Executive Director to fix the date or dates for the sale of \$6,545,000 Academic Building Revenue Bonds, Series I.S.U. 1994.

The bonds and the projects to be funded with the proceeds were authorized by the General Assembly in 1994. The bid opening and award is scheduled for Wednesday, September 7, 1994. The proceeds from the sale of the bonds will be used to fund the following capital projects at Iowa State University (project amounts rounded to nearest thousand):

Swine and Cattle Units	\$3,179,000
Livestock Research - Planning	2,119,000
Fire Safety/Deferred Maintenance	<u>1,247,000</u>
Total	\$6,545,000

The resolution authorizing the Executive Director to fix the dates of sale of the bonds, which was prepared by the Ahlers law firm and reviewed by Springsted, is on file at the Board Office.

MOTION: The motion for this matter can be found on page 15 of these Minutes under the Report of the Banking Committee.

President Berenstein then asked Board members and institutional officials if there were additional items for discussion pertaining to Iowa State University. There were none.

UNIVERSITY OF NORTHERN IOWA

The following business pertaining to the University of Northern Iowa was transacted on Wednesday, July 20, 1994.

President Curris introduced Dr. Charles Means, Associate Vice President, who was attending on behalf of Provost Marlin who was in Spain. He stated that Dr. Barbara Lounsberry was attending her last Regents meeting as President of the University of Northern Iowa Faculty Senate.

RATIFICATION OF PERSONNEL TRANSACTIONS. The Board Office recommended the Board approve the university's personnel transactions, as follows:

Register of Personnel Changes for June 1994.

MOTION: Regent Furgerson moved to ratify the university's personnel transactions, as presented. Regent Tyrrell seconded the motion. **MOTION CARRIED UNANIMOUSLY.**

ACCEPTANCE OF POST-AUDIT REVIEWS. The Board Office recommended the Board refer the post-audit reports from the University of Northern Iowa to the Interinstitutional Committee on Educational Coordination and the Board Office for review and recommendation.

University of Northern Iowa officials prepared post-audit reports on the Bachelor of Arts major in Finance and the Bachelor of Arts major in Management Information Systems five years after the Board of Regents provided initial approval of the program.

It appeared that the Finance and Management Information Systems programs had met or exceeded the original goals established at the time of their initial approval by the Board. Enrollments of both programs exceeded enrollments projected at the time of their initial approval.

Drop-outs from the Finance program were relatively few and faculty interviews with students leaving the program indicated that some students were not prepared for the mathematical, quantitative analysis and communication skills needed to complete the Finance course requirements.

Employment rates for both programs have been high; almost 72 percent in recent years for the Finance program and 82 percent of the MIS graduates.

Costs for both programs are consistent with estimates at the time that the programs were initially approved.

The post-audit reports needed to be referred to the Interinstitutional Committee of Educational Coordination and the Board Office for review and recommendation.

ACTION: This matter was referred by consent.

REGISTER OF CAPITAL IMPROVEMENT BUSINESS TRANSACTIONS. The Board Office recommended the Board approve the Register of Capital Improvement Business Transactions.

APPROVAL OF PROGRAM STATEMENTS AND DESIGN DOCUMENTS

Maucker Union--Roof/Pedestrian Plaza (Program Statement)

Maucker Union was constructed in 1969 and expanded in 1989. The roof of the original building leaks extensively in numerous locations. The overlying pedestrian plaza with seating areas and lighting is deteriorated and becoming unsafe. Deteriorated windows and walls allow water penetration into the building and add to the overall water problems. The building exterior needs to be made watertight to preserve the interior of the building and prolong the life of the structure.

An initial feasibility study for the replacement of the roof and plaza was undertaken in 1991. Results of the study were the impetus for this project and will be utilized to further investigate alternatives and arrive at acceptable recommendations and estimated costs.

The project will be planned and designed during winter of 1994-1995. Construction work will commence in the spring of 1995 and may extend over two or three years, depending upon the availability of funds. Two or three construction contracts may be necessary to sequence the work properly due to the short summer construction periods, high building use, and the location and complexity of the structure.

Wellness/Recreation Center (Program Statement)

Through the university's general education curriculum students are exposed to a wide array of learning opportunities. Personal wellness is one of the learning experiences required of students as part of the general education curriculum.

The Wellness/Recreation Center will provide space for the School of Health, Physical Education and Leisure Services, and university wellness and recreation activities. The center will have state-of-the-art spaces to perform research, model classrooms and laboratories for pre-service and in-service training of teachers, and multipurpose activity spaces for wellness activities.

The new center will include 33,797 square feet of classroom and instructional spaces, and 10,148 square feet of laboratories for research in exercise physiology, motor behavior, biostatistics, biomechanics, teaching and wellness. The center will also provide 41,735 square feet of multi-purpose spaces including activity courts, a fitness conditioning area, handball courts, multipurpose rhythm and movement spaces, aerobic studios, a running track, an instruction lap pool, a leisure pool, and an outdoor pursuits area. The facility will include 10,490 square feet for faculty offices and supporting areas, 7,429 square feet of locker rooms and equipment areas, and building service and equipment areas, and 3,020 square feet of support space.

The center will contain approximately 141,000 gross square feet of new space. The proposed facility will connect to the Physical Education Center--Phase I project, in order to maximize resources.

Wellness/Recreation Center (Schematic Design)

The Wellness/Recreation Center will serve as the instructional and research center for the School of Health, Physical Education, and Leisure Services. The university's required general education program reflects the emphasis placed upon preparing students to optimize their individual well being. The university promotes the wellness and recreation needs of students, faculty, and staff by providing support activities that ensure the availability of services that encourage positive and healthy lifestyles. The university's efforts directed toward optimizing the well being of students, faculty, and staff will be enhanced dramatically by the Wellness/Recreation Center. The center will serve as a magnet for students, faculty, and staff, attracting individuals for both formal instruction and less-structured leisure time activity.

The center will include a social focal point, a place where students, faculty, and staff will be able to congregate. It will have a flexible design, enabling future conversion of

spaces for alternative uses. In addition, it will be accessible in such a manner that encourages and promotes involvement by physically challenged students, faculty, and staff. The Center will be built contiguous to and integrated with the existing Physical Education Center, and it will be connected to the existing UNI-Dome. The new facility will contain approximately 141,000 gross square feet with a net assignable area of 98,900 square feet, for a net-to-gross ratio of 70 percent. The exterior architectural character will be compatible with the existing Physical Education Center, UNI-Dome and Communication Arts Center. Enclosure of the facility will be accomplished with pre-cast concrete panels, translucent and glazed panels and glass. The variety of forms and the articulation of materials will display a sensitivity to human scale.

It was not anticipated that the building design would change to any significant degree from that presented. Subject to approval of the schematic design, university officials requested that the Board waive further design reviews. Should significant design changes become necessary, they would request another opportunity to present the plans.

Director Mikkelsen stated that this was a very important project to the university. He introduced Al Oberlander of RDG Bussard Dikis, project architect.

Mr. Oberlander stated that the facility will house the School of Health, Physical Education and Leisure Services. The school is currently located in three separate facilities on the campus. This project will bring them together in common shared facility which will be a state-of-the-art teaching facility. The facility will serve many different needs. Swimming meets are the only athletic programs that will move to this facility.

Mr. Oberlander discussed the design goals and objectives, the schematic design and budget of the facility.

Regent Collins said there appeared to be quite an elevation difference from the UNIDome to the new facility. Mr. Oberlander responded that there was a 20 foot difference in elevation.

President Berenstein said the facility appeared to be more of a recreation center than a wellness facility. It looked like a high-class fitness center. He had received several calls from citizens concerned about this project. Are there glass-backed racquetball courts and a sauna in the facility?

Mr. Oberlander responded that there would be a whirlpool in the leisure pool area. The racquetball courts are glass backed and are used for instructional purposes during the day.

President Curris stated that during the time this project was before the General Assembly university officials made a recommendation to the Board of Regents for a single recreation/wellness facility rather than having a separate recreation building and a separate wellness building. They would get more with one building with multiple uses and it would be less expensive to operate than if they had several buildings. He said that concept is valid. University officials received questions from the General Assembly regarding how spaces would be utilized. They prepared a breakdown of the space utilization. Once the program was developed and the architects submitted their preliminary drawings, President Curris reviewed the allocation of space to see if it was at variance with what was submitted to the legislature. He found that it was consistent. He noted that the project has a sizable amount of student recreation funding. There are some spaces that one could look at, such as the leisure pool, that might not be considered "wellness". The pool was one of the priorities of the students and that was honored. The University of Northern Iowa has the largest program in the state of Iowa in the preparation of teachers, coaches and outdoor recreation specialists.

President Berenstein stated that university officials needed to understand that there are comments throughout the state.

Beth Krueger, President, Northern Iowa Student Government Association, addressed the student priorities and concerns of the Board regarding perceived extravagance. This project represented an unprecedented agreement between students and the State. She asked that the Regents remember the students' priorities. Their main concern was student wellness, physical and emotional. Student financial support of the facility was directed toward the environment of the facility to encourage student participation and use of the building. Students contributed to the design which was before the Regents at this meeting. She said students are investors in the building and it would be a shame if the Regents did not respect their priorities.

Regent Hendricks asked if this building would be open to the public. If so, 1) will a fee be charged and 2) will it conflict with any privately-operated fitness centers in the area?

President Curris responded that the tentative understanding was that this building would not be used by the community. It will be under the jurisdiction of the School of Health, Physical Education and Leisure Studies.

Ms. Krueger stated that a route was designed so the public is not encouraged to go through the building.

Regent Hendricks asked about the translucent canvas roof. Mr. Oberlander responded that the translucent material was on the roof of the entrance to the building. The translucent material is meant to recall the existing UNIDome.

Regent Newlin asked about the estimated project cost. President Curris responded that the total project cost is \$17.5 million, \$6 million of which comes from student fees.

Regent Newlin asked if there was any way to allocate the \$6 million in student funds to the glass walls on the racquetball court, the leisure pool, and anything else that looks like an extravagance.

President Curris stated that in his mind when they went through the fund allocation, the student funds were allocated that way. He noted that on the campus the students want to know where their money is going. He asked that the Regents recognize that the effort is joint use of space. In concept it is consistent with what was presented to the legislature.

Dr. Lounsberry presented the faculty perspective, to alleviate some of the Regents' concerns. She said personal wellness was a one-hour course in the university's general education program. Each student takes one hour of personal wellness, diet, stress management, substance abuse, etc., and is encouraged to find an activity that will become a lifelong activity. Faculty want students "hooked" on something. Ninety-five percent of the students remain in Iowa upon graduation. Faculty think of the students as the backbone of Iowa. They want to provide students with health and leisure services but they are only able to do about one-fourth of what they want to do with the students with the present facilities.

MOTION: Regent Collins moved to approve the schematic design of this project. Regent Furgerson seconded the motion. MOTION CARRIED UNANIMOUSLY.

PROJECT DESCRIPTIONS AND BUDGETS

<u>Maucker Union--Roof/Pedestrian Plaza</u>	<u>\$1,400,000</u>
Source of Funds: Maucker Union Surplus Funds	

Preliminary Budget

Contracts/Purchase Orders	\$ 1,180,000
Consultant and Design Services	157,000
Art Work	7,000
Contingencies	<u>56,000</u>
 TOTAL	 \$ 1,400,000

ARCHITECT/ENGINEER AGREEMENTS

Maucker Union--Roof/Pedestrian Plaza \$157,000
Wells, Woodburn and O'Neill, Des Moines, Iowa

The university Architectural Selection Committee reviewed proposals and selected three firms for interviews. The firm of Wells Woodburn O'Neill to provide architectural, engineering, and asbestos abatement services was selected.

Amendments:

Wright Hall Renovation \$157,000
Brooks Borg and Skiles, Des Moines, Iowa

CONSTRUCTION CONTRACTS

Industrial Technology Center Research Space \$271,474.00
Award to: Lockard-Peters Construction Company, Waterloo, Iowa
(6 bids received)

Wright Hall Renovation/Library Addition--Sculpture Reflecting Pool/
Storm Sewer \$102,200.00
Award to: Whitney Builders, Cedar Falls, Iowa
(2 bids received)

Seerley Hall Equipment \$62,348.21

ACCEPTANCE OF COMPLETED CONSTRUCTION CONTRACTS

Residence Facility \$7,997,659
Story Construction Company, Ames, Iowa

FINAL REPORTS

<u>Center for Applied Research Technologies in Metal Castings</u>	<u>\$551,116.29</u>
<u>Maucker Union--Renovate University Hall</u>	<u>\$328,036.11</u>

MOTION: Regent Furgerson moved to approve the university's capital register, as presented. Regent Newlin seconded the motion. **MOTION CARRIED UNANIMOUSLY.**

REIMBURSEMENT RESOLUTION FOR RECONSTRUCTION OF PRICE LABORATORY SCHOOL FIELDHOUSE REPLACEMENT. The Board Office recommended that the Board approve the reimbursement resolution for reconstruction of Price Laboratory Fieldhouse at the University of Northern Iowa.

The 1994 General Assembly authorized \$30.75 million in new Academic Building Revenue Bonding authority to fund capital projects at the three universities.

The bond issuance schedule approved by the Board in May provided for approximately \$15.06 million to be issued in November 1994 by the University of Northern Iowa for the Wellness/Recreation Center, Price Laboratory Fieldhouse and fire safety and deferred maintenance.

University officials wish to begin construction of the Price Laboratory Fieldhouse in August 1994 (prior to the bond issuance) at a cost of \$2.9 million, of which \$2.7 million will be bonded.

Federal arbitrage rebate regulations require Board approval of a resolution in order for the University to be reimbursed from the proceeds of the Academic Revenue Bonds for construction costs made prior to the issuance of the bonds.

MOTION: The motion for this item can be found on page 15 of these Minutes, under the report of the Banking Committee.

PROCESS FOR SALE OF COLLEGE SAVINGS BONDS. The Board Office recommended that the Board approve the process for the negotiated sale of \$15.06 million in College Savings Bonds for the University of Northern Iowa.

The 1994 General Assembly authorized \$30.75 million in new Academic Building Revenue Bonding authority to fund capital projects at the three universities. The bonding legislation included a provision that up to half of the bonds be issued in the form of College Savings Bonds, incorporating the specific provisions that were first introduced in the 1988 College Savings Bond legislation.

The schedule approved by the Board in May 1994 provides for the issuance of \$15.06 million bonds for capital projects at the University of Northern Iowa in November 1994. Since the University of Northern Iowa bonds represent approximately half of the total new bonding authority, it was proposed that this issue constitute the College Savings Bonds portion of the 1994 authority.

As mandated by the 1988 legislation, College Savings Bonds are:

- o Special purpose Academic Building Revenue Bonds, designed to appeal to families who are saving for the future higher education costs of their children;
- o Capital appreciation ("zero-coupon") bonds requiring interest to be accrued and paid only at maturity of the bonds;
- o Available for sale in amounts of \$1,000 or less to the purchaser;
- o Advertised broadly, including placing advertisements prominently in newspapers around the State during a period at least two weeks prior to the sale of the bonds; and
- o Sold by negotiated sale, rather than by competitive bid, and that in selecting the managing underwriting firm a preference be given to Iowa-domiciled firms.

In order to be attractive for long-term financial planning, virtually all capital appreciation bonds for college savings are structured to be non-callable prior to maturity. Maturities likely would range from four to twenty years.

The Board issued a Request for Proposals (RFP) to potential underwriters of the College Savings Bonds sold previously in order to retain some degree of competitiveness of the Board's usual sale procedure. The previous RFP included a requirement that the proposer quote interest rates for the bonds as of the proposal date, and that the successful underwriter be required to market the bonds at those quoted rates to be adjusted only by changes in the Delphis Hanover Index.

Approval of the underwriter would be made at the September Banking Committee.

UNIVERSITY OF NORTHERN IOWA
July 20, 1994

MOTION:

The motion for this item can be found on page 16 of these Minutes, under the report of the Banking Committee.

President Berenstein then asked Board members and institutional officials if there were additional items for discussion pertaining to the University of Northern Iowa. There were none.

IOWA SCHOOL FOR THE DEAF

The following business pertaining to Iowa School for the Deaf was transacted on Wednesday, July 20, 1994.

RATIFICATION OF PERSONNEL TRANSACTIONS. The Board Office recommended the Board approve personnel transactions, as follows:

Register of Personnel Changes for June 1994 which included one request for early retirement.

MOTION: Regent Furgerson moved to approve the personnel transactions, as presented. Regent Tyrrell seconded the motion. **MOTION CARRIED UNANIMOUSLY.**

APPROVAL OF GRADUATION REQUIREMENTS. The Board Office recommended the Board approve graduation requirements proposed by Iowa School for the Deaf.

In its capacity as the school board for the special schools, the Board of Regents must approve the policy establishing graduation requirements for the Iowa School for the Deaf and Iowa Braille & Sight Saving School.

After a policy review, the faculty and administration of Iowa School for the Deaf submitted proposed different graduation requirements.

Students' educational programs will still be driven by their Individual Educational Programs (e.g, English I for a multiply-handicapped student will be different than English I provided for a college-bound student); however, this is an attempt by Iowa School for the Deaf to improve overall student performance by raising specific academic expectations.

The Iowa School for the Deaf Advisory Committee reviewed and approved the concept at its April meeting. The only revision made by Iowa School for the Deaf since that meeting is to reduce elective credits from 8 to 6.

Below is a comparison of current and proposed requirements, based on units of credit. One unit of credit is awarded for a class that meets daily for the school year.

Course	Current Requirements	Proposed Requirements
Language Arts	7	6
Speech	2	0 ¹
Mathematics	3	4
Science	3	3
Social Science.	3	3
American History.		[1] ²
American Govt.		[1] ²
PE/Health	2	3
Vocational Education	3	3
Electives		6 ³
Total	23	28

¹ ISD officials indicated that speech has been excluded from graduation requirements because it is an IEP issue. Some students cannot benefit from speech instruction and it would be inappropriate programming to include speech in graduation requirements.

² Specific course requirements within the general Social Science subject area.

³ Electives may include courses such as Art and Spanish (which may be taken at Lewis Central). Computer assisted drawing, creative writing, literature etc., could either be considered electives or additional English or Vocational Education units.

Assistant Superintendent Balk stated that the review of the graduation requirements provided faculty and school officials with an opportunity to look at how to raise their expectations of the students.

MOTION: Regent Furgerson moved to approve graduation requirements proposed by Iowa School for the Deaf. Regent Collins seconded the motion.
MOTION CARRIED UNANIMOUSLY.

REGISTER OF CAPITAL IMPROVEMENT BUSINESS TRANSACTIONS. The Board Office recommended the Board approve the Iowa School for the Deaf capital register.

Iowa School for the Deaf officials presented the following project descriptions and budgets for Board approval.

Careers Center, Asbestos Abatement and New Interior Finishes for Room 203 \$16,000

This project will abate 2,600 square feet of asbestos floor tile in Room 203 of the Careers Center. The project will include the installation of new carpet and painting of the room. The project will be coordinated through the Iowa State University Department Environmental Health and Safety and will be processed through the Iowa State University Purchasing Department.

Superintendent's Residence Second Floor Bathroom Shower Reconstruction \$4,000

This project will reconstruct the existing master bath shower area which is currently leaking and damaging adjacent interior areas. After the shower is reconstructed, the adjacent damaged areas will be repaired, repainted and recarpeted. The project will be reviewed by the Iowa State University Department of Facilities Planning and Design and will be processed through the Iowa State University Purchasing Department.

MOTION: Regent Hendricks moved to approve the Iowa School for the Deaf Register of Capital Improvement Business Transactions, as presented. Regent Dorr seconded the motion.
MOTION CARRIED UNANIMOUSLY.

President Berenstein then asked Board members and institutional officials if there were additional items for discussion pertaining to the Iowa School for the Deaf. There were none.

IOWA BRAILLE AND SIGHT SAVING SCHOOL

The following business pertaining to Iowa Braille and Sight Saving School was transacted on Wednesday, July 20, 1994.

RATIFICATION OF PERSONNEL TRANSACTIONS. The Board Office recommended the Board approve personnel transactions, as follows:

Register of Personnel Changes for the period May 22 to June 18, 1994.

MOTION: Regent Furgerson moved to approve personnel transactions, as presented. Regent Tyrrell seconded the motion. **MOTION CARRIED UNANIMOUSLY.**

APPROVAL OF CONTRACTS - OCCUPATIONAL THERAPY SERVICES, PHYSICAL THERAPY SERVICES AND MEDICAL SERVICES. The Board Office recommended that the Board approve contracts for services for the 1994-1995 school year as follows:

- 1) with KAREN RANDALL, Registered Occupational Therapist, to provide Occupational Therapy Services at a rate of \$40 per hour, consisting of four days at the beginning of the year and a maximum of three hours per week during the year;
- 2) with KAREN HARTING, Licensed Physical Therapist, to provide Physical Therapy Services at a rate of \$40 per hour of service, consisting of four days at the beginning of the year and a maximum of three hours per week during the year;
- 3) with DR. SHERMAN L. ANTHONY, Vinton, for medical services at a base fee of \$2,225 and an examination fee of \$28 for each student examined or administered service.

With the renewal of the agreement with Ms. Randall, occupational therapy services will be provided for the 1994-1995 school year at an hourly rate of \$40, which was the same rate as the agreement for the previous school year.

IOWA BRAILLE AND SIGHT SAVING SCHOOL
July 20, 1994

With renewal of the agreement with Karen Harting, physical therapy services will be provided to students for the 1994-1995 school year at a cost of \$40 per hour, which was the same rate as the agreement for the previous school year.

The agreement with Dr. Anthony for medical services for students provided for a base fee of \$2,225 for the 1994-1995 school year, which was an increase of approximately 2 percent over the current rate of \$2,182. The cost of \$28 for each student examined was the same rate as the previous agreement.

The total estimated FY 1995 costs for the occupational and physical therapy services, based on the actual FY 1994 costs, was \$4,230 and \$4,416, respectively.

Provision of these services is a partial fulfillment of Federal and State regulations for school services for handicapped students.

Regent Hendricks stated that the school was getting these services at a bargain price.

MOTION: Regent Hendricks moved to approve contracts for services for the 1994-1995 school year as presented. Regent Collins seconded the motion.
MOTION CARRIED UNANIMOUSLY.

President Berenstein then asked Board members and institutional officials if there were additional items for discussion pertaining to Iowa Braille and Sight Saving School.

Superintendent Thurman stated that the school's World of Work program was being held at the University of Northern Iowa this summer. Students are being housed in the ROTH residence hall. He thanked university officials for their support.

EXECUTIVE SESSION. President Berenstein requested the Board reconvene in closed session to continue evaluations of employees' performance. The Board reconvened in closed session at 4:30 p.m. on Wednesday, July 20, 1994, and adjourned therefrom at 5:17 p.m. on that same date.

IOWA BRAILLE AND SIGHT SAVING SCHOOL
July 20, 1994

ADJOURNMENT.

The meeting of the State Board of Regents adjourned at 5:17 p.m., on Wednesday,
July 20, 1994.

A handwritten signature in cursive script, reading "R. Wayne Richey". The signature is written in black ink and is positioned above a horizontal line.

R. Wayne Richey
Executive Director