

The State Board of Regents met on Tuesday, July 25 and Wednesday, July 26, 1989, at the University of Iowa. The following were in attendance:

| | <u>July 25</u> | <u>July 26</u> |
|---|----------------|----------------|
| <u>Members of State Board of Regents</u> | | |
| Mr. Pomerantz, President | All sessions | All sessions |
| Mr. Berenstein | All sessions | All sessions |
| Mr. Fitzgibbon | All sessions | All sessions |
| Ms. Furgerson | All sessions | All sessions |
| Mr. Greig | All sessions | All sessions |
| Ms. Hatch | All sessions | All sessions |
| Mr. Tyler | All sessions | All sessions |
| Ms. Westenfield | All sessions | All sessions |
| Mrs. Williams | All sessions | All sessions |
| <u>Office of the State Board of Regents</u> | | |
| Executive Director Richey | All sessions | All sessions |
| Deputy Director Barak | All sessions | All sessions |
| Director Carter | All sessions | All sessions |
| Director Eisenhower | All sessions | All sessions |
| Director Volm | All sessions | Excused |
| Director Wright | All sessions | All sessions |
| Compliance Officer Maxwell | All sessions | Excused |
| Associate Director Hudson | All sessions | All sessions |
| Associate Director Jensen | All sessions | All sessions |
| Assistant Director Peters | All sessions | All sessions |
| Minutes Secretary Briggie | All sessions | All sessions |
| <u>State University of Iowa</u> | | |
| President Rawlings | All sessions | All sessions |
| Vice President Phillips | All sessions | All sessions |
| Vice President Vernon | All sessions | All sessions |
| Treasurer True | All sessions | All sessions |
| Associate Vice President Small | All sessions | All sessions |
| Assistant Vice President Rhodes | All sessions | All sessions |
| Director Cooper | All sessions | All sessions |
| Director Grady | All sessions | All sessions |
| <u>Iowa State University</u> | | |
| President Eaton | All sessions | All sessions |
| Provost Glick | All sessions | All sessions |
| Vice President Madden | All sessions | All sessions |
| Treasurer Thompson | All sessions | All sessions |
| Associate Vice President Whitman | All sessions | All sessions |
| Assistant to President Bradley | All sessions | All sessions |
| Assistant Vice President Pickett | All sessions | All sessions |
| <u>University of Northern Iowa</u> | | |
| President Curris | All sessions | All sessions |
| Vice President Martin | All sessions | All sessions |
| Vice President Conner | All sessions | All sessions |
| Vice President Follon | All sessions | All sessions |
| Director Gadelmann | All sessions | All sessions |
| Director Chilcott | All sessions | All sessions |
| <u>Iowa School for the Deaf</u> | | |
| Superintendent Johnson | All sessions | Excused |
| Business Manager Aherns | All sessions | Excused |
| <u>Iowa Braille and Sight Saving School</u> | | |
| Superintendent Thurman | All sessions | All sessions |
| Director Hauser | All sessions | All sessions |

GENERAL

The following business pertaining to general or miscellaneous business was transacted on Tuesday, July 25 and Wednesday, July 26, 1989.

EXECUTIVE SESSION. Pursuant to action taken at the close of the June 1989 meeting, the Board of Regents began its meeting in closed session. The open session of the meeting convened at 1:26 p.m. on Tuesday, July 25, 1989.

President Pomerantz stated it was good to be back in Iowa City. He welcomed State Representatives Mary Neuhauser, Minnette Doderer and Don Avenson to the meeting.

APPROVAL OF MINUTES OF BOARD MEETING, JUNE 21-22, 1989.

President Pomerantz asked for corrections, if any, to the Minutes.

ACTION: President Pomerantz stated the Minutes of the June 21-22, 1989, meeting were approved by general consent.

ORGANIZATIONAL AUDIT - PHYSICAL PLANT STUDIES. The Board Office recommended the Board receive the Peat Marwick Main and Co. reports on the physical plants at Iowa State University and the University of Iowa with university responses.

The reports confirm the deficiency in operating funds for physical plant, the backlog of deferred maintenance and the importance of continuing the development of prevention and predicted maintenance programs.

The study on Iowa State University makes 15 recommendations to address problems, issues and concerns. Twenty-one specific recommendations were made in the report on the University of Iowa. The study makes 11 recommendations to address problems, issues and concerns at the University of Northern Iowa. Review of the University of Northern Iowa recommendations and university responses will be presented to the Board at the September meeting.

Vice President Madden referred to the report regarding the Iowa State University physical plant and said there were 15 recommendations in the report to which university officials were generally in agreement. In most instances they have implemented the recommendations or will implement if resources can be identified. There are a number of areas where the university is

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understaffed. They need to expand the operating support to provide services comparable to the other campuses.

Associate Director Reynolds said university officials have been doing their own internal studies of the physical plant. There have been increases in square footage while staffing has decreased. They are very far behind in staffing levels as compared to peer institutions and by their own analysis. He gave an overhead slide presentation of comparisons of Iowa State University's physical plant with those of peer institutions.

President Pomerantz said he had some trouble relating to national averages or group averages. He hoped university officials would instead choose the very best in the country and try to emulate that.

Vice President Madden said Peat Marwick Main officials used the institutions referred to by Mr. Reynolds in their analysis of the physical plant. He noted that as university officials faced budget adjustments during the last several years they have had to reduce substantially the level of custodial services.

Vice President Phillips stated that for the University of Iowa Peat Marwick officials recommended it should have fewer people in the utilities area and more in building maintenance and custodial services. Since the completion of the study university officials have decreased the number of personnel in utilities although they do not feel they can reduce to the amount recommended by Peat Marwick. Utility requirements are extensive. University officials agree that when the new boilers come on line they will again review their personnel needs. She felt that over time they should put more personnel into grounds and building maintenance areas. One area where university officials disagree with the consultants is the reporting relationship. The consultants suggested the physical plant should report directly to the Vice President for Finance and University Services. University officials have felt, and the Board Office staff agreed, that the central administration is well represented by the business manager of the university. Recommended additional reporting requirements include quarterly reports on projects in excess of \$250,000.

Vice President Phillips referred to the deferred maintenance section of the consultant's report. She said the consultants noted there is 45 years' worth of deferred maintenance on the University of Iowa campus. The consultants suggest university officials improve the facilities for the physical plant. Currently those functions are in scattered facilities. She said that project is in the university's 10-year capital plan. In general, university officials felt the report was quite helpful and accurate.

President Pomerantz said the tremendous backlog of deferred maintenance is so voluminous that he wondered how much is real. He questioned what kind of priorities they should have. He asked what was going to be done about

organizing a plan and establishing priorities about addressing a certain amount of deficiency every year.

Vice President Phillips said the budget requests for the upcoming year will address accumulated deferred maintenance. Another part of that is for the budgets to be adequate to deal with ongoing maintenance.

Regent Hatch asked if university officials have established a 5-year prioritized plan. Vice President Phillips said university officials have established such a plan. They are recommending the backlog be addressed over a 5-year period and particularly within the first 2 years.

ACTION: President Pomerantz stated the Board received the Peat Marwick Main and Co. reports on the Physical Plants at Iowa State University and the University of Iowa by general consent.

PROCESS FOR CONSIDERATION OF PEAT MARWICK RECOMMENDATIONS REGARDING UNNECESSARY DUPLICATION IN TARGETED AREAS. The Board Office recommended the Board receive the report and approve the time schedule and procedures for consideration of Peat Marwick recommendations regarding unnecessary duplication in targeted program areas.

This docket item concerns the procedures and time schedule for consideration of the recommendations on duplication for the five targeted areas (i.e., Business, Home Economics, Journalism, Engineering and Education).

Several opportunities, both written and oral, are provided for institutional and constituent input during the 90 days allowed for institutional review. A major portion of the September Board meeting would be devoted to this purpose. Final actions on the recommendations are scheduled for the October Board meeting.

Several policies related to the recommendations will be developed by the Board staff and reviewed by the institutions. They should be ready for Board action in September.

Mr. Richey stated the 90-day period for review began at the June meeting. At that meeting the Board heard, on a preliminary basis, the comments from Iowa State University administration. The proposed schedule includes hearing from University of Iowa officials tomorrow with respect to its concerns and interests, and to hear from University of Northern Iowa officials in September. The schedule also provides for anyone else to comment at the September meeting. The recommendations for action will be presented at the October meeting.

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MOTION: Regent Furgerson moved to receive the report and approve the time schedule and procedures for consideration of Peat Marwick recommendations regarding unnecessary duplication in targeted program areas. Regent Williams seconded the motion, and it carried unanimously.

REPORT OF POTENTIALLY DUPLICATIVE ACADEMIC PROGRAMS FOR FURTHER REVIEW BY PEAT MARWICK MAIN, INC. The Board Office recommended the Board (1) approve the proposed process and time schedule for the study of the programs targeted by Peat Marwick as potentially duplicative and (2) approve recommended list of programs for further study.

Board Office staff proposed a three-phase process for review of the ten potentially duplicative areas (32 programs) remaining on Peat Marwick's list. Phase I and Phase II have been completed by the Board Office. These phases consisted of brief studies of the programs to eliminate from further study those which are most unlikely to be found unnecessarily duplicative. The remaining programs will be studied further in Phase III by the Board Office and the Interinstitutional Committee to determine if unnecessary duplication exists and to make appropriate recommendations.

Of the 32 programs, 10 are recommended for the Phase III study: Communications General, Radio and Television, Speech/Debate, Speech Pathology, Leisure Study and Parks and Recreation, Social Work, Fine Arts, Music, Botany, and Linguistics.

Ninety days for institutional review and comment will commence as of this Board meeting.

Director Barak stated this item relates to the remaining programs identified by Peat Marwick Main as being potentially duplicative. Board Office staff has determined 10 areas (8 programs) should be studied in depth. The in-depth study of those ten areas will probably mean the use of outside consultants. The Board Office staff also recommended the 90-day period for review began as of this meeting with the report to be brought back in October.

President Pomerantz said the intent is to come to a conclusion on the duplication study so they can make Board recommendations to the institutions in a consistent, organized way, and start to implement whatever change is going to take place. In October the Board Office recommendations will come forward and the implementation period would come after that. He stressed that the Board recommendation needs to get out so each campus can begin implementation. University officials need to know where the Regents are coming from and where they want to go.

Vice President Vernon said he would like to finish the study as much as everyone else but he had a concern with the time frame. He asked that the campuses be given time to look at and respond to the recommendations. Under this proposal it looked as though the Board Office recommendations will not be issued until October 1. The campus will have a very difficult time responding to the recommendations prior to the October final Board decision. After the recommendations are made university officials need some reasonable time for the campuses to react. He requested that if the Board Office recommendations are issued October 1 there not be a Board decision until the November meeting.

Professor Collins, chair of the University of Iowa Institutional Audit Advisory Committee and vice president of the Faculty Senate, stated the faculty/staff audit committee has worked hard. It has also played an important role in communicating the progress of the audit to constituencies which diminished anxieties. He thanked the University of Iowa administration for establishing and supporting the committee. He also thanked the Board of Regents, particularly President Pomerantz, for allowing the involvement of faculty and staff. Professor Collins provided an analogy about when he was 9 years old and moved into a new home they discovered they had inquisitive neighbors, and said the organizational audit has been an opportunity for university officials to "tidy up". It has heightened their sensitivity to the need to keep their house in order.

Professor Collins said the proposed procedures make reference to a 90-day period for review of the 10 program areas. This period, which commences today, is consistent with completion of phase III by the October Board meeting. He said this accelerated timetable is quite short, particularly considering the fact that time must be allotted in early-October for preparation of docket materials and that many program faculty and administrators will be out of town during August. He recognized that the Board is anxious to bring the audit to a close as expeditiously as possible and said the faculty shares that goal. Thus, they are prepared to make do with the 90-day review period and to work hard at completing as careful a review as is possible in the time available.

Professor Collins stated the proposed process does not explicitly address the need for or suggest a timetable for securing institutional responses after the Board Office presents recommendations for program change and before the Regents take final action. He asked for clarification on that point. He reminded Board members that they recognized the value and appropriateness of securing faculty and student responses when it provided for a 90-day response period following the Peat Marwick recommendations for program change. He said the same considerations that led to this earlier action suggest that a reasonable response period be established for the current study.

Mr. Richey stated the schedule presented includes time for use of outside consultants in these studies. Institutional officials will be knowledgeable,

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almost on a daily basis, of the evaluation of each of the programs. He said it was not as if on October 1 a recommendation will be presented to the institutions that they have had no knowledge of. Board Office staff felt the two-week period following October 1 was a quite reasonable time period especially considering the benefit of getting these decisions made.

President Pomerantz said the process is a different one than the Peat Marwick study process. During this process institutional officials will provide ongoing input rather than the process where an outside third party performs the review and makes an independent recommendation.

Professor Collins said it will be a bit awkward if the colleges affected have a very short period in which to respond to the recommendations.

Regent Berenstein expressed concern about receiving the recommendations on approximately October 1 and being expected to make a decision on October 15. He felt it was a good idea to hold off on making a decision until the November meeting.

Regent Fitzgibbon said he agreed with Regent Berenstein. He said Board members are not included in the on-going input which takes during the studies. This study is worthwhile and if it is to be constructive he felt they should agree to an extension to ensure they do a quality job.

Regent Berenstein asked how Board members will receive the institutional reactions to the October 1 recommendations. Mr. Richey said the recommendations will be forwarded to the Regents and the institutions simultaneously on October 1. Between October 1 and October 18 would be time for all the input from the institutions.

MOTION: Regent Fitzgibbon moved to approve the recommended action with the exception of extending the final Board decision to the November Board meeting. Regent Hatch seconded.

Regent Hatch asked if by taking this action the Regents will still receive the report October 1. Mr. Richey said it will be mailed October 1.

VOTE ON THE MOTION: The motion carried unanimously.

REPORT OF INTERINSTITUTIONAL COMMITTEE ON EDUCATIONAL COORDINATION. (a)
Curriculum Changes - University of Northern Iowa. The Board Office recommended the Board (1) approve the new majors in Finance and Management Information Systems, (2) approve the discontinuance of the Office Information Systems major and the Translation and Interpretation major, and (3) approve the course changes as requested by the university.

The Interinstitutional Committee on Educational Coordination recommended approval of these curriculum changes. Board Office staff noted that the course changes do not appear to represent any major academic program changes.

MOTION: Regent Williams moved to (1) approve the new majors in Finance and Management Information Systems, (2) approve the discontinuance of the Office Information Systems major and the Translation and Interpretation major, and (3) approve the course changes as requested by the university. Regent Greig seconded the motion.

Regent Fitzgibbon questioned the statement in the docket memorandum to the effect that additional funds are desired but not necessary. Vice President Martin said the program in question is changing. Additional staffing is not necessary to continue the program.

Regent Hatch stated that the Peat Marwick recommendations for the University of Northern Iowa included a recommendation that certain part-time programs should not evolve into full-time programs. She asked if the Board approves this, are they approving the evolving of a program. Vice President Martin said they would not. This is a regular undergraduate program.

VOTE ON THE MOTION: The motion carried unanimously.

President Pomerantz stated that Vice President Martin will be retiring at the end of this month. He acknowledged Vice President Martin's very significant contributions to the University of Northern Iowa and said the Board appreciates all he has done. On behalf of the people of the state of Iowa and others that Vice President Martin has influenced he expressed their appreciation and wished him the very best for the future. He hoped their paths would continue to pass as they go forward.

(b) Course Changes - University of Iowa. The Board Office recommended the Board approve of course changes from the University of Iowa:

University of Iowa officials presented its list of course changes for Board approval. The course changes do not appear to represent any major changes in academic programming. Six hundred forty-five new courses were added to the curriculum while 739 were dropped for a net decrease of 94.

MOTION: Regent Tyler moved to approve of course changes from the University of Iowa. Regent Greig seconded the motion, and it carried unanimously.

PROPOSED STRATEGIC GOALS FOR THE BOARD OF REGENTS. The Board Office recommended the Board approve on a preliminary basis the strategic goals designed to guide planning activities during the 1990-1992 cycle, with final approval to be granted at the September 1989 Board meeting.

These strategic goals are developed from the lists of aspirations and goals submitted to the Board Office (at its request) by the universities as well as from previous long-range plans or annual reports of the Regent institutions. The goals presented here are not all-inclusive. Individual institutions will have other goals which are dictated by the unique mission of each. These, however, will represent the overarching goals of the Board and the Regent institutions.

Synopsis of Primary Goals and Strategies:

Goal #1 - Ensure that quality teaching continues to hold a position of distinction within all Regent institutions.

Strategies:

- * Promote greater utilization of technology in the teaching profession.
- * Provide increased resources to support creative, effective teaching strategies.
- * Emphasize the significance of teaching in the faculty reward system.
- * Attribute great weight to meritorious teaching in the consideration of tenure decisions.
- * Encourage tenured faculty to participate in teaching to a large degree.

Goal #2 - Foster and maintain high quality undergraduate instructional programs.

Strategies:

- * Aggressive recruitment of and improved retention of the highest caliber faculty.
- * Create and maintain a more appropriate mix of adjunct and temporary faculty and reduce reliance on teaching assistants.
- * Increase the frequency of core course offerings and thereby improve the four-year graduation rate.
- * Enhance special programs, improve recruitment efforts and improve financial aid packages.
- * Develop and implement a strong core curriculum to ensure a broad-based education.
- * Ensure that libraries and other learning resources keep pace with the rapid expansion of knowledge and with programmatic expansion.

- * Develop new instructional technology and provide state-of-the-art instructional equipment.
- * Increase publicity about and awareness of the availability of university offerings.
- * Apply advanced technology to improve the delivery of information.

Goal #3 - Improve research programs at the Regent universities as their individual missions mandate.

Strategies:

- * Hire and retain top research personnel.
- * Reward research contributions through salary increases, promotions, release time and recognition.
- * Provide opportunities for continued professional development.
- * Provide support funds and staff and adequate facilities and equipment.
- * Expand quality graduate research programs.
- * Develop organizational structures and other flexible mechanisms that promote external funding.
- * Encourage both basic and applied research to assist economic development of the state.
- * Develop programs to encourage the transfer of technology to the private sector.

Goal #4 - Increase the participation of minorities in higher education.

Strategies:

- * Improve recruitment program.
- * Attract and retain minority faculty.
- * Increase student financial aid packages.
- * Effect greater outreach efforts.

Goal #5 - Improve access to the Regent universities.

Strategies:

- * Increase significantly the number of academic/merit scholarships granted to Iowa's high achieving students.
- * Implement modest tuition increases which do not exceed the rate of price inflation.
- * Improve financial aid packages.
- * Improve public awareness of educational opportunities at Regent universities.

Goal #6 - Maintain the competitive ranking of faculty salaries during the 1990's.

Strategies:

- * Ensure availability of funding or other resources to support faculty demands.

Goal #7 - Upgrade and renovate deteriorating physical facilities on state campuses.

Strategies:

- * Implement a five-year funding program to eliminate the backlog of deferred maintenance.
- * Ensure the appropriation of adequate funding for annual building renewal.

Goal #8 - Develop and implement effective marketing strategies for each institution.

Strategies:

- * Develop and implement comprehensive early awareness programs.
- * Call on leaders in business, government and the communities to develop programs giving students mentors, counseling, student aid, and information about college.
- * Identify and utilize role models and provide support activities.
- * Involve faculty, staff and administrators in disseminating information to prospective students and their parents and to community high schools.
- * Develop collaborative/cooperative relationships with other postsecondary institutions.
- * Improve articulation and publicity of unique programs and services.
- * Develop more creative student contact approaches.
- * Achieve greater coordination of marketing efforts and maintain constancy in message.

Goal #9 - Improve the effectiveness and efficiency of the governance, administration, and delivery of higher education programs.

Strategies:

- * Implement recommendations of the organizational audits which include:
 - a. the initiation of effective Regent-wide and institutional strategic planning process;
 - b. an analysis of programs targeted as unnecessarily duplicative and further study of other areas which may be duplicative;
 - c. an assessment of administrative and data support services for research, performance evaluation procedures and faculty workload;

- d. an organizational, a staffing, and an internal policies and procedures analysis.

Goal #10 - Improve private fund-raising efforts.

Strategies:

- * Place greater emphasis on public relations activities.
- * Expand the scope of responsibility for fund-raising to include active involvement of each administrative, academic and support unit.
- * Provide donors with more varied payment options.
- * Improve fund-raising support services.
- * Optimize giving by keeping potential donors well informed about goals, accomplishments or other interesting facets of the institution.
- * Strive to project a consistent and compelling image to the various external constituencies.
- * Develop and implement mechanisms to identify the needs and concerns of constituency groups and to respond to those needs and concerns through the provision of information and/or services.

Vice President Vernon expressed concern about goal #3 - improve research programs at the Regent universities as their individual missions mandate. He said all the other goals apply generally to the institutions except #3. He felt the strategic research goals at each institution should be individual with university officials reporting to the Board what their goals will be. Goal #3 should be directed toward emphasis on improved research scholarship at each institution with a report back to the Board.

President Pomerantz said Vice President Vernon made a good point. He asked that Vice President Vernon assist in drafting comprehensive research objectives for the universities.

Regent Williams said she felt all the goals were excellent. She referred to goal #5 and said she thinks one of the major problems is access of Iowa's own students, and the best of those students, to the Regent universities. One of the problems she felt was experienced among the very top students is that they are deflected from the state universities by a lack of financial support based on academics. She questioned the number of "full-ride" academic scholarships at the Regent universities, noting she felt the number was very small, especially in relation to athletic, music, drama and other types of performance scholarships. We need a commitment to keeping the best students in this state. The Regent universities do not offer competitive packages. She said our students who achieve highly in academic areas are only recognized if they have a financial need. If this state is truly interested in economic development she said it will address this problem.

Regent Greig suggested adding another strategy which would be to set a goal for academic scholarships.

Regent Williams said they should have an equal number of academic full-ride scholarships as they do other types of full-ride scholarships. If that means going to the legislature she said she was willing to go out on a limb for that.

Provost Glick stated that this year Iowa State University almost doubled its number of national merit scholars.

Regent Williams suggested it was time to develop a request package that would speak to this issue. Provost Glick said that in the Iowa State University budget request is merit scholarships.

President Pomerantz suggested they could request the universities and Board Office frame an objective that deals with this issue.

Regent Williams asked that university officials provide information on the number of full-ride scholarships the universities have funded.

President Pomerantz cautioned there could be problems if the universities were to award a full-ride academic scholarship to a recipient of significant means. Regent Williams said no one worries about that with regard to football scholarships. Regent Greig stated there should be certain packages to get the top students.

President Eaton said there is a program in Missouri specifically designed to keep their students within the state. Provost Glick stated that three years ago the state of Missouri was concerned about their best students leaving the state. The state legislature established a program where every student in the top 3 percent on the ACT or SAT receives \$2,000 per year for 4 years for higher education within the state regardless of whether the student goes to a public or private institution. Prior to this legislation, 150 of 1,200 students who qualified would stay within the state. Now 700 will stay within the state. He said it has a far-reaching impact.

Regent Williams said they should focus on attracting the best and brightest students. The other students that are interested in achieving in college will follow if they see the very best students going to Regent universities.

Regent Hatch asked if the goals were listed on a priority basis. President Pomerantz said they were not prioritized.

President Eaton pointed out that in the budget under Improving Quality of Undergraduate Education at Iowa State University. The total package come to \$3 million but the Board Office recommendation was one-fourth of the requested amount.

President Pomerantz suggested the Regents approve the 10 recommendations subject to the review of goal #3, and then request the Board Office and

university officials come with suggestions at the next meeting that deal with academic scholarships and any other strategic goals they need to add to the list.

MOTION: Regent Tyler moved to approve the recommended action, with the exception of goal #3, with reports back on goal #3 and academic scholarships in September. Regent Williams seconded the motion, and it carried unanimously.

APPROVAL OF FINAL OPERATING BUDGETS FOR FISCAL YEAR 1990. The Board Office recommended the Board (1) Approve the fiscal year 1990 final general educational fund budgets for the following budget units:

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| University of Iowa: | |
| General University | \$254,174,366 |
| University Hospitals and Clinics | 240,704,000 |
| Psychiatric Hospital | 11,516,100 |
| Hospital School | 6,341,700 |
| Oakdale Campus | 3,354,756 |
| Hygienic Laboratory | 4,030,800 |
| Family Practice | 1,758,947 |
| Specialized Child Health Services (Cancer, Hemophilia, High-risk infant) | <u>593,800</u> |
| TOTAL | \$522,474,469 |
| Iowa State University | |
| General University | \$202,920,736 |
| Agriculture and Home Economics Experiment Station | 21,399,721 |
| Cooperative Extension Service in Agriculture and Home Economics | <u>23,111,988</u> |
| TOTAL | \$247,432,445 |
| University of Northern Iowa | \$72,480,000 |
| Iowa School for the Deaf | \$5,940,232 |
| Iowa Braille and Sight Saving School | <u>\$3,395,964</u> |
| REGENT INSTITUTION TOTAL | <u>\$851,657,646</u> |

(2) Approve the fiscal year 1990 final budgets for the following university residence systems:

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| University of Iowa | \$18,485,048 |
| Iowa State University | 22,551,883 |
| University of Northern Iowa | 10,537,237 |

(3) Approve the fiscal year 1990 budgets for the following university intercollegiate athletics:

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|-----------------------------|--------------|
| University of Iowa | \$10,768,677 |
| Iowa State University | 9,193,000 |
| University of Northern Iowa | 3,247,754 |

The Board received the preliminary fiscal year 1990 budgets at the May meeting. The proposed detailed budgets were reviewed at the June Board meeting except for the University of Northern Iowa. New information relates to specific program implications of the fiscal year 1990 proposed budgets, verification of 10 percent faculty salary increases, and consolidated budget information.

Following are the average salary increases for continuing faculty as confirmed by computer verification of faculty payroll tapes.

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| University of Iowa | 10.6% |
| Iowa State University | 10.9% |
| University of Northern Iowa | 11.3% |

All three universities have included in their fiscal year 1990 final operating budget sufficient funds to maintain the integrity of legislative intent with respect to faculty salaries.

Special schools officials proposed to achieve 8.9 percent faculty salary increases.

Average professional and scientific staff salary increases were reported by the universities as follows:

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| University of Iowa | 7.0% |
| Iowa State University | 7.0% |
| University of Northern Iowa | 7.0% |

Restricted fund expenditures for fiscal year 1990 are still being collected and analyzed by the Board Office, and will be mailed to Board members as requested by Regent Berenstein. The receipts and expenditures of restricted funds for the universities are:

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|-----------------------------|---------------------|
| University of Iowa | \$306.8 million |
| Iowa State University | 152.5 million |
| University of Northern Iowa | <u>32.2 million</u> |
| TOTAL | \$491.5 million |

Regent consolidated budgets including general education funds and restricted funds total \$1,343,446.

The University of Iowa General University budget of \$254,174,366 represents an increase of 9.0 percent over the fiscal year 1989 revised budget. The budget for the University of Iowa Hospitals and Clinics for fiscal year 1990 is \$240,704,000. This is an increase of 10.6 percent above the fiscal year 1989 revised budget. The budget for the University of Iowa Psychiatric Hospital for fiscal year 1990 is \$11,516,100. This is an increase of 7.3 percent over the revised fiscal year 1989 budget. The budget for the University of Iowa Hospital School for fiscal year 1990 is \$6,341,700. This is an increase of 8.2 percent over the fiscal year 1989 budget. The budget for the University of Iowa Oakdale Campus is \$3,354,756. This is an increase of 6.3 percent over the revised fiscal year 1989 budget. The University of Iowa Hygienic Laboratory budget for fiscal year 1990 is \$4,030,800. This is an increase of 6.4 percent over the fiscal year 1989 budget. The University of Iowa Family Practice Program budget for fiscal year 1990 is \$1,758,947. This is an increase of 8.6 percent over the fiscal year 1989 budget. The budget for the University of Iowa Specialized Child Health Services (Cancer, Hemophilia, High-Risk Infant) is \$593,800. This is an increase of 7.2 percent over the revised fiscal year 1989 budget.

The Iowa State University General University budget of \$202,920,736 represents an increase of 7.3 percent over the fiscal year 1989 budget. The Iowa State University Experiment Station budget of \$21,399,721 represents an increase of 18.5% over the fiscal year 1989 revised budget. The Iowa State University Cooperative Extension Service budget is \$23,111,988 for fiscal year 1990. This is an increase of 9.4 percent over the fiscal year 1989 budget.

University of Northern Iowa officials proposed a budget for fiscal year 1990 of \$72,480,000. This is an increase of 8.3 percent, or \$5,590,835 more than the revised fiscal year 1989 budget.

Iowa School for the Deaf officials proposed a budget for fiscal year 1990 of \$5,940,232. This is an increase of 10.1 percent from the revised fiscal year 1989 budget.

Iowa Braille and Sight Saving School officials proposed a budget for fiscal year 1990 of \$3,395,964. This is an increase of 7.1 percent, or \$282,402 more than the fiscal year 1989 budget.

MOTION: Regent Tyler moved to approve the fiscal year 1990 final general educational fund budgets, except the University of Northern Iowa, as presented. Regent Hatch seconded.

Regent Williams said there were several items she could not find in the budgets including the extension programs at the graduate centers in the Quad Cities and Sioux City. She said those budgets have not kept pace. Vice President Phillips said that information was in the materials presented last month. University officials are cognizant of the problem of increasing those budgets. This year the graduate centers' budgets were moved into the salary area. She said she would provide the budget information to Regent Williams.

VOTE ON THE MOTION: The motion carried unanimously.

MOTION: Regent Furgerson moved to approve fiscal year 1990 residence system budgets, as presented. Regent Westenfield seconded the motion, and it carried unanimously.

MOTION: Regent Berenstein moved to approve the fiscal year 1990 intercollegiate athletics budgets, as presented. Regent Westenfield seconded the motion, and it carried unanimously.

Regent Berenstein asked for a breakdown on the amounts. Associate Director Hudson said he would send that information to Regent Berenstein.

President Pomerantz acknowledged the presence of Phil Dunshee who recently joined the Governor's staff. He welcomed Mr. Dunshee and said the Board of Regents offered him its full cooperation and support.

President Pomerantz presented the following recommendations for fiscal year 1990 salaries for the institutional heads:

Gordon P. Eaton, Iowa State University, \$154,440 which is approximately an 8 percent increase.

Hunter R. Rawlings, University of Iowa, \$154,440 which is approximately an 8 percent increase.

Constantine Curris, University of Northern Iowa, \$118,800 which is approximately an 8 percent increase.

William Johnson, Iowa School for the Deaf, \$61,480 which is approximately a 6 percent increase.

Dennis Thurman, Iowa Braille and Sight Saving School, \$61,480 which is approximately a 6 percent increase.

MOTION: Regent Fitzgibbon moved to approve the institutional heads' annual salaries, as presented. Regent Furgerson seconded the motion, and it carried unanimously.

PRELIMINARY BUDGET REQUESTS FOR FISCAL YEARS 1991 AND 1992. (a) Operating. The Board Office recommended the Board receive a report describing the fiscal year 1991 and 1992 budget requests of the Regent institutions and preliminary Board Office recommendations.

Regent institutions requested total institutional operating budgets for fiscal year 1991 of \$949.8 million exclusive of salary increases, an increase of 11.5 percent over fiscal year 1990. These requests include an appropriation request of \$526.9 million, a 19.2 percent increase over fiscal year 1990. For fiscal year 1992, Regent institutions requested an appropriation of \$585.7 million, an increase of 11.2 percent over the fiscal year 1991 request.

Preliminary Board Office recommendations include total institution operating budget requests exclusive of salary increases for fiscal year 1991 of \$892.0 million, an increase of 4.7 percent over fiscal year 1990. This recommendation includes an appropriation request of \$469.1 million, a 6.1 percent increase over the previous year. For fiscal year 1992 the preliminary Board Office appropriation request is \$472.7 million, an increase of approximately 1 percent over the fiscal year 1991 recommendation.

Salary requests reflected in the institutional budgets for fiscal year 1991 and 1992 include only annualization of benefits and negotiated merit salary increases. The requests do not include salary increases for faculty and professional and scientific employees. The preliminary Board Office recommendation for fiscal year 1991 and 1992 is to provide 7 percent salary increases each year for faculty and professional and scientific employees. Projected costs of a 7 percent increase would be \$23,533,183 for 1991.

Salary projections for fiscal year 1992 will depend upon the result of the University of Iowa and Iowa State University deliberations concerning whether or not to move to mid-year salary increases.

The preliminary Board Office recommendation emphasizes (1) strengthening the quality of undergraduate education, (2) providing adequate funds to maintain current educational efforts and (3) continuing support for the Board's priorities of minority recruitment, library automation, building renewal and research.

Regent institutions have made some requests for funding that are not included in the preliminary Board Office recommendation. Upon further consultation

with the Board and the institutions concerning the program implications of these requests, the Board Office may recommend some funding for these initiatives in September.

In accordance with the policy of the Board at the time the organizational audit began that any savings identified will be reallocated internally based on Board priorities, the fiscal year 1990 operating budget serves as the base for the institutional budget requests.

The preliminary Board Office recommendation for the utility budgets at the University of Iowa and Iowa State University are based on the original understanding and commitments of the Governor and the General Assembly to provide a 5 percent annual inflationary increase to the universities' utility budgets every year since 1986. The preliminary Board Office recommendation for the utility budgets of the University of Northern Iowa and the special schools is to provide 5 percent inflationary increases.

The Board Office preliminary recommendation regarding undergraduate education is for the Board to request a continuation of funding for the University of Iowa and the University of Northern Iowa based on last year's formula with updated enrollment data. The result will be the amount needed to cover unfunded enrollment increases and will be a continuation of last year's approach. Since the formula yields an inadequate level of funding for Iowa State University, the preliminary Board Office recommendation is to request \$750,000 to continue the undergraduate initiative at Iowa State University with an emphasis in the science and technology fields.

| | Board Office Recommendation | |
|-----------------------------|-----------------------------|-------------|
| | FY 1991 | FY 1992 |
| University of Iowa | \$2,310,192 | \$2,310,192 |
| Iowa State University | 750,000 | 750,000 |
| University of Northern Iowa | 966,061 | 966,061 |
| TOTAL | \$4,026,253 | \$4,026,253 |

The institutions' budget requests include 5 percent increases for price inflation for supplies, equipment and building repairs. A 12 percent price inflation increase was requested for library books. To prevent further erosion of academic programs caused by unfunded price inflation, the Board Office preliminary recommendations are to fund price inflation with an appropriation at the levels requested:

| | |
|----------|-------------|
| FY 1991: | \$6,884,000 |
| FY 1992: | \$6,355,000 |

Minority recruitment continues to be a high priority at Regent institutions. The preliminary recommendation of the Board Office is to continue the three programs appropriated for the current fiscal year and allow some growth in funding which will allow a continuation of the assistance provided this year.

Board Office Recommendation 1991 and 1992
(000's omitted)

| | <u>SUI</u> | <u>ISU</u> | <u>UNI</u> | <u>TOTAL</u> |
|----------------------|------------|------------|------------|--------------|
| IMAGES | \$400 | \$400 | \$200 | \$1,000 |
| College Bound | 110 | 110 | 80 | 300 |
| Educator Enhancement | <u>160</u> | <u>160</u> | <u>80</u> | <u>400</u> |
| TOTAL | \$670 | \$670 | \$360 | \$1,700 |

The preliminary Board Office recommendation is to reiterate the need for coordinated and automated circulation at the level of last year's Board request.

Board Office Recommendation
(000's omitted)

| | <u>FY 1991</u> | <u>FY 1992</u> |
|-----------------------------|----------------|----------------|
| University of Iowa | \$400 | \$ 250 |
| Iowa State University | 325 | 500 |
| University of Northern Iowa | <u>325</u> | <u>0</u> |
| TOTAL | \$1,050 | \$750 |

The preliminary Board Office recommendation of \$1,615,000 in fiscal year 1991 and \$3,371,000 in fiscal year 1992 for opening new buildings supports the universities' needs to secure adequate funding for the operation of new and remodeled facilities. Accordingly, the Board Office concurs with the universities' requests excluding \$113,000 for the University of Iowa Hospitals and Clinics with the understanding that further consultation will take place in an effort to determine if the projected costs are reasonable.

Board Office Recommendation
(000's omitted)

| | <u>FY 1991</u> | <u>FY 1992</u> |
|---------------------------------|----------------|----------------|
| University of Iowa | \$ 119 | \$2,362 |
| University Iowa Hosp. & Clinics | 0 | 0 |
| Iowa State University | 1,103 | 862 |
| University of Northern Iowa | <u>393</u> | <u>147</u> |
| TOTAL | \$1,615 | \$3,371 |

Computers and other information technologies continue to play an important role in the teaching and research programs of the universities. Without computer technology to support students and faculty, the universities will not

be able to retain higher quality faculty or remain competitive with peer institutions in obtaining research funding. All three universities requested \$3 million for fiscal year 1991. University of Iowa and Iowa State University officials requested an additional \$3 million each for fiscal year 1992.

Enhancements of the administrative systems at all five Regent institutions are required for more effective and efficient management of programs and resources. Most recent cost estimates indicate that implementation of the administrative systems workgroup's proposal will cost approximately \$5.3 million. Supplemental requests have been made by the universities to fund the first year of the proposal during the current fiscal year. The preliminary Board Office recommendation does not include funding for administrative systems until further consultation takes place between the Board and the subcommittee.

Recently the Board has discussed the progressive deterioration of the universities' facilities and expressed interest in securing resources to eliminate deferred maintenance and adequately fund building renewal. The preliminary Board Office recommendation consists of a strategy which will eliminate the backlog of deferred maintenance and provide adequate ongoing building renewal funds to prevent further backlogs. The Board Office supports the institutions' proposal to initiate a five-year plan to increase building renewal budgets to recommended levels. The following amounts for fiscal year 1991 reflect the annual need minus the fiscal year 1989 revised budget for building repairs minus the institutions' requests for inflation divided by five years. The amounts recommended for fiscal year 1992 reflect the annual need plus 5 percent minus the fiscal year 1991 recommendations divided by four years.

Board Office Recommendation

| | <u>FY 1991</u> | <u>FY 1992</u> |
|-----------------------------|----------------|----------------|
| University of Iowa | \$1,808,000 | \$2,650,000 |
| Iowa State University | 1,474,000 | 2,730,000 |
| University of Northern Iowa | <u>562,000</u> | <u>998,000</u> |
| TOTAL | \$3,844,000 | \$6,378,000 |

Projected Costs of a 7 Percent Salary Increase for Faculty and P&S Employees

FY 1991

| | |
|-------------------------------|---------------|
| University of Iowa | \$13,664,182 |
| Iowa State University | 8,956,689 |
| University of Northern Iowa | 688,100 |
| Iowa School for the Deaf | 167,712 |
| Iowa Braille and Sight Saving | <u>56,500</u> |
| TOTAL | \$23,533,183 |

The appropriated component of support for the College of Medicine from fiscal year 1984 to fiscal year 1988 constituted only 9 percent of its total budget. A stronger base of appropriated support is needed if the college is to maintain and enhance the quality of its program. Accordingly, the preliminary Board Office recommendation is to request \$1 million in each of fiscal years 1991 and 1992 to maintain and enhance the quality of the educational program in the College of Medicine.

Preliminary Board Office recommendations are to adopt a tuition increase of 4 to 4.5 percent to account for inflation. It is suggested that the same increase be applied to both resident and non-resident students. The Board may want to consider some different level of increase at the University of Iowa. The preliminary Board Office recommendation is to dedicate tuition revenue to undergraduate education, libraries or computers. Revenue generated at each university with a 4.5 percent tuition increase would be as follows:

FY 1991

| | |
|-----------------------------|----------------|
| University of Iowa | \$3,269,700 |
| Iowa State University | 2,804,095 |
| University of Northern Iowa | <u>661,500</u> |
| TOTAL | \$6,732,295 |

Iowa School for the Deaf and Iowa Braille and Sight Saving School officials made no requests for appropriations for programs in addition to those already being provided. The special schools' budget requests include annualization of fringe benefit and merit salary increases and 5 percent for price inflation. Preliminary Board Office recommendations support these requests.

Director Eisenhauer said this docket item begins the process of developing appropriation requests for fiscal years 1991 and 1992. While the General Assembly is on annual budgeting cycle, the Governor requests a two-year budget request be presented every year. She said state appropriations comprise approximately 30 percent of the total budget. Institutional officials have been working very hard to close out fiscal year 1989 budgets, finalize fiscal

year 1990 budgets, and also developing requests for the 1991 and 1992 requests.

Director Eisenhower stated the Board Office recommends that undergraduate education funds continue under the same formula except at Iowa State University where the Board Office felt the budget provided an inadequate amount of funding. The preliminary budget recommendation suggests a tuition increase of 4 percent to 4-1/2 percent which would generate \$6.7 million.

President Eaton noted that this was just a beginning of discussion of budget requests. He said there are some very positive aspects to the budget. University officials and Board Office staff are in substantial agreement in the total of those 2 years. However, he said there were some areas to call to the Board's attention which were the subject of disappointment on the university's part. The size of the budget in the area of improving undergraduate education was a concern. He was concerned that a signal was being sent to the public that there was less need at Iowa State University for improving undergraduate education, or that they were less concerned about the quality of undergraduate education at Iowa State University. Improving undergraduate education funds will address expansion of course availability, quality of teaching and recruiting outstanding students.

President Eaton stated university officials are trying to rebuild the deteriorated infrastructure. He reminded Board members that from 1979 to 1986 Iowa State University underwent 3 budget reversions while seeing a growth of 3,000 students. Roughly two-thirds of those additional 3,000 students were out-of-state students. He said university officials are now trying to build back from a position of disadvantage. What was proposed by the Board Office will slow that process down considerably.

University officials last year presented a program for agriculture research initiatives and extension that attempted to restore levels of funding for agriculture research to something commensurate to the other land grant institutions. Iowa is always in the top 3 in terms of total cash farm receipts. President Eaton said that for the last 15 years there has been no relationship between state support for research and total cash receipts. University officials developed a 5-year plan to enhance the base funding for agriculture research. The legislature found it was unable to fund at the level requested last year so the university received a lesser amount. He said the reduction was particularly disturbing since this is the year Iowa State University goes off lottery support for agricultural biotechnology.

Provost Glick addressed issues concerning infrastructure and computing. He said the effort the Board of Regents has made in the last 3 years regarding competitive faculty salaries have achieved results admired nationally. Now they have to address infrastructure to allow faculty to fulfill their potential. He said it is a marginal cost considering 90 percent of the budget is in salaries and wages. Faculty are not traveling and are paying for their

own telephone calls. In the area of computing, university officials just finished a one-year strategic planning effort. They believe the key element now is to take advantage of their outstanding network backbone to provide accessible computing.

Professor Holger of the Faculty Senate said the faculty at Iowa State University appreciates the emphasis on faculty salaries. He said it appears the Board Office recommendation of a 7 percent faculty salary increase will be adequate to maintain their position. He cautioned that the economic scales in other states tend to lag; therefore, they must monitor the salaries of the other states to make sure the Regent university salaries don't deteriorate. Rebuilding salaries has not been a pleasant experience for the rest of the budget, especially infrastructure. Faculty endorses the emphasis on infrastructure. There are departments where current expense monies run out in January. The effect of this is that faculty have become underutilized. He said additional funds are needed for enhancing computational abilities. Faculty is also concerned about library acquisitions. He said funds for faculty development for traveling is increasingly important in terms of competition for research funds.

Professor Holger addressed educational initiatives. He said the initiatives proposed in the budget will improve undergraduate education. Extension initiatives need addressed because the role of extension is changing. He said faculty recruitment and retention is a key factor in building the kind of university required to attract and retain top educators. To do that they need good faculty salaries, which he said the Board has provided, and a good academic infrastructure. He presented budget increase comparisons with schools in surrounding states which indicated Iowa's were lagging. He said the Regent universities compete with those surrounding states for faculty members and competition is increasing. Twenty percent of the faculty in the engineering college could retire in the next few years. There are not enough people in the "pipeline" to replace them.

Vice President Madden stated that in the utilities area the Board Office recommended basically continuing the 5 percent increases started in 1986. He said that is not adequate to fund the actual fuel prices and ash handling costs.

Karen Bolluyt, chair of the Iowa State University Professional and Scientific Council, provided examples of Professional Scientific staff members around the campus and their contributions to the university. She said the Women in Science and Engineering program has been a successful effort to reach women and has attracted national attention. A national association awarded 2 of its 3 national awards to CIRAS which resulted in \$26 million in new investments. Peter Boysen won an equipment grant worth \$650,000 for his software creation. Another Professional and Scientific staff member just won first place in the Zenith Masters of Innovation. In the extension area she said staff has received honors for work on economic development and programs for single

parents and their children. Professional and Scientific personnel include alumni and development staff and the director of residence programs. Ms. Bolluyt said there are 1,400 Iowa State University Professional and Scientific staff members, one-half of whom have their professional degrees. She noted that in 8 of the last 10 years Professional and Scientific staff members have received salary increases of from 0 percent to 2 percent and continue to serve the university with distinction. Some salaries are 11 percent behind the market. The expertise of Professional and Scientific staff is often in demand in the private sector.

President Eaton distributed 5 pages which represented the justification for the budget proposals made by Iowa State University officials. He noted the Board members used to receive two docket books but that is now trimmed to one. He expressed concern that even in the cases where there is a difference in the institutional request and the Board Office recommendation the Board members are not provided with the university's information.

President Pomerantz said the Regents and institutions have just completed a 3-year program of improving faculty salaries and did a reasonable job with other line items during those three years. The Iowa economy has improved and there is a prospect of better times. He said the talk about telephone expense is not going to sell the magnitude in the increase in the budget. He said the Board's priority is undergraduate education. The Board needs to know how much of the budget will be devoted to that priority.

President Eaton said the information he had just distributed would address those areas. He was concerned that a very brief statement on the floor is not equal to the Regents received the written information from the university. One of the things university officials did this year was to key what they were asking for specifically to the mission of the university and the recommendations of the long-range strategic planning committee. He said university officials do not have a very effective way of communicating to the Regents.

President Pomerantz said university officials always have the option of doing what President Eaton was doing -- discussing it at the meeting. He said if it takes 5 years to improve undergraduate education course offerings he will want to know how each of the increases in the budgets those five year will address that.

Regent Hatch said she would welcome having written information.

President Pomerantz noted that it will be his objective to reduce the Board book in half again.

Regent Fitzgibbon questioned the difference in the Iowa State University budget request for boiler needs versus the Board Office's budget recommendation. President Pomerantz said he believed it was the university's

position that payouts and costs have changed. Vice President Madden said the boiler savings have been substantial. Funding projections were made 5 years ago at a rate including 5 percent inflationary increases. Those costs are greater than what the fuel budgets are since the universities have not received inflationary increases.

Regent Fitzgibbon said there was too much difference between the university request and the Board Office recommendation in a lot of areas. He suggested they find some ways to get closer. President Pomerantz noted that this is only July.

President Rawlings seconded what President Eaton said about the effort to increase faculty salaries. He said there was no question they retained faculty members that would have been lost. Those were by and large their best faculty members. After three years of hard effort in that regard it is time to turn their attention elsewhere. He said undergraduate education is their most vital need and is where university officials are putting their primary resources. The University of Iowa has 29,000 students but only has faculty and facilities designed for 25,000 students. University officials have targeted faculty positions as the number one need. Research infrastructure needs strengthening although it did not receive Board Office support. He asked that the Board take a good long look at that need which he said is crucial to the university's future. In order to keep up he said they need infrastructure support, equipment, and Professional and Scientific staff salary increases. President Rawlings stated that, as Regent Williams made very clear, university officials must assign a very high priority to recruiting the very best students. They should make the same effort to recruiting the very best graduate students since graduate students perform much of the research. Competing for graduate students is even more difficult than competing for undergraduate students. The University of Iowa is way behind in graduate fellowships.

Vice President Vernon said undergraduate education has been treated well by the Board Office. University officials are in the process of writing up another description of the need that should be mailed to the Regents before the September meeting. The main area of strengthening would come in liberal arts and the Opportunity at Iowa program. He noted they made very good progress this year in the recruitment of minorities although they have such a long way to go. He said he would like to see more consideration given to coming closer to what university officials think they need. He said libraries is one of their very highest priorities. The Governor's veto of the \$400,000 for library automation meant university officials had to use operating funds just to run the program. He noted that amount does not touch automation; it just lets them run the library.

Vice President Vernon expressed appreciation for the Board Office support of the College of Medicine. A new initiative on the part of University of Iowa officials is to request state money to match privately-endowed professorships.

The match would be for matching the income. He suggested the Board should take a hard look at encouraging private giving. He didn't think that as a state enough is done to encourage private giving.

Regent Fitzgibbon asked if matching funds are used elsewhere in the system. Vice President Vernon said no private funds are being matched by state funds.

President Pomerantz cautioned there would be a risk that the match sum would be deducted from the otherwise appropriated dollars. That would mean substituting private dollars for public dollars. He suggested an alternative would be to seek private funds to match other private funds.

Vice President Phillips said one of the Regent-wide requests is improve computing capabilities. She said the use of computers is pervasive. In order for students to go out and compete they need to keep up in this area. She estimated that about half of their request would be in the area of undergraduate education. University officials will be working with the Board Office on this request. University officials also made a request for inflationary increases. They requested 12 percent inflation for library books. They also asked for some funds to strengthen the operating infrastructure which includes supplies and services, equipment, building renewal, utilities, custodial and maintenance services. They will also be working with the Board Office on the request for administrative systems.

Vice President Phillips referred to the university's request regarding the utility system. There is a shortfall because the funding anticipated has not been realized. University officials had assumed they would get a 5 percent increase each year. She said this was the first time they have done the budget request in this time frame. She said the Board Office has been very cooperative, helpful and available.

Regent Fitzgibbon asked for the total budget for marketing. Vice President Vernon said the budget for marketing is in excess of \$1 million. Vice President Phillips said it was closer to \$2 million. Those costs are integrated into the various unit budgets.

President Pomerantz said this again points up the issue around functional budgeting. He said the requests should relate to functions and priorities.

President Rawlings said university officials are moving closer in that direction. They will move more and more each year into strategic planning dictating the budget.

Professor Nelson, president of the Faculty Senate, expressed the faculty appreciation for the Board's efforts on behalf of returning the University of Iowa to a competitive position for faculty salaries. He said salaries by themselves cannot make a university great. However, they can help to attract and retain superb people. Members of the faculty and staff are crucial for

high quality in higher education. That is why faculty also appreciates continuing efforts by the Regents to return the faculty to a size sufficient for first-rate education of undergraduate students. Professor Nelson addressed the university's needs for more resources to support undergraduate education. He said they spring directly from the university's success in providing a fine education at a relatively low cost. They urgently need enough faculty to meet the needs of some five thousand students beyond the capacity of current staffing. They also need to pay for the classroom, computers, and other educational requirements of students.

Professor Nelson said the same was true for the university's success in research and grantsmanship. To facilitate research they need new equipment, sophisticated computers, new facilities, more supplies, more laboratories, better-paid staff, better-supported graduate students, and far-better-funded libraries. He addressed the university's infrastructure troubles. He said the troubles have been compounded by years of neglect. Classroom, laboratory and office space is woefully inadequate because they have lacked the money needed for building and maintaining a better physical plant. The classroom and research space available does not let faculty do the things they know to be necessary for first-rate teaching and research.

Due to the high quality of faculty, staff and students at the University of Iowa, Professor Nelson said the university has repeatedly led the nation and the world in creating good ideas and putting them into practice. Time and again, however, they have failed to support their innovations, develop new resources, and protect their initial leads. Good ideas go undeveloped for lack of seed money, and program after program gets left to wither without later support. Therefore, he said the part of the budget to which he most called the Board's attention is a fund for recognizing and cultivating new projects in education and research. Express support for Iowa's tradition of innovation requires a fund specifically for these initiatives.

Professor Marshall, chair of the budgetary planning and review committee of the University of Iowa Faculty Senate, stated the Faculty Senate has been closely involved in the development of the budget requests. He said the faculty expressed their appreciation to the Regents for their hard work on behalf of the three-year program of faculty salary increases. They are grateful for the vigorous leadership of the Regents in speaking on behalf of higher education and its importance for the economic and spiritual future of Iowa. A program of reasonable yearly salary increases will protect the state's investment in its faculty and make unnecessary expensive catch-up programs.

Professor Marshall stated that in his 15 years at the university, nothing has boosted his morale more than this year's added appropriation for undergraduate education. This expansion of the faculty is the first and long overdue step in responding to a fact that, contrary to many predictions, is not going to change: the University of Iowa is now a university of 30,000 students. They

need more faculty so then can provide the kind of instruction they know is best, the kind the students deserve, and so they can offer enough classes that students' progress toward their degrees is not delayed. He noted that faculty see every day the vital contribution that professional and scientific staff make to research and teaching. Faculty supports requests to increase their numbers and to provide competitive salaries to assure they can hire the best people.

Once they have the right people, Professor Marshall said they need the tools to do the job. The tools means buildings, laboratory space, equipment, computers, libraries, and supplies and services. All these are important, but he especially emphasized computing and the libraries. In his own teaching he uses the computer the university supplies every day. The majority of his students now prepare their papers and assignments with computers. They are beginning to find more powerful ways to use computers and other new technologies to make assignments more interesting and more challenging -- to focus them more sharply on the brain-work only human beings can do. Libraries remain their best, richest and most accessible information resource. Scientists need the journals and other written records of research to keep their work current, to make use of the latest discoveries and to focus more sharply on unsolved problems. In order to accomplish their mission, he said it is vital that both students and faculty have modern technological tools, and that means high quality information resources, including both computing and libraries.

Dan Shanes, President of the University of Iowa Collegiate Associations Council, stated students support addressing the critical needs for undergraduate education, the Opportunity at Iowa program and library automation. Students are encouraged that the Board Office concurs with the university's request in these areas. He said library assistance, acquisition and automation is vital for both teaching and research to increase scholarly journals. Public higher education institutions must be the beacons for opportunity. He stressed that students are unified with the university administration on these budget items.

Richard Saunders, president of the Staff Council, said the University of Iowa Staff Council represents the Professional and Scientific staff and the merit system employees exempt from bargaining. These individuals contribute greatly to the success of the university's mission. Their contributions are as broad as the university itself. He cautioned that shortages will be existing in data processing and nursing professions. The university needs many specialists such as those to realize its mission. He acknowledged that everyone has financial obligations, and the staff was not asking for more than they deserve. They asked the Board for a 7 percent overall increase. In many years they received less than 2 percent and even zero. He cautioned that they cannot afford to slip further backward.

President Rawlings thanked Mr. Richey for his support of undergraduate education.

President Curris discussed the University of Northern Iowa request concerning relating the university budget to strategic planning goals. Specifically, he addressed priorities concerning undergraduate education, rebuilding the academic core and leadership in teacher education. He said there has been an emphasis on strengthening the quality of the educational programs for undergraduates. The highest priority at University of Northern Iowa is upon improving quality. He said it would take less than an 8 percent increase to truly strengthen quality. The Board approved a \$1.2 million request for University of Northern Iowa for undergraduate education for the first of a 4-year effort, and the legislature gave the university one-half of the requested amount. He said he was disappointed and did not understand the preliminary recommendation of the Board Office for \$960,000 instead of the \$1.2 million. University officials feel they need at least the \$1.2 million. They would like to have at least the same amount in the second year of the program as in the first year. This is the number one priority and one for which he needed Board support.

President Curris stated university officials need to emphasize addressing the academic core in two significant areas. The first area is libraries. They need to reemphasize building their libraries. The second areas of emphasis is strengthening their commitment to computerized instruction. Modern technology needs to be introduced into all areas of the university. In order to build quality they have to rebuild that academic core.

In regard to the university's priority of leadership in teacher education, President Curris said this has been a theme the Board has asked the university to emphasize. One of the issues is to address technology as it applies to education. They are entering an era in public education and it is important that teachers be in the forefront of understanding technology as it applies to the learning process. He said the other aspect is an effort to attract senior professors to the faculty. Salaries at the University of Northern Iowa are below salaries at other institutions. University officials compete well when they try to hire faculty; however, they are now attempting to hire experienced senior faculty versus new faculty.

President Curris introduced Dr. Ron Ross, head of the university's school of music, to speak on behalf of the non-bargaining unit faculty members, and Jim Nantz, chair of the Professional and Scientific Council.

Dr. Ross stated that the non-bargaining faculty are represented in over 40 colleges. They include deans and other administrators who hold academic rank and are the school's front-line managers. These leaders have not benefitted from the faculty salary improvement plan of the last 3 years. The average faculty salary increases have been 3.5 percent greater than for the non-bargaining faculty. He said the non-bargaining faculty are productive

scholars and teachers. These people are crucial to the mission of the university yet are not seated at the same table as faculty when it comes to salary increases. He stressed that it was more than a morale issue. They must attract and retain the best qualified department heads. He said they may have to pay more heavily later if they do not pay a little now. He requested an allocation of \$100,000 as a one-time catch up which he said was a modest proposal which will be viewed as acknowledgement of their commitment and value to the university.

Mr. Nantz asked the Board to improve the salary level of Professional and Scientific employees by bringing their position in the market place into line with salaries of their bench mark institutions. There are 270 Professional and Scientific employees at the University of Northern Iowa and that number is growing every year. He said a large percentage of the staff deals with students and student services. Recruitment is accomplished primarily through the efforts of Professional and Scientific staff in the admissions office. Despite the salary differences between faculty and staff, Professional and Scientific staff has continued to perform professionally. He noted that last year he asked the Board to consider enrollment figures as an indication of staff's success. The continued success of the institution depends on the ability to maintain staff.

Regent Fitzgibbon asked about the asbestos removal program at the Iowa School for the Deaf. Business Manager Aherns said the school spent \$59,000 for asbestos removal on one floor. School officials estimate \$50,000 will be needed for each floor. That amount includes funds to replace the carpet and drapes that have to be removed during the asbestos work.

Superintendent Thurman stated Iowa Braille and Sight Saving School officials were requesting a 5 percent increase in non-salary, non-library items, and a 12-1/2 percent increase in library funds. He reminded the Board that recruitment of teachers in the field of education of the blind is always a major issue. Maintaining a high level of salary to attract teachers to Vinton is a high priority.

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

(b) Capital - Including Energy Conservation, Fire Safety and Deferred Maintenance. The Board Office recommended the Board receive a report on the capital requests submitted by the Regent institutions and consider the preliminary Board Office recommendations.

The preliminary recommendation of the Board Office is for a capital program of \$66.7 million for fiscal year 1991 and \$28.2 million for fiscal year 1992. In developing the preliminary recommendations the Board Office received the

institutions' requests for \$305 million for capital improvements in fiscal years 1991 and 1992.

The preliminary Board Office recommendation by institution is as follows:

Preliminary Board Office Recommendation
(000s Omitted)

| <u>Institution</u> | <u>FY 1991</u> | <u>FY 1992</u> | <u>TOTAL</u> |
|-----------------------------|----------------|----------------|-----------------|
| University of Iowa | \$36,800 | \$17,215 | \$54,015 |
| Iowa State University | 18,150 | 7,575 | \$25,725 |
| University of Northern Iowa | 10,898 | 3,250 | \$14,148 |
| Iowa School for the Deaf | <u>825</u> | <u>125</u> | <u>\$ 1,000</u> |
| TOTAL | \$66,723 | \$28,165 | \$94,888 |

In developing the preliminary recommendations, the Board Office reviewed the institutions' requests and priorities and attempted to identify and provide for critical infrastructure needs as well as undergraduate teaching and research needs of the institutions.

Director Eisenhower stated that institutional and Board Office staff are very excited about their proposed strategy to address deferred maintenance. The total need is \$62 million. She said that if the Board adopts the strategy and the Governor and the General Assembly are supportive, Iowa will be taking a giant step on an issue of concern across the country. She introduced Jim Christensen, University of Iowa physical plant director.

Mr. Christensen stated the components needing addressed are the basic components of the buildings. He said that when repairs are not done on time they end up with a backlog of repairs called "accumulated deferred maintenance". When the time between the need for the repairs and the provision of the money for the repairs is lengthened, the damage and the amount of money to repair the damage get quite high. That cost is now at \$62 million. Mr. Christensen provided a videotape "tour" of the deferred maintenance needs at each of the five Regent campuses. At Iowa State University the accumulated deferred maintenance need is \$18.5 million. At the University of Iowa roof leaks are the largest single source of problems. The second biggest problem is windows. At the Iowa School for the Deaf there has not been regular maintenance on any of the nine buildings on campus. The school has 20,000 linear feet of water and sewer lines. Existing plumbing is over 80 years old. At the University of Northern Iowa a major deferred maintenance item is a tunnel system that honeycombs the campus.

Associate Director Reynolds discussed physical plant needs and concerns. He said 53 percent of the Iowa State University campus buildings were built in the 1960s and 1970s. Many of the components of those facilities only have a

life of 20 to 30 years. He said the three funding mechanisms are operations and maintenance budget, capital renewal funding, and deferred maintenance funding. He asked that the Board consider how to fund capital renewal at the same time it addresses deferred maintenance.

President Pomerantz stated the videotape illustrated the problem. He said they must establish a priority with all the political constituencies that deal with the Regents' funding. They must have an aggressive program for several years in order to restore the facilities.

Regent Fitzgibbon stated institutional and Board Office staff did a great job in establishing a plan.

President Pomerantz asked that the Board Office understand the Board's priority in this area and address it as such.

ACTION: President Pomerantz stated that because of a time deadline the Board would not be able to adequately cover capital budgets at this meeting. He asked that it be docketed for the September meeting.

(c) Tuition Replacement. The Board Office recommended the Board receive the Board Office assessment of tuition replacement appropriation needs for fiscal years 1991 and 1992.

ACTION: President Pomerantz stated the Board deferred action on this item until the September meeting.

CONSENT ITEMS. The items on the consent docket appear in the appropriate sections of these Minutes and were approved by general consent of the Board.

REPORT OF THE BANKING COMMITTEE. The Board Office recommended the Board (1) approve an extension of the Board's contract with Springsted, Inc. as the Board's financial advisor for one year through August 31, 1990, under the same terms and conditions as the most recent contract which expires September 1, 1989; (2) approve an extension of the Board's contract with Ahlers, Cooney, Dorweiler, Haynie, Smith and Allbee Law Firm as the Board's bond counsel for one year through August 31, 1990 under the same terms and conditions as the most recent contract which expires September 1, 1989; (3) revise the leasing authority of the Executive Director and Regent institutions to be up to the following cumulative amounts in any fiscal year up to a maximum of \$20 million.

| | |
|-------|---------------|
| SUI | \$6,000,000 |
| ISU | 3,000,000 |
| UNI | 500,000 |
| ISD | 50,000 |
| IBSSS | <u>50,000</u> |
| | \$9,600,000 |

(4) Approve an amendment to the bond resolution regarding \$3,000,000 in Iowa State University Dormitory Revenue Bonds (1967) at the request of the bondholder to provide for registration of both principal and interest; and (5) receive a report regarding other Banking Committee current events including risk management, administrative systems, the semi-annual review of state audits and the University of Iowa investment procedures.

Last fall the Board approved a master lease agreement with BancNewEngland Leasing Group to finance equipment acquisitions for Regent universities. The maximum draw down by the Board currently authorized in the agreement with BancNewEngland is \$20 million. The Board has authorized the Executive Director and the institutions to execute leases whose cumulative principal outstanding does not exceed \$9.6 million. Master lease financing represents a substantial savings over using internal funds and generally the master lease interest rate is two percentage points below interest rates earned on institutional investments of the same maturity. In order to continue to achieve these savings, it is suggested that the \$9.6 million authorization relate to cumulative drawdowns per fiscal year.

An interinstitutional risk management workgroup was established for the purpose of evaluating the final report of the Board's risk management consultant and developing an implementation plan including staffing and funding. The group is scheduled to meet on August 3 and is expected to make a report in September.

The co-chairs and ranking members of the education appropriations subcommittee met with Regent Fitzgibbon, the Board Office and the institutions on July 14 to review the Board's progress toward achieving updated administrative systems. Legislators received a presentation and expressed support for the Board's effort. The Banking Committee has been serving as the Administrative Systems Priority Issue Study Group.

The Banking Committee has adopted a procedure of reviewing routine state audits twice each year. Audits that reveal problems are not considered routine and are brought to the Banking Committee's and the Board's immediate attention. The semi-annual report of state audits due this summer is completed and will be mail directly to Board members this month.

After refining the Board's investment policies last spring, the Banking Committee expressed interest in reviewing the internal investment procedures of each of the three universities when the Board meets on the respective

campuses. Accordingly, Joan Thompson, Iowa State University Treasurer, presented a report regarding Iowa State University investment procedures at the Board's June meeting in Ames. Since the Banking Committee did not meet in conjunction with the July Board meeting, the University of Iowa presentation will be scheduled in October when the Board meets again in Iowa City.

MOTION: Regent Berenstein moved to approve an extension of the Board's contract with Springsted, Inc., as the Board's financial advisor for one year through August 31, 1990, under the same terms and conditions as the most recent contract which expires September 1, 1989. Regent Furgerson seconded the motion, and it carried unanimously.

MOTION: Regent Berenstein moved to approve an extension of the Board's contract with Ahlers, Cooney, Dorweiler, Haynie, Smith and Allbee Law Firm as the Board's bond counsel for one year through August 31, 1990, under the same terms and conditions as the most recent contract which expires September 1, 1989. Regent Tyler seconded the motion, and it carried unanimously.

MOTION: Regent Williams moved to revise the leasing authority of the Executive Director and Regent institutions to be up to the cumulative amounts presented in any fiscal year up to a maximum of \$20 million. Regent Furgerson seconded the motion, and it carried unanimously.

MOTION: Regent Fitzgibbon moved to approve an amendment to the bond resolution regarding \$3,000,000 in Iowa State University Dormitory Revenue Bonds (1967) at the request of the bondholder to provide for registration of both principal and interest. Regent Berenstein seconded the motion, and upon the roll being called, the following voted:
AYE: Berenstein, Fitzgibbon, Furgerson, Greig, Hatch, Pomerantz, Tyler, Westenfield, Williams.
NAY: None.
ABSENT: None.

Regent Fitzgibbon discussed the other items the Banking Committee is working on. Administrative systems were discussed with the chairs of the legislative educational appropriations subcommittee on July 14, 1989. The Banking Committee members will have some pretty extensive discussion on this matter in September.

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

REPORT ON STUDENT FEES. The Board Office recommended the Board (1) receive additional information relating to student fees; (2) request the University of Iowa conduct a survey to determine the number, nature, amount and disposition of course fees charged to students; (3) request the University of Iowa develop, in consultation with faculty and students, guidelines for the establishment and review of course fees; (4) request the universities review existing institutional policies and procedures regarding fees in order to achieve the following goals:

- a. The nature and amount of all fees charged to students should be limited to the actual amount required to provide the necessary goods or services to minimize the cost of education to students and their families.
- b. All student fees should be administered equitably and accounted for appropriately.
- c. Students and their families should be apprised of the nature and amount of total fees as early as possible in the enrollment process.

(5) Request the universities proceed to develop for Board review phased plans to establish self-supporting student health services financed through mandatory student fees and service charges.

(6) Adopt the following suggested student fee guidelines:

- a. Establishing, collecting and disbursing all fees should be done centrally for control, accountability and service to students. Faculty members should never collect fees in class.
- b. The Board should review and approve fees included in tuition and miscellaneous fees in the spring each year and review course fees every four years to provide a comprehensive overview of fees charged to students and to permit fees to be printed in course catalogues. Currently, the Board allocates fees included in tuition each spring, approves miscellaneous fees in the fall, and does not review or approve course fees.

- c. The amount of a course fee should not exceed the actual additional cost of providing special supplies, unusual support costs or specialized equipment for the course.
- d. Each university should establish a procedure for the review and approval of course fees and all course fees should be evaluated at least every four years or more frequently if changes occur.
- e. Each university should establish an appeal process for students who feel they have been charged a course fee in excess of the cost of providing the course.
- f. Fees should not be charged to students to use university-owned equipment for coursework unless the student damages the equipment, unless there are compelling reasons for the requirement. (Fees to pay monitors to keep labs open should be allowed so that students have access to instructional equipment.)
- g. Students should not be required to purchase learning materials or supplies from the university if they are available from a local retailer unless there are compelling reasons for the requirement.

As a result of Board discussion in June, the recommendation regarding the review of course fees was changed to require institutional review of course fees more frequently than every four years if changes should occur. A detailed justification of each miscellaneous fee will be developed at the time the Board is asked to review and approve miscellaneous fees.

The purpose of the study presented last month was to describe all fees that are charged to students, to describe existing Regent-wide and institutional fee policies and to propose guidelines which will assist the Board in its attempt to minimize educational costs to students and their families without compromising academic standards.

Among the most expensive fees is a computer fee for Engineering students at the University of Iowa and Iowa State University of \$200 per academic year. Another of the most expensive fees is the instrument fee for Dentistry students at the University of Iowa of \$1,733 per year and \$425 per year for Dental Hygiene students. Miscellaneous fees include such items as computer fees, transcript fees, thesis fees and application fees.

Course fees are charged to students who enroll in courses requiring special supplies, unusual support costs or specialized equipment. Course fees are not approved or regularly reviewed by the Board. It appears they are regularly reviewed and approved by university administrators only at the University of Northern Iowa and Iowa State University.

In the fall of 1989, Iowa State University will have approximately 740 course fees ranging from \$5.00 to \$30.00 not including some field trips which may cost more. The University of Northern Iowa will have approximately 134 course fees ranging from \$2.00 to \$40 not including a \$228 remedial course fee.

The only Regent-wide policy regarding fees is noted in the Procedural Guide. It describes the requirement for Board approval before any new miscellaneous student fees or increases in previously-approved fees may occur. Regent oversight has been limited to reviewing the recommendations of the universities for new fees or proposed increases in fees included as part of tuition and miscellaneous fees. The objective has been to make these fees a matter of public record, encourage comment by affected parties, and establish the fees through Regent action.

None of the universities has a university-level policy statement relating to fees included as part of tuition or miscellaneous fees. Iowa State University and the University of Northern Iowa have documented policies relating to course fees. The University of Iowa has a documented policy relating to voluntary student fees.

A review of the student fees charged at all three universities shows that there are fees charged for items not directly related to instruction. Student health, intercollegiate athletics, student newspapers, and campus transportation are notable examples.

Vice President Vernon said the students at the University of Iowa are in opposition to establishing a student health fee. The students reserve the right to object when the item comes back before the Board.

MOTION: Regent Furgerson moved to approve the recommended action. Regent Hatch seconded the motion, and it carried unanimously.

President Curris stated students at University of Northern Iowa are concerned that the language directing university officials to proceed to develop phased plans to establish self-supporting student health services means there will be a fee charged to students for health services in the future. He questioned whether that language was asking them to prepare a plan, not a proposal, in the event the Board chooses to adopt student fees.

President Pomerantz said it also gives the Board an opportunity to look at specific plans.

Regent Hatch stated that she did not believe all the student representatives had an opportunity to review all the materials of the ad hoc committee on student health services. She asked that they provide interested student body representatives with the background information.

President Pomerantz said the students should have plenty of opportunity for input. The Regents are asking for a more definitive approach to the student fee issue in order to develop their options. The action recommended to be taken at this meeting does not resolve the issue.

A student representative stated the primary issue concerning students is whether it is appropriate for general education funds to be allocated toward student health services. They are afraid that once plans are developed the plans will overshadow the issue of general education funding.

MONTHLY REPORT ON THE BOARD OFFICE BUDGET. The Board Office recommended the Board receive the report.

The proposed total budget for fiscal year 1990 is unchanged from \$1,106,715 approved by the Board at the June meeting. However, the salary portion of the budget has been adjusted to reflect the increase in the salary of the Executive Director to \$89,250 approved by Governor Branstad. As a consequence, the salary savings were adjusted upward to \$15,944.

The latest estimate of expenditures for fiscal year 1989 show a slight adjustment upward in miscellaneous receipts. Expenditures for salaries were reduced by \$3,500. The additional funds made available by increased miscellaneous receipts and reduction in expenditures for salaries were utilized in the other operating expenditure categories.

A quick comparison of the budget for fiscal year 1990 with projected expenditures for fiscal year 1989 shows that there will be significant problems with the budget during the year. In addition, the Board budget will bear unanticipated expenditures for meals and travel for Board members and Board staff that heretofore have been furnished by the institutions. When the Board considers its budget request in September the question of a supplemental request for fiscal year 1990 will need to be addressed as well as the needs for fiscal years 1991 and 1992.

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

BOARD OFFICE PERSONNEL TRANSACTIONS. The Board Office recommended that the Board ratify personnel transactions, as follows:

Reclassifications: KRISTYN STUMPF, Secretary II to Secretary III, \$21,465.60 per annum, effective July 14, 1989, and SHEILA LODGE, Secretary II to Secretary III, \$21,465.60 per annum, effective July 14, 1989. Reclassifications due to work reassignments within the Business and Finance Unit.

The personnel register contained salary changes as provided in the Board Office budget.

ACTION: President Pomerantz stated the Board ratified personnel transactions, as presented, as a consent item.

ANNUAL REPORTS ON EARLY AND PHASED RETIREMENT PROGRAMS. The Board Office recommended that the Board:

- 1) a. receive reports from the institutions on the operation of PHASED RETIREMENT programs in 1988-89;
 - b. approve a change in the PHASED RETIREMENT program contributions at Iowa State University for highly-compensated employees so that for such employees the university's contribution to the TIAA/CREF retirement program is based on the salary actually paid by the university;
- 2) a. receive reports from the institutions on the operation of EARLY RETIREMENT incentive programs in 1988-89; and
 - b. establish a present value rate of 7.5 percent for lump sum payouts under the EARLY RETIREMENT program for fiscal year 1990.

PHASED RETIREMENT programs for university faculty were first approved by the Board in 1982 and were subsequently extended to all faculty and staff.

In fiscal year 1989 thirty-one faculty, professional and scientific and merit system employees at three institutions participated in PHASED RETIREMENT. The total cost of incentives provided under the program was \$405,090. The amount of released funds was \$920,825. Released funds were available for staff replacement and reallocations.

In accordance with legislation enacted effective July 1, 1986, the Board approved an EARLY RETIREMENT program for faculty and professional and scientific staff at Regent institutions.

In fiscal year 1989 fifty faculty and staff members at four institutions participated in the EARLY RETIREMENT program. The institutions report that program participation by these individuals releases \$10,273,642 in salary obligations in future years. These released funds will be offset by staff replacements. An unidentifiable portion may be available for reallocation at the institution.

Participants in the EARLY RETIREMENT program who elect a lump sum payment of benefits (instead of continuing contributions over the years they participate in the program) have the lump sum payment discounted by the amount they might reasonably be expected to earn on the lump sum.

Iowa State University's participation in PHASED RETIREMENT has raised a question of discrimination in benefits for highly-compensated staff. The university sought to modify its contributions to TIAA/CREF for these employees to be based on the actual salary paid.

For 1988-89 the Board approved a present value rate of 7.0 percent. The recommended rate of 7.5 percent for fiscal year 1990 represents an average of current rates earned on 90-day and one-year Treasury Bills.

Regent Hatch referred to the reduction in phased retirement contributions at Iowa State University and asked if staff was proposing to raise salaries commensurate. Director Wright responded that salaries were not proposed to be raised.

ACTION: President Pomerantz stated the Board approved the recommended action by general consent.

REPORT ON PURCHASES WITH TARGETED SMALL BUSINESSES FOR FISCAL YEAR 1990. The Board Office recommended the Board (1) receive the report, (2) approve 2.0 percent of total non-utility procurement and construction as the certified Targeted Small Business goal for fiscal year 1990. The Regents program will be based on good faith efforts in awarding contracts to Targeted Small Businesses in the areas of goods, services and construction; and (3) direct the Board Office and Regent institutions to amend the Board's Targeted Small Business rules to conform with Croson and legislative intent.

Regent institutions spent \$7,077,258 with Targeted Small Businesses (TSBs) for the first three quarters of fiscal year 1989. (Figures for the fourth quarter were not available at this time.) Regent awards to Targeted Small Businesses accounted for 65.4 percent of all state awards to these businesses for the reporting period.

The U.S. Supreme Court ruled in its recent decision of City of Richmond v. Croson that mandatory set-aside programs to designated minorities were unconstitutional. The Iowa Attorney General has advised that the state should suspend its mandatory set-aside program and any set contract preference based solely on race. The General Assembly enacted legislation which permits the Department of Management to develop rules for the continuation of the state's Targeted Small Business Program. The Department of Management is promulgating Targeted Small Business Rules.

President Pomerantz asked if the program will require an allocation of funds. Compliance Officer Maxwell said it will not. Institutional officials will try to spend \$7 million.

MOTION: Regent Greig moved to approve the recommended action. Regent Hatch seconded the motion,

and it carried with Regents Furgerson and Williams opposed.

Regent Williams said she understood that the recommendation was made to comply with a recent court ruling. She felt it was not enough to say they will make a good faith effort. She said this was a very big step backward in terms of affirmative action.

APPEAL OF DENIAL OF ADMISSION. The Board Office recommended that the Board deny the request for review of a final institutional decision denying admission to the applicant whose record was before the Board.

NOTE: The Board members had before them a confidential student record pertaining to admission of this applicant.

The applicant was graduated from high school in 1988. The applicant sought admission to the university in the fall of 1988. The applicant was advised of the denial of admission by the university's Director of Admissions based upon the applicant's graduating class rank (50th in a class of 72).

The applicant was advised to attend a community college and develop an academic record suitable for transfer. The requirements for transfer to the university were disclosed to the applicant. The applicant enrolled in a community college in the fall of 1988 and withdrew on September 16, 1988. The applicant applied again for admission to the university for the fall of 1989. The application was denied.

The applicant has been through an appeals process at the university which includes review by the Committee on Admission and Retention and by the university president. Each time his admission to the university has been denied. The Board Office, in reviewing the record, found no compelling reason for the Board to review this denial of admission.

President Pomerantz stated that in reading the information concerning this appeal he had some concerns and other Regents had also expressed concerns. He asked that the three university admission officers review the materials and report back in September on their recommendation to the Board concerning whether to deny or affirm the appeal.

Regent Berenstein said the individual wants to enroll this fall.

Regent Fitzgibbon questioned why the Board should do something other than its normal process for review of appeals.

Regent Berenstein said the individual has rights under due process. He felt the Board should adhere to the established process.

President Pomerantz said he did not know that what he was suggesting would change the Board's normal process. He said the Board would be asking for advice and counsel of the admissions officers.

Regent Berenstein cautioned that by taking action to defer until September the individual will miss the enrollment date.

Mr. Richey stated that the person's attorney said that if the Board did deny the appeal, they know what their rights are.

MOTION: Regent Tyler moved to deny the request for review of a final institutional decision denying admission to the applicant whose record was before the Board. Regent Fitzgibbon seconded the motion.

Regent Hatch said she preferred to think about it until the following morning.

MOTION: Regent Hatch moved to table the motion. Regent Williams seconded the motion.

Regent Berenstein said he wanted to make sure they consider it fairly whether that consideration takes place today or tomorrow.

VOTE ON THE MOTION: The motion carried with Regents Fitzgibbon and Tyler opposed.

The following action took place on July 26, 1989.

MOTION: Regent Tyler moved to deny the request for review of a final institutional decision denying admission to the applicant whose record was before the Board. Regent Hatch seconded the motion, and it carried unanimously.

NEXT MEETINGS SCHEDULE. The Board Office recommended the Board review the next meetings schedule.

| | | |
|---------------------|-----------------------------|-------------|
| September 20-21 | University of Northern Iowa | Cedar Falls |
| October 18-19 | University of Iowa | Iowa City |
| November 15-16 | Iowa State University | Ames |
| December 13-14 | Hotel Fort Des Moines | Des Moines |
| January 17-18, 1990 | Iowa State University | Ames |
| February 21-22 | (To Be Designated) | Des Moines |
| March 21-22 | University of Iowa | Iowa City |
| April 18-19 | University of Northern Iowa | Cedar Falls |
| May 16-17 | Iowa State University | Ames |

| | | |
|-----------------|-----------------------------|-------------|
| June 19-20 | (To Be Designated) | Des Moines |
| July 18-19 | Village West | Okoboji |
| September 18-19 | University of Northern Iowa | Cedar Falls |

ACTION: President Pomerantz stated the meetings schedule was received by general consent.

President Pomerantz then asked Board members and institutional executives if there were additional general or miscellaneous items for discussion.

President Pomerantz suggested the Board publicly recognize Mr. Richey. Next week Mr. Richey will receive the National Governor's Association award for outstanding public service. He thanked Mr. Richey for his very fine contributions to this Board and the people of Iowa.

EXECUTIVE SESSION. President Pomerantz stated the process in the morning will be to perform a performance evaluation of President Rawlings at 7:30 a.m. Following that review the Board will consider a matter presently in litigation or where litigation is imminent.

President Pomerantz requested the Board enter into closed session upon the request of an employee whose performance is being considered, pursuant to the Code of Iowa Section 21.5(1)(i) and to consult with its counsel regarding a matter in which litigation is imminent or which is presently in litigation pursuant to Code of Iowa Section 21.5(1)(c).

MOTION: Regent Berenstein moved to enter into closed session. Regent Williams seconded the motion, and upon the roll being called, the following voted:
AYE: Berenstein, Fitzgibbon, Furgerson, Greig, Hatch, Pomerantz, Tyler, Westenfield, Williams.
NAY: None.
ABSENT: None.

The Board having voted at least two-thirds majority resolved to meet in closed session beginning at 7:30 a.m. on Wednesday, July 26, 1989, and arose therefrom at 9:48 a.m. on that same date.

STATE UNIVERSITY OF IOWA

The following business pertaining to the State University of Iowa was transacted on Tuesday, July 25 and Wednesday, July 26, 1989.

REGISTER OF PERSONNEL CHANGES. The Board Office recommended the Board approve the university's Register of Personnel Changes.

ACTION: President Pomerantz stated the Board approved the university's Register of Personnel Changes as a consent item.

APPOINTMENTS. University officials requested that the Board approve the appointments as outlined below:

PHILIP JONES as Associate Vice President for Academic Affairs effective August 1, 1989 at a fiscal year salary of \$87,000;

T. ANNE CLEARY as Acting Associate Vice President for Academic Affairs effective August 15, 1989 at a fiscal year salary of \$76,285;

FREDRICK WOODARD as Associate Vice President for Academic Affairs effective August 1, 1989 at a fiscal year salary of \$84,700;

ROBERT W. CRUDEN as Acting Director of Iowa Lakeside Laboratory effective August 23, 1989 at an academic year salary of \$53,100;

JOHN W. FULLER as Acting Chair of the Graduate Program in Urban and Regional Planning for a one year term effective July 1, 1989 at a fiscal year salary of \$55,885;

COLIN E. BELL as Chair of the Department of Management Sciences in the College of Business Administration for a three year term effective August 23, 1989 at an academic year salary of \$74,000; and

MAUREEN ROBERTSON as Chair of the Department of Asian Languages and Literature in the College of Liberal Arts, for a two year term effective August 23, 1989 at an academic year salary of \$40,000.

Vice President Vernon presented the following supplemental appointment:

ALICIA BROWN-MATTHES as Acting Director of the Division of Physical Education for a one-year term beginning August 23, 1989, at a fiscal year salary of \$40,444.

MOTION: Regent Fitzgibbon moved to approve appointments, as presented. Regent Tyler

seconded the motion, and it carried
unanimously.

Vice President Vernon introduced Dan Shanes, president of the Collegiate Associations Council, to speak regarding Vice President Hubbard's change in duties and his contributions to the university in his former duties.

Mr. Shanes stated there has been a shift in duties between student services and academic affairs. He wished to pay tribute to Vice President Hubbard for his friendship and leadership. He said the students are used to the best in Vice President Hubbard, and only a national search would enable them to find an adequate replacement. He extended to Vice President Hubbard his extreme thanks and utmost respect. He said Phillip Hubbard is a true friend of the students.

MASTER OF SCIENCE DEGREE NAME CHANGES. The Board Office recommended the Board refer this matter to the Interinstitutional Committee on Educational Coordination and the Board Office for review and recommendation.

University of Iowa officials requested a name change in two of its masters degree programs in the School of Dentistry. Both changes are intended to clarify the purpose and eliminate confusion between the names of programs.

ACTION: President Pomerantz stated the Board referred this matter to the Interinstitutional Committee on Educational Coordination and the Board Office for review and recommendation as a consent item.

COLLEGE OF BUSINESS REORGANIZATION. The Board Office recommended the Board refer this matter to the Interinstitutional Committee on Educational Coordination and the Board Office for review and recommendation.

University of Iowa officials proposed a reorganization to create a new department called Management and Organizations Department to replace the existing Industrial Relations and Human Resources Department.

ACTION: President Pomerantz stated the Board referred this matter to the Interinstitutional Committee on Educational Coordination and the Board Office for review and recommendation as a consent item.

PROGRESS REPORT ON STRATEGIC PLANNING. The Board Office recommended that the Board receive the report on strategic planning from the University of Iowa.

President Rawlings introduced Ed Lawler, Chair of the University of Iowa Strategic Planning Committee.

Professor Lawler stated the university's strategic planning process is in mid-stream. Significant discussion will be held on campus in the fall. The purpose of the planning process is to address one basic question: How can the University of Iowa become a distinguished public university among the very best public institutions in the nation? The plan has a specific series of actions to permit quality proactive management. The effort will be to not only respond to but also respond in advance and control the environment. The plan is driven by positive vision; it is upbeat and optimistic. The plan contains a number of themes on how university officials might achieve the vision. One theme is to set priorities. A second theme is to develop a focus. The third theme is to decide where to concentrate resources and the fourth is to hopefully create a positive attitude.

Professor Lawler said university officials need to think critically about where they are and where they wish to go. Included in the draft strategic plan are sets of specific strategies for each goal. There are six university goals around which the plan is organized. The goals are: 1) comprehensive strength in undergraduate education, 2) premier graduate and professional programs, 3) faculty of national and international distinction, 4) academic community which is diverse, 5) strong ties between university and external constituencies, and 6) high quality of life. He felt those goals reflected some of the problems the university has faced in the last 2 to 3 years. The plan's strategic priorities include 10 general actions that cross cut the goals. As an example, Professor Lawler said it proposed maintaining enrollment at approximately 29,000 while adding 165 tenure-track faculty. In a number of programs the committee looked at the critical number of faculty. The plan is to recruit 30 to 50 senior faculty at the pinnacle of their fields. They also need to work on the funding sources. He said it was clear the sources would include private funds and internal redirection. One other priority addressed by Professor Lawler was the need to ensure that qualified students do not fail to attend solely on the basis of financial need.

President Pomerantz questioned how reasonable it was to expect to attract 30 premier faculty in 10 years. Professor Lawler felt it was a reasonable expectation to recruit 2 to 5 outstanding senior faculty members per year. There is a need to create an attitude to continually watch and search for such individuals. If they are more watchful about those opportunities they will probably do better than anticipated.

Regent Berenstein asked if those numbers were on a net basis. Professor Lawler said there is a strategic priority to retain faculty.

Professor Lawler addressed the timing of the strategic plan. The committee just completed the draft of a plan which will go to the full campus community for discussion. The committee will receive feedback in the fall. He anticipated completion of the report and presentation of the final report to President Rawlings on December 1, 1989. He emphasized that this is a

comprehensive planning process. They used both a bottom-up and top-down element in the strategic planning process in order to allow for local initiative, discretion and creativity.

President Rawlings stated that thus far the committee has met every single deadline. He felt he would have the plan on December 1.

President Pomerantz said there is a fundamental question about planning particularly when instituting a new planning process. Those involved are under compulsion to do the task. For that reason it is sometimes considered an exercise. He questioned the status of the mentality of the planning process.

Professor Lawler said the committee members view this planning process as the start of a process that will continue on a permanent basis beyond this planning cycle. The committee will be recommending an ongoing planning process utilizing the Peat Marwick Main report on strategic planning. He said the committee members feel this process is creating an attitude and a way of doing things that will lead people to think strategically throughout the university.

President Pomerantz expressed concern that they would go through this process only to have the strategic plan put on the shelf.

Professor Lawler stated it appeared to the committee members that the university is ready for this. The university president strongly believes in a dynamic on-going planning process. The committee members will try to ensure the plan does not just get put on the shelf. He felt that if they have the support of faculty, staff and students for the basic vision they won't necessarily have to agree on all the details.

Regent Fitzgibbon emphasized the need for full commitment on the part of the leadership of the university and the Board. Regent Hatch said it is also the Board's responsibility to make sure the plan does not get put on the shelf.

Vice President Phillips noted that some of the priorities of the strategic plan are reflected in the university's budget request this year.

President Rawlings applauded Professor Lawler's efforts and said an enormous amount of time has been spent on this effort. The toughest part is coming up in the on-campus discussion in the fall. Some of the recommendations require making choices.

Dean Loewenberg stated university officials stand at the threshold of significant moves to strengthen undergraduate education. He discussed his vision of what undergraduate education can be. From his own experience he recognizes the difference between a small college and a large research university. The research enterprise requires a critical mass of faculty in

specialized areas on a considerable scale. Undergraduate education is a small scale enterprise which requires contact between student and faculty. In the last 8 to 9 years university officials have had to sacrifice small scale education again and again in order to save faculty quality and maintain the research enterprise. If they were to lose the research enterprise it could never be rebuilt. To the extent they have attended to small scale educational programs they have done so by stealing faculty from other responsibilities. Again and again they have had to take faculty out of classrooms and replace them with teaching assistants.

Dean Loewenberg referred to Professor James Van Allen's recent appearance on "Face the Nation". He was thrilled to think this great scientist taught undergraduates at the University of Iowa. He said Professor Van Allen was an example of one faculty member.

Dean Loewenberg presented his five aims for undergraduate education. The first is to develop intellectual communities on campus, particularly in a student's first year. In the College of Liberal Arts they have built an intellectual community every year for the last 8 years; however, that has been done that by "stealing" faculty from other responsibilities. One of the successful innovative programs of the College of Liberal Arts is a major in global studies for honor students. He said the Undergraduate Student Assistance Program also helps to build communities. Another example is the language houses. Dean Loewenberg felt they should do more of those kinds of efforts without stealing faculty from the classroom. He said university officials should establish one to two new programs in residence halls built around themes such as was done with the language houses. These ideas are echoed in the ambition of the faculty. His hope was that one-half of the entering class have access to one of these programs. The costs are not enormous but all the efforts require additional faculty.

The second aim Dean Loewenberg addressed was to allow some of the most dedicated faculty to innovate in teaching. He felt one of the most exciting innovations was a program in the accelerated teaching of calculus with computers. A faculty member has been successful in obtaining a National Science Foundation grant to develop a series of "real world" problems with computer software he is developing. The grant will pay one-half the cost of getting this innovative program under way. He stressed that faculty members will innovate if given half the chance.

Dean Loewenberg said aim number 3 was to address the need for more sophisticated laboratory staff to allow for more meaningful laboratory experiences. Aim number 4 is to restore the operating budgets. The fifth aim is to eliminate limited access programs. University officials have had to limit enrollments in a number of heavily-enrolled programs. Communications studies has 1,000 majors and 17 faculty members. Journalism has 13 faculty members. Actuarial science has 110 majors and 2 faculty members. The solutions lie in adding faculty.

The student/faculty ratio has greatly increased in the College of Liberal Arts from 1979 to 1989. The faculty size is the same now as it was 10 years ago. In 1979 the ratio was 19 students per faculty member. That ratio is now 26/1. Dean Loewenberg stressed that the University of Iowa has never been anything other than a lean university. One way of addressing that ratio for more faculty in the classroom is to add faculty. He hopes to add 85 faculty members in the next 5 years in certain departments. He said adding 85 faculty selectively to priority areas will make a lot of difference. There is also a need for an additional 15 professional positions, particularly in the laboratory sciences, and 20 clerical/secretarial positions.

Dean Loewenberg stated university officials need enough money to restore the budget's purchasing power. They have, through the lean years, learned how to make resources go far. In the College of Liberal Arts the process of allocating faculty positions and resources is to the advantage of the student not just to a particular department. He felt university officials have had to mortgage undergraduate education. He now wished to buy back that mortgage.

Regent Fitzgibbon asked about space required to house the proposed additional faculty members. Dean Loewenberg said space is a very major problem. Deferred maintenance and inadequacy of space need to be addressed. There are plans to remedy those problems in the College of Liberal Arts; however, he is not responsible in a budget sense for its space requirements.

President Pomerantz asked for the percentage of probability of realizing Dean Loewenberg's dreams over the next 5 years. Dean Loewenberg said it would be impossible to implement the whole plan in 5 years although there was an excellent chance of doing half of it in 5 years. He referred to his ambition of providing one-half of the undergraduate students with a small school experience and said that if they are able to add 85 faculty and restore the operating budget he felt they could accomplish that ambition within the next 5 years. However, he felt that the whole of his dream will not be realized in 5 years.

President Pomerantz asked what university officials were trying to accomplish by changing the size of student groups. Dean Loewenberg stated their students are predominantly from small towns. Coming to the University of Iowa is a major step in urbanization and is an important social transformation for students. He felt a lot of time is wasted in students "finding" themselves. It also affects the length of time to complete their education. This small group effort will give the students a sense of belonging and a continuity. Students will get a more efficient education. Another aspect is to develop quality so students can compete nationally. They should be given exposure to educators such as Professor Van Allen. They should have the opportunity to meet some of the great minds -- not at a distance but close encounter.

President Pomerantz asked if Dean Loewenberg felt that if the people of Iowa understood his ambitions they would want to support that. Dean Loewenberg hoped so and wished they would.

Regent Berenstein asked how Dean Loewenberg intended to communicate his ideas to the people of the state. Dean Loewenberg said he would do it with the Board's help and any other way he can do it.

President Pomerantz said it was important that this vital message get communicated. He assumed that President Rawlings has that in mind as he travels around state. President Rawlings stated these are issues he hears from around the state. He is encouraged by the Board's help this past year in getting the idea of improving undergraduate education to the Governor and legislature. He hopes to further address undergraduate education during the next 3 years. He feared that somehow the legislators will think they took care of undergraduate education last year.

President Pomerantz suggested to President Rawlings that if he decides he needs support as he visits with Iowans around the state he should consider taking some of his colleagues, including Dean Loewenberg, with him.

ACTION: President Pomerantz stated the Board received the report on strategic planning at the University of Iowa by general consent.

PRESENTATIONS REGARDING PEAT MARWICK AND MAIN RECOMMENDATIONS ON PROGRAM DUPLICATION IN TARGETED AREAS. The Board Office recommended the Board receive the presentations from the university regarding Peat Marwick recommendations on program duplication in targeted areas.

President Rawlings stated this was the university's initial, not final, response. He said he spent 18 years in Colorado immediately preceding his 12 months in Iowa. The two states are comparable in size, population and economy. However, their systems of higher education are almost mirror opposites. Colorado has 14 state colleges with 6 governing boards. Iowa has 3 states colleges with one governing board. Colorado has 6 colleges of engineering -- Iowa has 2. Colorado has 9 colleges of business -- Iowa has 3. Colorado has 11 colleges of education -- Iowa has 3. Colorado has 4 schools of journalism -- Iowa has 2. Given these and other similar contrasts President Rawlings was surprised by the alleged duplication at Regent institutions. He felt there were different concepts of what constitutes duplication. He felt it was based upon the idea of redundancy and questioned whether student demand plays a part. He expressed concern about geographic access.

President Rawlings stated that Iowa resisted the temptation of most other states to create colleges and universities in every corner of the state. Iowans made the decision to maintain only 3 moderate-sized institutions. Each

institution has a relatively clearly-defined mission. Iowans had the good sense to maintain one governing board and avoid a super board. Iowa appears to a newcomer like President Rawlings to have the nearly-ideal higher education structure. There are a few diverse, clear lines of authority and there is accountability, minimum waste, and a fine set of community colleges. To again contrast with Colorado he said there are 28 private colleges in Iowa and only 3 in Colorado. He emphasized that he has seen duplication.

President Rawlings believes that large public institutions should be held accountable for efficiency. Public audits are expected and should be welcomed. He said universities suffer from inertia. They tend to be conservative. They have a responsibility to test themselves against high national standards. The role of public universities is to develop knowledge, preserve knowledge and disseminate knowledge. They must focus their resources wisely in order to achieve distinction. They often have to make hard choices. They must build and maintain pinnacles of excellence. President Rawlings acknowledged that it sometimes requires prodding of university officials to reach these conclusions. He said the Regents' audit process provided the impetus. The Regents' audit and the university's strategic planning process will stimulate change -- some painful and most productive. Their ambition is to make the University of Iowa comparable to 10 best public universities in the country. They cannot accomplish that by making choices in a vacuum. There are two sister institutions University of Iowa officials must consider as they plan their future.

President Rawlings stated the Peat Marwick recommendations on program duplication appear provocative and raise problems of implementation especially regarding faculty personnel policies.

Vice President Vernon said they had heard a lot of talk about how much money would be saved. The purpose of the duplication study was to permit the Board of Regents to determine whether the universities were spending their money wisely. He provided several examples of how University of Iowa officials have reduced academic units, the amount of money that was freed up and how those funds were refocused. University officials continually strive toward excellence by refocusing. He felt that is what the audits are all about. University of Iowa officials have been refocusing for the past 4 to 5 years through the efforts of President Freedman and Acting President Remington.

Vice President Vernon stated that refocusing efforts have accomplished savings in the Department of Home Economics. During 1989-90 that department will have 8.7 FTE as compared to 15.7 FTE in 1984-85. One faculty member will soon be retiring bringing the department to 6.7 FTE in 1991. Since 6.7 FTE cannot sustain the program, College of Liberal Arts officials have decided that no new students will be admitted to that major this fall.

Vice President Vernon stated that if the Board decides to eliminate the materials engineering program as recommended by Peat Marwick Main, it will

produce some funds but not on a large scale. There are two faculty members who devote all their research time to materials engineering. One teaches full-time and the other teaches half-time. Vice President Vernon said it is essential as part of the engineering core that an undergraduate materials engineering course be taught. In light of the instructional needs he felt uncertain as to how much reduction could be made. They need some graduate instruction for the non-materials program which he said would be true even if there is no materials engineering program. The graduate work would not have to be as extensive if the graduate materials engineering program is dropped. The elimination of materials engineering would reduce the faculty by one FTE and 4 graduate students.

Vice President Vernon stated the University of Iowa reallocation program to date has worked rather well. He hoped to continue the reallocation program into the future.

Regent Hatch said President Rawlings' comparison of Iowa to Colorado was extremely instructive. She cautioned that they need to constantly be aware of the great potential for duplication with Iowa's 2-year institutions.

President Rawlings provided an example of a community college in Colorado which, within a 2-year period, evolved into a four-year institution. He felt that Iowans don't know how lucky they are.

Regent Fitzgibbon asked if Vice President Vernon was telling the Regents that if they leave university officials alone there will be savings realized through their reallocation program. Vice President Vernon said they have saved a lot of money in terms of reallocation in the past 5 years. He said the elimination of departments may yield a lot of reallocation money. University officials have been trying to do the same thing at a much slower pace through reallocation and refocusing. That process will continue because it is part of what strategic planning is about -- to focus resources to best achieve your goals.

President Pomerantz stated the Peat Marwick organizational audit was intended to be an outside objective force. He said it was true that University of Iowa officials were on a program of reallocation for an extended period of time but the Peat Marwick effort served to stimulate and motivate further planning. When Peat Marwick officials began their audit, the University of Iowa did not have a strategic plan -- neither did Iowa State University. The fact that Peat Marwick was around had a significant impact on the processes in the institutions. President Pomerantz noted that many of the recommendations of Peat Marwick that have occurred along the way have already been implemented. He said that while some of the firm's suggestions may seem radical to some, the Board will be faced with many options. They may implement as recommended, deny or modify the recommendations.

President Rawlings said he felt there was a potential "fit" between some of the Peat Marwick recommendations and the university's planning process. President Pomerantz said that would be an ideal situation. As they go forward they will have the opportunity to discuss some of those things. If the effort does not accomplish everything everyone wants then there is the opportunity to bring the differing views together, get a consensus and move forward.

Regent Fitzgibbon said university officials should keep the Board informed of the progress made on the strategic planning process because it will effect decisions the Board wants to make. It is important that the information be available in sufficient time and quantity.

Regent Hatch stated that if they eliminate Masters or Doctoral programs the universities will lose graduate students. If they lose graduate students they will lose important research facilitators. She felt that in some programs the loss of the research and the aid to other core programs would be more crucial than to other programs. President Rawlings said Regent Hatch was correct. There was also the question to what degree these programs fit with other programs. University officials are studying that now.

Vice President Vernon stated the loss of the Ph.D. is very serious. It will impact on teaching assistants, research assistants and the quality of the faculty willing to stay and teach without graduate students.

Professor Nelson, President of the Faculty Senate, said he felt that the most misunderstood aspect of the consultant's report was the kind of governance that works well in a university. He said Peat Marwick Main officials misunderstood how a university is governed. It appears that what works best for most other universities is a decentralized approach to governance. He said businesses that succeed do not follow standard bureaucratic chains of command. Studies show that governments do not work well this way and the same is true with universities. They are defective in motivating people and do not achieve an adequate sharing of information. They neither develop nor tap creativity. He said the same bodies of studies of what actually does work point to five elements that do work: 1) creativity and initiative of members; 2) sensitivity; 3) flexibility; 4) practicality; and 5) accountability.

Professor Nelson said the best rule in the last 50 years is the simple rule of "taste the bacon" -- see what the results are. Administrators should treat personnel as members of the team, not as mere tools. Personnel should be entrepreneurs and supervisors need to be talent scouts. They must provide ways in which good ideas can penetrate the entire administration. He said good universities work just the way all good organizations work. They need the faculty, staff and students to work as entrepreneurs. They must emphasize sensitivity and flexibility by having faculty and administration intertwine. He said practicality means facing up to the big problem of structure of departments. The best teaching is in interdisciplinary programs. Accountability is realized through peer and external review processes. The

University of Iowa is involved in an excellent program of academic review.

Professor Nelson said the Board of Regents has participated in a fairly successful mode of governance. He acknowledged that the Peat Marwick Main audits gave university officials occasion for reflection. However, he said he was also nervous that they were being pushed in a direction to lose some achievements.

President Rawlings referred to the docket memorandum summary of what university officials agreed and disagreed with regarding the Peat Marwick organizational audit recommendations. His primary concern was for the organizational structure of the university, particularly the vice president's office. He said Vice President Hubbard is giving his full attention to Opportunity at Iowa. Many of his responsibilities for student matters have now moved under the vice president for academic affairs. The office of vice president for research has been trimmed and focused upon research and economic development. Vice President Phillips' office is not so much in transition. Mr. Colloton continues in his role as the leader of the hospital and outreach of health activities.

President Rawlings said Peat Marwick officials recommended implementing a provost structure. University of Iowa officials would prefer not to do that at this time. University officials have accomplished a number of the recommendations by moving functions to academic affairs. He stressed that they have implemented the bulk of the Peat Marwick recommendations without changing the title of the vice president for academic affairs. Peat Marwick officials also recommended university officials develop a new vice president for external relations position. That is something the university has taken under advisement. President Rawlings felt it was a good suggestion but preferred to wait before implementing such a position.

President Pomerantz said the absolute structure that Peat Marwick recommended is not essential to be accomplished if university officials accomplish much of what is expected. It was a matter of efficiency in the way the university is run. He felt the idea of a vice president for external relations was a good idea.

Regent Berenstein said he noticed in the docket memorandum that in many instances university officials agreed to follow up on certain items. He asked what mechanism was in place to ensure follow up. President Rawlings said university officials monitor and keep track of exactly which recommendations have been implemented and which have not. Additionally, strategic planning will address some of these precise issues. He expected that strategic planning will lead university officials to many of the same conclusions.

President Pomerantz stated university representatives had made very worthwhile presentations. He noted that it is not possible at all times for everyone to

agree on every issue. Even the question of how to get something accomplished may differ. He said he did not hear that they were all that far apart on where everyone thought they should head. He noted that in the process of redeploying resources there is agreement they are not going to attempt to reduce the allocation of resources to the units -- they would direct resources in a different way.

President Rawlings said he appreciated those comments and noted this was not the end of the process. President Pomerantz said that if the process were to end with the Peat Marwick recommendations then they would have failed.

Regent Furgerson stated there is a shared vision and agreement on the process. She congratulated university officials on that.

Mr. Shanes stated there is much discussion around campus about the audit. The Collegiate Associations Council has also gotten into the act and proposed a massive reorganization. In regard to the Peat Marwick Main recommendations, he said the Board should seek to maintain direct access between students and administrators. He said the students opposed the creation of a College of Fine Arts. If the fine arts department needs more administrators he felt they should hire more administrators. He expressed concern for the recommendations regarding part-time employees and said most part-time employees are students. He said the primary goal of students is to provide accessible quality education. In regard to faculty workload he thanked the University of Iowa faculty for their tireless efforts. In regard to the budget increases he said students are strapped and university officials should identify all resources. He felt student health services should not require increases of fees on top of tuition increases. He applauded the administration for the savings identified in time and money.

President Pomerantz again complimented President Rawlings and all who participated in the presentations. He said the Board members certainly had a sense of the University of Iowa attitude regarding the Peat Marwick organizational audit recommendations. In some ways he felt university officials had gone way beyond the Peat Marwick recommendations with their strategic planning process. He supported that process and reserved the right to discuss the specifics.

ACTION:

President Pomerantz stated the Board received the presentations by general consent.

REGISTER OF CAPITAL IMPROVEMENT BUSINESS TRANSACTIONS. The Board Office recommended the Board approve the university's capital register.

APPROVAL OF PROGRAM STATEMENTS AND DESIGN DOCUMENTS

University Hospitals and Clinics--Clinical Cancer Center

University of Iowa Hospitals and Clinics officials proposed to develop a multi-disciplinary Clinical Cancer Center by adding two additional floors to the South Pavilion. The Clinical Cancer Center will consolidate several of the Hospitals' cancer inpatient care units, ambulatory clinics, diagnostic and therapeutic procedure facilities, and educational and clinical research supporting units now located throughout the hospital complex.

PROJECT DESCRIPTIONS AND BUDGETS

University officials submitted three new projects for approval by the Board.

Power Plant Energy Optimization--Energy Management Controls Project

\$3,991,000

Source of Funds: Utility Enterprise Revenue Bonds
or Master Lease

Preliminary Budget

| | |
|------------------------------------|----------------|
| Construction | \$2,211,000 |
| Design and Contract Administration | 290,000 |
| Conceptual Study | 75,000 |
| Owner-Furnished Equipment | 1,080,000 |
| Contingency | <u>335,000</u> |
| TOTAL | \$3,991,000 |

The purpose of this project is to increase the reliability of the university's energy production and delivery systems and to decrease the unit costs for steam and electricity. The overall project is calculated to result in at least \$1 million in savings per year. The simple payback of the projected investment is less than four years.

Financing of this project was proposed to be from either Utility Enterprise Revenue Bonds or the Regents' master lease agreement with BancNewEngland. Either source of financing would prove economical and is justified given the payback of this project. The determination of whether bonds should be issued or the master lease draw down selected would be made after further consultation with the Board's financial advisor, Springsted, and the Board Office.

Jessup Hall--ADP Computer Facility Expansion

\$353,120

Source of Funds: Administrative Data Processing Income

Preliminary Budget

| | |
|---------------------------------------|---------------|
| Design, Inspection and Administration | \$ 44,920 |
| Construction | 280,200 |
| Contingency | <u>28,000</u> |
| TOTAL | \$353,120 |

This project will provide for the conversion of an area in the basement of Jessup Hall into a new computer facility. Electrical power necessary to serve the air conditioning system and the computers will be included. The project area consists of 1,900 square feet. Purchase and installation of the new computer equipment will be provided outside of this project.

University Hospitals and Clinics--Installation of Mechanical and Electrical Systems--Colloton Pavilion \$344,500
Source of Funds: University Hospital Building Usage Funds

Preliminary Budget

| | |
|--------------------------|---------------|
| Construction | \$279,000 |
| Contingency | 27,900 |
| Engineering Support | 23,700 |
| Planning and Supervision | <u>13,900</u> |
| TOTAL | \$344,500 |

This project consists of installing mechanical and electrical systems in the basement of the Colloton Pavilion to provide environmental control for unfinished spaces in the Pavilion. Construction work to be performed includes installation of an air handling unit and associated HVAC duct work and controls. Electrical work includes installation of service protection, switch gear, secondary feeder systems and distribution panels.

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University officials presented revised budgets on the following projects.

Oakdale--Waste Incinerator May 1988 Budget \$1,675,800
Revised Budget \$2,259,600

Source of Funds: Treasurer's Temporary Investments or
General University Building Repairs
Exxon Oil Overcharge Funds
Master Lease

Since this budget was revised in May 1988, the bids for the renovation of the building to house the incinerators have been received and awarded and the

construction permitting process has been completed. Construction contracts were not awarded until receipt of the construction permit. The construction permit, which could not be applied for prior to the preparation of shop drawings for the incinerators, was issued by the Iowa Department of Natural Resources in February 1989. The permit was issued with several conditions, among which was the requirement that the emissions stack for the incinerators be 180 feet high. This was considerably in excess of the 62 feet height included in the construction bids. Inasmuch as the height and cost difference was significant it was decided to deduct the shorter height stack from the construction contract and to bid the new stack separately. The higher stack also required the redesign of the breeching, some mechanical equipment, the building housing the incinerators and the relocation of some electrical equipment. Design and cost estimating for the changes was now completed and an adjustment in the project budget was necessary to permit the completion of this critical project.

The additional funds to accommodate the adjustments will be obtained through the Master Lease with BancNewEngland for the stack and stack-related improvements, and from Building Repair Funds or Treasurer's Temporary Investments for the balance of the adjustment. Lease payments will be funded from income earned by the Utility Enterprise from operation of the incinerator.

President's Residence Site Development--Phase I

May 1989 Budget \$98,250
Revised Budget \$124,750

Two bids were received for this project. Both were above the budget and cost estimate. The two bids were sufficiently close to suggest that the bids are reasonable and valid. In view of the desirability of completing this construction in advance of classes starting in August, the budget should be revised so that a contract award can be made.

* * * * *

University officials presented five new projects with budgets of less than \$200,000 that will be initiated in the coming months. The titles, source of funds and estimated budgets for the projects were listed in the register prepared by the university.

* * * * *

ARCHITECT/ENGINEER AGREEMENTS

Five new project contracts were approved as part of the capital register.

Amendments:

Oakdale--Waste Incinerator \$50,000
Kruse Associates, Iowa City, Iowa

The Board was requested to authorize the Executive Director to approve a revision to the design agreement for the project in the amount of \$50,000. Incinerator and stack design and mechanical design are all the responsibility of consultants responsible to the architectural consultant, Kruse and Associates. The additional and redesign necessary to accommodate the higher stack are estimated to cost \$50,000.

Regent Tyler said he felt the architect or engineer should have been aware of environmental quality regulations. He said he did not understand why university officials pay consultants so much money to determine costs that seem to be constantly revised.

Vice President Phillips said there are very few regulations that deal specifically with the height of stacks or architectural design. The original plan conformed to other plans that had been approved. When they applied for the permit the Department of Natural Resources requested the additional stack.

University Hospitals and Clinics--Psychiatric Pavilion
Replacement Facility \$27,183
Hansen Lind Meyer, Inc., Iowa City, Iowa

University Hospital School--Remodel Patient Dining Room \$8,871
Neumann Monson, Iowa City, Iowa

Iowa Memorial Union Remodeling--Phase II \$5,000
Bussard/Dikis Associated, Ltd., Des Moines, Iowa

University Hospitals and Clinics--Staff Dining and Patient
Solarium Facility \$630
Hansen Lind Meyer, Inc., Iowa City, Iowa

REQUEST TO REJECT ALL BIDS

Laser Laboratory Building, Phase 3 Bid Package

University officials requested approval to reject all bids, and authorization to consider alternatives and return at a later date with recommendations.

University officials received bids for Phase 3 of the Laser Laboratory Building on July 18, 1989. Phase 3 contained 21 bid packages. The combination low base bids were \$4,546,516 over the available construction budget of \$16,197,166.

Competition for the project was not at the level which might have been expected or desirable. Although 200 sets of plans were distributed and 100 contractors and suppliers showed some level of interest in bidding the project, only 39 bids were received. One bid each was received for seven bid packages. Three of the highest value packages in Phase 3 were included in this group. Five packages received only two bids each. Reasons offered by contractors for not bidding included intervening success in obtaining other work and the availability of upcoming work involving less risk and complexity.

The necessity to obtain a performance bond apparently prevented some smaller contractors from bidding on the smaller bid packages.

Possible explanations for the overrun include the lack of competition for some of the major bid packages. The lack of competition may be attributable to the active condition of the construction market and the real or over-stated complexity of the project. A portion of the overrun is also attributable to the project's complexity not being fully reflected in the cost estimates for some of the bid packages.

University officials noted that when construction documents were 75 percent complete cost estimates were prepared which indicated that the project might be over budget. Deduct alternates thought to be sufficient to protect the budget were identified at that time. There are a number of steps that can be taken to narrow the budget shortfall to approximately \$1,700,000 including deduct alternates, application of one-half of the contingency, utilization of anticipated savings from the utilities extension budget line and potential negotiated cost reductions. Even with the possible adjustments the project would be over budget if the Phase 3 contracts were awarded. For this reason university officials recommended that all bids be rejected and that university officials be permitted to consider its alternatives and return to the Board at a later date with recommendations.

Vice President Phillips said the footings and foundations phases are on-going. Since receipt of the bids university officials have been working with CPMI and the architects to determine if they can get the costs back in line with the budget. They feel they could narrow the gap to within \$1.7 million of budget. Nevertheless, university officials felt that \$1.7 million was too much difference.

Regent Fitzgibbon said there was no question the project was quite complex. University officials have gone on record that they will operate within the budget.

MOTION:

Regent Fitzgibbon moved to approve the university's request regarding the Laser Laboratory Building, Phase 3 bid package. Regent Williams seconded the motion.

Regent Greig noted there does not seem to be much going on at the construction site. Mr. Gibson said they are running a little behind schedule.

President Pomerantz asked if the foundation is a foundation that could be used on a redesigned building. Mr. Gibson said one or two wings would probably not be used.

President Pomerantz asked about the difficulty university officials would encounter if it were determined to change architects at this point. Mr. Gibson said there would be some loss of knowledge of programmatic needs. Vice President Phillips said that was clearly one option for university officials to look at. She noted that mentioning that possibility publicly sends a message.

Regent Fitzgibbon said university officials need to study further the reasons for the bid problems. He added that he agreed with Regent Tyler's suggestion that they look at the consultants they are using on some of these jobs.

President Pomerantz asked for the compelling reason for design and construct procedures. Mr. Gibson said phased bidding is rather typical. University officials have experienced some success on other projects with that bidding process. Phased bidding provides a running start on the weather. He said there are clearly risks, which they were seeing now.

VOTE ON THE MOTION: The motion carried unanimously.

Construction contracts were awarded on 7 projects.

CHANGE ORDERS TO CONSTRUCTION CONTRACTS

Oakdale--Waste Incinerator Deduct \$57,952
McComas-Lacina Construction Company, Inc., Iowa City, Iowa

ACCEPTANCE OF COMPLETED CONSTRUCTION PROJECTS

Main Power Plant Replacement Program--Phase I
Boiler No. 11, Contract 7--Closed Cooling Water System
R. M. Boggs Company, Inc., Iowa City, Iowa

College of Medicine Administration Building--Raze Building
Iowa City Excavating and Grading, Inc., Iowa City, Iowa

University Hospitals and Clinics--Patient and Guest Relations Office
Consolidation
Merit Construction, Cedar Rapids, Iowa

Bowen Science Building--Heat Recovery Project
Larew Company, Inc., Iowa City, Iowa

Human Biology Research Facility--Phase II--Electrical Contract
Meisner Electric, Inc., Newton, Iowa

15 KV Electrical Substation--Phase I
Gerard Electric, Inc., Iowa City, Iowa

President's Residence Renovation--102 Church Street
McComas-Lacina Construction Company, Inc., Iowa City, Iowa

International Center--Install Fire Detection System
Advanced Electrical Services, Iowa City, Iowa

University Hospitals and Clinics--Carver Pavilion Secondary Power Enhancement
Merit Electric, Iowa City, Iowa

MOTION: Regent Hatch moved to approve the university's capital register, with the exception of the Laser Laboratory. Regent Furgerson seconded the motion, and it carried unanimously.

APPROVAL OF LEASES, SUBDIVIDER AGREEMENT AND EASEMENT. The Board Office recommended the Board approve leases, agreements and easements, as follows:

with COMPUTER AIDED DESIGN SOFTWARE, INC. for their use of approximately 3,542 square feet of space (Rooms No. A-101, A-101A, A-103, A-105, A-108, A-109, W-105, W-105A, W-105B, W-108, W-108A, W-108B, A-104, A-108A, A-108B, A-125 and W-13) in the Technology Innovation Center of the Oakdale campus for a period of six months commencing August 1, 1989, and ending January 31, 1990, at a monthly rental of \$2,758.67;

with TOWNSEND INVESTMENT ASSOCIATES, INC. for the university's use of Rooms C, D, and E in the building located at 111 E. Washington Street, Iowa City for a period of five years commencing August 1, 1989, and ending July 31, 1994, with an option to extend the lease for an additional two years at a rent not to exceed the initial monthly rent for the first five years increased by the Consumer Price Index limited to 5 percent per year at a rent of \$22,230 per year the first five years plus a pro rata share of utility costs;

with DRAKE UNIVERSITY for the university's use of the building at 1151--28th Street, Des Moines, for a period of eleven months commencing August 1, 1989 for a monthly rental of \$1,847.25 including the rental of the building and services and the use of equipment, library privileges, and classroom space;

for the final plat and subdivider agreement for the OAKDALE RESEARCH PARK as approved by the City of Coralville city council, the university, and the University of Iowa Research Park Corporation; and

to CENTRAL IOWA POWER COOPERATIVE for their use of a strip of land on the south and east boundaries of the Oakdale campus for the purpose of operating a 69,000 volt electric power transmission line, exact plot description to govern, and including a maintenance access 40 feet wide, commencing on or about August 1, 1989, and operating as a permanent easement.

MOTION:

Regent Hatch moved to approve leases, agreements and easements, as presented. Regent Williams seconded the motion, and upon the roll being called, the following voted:
AYE: Berenstein, Fitzgibbon, Furgerson, Greig, Hatch, Pomerantz, Tyler, Westenfield, Williams.
NAY: None.
ABSENT: None.

RAZE BUILDING. The Board Office recommended the Board approve the razing of the building located at 415 South Capitol Street.

University officials requested permission to remove and dispose of a wood frame two-story structure located at 415 South Capitol Street. This property was purchased in 1968 for future campus expansion. It has been used as an apartment building and is now vacant. The building is in excess of 60 years old and its condition has deteriorated to the point that renovation is not economically feasible. University officials proposed to use the land for parking until it is needed for further development.

The estimated cost to raze the building is \$6,000.

MOTION:

Regent Fitzgibbon moved to approve the razing of the building located at 415 South Capitol Street. Regent Williams seconded the motion, and the roll being called, the following voted:
AYE: Berenstein, Fitzgibbon, Furgerson, Greig, Hatch, Pomerantz, Tyler, Westenfield, Williams.
NAY: None.
ABSENT: None.

President Pomerantz then asked Board members and institutional executives 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 Tuesday, July 25 and Wednesday, July 26, 1989.

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

Register of Personnel Changes for June 1989 including early retirements as follows:

SPENCER L. BLAYLOCK, Associate Director, Iowa State University Research Foundation, retiring June 30, 1989, will have a total cost of \$55,969 for incentives.

LOIS J. KIRK, Assistant Professor/Librarian, Iowa State University Library, retiring September 30, 1989, will have a total cost of \$51,089 for incentives.

COLEEN L. NUTTY, Academic Adviser for Sciences and Humanities, retiring April 26, 1990, will have a total cost of \$22,417 for incentives.

MARGARET H. ORR, Associate Professor, Iowa State University Library, retiring October 30, 1989, will have a total cost of \$23,299 for incentives.

MALCOLM L. SCHMIDT, Assistant to the Athletic Director, Athletic Department, retiring July 31, 1989, will have a total cost of \$48,203 for incentives.

KENNETH E. SPRINGER, Manager of Distribution, Mechanical Maintenance, Facilities Planning and Management, retiring July 31, 1989, will have a total cost of \$50,647 for incentives.

The university would have incurred a salary liability of approximately \$2.1 million over the expected span of employment of these individuals. These funds will be used for replacement staff and/or reallocations within the university.

ACTION:

President Pomerantz stated the Board ratified personnel transactions, as presented, as a consent item.

APPROVAL OF DEPARTMENT NAME CHANGE. The Board Office recommended that the Board approve the change in name of the Office of Administrative Services to the Office of Legal Services, effective July 1, 1989.

University officials requested to change the name of the office which provides legal counsel to the president and the university to a name that reflects the activity of the office.

Regent Berenstein stated the name "Office of Legal Services" connotes something it is not. He said the name was similar to the name given to an office which provides legal services to the poor. He suggested university officials coordinate a different name change with the Attorney General's Office using verbiage acceptable to the Attorney General. He suggested "Office of Legal Counsel" would be an appropriate name.

President Pomerantz asked that Iowa State University officials bring this matter back with a response to Regent Berenstein's concern next month.

ACTION: President Pomerantz stated the Board deferred action on this matter until September.

APPROVAL OF ADMINISTRATIVE APPOINTMENTS. University officials requested that the Board approve appointments as outlined below:

MARY BETH SNYDER as Dean of Students effective August 21, 1989, at a salary of \$64,000;

STEVEN C. PRICE as Interim Director of the Iowa State University Research Foundation effective July 1, 1989, and until a successor is selected, at a salary of \$70,620;

JANE LOVE as Interim Chair of the Department of Food and Nutrition effective August 1, 1989, through June 30, 1990, at a salary of \$51,714;

GARY DOWNS as Interim Chair of the Department of Elementary Education effective August 15, 1989, through June 30, 1990, or until the position is filled at a salary of \$66,916;

MICHAEL F BERARD as Interim Chair of the Department of Materials Science and Engineering effective July 1, 1989, through June 30, 1990, at a salary of \$89,602; and

DENNIS PETERSON as Interim Director of the Office of International Educational Services effective July 27, 1989, through June 30, 1990, at a salary of \$44,948.

Vice President Madden presented the following supplemental appointment:

BEVERLY S. MADDEN as Director, ISU Career Planning and Placement Services, which is a half-time appointment, effective August 1, 1989. In addition, she will continue her half-time appointment as Associate Professor of Family and Consumer Studies. Salary, \$52,500.

MOTION: Regent Fitzgibbon moved to approve appointments, as presented. Regent Williams seconded the motion, and it carried unanimously.

APPROVAL OF BUILDING NAME CHANGE. The Board Office recommended the Board approve the change in the name of the Charles W. Durham Center for Computation and Communication to the Charles W. Durham and Margre Henningson Durham Center for Computation and Communication.

Iowa State University officials requested a change in the name of a building. The name change has been approved by appropriate internal groups at Iowa State University.

MOTION: Regent Williams moved to approve the change in the name of the Charles W. Durham Center for Computation and Communication to the Charles W. Durham and Margre Henningson Durham Center for Computation and Communication. Regent Tyler seconded the motion, and it carried unanimously.

REGISTER OF CAPITAL IMPROVEMENT BUSINESS TRANSACTIONS. The Board Office recommended the Board approve the university's capital register.

PROJECT DESCRIPTIONS AND BUDGETS

University officials presented three new projects with budgets of less than \$200,000 that will be initiated in the coming months. The titles, source of funds and estimated budgets for the projects were listed in the register prepared by the university.

ARCHITECT/ENGINEER AGREEMENTS

| | |
|--|-----------------|
| <u>1989 Institutional Roads Projects--North Campus Loop-- Preliminary Design</u> | <u>\$39,900</u> |
| Johnson, Brickell, Mulcahy, and Associates, Des Moines, Iowa (Engineering Services) | |

This project was last reported to the Board at the December 1988 meeting. University officials now negotiated an agreement for preliminary design

services with Johnson, Brickell, Mulcahy, and Associates. The agreement is in the standard form of agreement and is based on a multiple of direct personnel expenses with a fixed maximum fee of \$39,900, including reimbursables.

Construction contracts were awarded on 6 projects.

MOTION: Regent Hatch moved to approve the university's capital register. Regent Furgerson seconded the motion, and it carried unanimously.

APPROVAL OF LEASES AND EASEMENTS. The Board Office recommended the Board approve leases and easements, as follows:

with the UNITED STATES DEPARTMENT OF AGRICULTURE for their use of a plot of land approximately .193 acres in size (approximately 8,400 square feet) adjoining the university's Plant Introduction Station for a period of 99 years commencing on or about August 1, 1989, for a cash rent of \$1 paid in the first year of the lease, commencing on or about August 1, 1989;

to the CITY OF AMES an easement for electrical cable installation at the southwest athletic complex on the university campus and traveling approximately 2,000 feet as described on the plot map, and running approximately 15 feet in width, commencing on or about August 1, 1989, and operating as a permanent easement;

to the CITY OF AMES a permanent easement for construction of a transmission line across university property near the Applied Science Center for a distance of approximately 3,000 feet with a 60 foot width easement for maintenance and service of the transmission line commencing on or about August 1, 1989.

MOTION: Regent Hatch moved to approve leases and easements, as presented. Regent Williams seconded the motion, and upon the roll being called, the following voted:
AYE: Berenstein, Fitzgibbon, Furgerson, Greig, Hatch, Pomerantz, Tyler, Westenfield, Williams.
NAY: None.
ABSENT: None.

SALE OF \$10,000,000 IOWA STATE UNIVERSITY ACADEMIC REVENUE BONDS. The Board Office recommended the Board (1) adopt "A Resolution providing for the sale and award of \$10,000,000 Academic Building Revenue Bonds, Series I.S.U. 1989, and approving and authorizing the agreement of such sale and award"; and (2) adopt "A Resolution authorizing and providing for the issuance and securing the payment of \$10,000,000 Academic Building Revenue Bonds, Series I.S.U.

1989, for the purpose of defraying all or a portion of the cost of constructing, improving and equipping the molecular biology building, the research park development including necessary appurtenant facilities, constructing, equipping and improving the home economics building (Phase I) and the veterinary medicine research facility to be located on the campus of Iowa State University."

The proposed action is to sell \$10,000,000 in bonds authorized to finance the molecular biology building, research park infrastructure and remodeling the home economics building and the veterinary medicine research facility.

The Molecular Biology Building project budget is \$30.5 million. The Research Park infrastructure project budget is \$5.1 million. The Home Economics Building remodeling project budget is \$9.95 million. The Veterinary Medicine Research facility remodeling project budget is \$293,000.

Mr. Anderson stated the bids were opened at 11:30 a.m. Two bids were received. One bid was from Merrill Lynch at a price of \$10,000,050.50, a net interest cost of \$11,040,697.94 and a net effective rate of 6.3997 percent. The second bid was from Shearson Lehman at a price of \$10,000,000, a net interest cost of \$11,022,508.33, and a net effective rate of 6.38924 percent. By way of reference, Mr. Anderson said the state of Minnesota sold general obligation bonds at 35 to 60 basis points higher than these rates. Recently-sold Texas A & M bonds went for 60 to 75 basis points higher. Once again, the bonds of the Board of Regents received premier interest rates. Mr. Anderson recommended the Board accept the bid of Shearson Lehman.

MOTION: Regent Berenstein moved to adopt "A Resolution providing for the sale and award of \$10,000,000 Academic Building Revenue Bonds, Series I.S.U. 1989, and approving and authorizing the agreement of such sale and award". Regent Williams seconded the motion, and the roll being called, the following voted:
AYE: Berenstein, Fitzgibbon, Furgerson, Greig, Hatch, Pomerantz, Tyler, Westenfield, Williams.
NAY: None.
ABSENT: None.

MOTION: Regent Fitzgibbon moved to adopt "A Resolution authorizing and providing for the issuance and securing the payment of \$10,000,000 Academic Building Revenue Bonds, Series I.S.U. 1989, for the purpose of defraying all or a portion of the cost of constructing, improving and equipping the

molecular biology building, the research park development including necessary appurtenant facilities, constructing, equipping and improving the home economics building (Phase I) and the veterinary medicine research facility to be located on the campus of Iowa State University." Regent Tyler seconded the motion, and upon the roll being called, the following voted:

AYE: Berenstein, Fitzgibbon, Furgerson, Greig, Hatch, Pomerantz, Tyler, Westenfield, Williams.

NAY: None.

ABSENT: None.

MOTION:

Regent Fitzgibbon moved to direct that all certified checks except that of the best bid be returned. Regent Williams seconded the motion, and it carried unanimously.

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

UNIVERSITY OF NORTHERN IOWA

The following business pertaining to the University of Northern Iowa was transacted on Tuesday, July 25 and Wednesday, July 26, 1989.

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

1. Register of Personnel Changes for June 1989.
2. Appointments as follows:
 - a. CLAIR D. ROWE as Professor of Marketing and Acting Head of the Departments of Finance and Marketing for the 1989-90 academic year at a salary of \$63,511; and
 - b. CHARLES L. MEANS as Associate Vice-President for Academic Affairs and, during the approximately one-month period between the retirement of Dr. James Martin and the arrival of Dr. Nancy Marlin, as Acting Vice-President for Academic Affairs.

ACTION: President Pomerantz stated the Board ratified the university's personnel transactions as a consent item.

REGISTER OF CAPITAL IMPROVEMENT BUSINESS TRANSACTIONS. The Board Office recommended the Board approve the university's capital register.

PERMISSION TO PROCEED WITH PROJECT PLANNING

Library Addition

Subject to receipt of final funding authorization, university officials sought permission to proceed with planning for the Library Addition.

Wright Hall Renovation

Subject to receipt of final funding authorization, university officials sought permission to proceed with planning for the Wright Hall Renovation. This project involves the renovation of Wright Hall, which contains 35,900 gross square feet. Wright Hall has not had a major renovation since it was built in 1914. Remodeling efforts will concentrate on providing functional, updated

facilities for the Department of Mathematics and Computer Science. Major items include updating the heating and ventilating system and providing air conditioning. Interior wall changes and aesthetics are also part of the renovation.

President Pomerantz asked what "proceeding with planning" involves. Associate Director Jensen stated university officials will begin to select an architect.

PROJECT DESCRIPTIONS AND BUDGETS

University officials submitted one new project for approval by the Board.

Bender Hall Window and HVAC Improvements

The Bender Hall Window and HVAC Improvement project has been terminated. The residence system management, consulting engineers and staff personnel have decided to pursue an upgraded maintenance program using the existing windows. This will include the replacement of worn parts, expanded weatherstripping, and the establishment of an education program for the proper use of the windows. The owner will pursue the maintenance and education programs in-house.

The consultant contract and the project as initially proposed will be terminated without penalty under the terms of the contract. The amount paid to the consultant for professional services is \$19,700 and represents the total cost expended on this project.

* * * * *

University officials presented five new projects with budgets of less than \$200,000 that will be initiated in the coming months. The titles, source of funds and estimated budgets for the projects were listed in the register prepared by the university.

* * * * *

ARCHITECT/ENGINEER AGREEMENTS

Amendments:

| | |
|--|-----------------|
| <u>Classroom-Office Building</u> | <u>\$45,000</u> |
| Hansen Lind Meyer, Inc., Iowa City, Iowa | |

This amendment to the professional services agreement provides additional services for owner-initiated changes during the balance of the project and is in accordance with Article 28 of the original agreement. The fees for the services shall not exceed \$45,000 without written authorization by the owner.

CONSTRUCTION CONTRACTS

Physical Education Center--Modify Ventilating System
Rejection of Bids

The Physical Education Center project was approved by the Board in May with a budget of \$29,500. Bids were opened on June 6, 1989, and evaluated by University Engineering Associates. Four bids were received. The low bid of \$63,460 was over budget. The project is an energy conservation measure estimated to have a payback of four and one-half years. At the bid cost, the payback becomes ten years.

University officials recommended bids be rejected and the project be terminated.

Construction contracts were awarded on 8 other projects.

MOTION: Regent Furgerson moved to approve the university's capital register. Regent Tyler seconded the motion, and it carried unanimously.

FINAL BUDGET, 1989-90. The Board Office recommended the Board (1) approve the fiscal year 1990 final general fund budget of \$72,480,000; (2) approve the University Residence System Budget; and (3) approve the fiscal year 1990 Intercollegiate Athletics Final Budget.

The only change from the preliminary budget presented in May is the reduction of \$325,000 due to library automation being item vetoed.

University of Northern Iowa officials proposed a budget for fiscal year 1990 of \$72,480,000. This is an increase of 7.8 percent or \$5,265,835 from the revised fiscal year 1989 budget. Approximately 97 percent of all increased funding received will be allotted to salaries.

Through a combination of state appropriations, increased tuition revenues and internal reallocations, faculty salaries will increase an average of 10 percent. Professional and scientific salaries will be increased in two phases during fiscal year 1990, an average of 4.5 percent July 1, 1989, and an average 4 percent increase January 1, 1990, with most of the increases based on performance.

An additional \$600,000 for undergraduate education will allow the university to reduce its reliance on temporary and adjunct faculty. A \$220,000 appropriation for minority recruitment will strengthen the university's current efforts. The Regents Center for Early Childhood Development Education, established in 1988, received a \$400,000 state appropriation. Student financial aid is increased by about \$370,000, a 12 percent increase.

Ninety-two percent of the \$5.3 million in increased revenue is from state appropriations.

President Curris emphasized several key items in the budget. Their primary emphasis is on strengthening personnel. Those items for which they received legislative authorization have been honored, including \$600,000 for undergraduate education. Part of that money will be used for conversion of part-time temporary to full-time positions. The Early Childhood Development Center has been implemented and a director is on board. The university has increased efforts at strengthening the numbers of minorities on campus. The university has functioned for several years with enrollment capped. That cap has been lifted. He asked that the Board members be sensitive to the financial problems experienced at the university -- the cost of education is over \$5,000 per student but the university receives tuition of only \$2,000. Preliminary indications are that the university may have an appreciable increase in enrollments. President Curris stated the priorities in this budget have been directed toward providing additional instructional capacity to meet the needs of students.

Regent Tyler referred to the statement in the docket memorandum that the entire 4 percent Professional and Scientific personnel salary increase in January 1990 will be based on meritorious performance. He said that last year there was just an even distribution to the deans, in one instance, and everyone received a little bonus which did not have much to do with meritorious performance. He cautioned that are were those on the Board who want to be assured the money is distributed the way it is supposed to be. He asked if university officials have a plan for distributing those funds and whether the Board will see the plan before the funds are distributed.

President Curris stated it is governed by collective bargaining.

Vice President Martin stated that during the last 2 years a higher ratio of funds have been distributed for merit purposes. There is a three-track system for determining salary increase amounts. The first part is peer assessment. The second part is student assessment. Tenured faculty are evaluated by students at least every 5 years. The third part of the evaluation process is done annually. Each department head evaluates each faculty member in his/her department. In accordance with legislative intent language University of Northern Iowa officials have in the past and will again this year report a list of faculty and the amount of increase. He stressed that the folklore at University of Northern Iowa is that faculty have to be good teachers to get tenure and to get a good salary. Vice President Martin felt their three-track system was a good incentive system.

Mr. Richey pointed out that the budget increase for library books is shown in the budget at only 3.5 percent although he thought university officials received 5 percent. President Curris said university officials received 3.5

percent for inflation. Vice President Vernon said University of Iowa officials also received only 3.5 percent.

MOTION:

Regent Tyler moved to (1) approve the fiscal year 1990 final general fund budget of \$72,480,000; (2) approve the University Residence System Budget; and (3) approve the fiscal year 1990 Intercollegiate Athletics Final Budget. Regent Williams seconded the motion, and it carried unanimously.

President Pomerantz then asked Board members and institutional executives 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 Tuesday, July 24 and Wednesday, July 25, 1989.

REGISTER OF PERSONNEL CHANGES. The Board Office recommended the Board approve the Register of Personnel Changes for May 1989.

ACTION: President Pomerantz stated the Board approved the Register of Personnel Changes for May 1989 as a consent item.

REGISTER OF CAPITAL IMPROVEMENT BUSINESS TRANSACTIONS. The Board Office recommended the Board approve the school's capital register.

CONSTRUCTION CONTRACTS

Roof Repairs--Girls Dormitory, Long Hall and Swimming Pool/
Gymnasium Building \$43,660
Award to: Boone Brothers Roofing, Inc., Omaha, Nebraska
(3 bids received)

MOTION: Regent Tyler moved to approve the school's capital register. Regent Hatch seconded the motion, and it carried unanimously.

APPROVAL OF CONTRACT WITH MIDWEST ATHLETIC ASSOCIATION OF THE DEAF FOR USE OF OFFICE SPACE IN GIANGRECO HALL. The Board Office recommended the Board approve a lease with MIDWEST ASSOCIATION OF THE DEAF for their use of four rooms on the first floor, east wing of Giangreco Hall commencing on or about August 1, 1989, and continuing for one year with a right of termination on 60 days' notice retained by the school in exchange for services to students and the school.

MOTION: Regent Hatch moved to approve the lease. Regent Williams seconded the motion, and it carried unanimously.

President Pomerantz then asked Board members and institutional executives 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 Tuesday, July 25 and Wednesday, July 26, 1989.

RATIFICATION OF ACTIONS REPORTED IN THE REGISTER OF PERSONNEL CHANGES. The Board Office recommended the Board approve the Register.

ACTION: President Pomerantz stated the Board approved the Register for May 28 through June 24, 1989, as a consent item.

POLICY STATEMENT, VOLUNTEER PROGRAM. The Board Office recommended the Board approve the policy statement on the volunteer program for the Iowa Braille and Sight Saving School.

Iowa Braille and Sight Saving School officials proposed a policy statement for a volunteer program recognizing that such a program has advantages for the school's educational program as well as for school-community relations. The volunteers will complement and supplement school personnel.

Regent Fitzgibbon asked if the responsibilities of volunteer organizations are clearly outlined. He cautioned that sometimes those things seem to get carried away. He said volunteers need to know specifically their charge. Superintendent Thurman said the school does not do much with volunteer organizations -- it tends to be individuals.

Regent Fitzgibbon asked about the school's responsibility and liability for volunteers. Superintendent Thurman said the liability would be the same as for an employee. Volunteers do receive an orientation and training program. He stressed that the use of volunteers is not to supplant an existing position. It is an enriching program which enables students to be more active within the community.

MOTION: Regent Williams moved to approve the policy statement on the volunteer program for the Iowa Braille and Sight Saving School. Regent Furgerson seconded the motion, and it carried unanimously.

STUDENT/PARENT HANDBOOK. The Board Office recommended the Board approve the Student/Parent Handbook.

Iowa Braille and Sight Saving School officials revised its Student/Parent Handbook and requested approval. The revisions include new school calendars and a policy. Both were previously approved by the Board.

MOTION: Regent Berenstein moved to approve the Student/Parent Handbook. Regent Williams seconded the motion, and it carried unanimously.

EMPLOYEE HANDBOOK. The Board Office recommended that the Board approve the Employee Handbook as updated.

Last year the Employee Handbook of the Iowa Braille and Sight Saving School was thoroughly reviewed by the Board Office and major format changes were made. The institution has added up-to-date school calendars and incorporated new and revised policies approved previously by the Board. The revised handbook will be distributed to employees after the beginning of the 1989 school year.

ACTION: President Pomerantz stated the Board approved the Employee Handbook, as updated, by general consent.

ADMINISTRATIVE POLICIES HANDBOOK. The Board Office recommended the Board approve the IBSSS Administrative Handbook subject to certain editorial changes identified by the Board Office.

In compliance with Iowa Department of Education rules, Iowa Braille and Sight Saving School officials submitted for Board approval an Administrative Policies Handbook. The policies contained in it are existing institutional and Board policies and are modeled after a policy manual developed by the Iowa Association of School Boards. Some additional editorial changes are needed.

Regent Williams asked about the policy on smoking in the school. Superintendent Thurman said smoking is restricted to one area of the school. That area is a room at the basement of one of the buildings which is equipped with a ventilating fan. He said only a small number of employees, approximately 10 of 130 employees, smoke.

Regent Williams suggested school officials should have a policy for those employees that wish to stop smoking. Superintendent Thurman said there is such a policy.

Regent Hatch asked if there is a policy on "chewing". Superintendent Thurman said their policy covers use of tobacco.

MOTION: Regent Hatch moved to approve the IBSSS Administrative Handbook subject to certain editorial changes identified by the Board Office. Regent Furgerson seconded the motion, and it carried unanimously.

REQUEST FOR CHANGE IN STAFF POSITIONS. The Board Office recommended that the Board approve the institution's request to use funds for fiscal year 1990 from three vacant positions plus additional salary savings to employ:

- A. three assistants for Level 1 class (School Assistant \$13,395-\$17,805);
- B. a Houseparent I in Palmer Hall (\$13,395-\$17,805); and
- C. two dormitory assistants: one for the Transitional Living Unit and one for Rice Hall (School Assistant \$13,395-\$17,805).

Institutional officials proposed the requested changes only for fiscal year 1990. At the end of the fiscal year an evaluation will be made to determine if the changes should be continued. The changes were proposed to provide better service for a student body which is increasing in enrollment (from 57 in 1988 to 65 in 1989) and which includes many students who have physical impairments which require services beyond that dictated by blindness.

Institutional officials reported the proposed changes can be implemented within its existing budget and will not cause the school to exceed its approved full-time equivalency number of employees for fiscal year 1990.

MOTION: Regent Berenstein moved to approve the recommended action. Regent Williams seconded the motion, and it carried unanimously.

CAPITAL IMPROVEMENT BUSINESS TRANSACTIONS. The Board Office recommended the Board approve the school's capital register.

CONSTRUCTION CONTRACTS

| | |
|---|-------------------|
| <u>Gymnasium Roof Replacement</u> | <u>\$26,942</u> |
| Award to: Veterans Roofing Company, Inc., Coralville, Iowa (9 bids received) | |
| <u>Superintendent's Residence Driveway Replacement</u> | <u>\$7,087.92</u> |
| Award to: Garling Construction Company, Belle Plaine, Iowa (2 bids received) | |

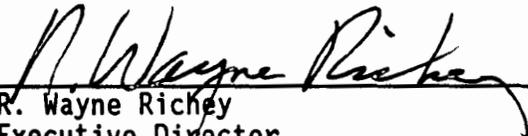
MOTION: Regent Tyler moved to approve the school's capital register. Regent Williams seconded the motion, and it carried unanimously.

RENEWAL OF LARGE PRINT CONTRACT WITH THE STATE DEPARTMENT OF EDUCATION. The Board Office recommended that the Board approve a one-year contract with the State Department of Education by which the School prepares large print materials for the state at a cost of \$.50 per page.

For the past eight years the school has produced large print materials for the Department of Education. Annually the school reviews the cost of producing the pages. It considers the cost of equipment depreciation, supplies, and salaries and benefits for the two employees in the department. The school recovers all of its costs associated with the contract at the \$.50 per page service fee.

ACTION: President Pomerantz stated the Board approved a one-year contract with the State Department of Education by which the School prepares large print materials for the state at a cost of \$.50 per page as a consent item.

ADJOURNMENT. The meeting of the State Board of Regents adjourned at 12:44 p.m., on Wednesday, July 26, 1989.



R. Wayne Richey
Executive Director