

The State Board of Regents met at the University of Northern Iowa, Cedar Falls, Iowa, on June 18 and June 19, 1986. The following were in attendance:

<u>Members of the State Board of Regents</u>	<u>June 18</u>	<u>June 19</u>
Mr. McDonald, President	All sessions	All sessions
Mrs. Anderson	Excused	Excused
Mr. Duchon	All sessions	All sessions
Mr. Greig	All sessions	All sessions
Dr. Harris	All sessions	All sessions
Mrs. Murphy	All sessions	All sessions
Mr. Tyler	All sessions	All sessions
Miss VanEkeren	All sessions	All sessions
Mr. VanGilst	Excused	Excused
 <u>Office of the State Board of Regents</u>		
Executive Secretary Richey	All sessions	All sessions
Director Barak	All sessions	All sessions
Director True	All sessions	All sessions
Director Wright	All sessions	All sessions
Associate Dir. Runner	All sessions	All sessions
Associate Dir. Stanley	All sessions	All sessions
Asst. Dir. Peters	All sessions	All sessions
 <u>State University of Iowa</u>		
President Freedman	All sessions	Exc. 11:25 a.m.
Vice President Ellis	All sessions	Exc. 11:25 a.m.
Vice President Remington	All sessions	Exc. 11:25 a.m.
Associate Vice President Small	All sessions	Exc. 11:25 a.m.
Assistant to President Mears	All sessions	Exc. 11:25 a.m.
Director Stork	All sessions	
Director Bauer	All sessions	All sessions
 <u>Iowa State University</u>		
President Parks	All sessions	Exc. 10:20 a.m.
Vice President Christensen	All sessions	Exc. 10:20 a.m.
Vice President Madden	All sessions	Exc. 10:20 a.m.
Vice President Moore	All sessions	Exc. 10:20 a.m.
Assistant to President Crawford	All sessions	Exc. 10:20 a.m.
Director Lendt	All sessions	Exc. 10:20 a.m.
 <u>University of Northern Iowa</u>		
President Curris	All sessions	All sessions
Provost Martin	All sessions	All sessions
Vice President Conner	All sessions	All sessions
Vice President Follon	All sessions	All sessions
Assistant to President Voldseth	All sessions	All sessions
Director Kelly	All sessions	All sessionse
Director Stinchfield	All sessions	All sessions
 <u>Iowa School for the Deaf</u>		
Superintendent Giangreco	All sessions	Exc. 10:40 a.m.
Business Manager Kuehnhold	All sessions	Exc. 10:40 a.m.
 <u>Iowa Braille and Sight Saving School</u>		
Superintendent DeMott	All sessions	Exc. 10:47 a.m.
Business Manager Berry	All sessions	Exc. 10:47 a.m.

## GENERAL

The following business pertaining to general or miscellaneous business was transacted on Wednesday, June 18 and Thursday, June 19, 1986.

**APPROVAL OF MINUTES.** The minutes of the May 21, 1986, meeting were approved by general consent of the board.

**ACADEMIC PLANNING SEMINAR.** The board received the first installment of the University of Northern Iowa academic planning report on the morning of June 18. The seminar will continue on July 16 on the campus of the University of Iowa.

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

MOTION:

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

**INTERINSTITUTIONAL COMMITTEE ON EDUCATIONAL COORDINATION.** a. Annual Report of the Committee on Educational Relations, 1985-86. The Board Office recommended that the board receive the committee's report.

Vice President Christensen indicated that the committee had a great deal of activity during the year, and the Interinstitutional Committee was very pleased with the report.

The annual report noted that the Committee on Educational Relations had met five times during the 1985-86 academic year including a joint meeting on May 7 with members of the State Department of Education to review the "annual evaluation report" of the fifteen area schools.

After reviewing the recommendations of the Educational Excellence for Iowa report, the Board of Regents referred the implementation of this report to the Interinstitutional Committee on Educational Coordination which, in turn, referred it to the Educational Relations Committee, already charged with a related function on a continuing basis.

The Committee on Educational Relations chose to utilize conferences as the means of expediting academic articulation. This past year, a second follow-up conference was held with the following representatives in attendance:

GENERAL  
June 18-19, 1986

1. Regent institutions
2. The Iowa School Board Association
3. Educational administrators of Iowa
4. Iowa Association of School Administrators
5. Iowa Association of Counseling and Development
6. Iowa Association for Supervision and Curriculum
7. The independent colleges and universities
8. The area community colleges

This year's articulation meeting was built around four basic questions:

1. How do we measure basic academic competencies and do we have an understanding of the terminology in discussing the articulation of those competencies?

2. How do admissions practices, graduation requirements and articulation agreements impact the development of basic academic competencies at all levels of the educational enterprise?

3. What mechanisms need to be developed to ensure the smooth transition from one level of education to the next?

4. Can a "plan" be developed by the parties involved to provide direction and continuity for instructional development in academic articulation in Iowa.

The Educational Relations Committee report summarized the meeting by indicating that several recommendations were made to continue the effort and a request was made that the two boards that promoted the articulation meeting in the first place, continue their support of this activity.

Another aspect of the Educational Excellence for Iowa report that the committee addressed was the issue of articulation within various disciplines. This year, a project was developed to bring together faculty members from the three regent universities and their counterparts in the community colleges. Articulation conferences involving mathematics and computer science were held. Plans are being made to conduct similar meetings in the fields of communication arts and foreign languages.

The Educational Relations Committee encouraged the registrars and admission officers to continue their study on competency in mathematics. Discussions have also taken place with respect to the task force on remedial education report (another joint committee of the Board of Regents and the Board of Education). The Educational Relations Committee noted that the State Department of Public Instruction may be recommending a change in standards and providing guidelines that would promote a uniform labeling of courses at the community college to reduce problems of transfer of these types of credits. In addition, the Department of Education may be sending to the

Board of Regents a recommendation with respect to standards concerning credit hours at the area schools. These changes in standards would need to be formally adopted by both boards prior to implementation.

The Board Office noted that the committee apparently had no specific recommendations for the Board of Regents other than the request generated from the articulation meeting that the two state boards continue their support of this activity. The Board Office recommended that the board continue its support and encouragement of this important activity.

MOTION:

Mr. Duchon moved that the board receive the report of the Committee on Educational Relations. Miss VanEkeren seconded the motion, and it passed unanimously.

b. Annual Area School Approvals. The Board Office made the following recommendations: (1) that the board receive the report from the Regent Committee on Educational Relations and (2) that the board approve the area school recommendations.

The Board Office explained Section 280A.33, Iowa Code, authorizes the State Board of Public Instruction and the State Board of Regents to develop approval standards for the merged area schools. The rules developed pursuant to Section 280A.33 provide for an approval procedure that requires merged area schools to prepare a comprehensive self-study in preparation for a joint evaluation team visit by representatives of the two state boards. On the basis of the self-study prepared by the merged area schools and the report developed by the evaluation team, a recommendation relating to approval is submitted to the two state boards for their action. In the interval between evaluation team visits, the rules require that merged area schools be visited annually. This annual visitation must be preceded by an annual progress report developed by the merged area school.

During FY 1986, all of the merged area schools prepared an annual progress report and were reviewed in accordance with the provisions for an annual visitation.

The annual visitations to the merged area schools were planned by personnel in the area schools and the Career Education Branch of the Department of Public Instruction and the Regent Committee on Educational Relations in conjunction with contacts with the president of the Iowa Association of Community College Presidents. During this planning, it was recommended that a team visitation be developed to provide a more adequate review of the administrative rules for the curriculum. In response to this recommendation, the Associations of Area College Administrative Officers for Adult and Vocational Programming were invited to participate in the visitations. Both of these associations responded favorably to the invitation to participate in the visitations and as a result a team of four visitors was organized for

GENERAL  
June 18-19, 1986

each institution. This team consisted of a member of the Department of Public Instruction serving as a chair of the team and reviewing programming for the handicapped, an adult administrator from an area college reviewing the adult program, a vocational administrator from an area college reviewing the preparatory career programs, and a representative of the Regent Committee on Educational Relations reviewing the college parallel programming. In addition to the Department of Public Instruction, a staff member assigned to serve as a liaison with vocational programs with each merged area school was also invited to participate in the visitation and assist with the review of vocational programming.

During the annual visit, a special emphasis this year was placed on compliance with the specific approval standards for the merged area schools. The focus of the regent members on the visitation teams was on the college parallel programs.

All of the reports prepared by the institutions and visitors were reviewed on May 7, by the joint committee to review area school approvals. This committee is composed of the nine members of the Regent Committee on Educational Relations and the nine members of the Department of Public Instruction. Each of the merged area schools were also invited to be present during the review and three of the institutions were represented. The joint committee reviewed the reports and raised questions with the annual visitors representing the two state boards and then prepared approval recommendations for submission to the boards.

The specific recommendations for each of the merged area schools are as follows:

Merged Area I - Northeast Iowa Technical Institute (Calmar)

Continuation of approval - The present period of Approval Terminates at the end of the 1986-87 school year. The Joint Committee recommends another ten year period of approval based on the satisfactory progress identified during the annual visitation of the 1986-87 school year.

Merged Area II - North Iowa Area Community College (Mason City)

Continuation of approval - To be revisited by an evaluation team during the 1994-95 school year.

Merged Area III- Iowa Lakes Community College (Estherville)

Continuation of approval - To be revisited by an evaluation team during the 1995-96 school year.

Merged Area IV - Northwest Iowa Technical College (Sheldon)

Continuation of approval-To be revisited by an evaluation team during the 1994-95 school year.

Merged Area V -Iowa Central Community College (Fort Dodge)

Continuation of approval - To be revisited by an evaluation team during the 1993-94 school year.

Merged Area VI - Iowa Valley Community College District (Marshalltown)

Continuation of approval - To be revisited by an evaluation team during the 1994-95 school year.

Merged Area VII - Hawkeye Institute of Technology (Waterloo)

Continuation of approval - To be revisited by an evaluation team during the 1987-88 school year.

Merged Area IX - Eastern Iowa Community College District (Davenport)

Continuation of approval - To be revisited by an evaluation team during the 1994-95 school year.

Merged Area X - Kirkwood Community College (Cedar Rapids)

Continuation of approval - To be revisited by an evaluation team during the 1994-95 school year.

Merged Area XI - Des Moines Area Community College (Ankeny)

Continuation of approval - To be revisited by an evaluation team during the 1993-94 school year.

Merged Area XII - Western Iowa Tech Community College (Sioux City)

Continuation of approval - To be revisited by an evaluation team during the 1986-87 school year. The Joint Committee recommends another ten year period of approval based on the satisfactory programs identified during the annual visitation of the 1986-87 school year.

Merged Area XIII - Iowa Western Community College (Council Bluffs)

Continuation of approval -To be revisited by an evaluation team during the 1987-88 school year.

GENERAL  
June 18-19, 1986

Merged Area XIV - Southwestern Community College (Creston)

Continuation of approval - To be revisited by an evaluation team during the 1995-96 school year.

Merged Area XV - Indian Hills Community College (Ottumwa)

Continuation of approval - To be revisited by an evaluation team during the 1995-96 school year.

Merged Area XVI - Southeastern Community College (Burlington)

Continuation of approval - To be revisited by an evaluation team during the 1986-87 school year.

Merged Areas seeking 10 year approval

Approval Recommendations for Merged Areas III, XIV, XV

The Joint Committee recommended a ten-year approval for merged areas III, XIV, XV beginning at the conclusion of the 1985-86 school year and terminating at the end of the 1994-95 school year. This recommendation was based on the approval recommendation developed by the Joint Committee during the 1984-85 school year and the satisfactory progress made by these institutions as verified during the annual visitations of the 1985-86 school year.

The Joint Committee recommended a ten-year period of approval for merged areas I, XII, XVI beginning at the conclusion of the 1986-87 school year and contingent upon satisfactory progress being made by these institutions as verified during the annual visitations during the 1986-87 school year. This determination to recommend another ten-year approval was based on information collected during the annual visitations, the supplementary information submitted by these three institutions with the annual progress report, and the current accreditation of these institutions by the North Central Association of Colleges and Schools.

The Board Office noted the Committee on Educational Relations should be congratulated for its important work in helping to ensure the quality of programs at the merged area schools. Of special significance this year was the committee's work with respect to the college parallel programs. A complete copy of the annual evaluations of the merged area schools is on file in the Board Office.

Vice President Christensen introduced Dr. Duane Anderson from the University of Iowa who is a member of the Committee on Educational Relations.

Dr. Anderson stated this year was an exceptionally important year for the area school approvals since this was the 20th anniversary of the community colleges in the state of Iowa. He indicated the committee looked at the curriculum which was the heart of the approval process. He noted the Regent committee was most interested in how well the community colleges were performing their roles as transfer institutions.

MOTION: Miss VanEkeren moved that the board receive the report from the Committee on Educational Relations and approve the area school recommendations. Mr. Greig seconded the motion, and it passed unanimously.

c. Annual Report of State Extension and Continuing Education Council. The Board Office recommended the board receive the 1984-85 annual report of the council.

Vice President Christensen noted that the report contained a review of the year's activities as well as priorities for future work. He noted that the council had recommended funding priorities but that the Interinstitutional Committee on Educational Coordination did not recommend any funding. He said that the Interinstitutional Committee would make recommendations at the appropriate time in budget development.

The 1984-85 annual report of the State Extension and Continuing Education Council was composed of sections regarding credit and non-credit registrations, the Quad-Cities Graduate Study Center, Bachelor of Liberal Studies, the Western Iowa Center, Regents Telebridge System, recommendations concerning cooperative efforts and relations with other educational institutions. An appendix to the report contains institutional highlights for each of the three universities under the Board of Regents.

- o Credit and Non-credit Programs: Credit and non-credit courses and programs were developed and delivered in response to the educational needs of a certain local or population. The development of these continuing education offerings were provided by the universities to the extent that faculty and other resources are available. With respect to credit courses, combined registrations in 1984-85 totaled 23,186 for a 13.3 percent increase over the previous year. Non-credit course registrations totaled 136,627 for 1984-85 representing an increase of 8.2 percent from 1983-84. Registration in non-credit courses have increased 65.5 percent since 1976-77.
- o Quad-Cities Graduate Studies Center: The Quad-Cities Graduate Studies Center with administrative offices in Rock Island, is a consortium on nine institutions of higher education for Iowa institutions and five Illinois institutions. The 1984-85 report noted that registrations reached their peak at the Quad-Cities Graduate Studies Center in 1975-76



GENERAL  
June 18-19, 1986

when registrations totaled 5,377 of which 21 percent were recorded by Iowa Regent universities and 79 percent by all other member institutions. Total registrations for 1984-85 were 4,518. During 1984-85 the percentage of registrations in Regent universities was 28.6 percent of total registrations while the percentage for all other member institutions was 71.4 percent. The operation of the center was funded jointly by the states of Iowa and Illinois. Payments from the two states in 1985-86 were not equal as the state of Illinois contributed \$135,000 and Iowa contributed \$126,200. Iowa continues to enjoy a bargain with this center due to its increased number of registration and reduced level of funding.

Regent Murphy asked if the state of Illinois was happy with its rate of contribution to the center.

Dean Crom stated the state of Illinois was not completely satisfied with the contribution rate.

Director Barak stated he had recently met with the staff from Illinois Board of Higher Education, and they had expressed concern, and they indicated they may have to review the state's level of contribution in light of Iowa's contribution.

- o Bachelor of Liberal Studies: As of July 1, 1985, the three Regent universities had formally admitted to the B.L.S. program a total of 996 students, 55 percent women and 45 percent men. Of those admitted, 271 have been graduated, 235 have been classified as "drop-outs" although a survey revealed that only 38 percent of these consider themselves "permanently withdrawn", and 544 are at least somewhat active in the program or intend to be in the near future. The vast majority of the 996 admissions (80 percent) have been Iowa residents.
- o Western Iowa Center: The Western Iowa Regents Center, in close cooperation with the extension and continuing education divisions at Iowa's three Regent universities, provided support and coordination of credit courses programming to six primary delivery sites in southwest Iowa: Atlantic, Carroll, Council Bluffs, Creston, Denison and Guthrie Center. Four distinct client groups were served by the center: educators, agriculture, undergraduates and nurses. Of the 905 individuals who enrolled in credit courses in southwest Iowa, 836 (92.4 percent) were educators in public and private school districts.
- o Regents Telebridge System: The use of the Regents Telebridge System for non-credit conferences and meetings and for the delivery of credit courses to off-campus students continued to increase during 1984-85. The system was in use 676 hours. This represents a 7 percent increase over the 632.4 hours of use in 1983-84 and 53 percent increase in telebridge use over the last two years. Delivery of credit courses accounted for

434 hours of the total use; 240 hours were used for non-credit conferences and meetings. The Regents Telebridge Task Force conducted ten hours of meetings over the system.

The Regent institutions reported a record number of registrations in credit courses during 1984-85 offered through their respective continuing education divisions. The council recognized the severe economic condition of Iowa and the limitation that this condition places on all funding requests. The council also recognized the importance, growth and high priority of continuing education delivered to Iowans by the Regent universities. Therefore, the council submitted the following recommendations for five priority areas:

1. Advising Services for Off-Campus Students. As evidenced by increasing enrollments, the need for academic advising is also increasing. The mature part-time student brings a more complex set of personal and educational experiences than the traditional student. Consequently, adult part-time students generally have a greater need for academic advising. Although each of the three universities has a part-time person to advise students in the Bachelor of Liberal Studies Degree Program, the majority of the more than 23,000 registrants in credit courses last year received little, if any, advising service. As an increasing number of them move into degree programs, such support becomes essential. Additional financial support is the highest priority as seen by the council.
2. Operating Costs for the Telebridge System. The use of the Regents Telebridge System increased 7 percent during 1984-85 and use has increased 53 percent since 1982. The Regent institutions have a strong commitment to provide educational services to all Iowa citizens. The increasing cost of course delivery which includes travel, time and technology, coupled with Iowa's low and dispersed population, seriously limits the quantity and diversity of educational programs. Through pooling resources of the three universities, the Regent institutions have established a teleconferencing system to enhance the delivery of educational programs to the people throughout Iowa. In order for the teleconferencing system to be the most effective in terms of serving the largest number of citizens in the state, additional funds are needed to offset increasing costs of telephone lines, the wages of a bridge operator, and maintenance expenses.
3. Low Enrollment Reimbursement. A continuing priority is the need to subsidize course offerings in sparsely populated and/or remote areas throughout the state. In those areas where courses are not subsidized but expected to be self-supporting, it is extremely difficult or not feasible to deliver and develop planned programs which present

courses in the necessary sequence or over a series of terms to allow students to pursue educationally meaningful objectives.

The council continued to feel that if access to higher education for adult part-time students throughout the state is to improve, additional funds are needed to subsidize low enrollment courses.

4. Bachelor of Liberal Arts Study. The B.L.S. degree continued to be a worthwhile program of continuing importance. The most essential need is to support and to stimulate growth of this program through an increase in resources at the campus level to teach, advise, counsel and publicize specific course offerings.
5. Quad-Cities Graduate Studies Center Assistance. The council sees this consortium as an "effective partnership" with the state of Illinois and supports as another priority, the concept of sharing equally the costs of operating that center.

The Interinstitutional on Educational Coordination did not recommend these priorities to the board at this time. Consideration will be given to these priorities in the development of the biennial budget requests.

- o Relations With Other Educational Institutions. The Regent universities have been working over the years with representatives of the private colleges and universities as well as the area community colleges in providing continuing education in Iowa. Most of this cooperative activity is done through the Iowa Coordinating Committee for Continuing Education which was formed in 1969. This committee consists of eighteen members, six of whom are members of the State Extension and Continuing Education Council of the State Board of Regents, six are representatives of the area community colleges and six are representatives of the private colleges and universities. In 1978, a position was added for representation of the state's specialized proprietary schools to bring the total membership to nineteen. The council reported that in 1984-85, the following task forces were active: Media, Mandatory Continuing Education, Experiential Learning and Economic Development.

**ACTION:** President McDonald stated that the Annual Report of State Extension and Continuing Education Council was received by general consent of the board.

d. Discontinuance of the School of Letters. The Board Office recommended approval of the discontinuance of the School of Letters in the College of Liberal Arts at the University of Iowa and the development of a small administrative unit to be called "Programs in Letters."

GENERAL  
June 18-19, 1986

Vice President Christensen stated that the Interinstitutional Committee felt the university had looked at the situation carefully and the recommendation made a great deal of sense.

The School of Letters is presently a confederation of the Departments of Asian Languages and Literature, Classics, Communications Studies, English, French and Italian, German, Linguistics, Russian, and Spanish and Portuguese as well as the programs in African-American World Studies, American Studies, Comparative Literature, Women's Studies, the International Writing Program, the Translation Workshop, the Publications Consultant, and the Windhover Press. The academic departments included in the School of Letters are entirely autonomous and operate like all other academic departments in the College of Liberal Arts with their own budgets and direct reporting relationships to the Dean's Office. These departments and programs according to the university did not need an administrative structure. To recognize this reality, the School of Letters, its budget, and the position of director should be discontinued. However, to coordinate a number of activities related to Letters, a unit to be called "Programs in Letters" would be established. A program chair would coordinate these activities.

The Board Office noted that the proposed change was a reasonable one and probably would result in administrative efficiencies.

MOTION:

Mr. Tyler moved that the board approve the discontinuance of the School of Letters in the College of Liberal Arts and the development of a small administrative unit to be called "Programs in Letters." Mr. Greig seconded the motion, and it passed unanimously.

e. Consolidation of the Department of Exercise Science and Physical Education, Department of Physical Education and Dance, and the Department of Recreation Education into a Division of Physical Education at the University of Iowa. The Board Office recommended approval of the consolidation and reorganization.

The Interinstitutional Committee has reviewed the request for consolidation and recommend approval. Vice President Christensen indicated the committee it was an appropriate move to bring like disciplines together and was consistent with what had been the practice in other institutions.

The purpose of the request was to enable the faculties of the present departments of Exercise Science and Physical Education, Physical Education and Dance, and Recreation Education to use their complementary competencies in a manner which would best serve the educational program of the college. Each educational program would be located in no more than one department.

GENERAL  
June 18-19, 1986

The establishment of a single division in the place of separate departments would, according to the university, encourage a review of the curriculum, identifying closely related courses and determining where faculty time might be saved and where support of staff could be pared. It would encourage the formulation of priorities for new faculty appointments across a number of related specialties, instead of setting these priorities separately within narrower sets of specialties. There would also be administrative efficiencies and cost effectiveness as a result of this consolidation. The structure was also designed to avoid inadvertent duplication while maintaining the integrity of existing programs each of which has had distinctive educational objectives.

The changes also involve the change of titles for related academic programs. The change in the departmental unit and the degrees offered is based on the fact that the name "Leisure Studies" is the most widely accepted title for such departments nationally.

Regent Murphy stated that the women involved in the consolidation were concerned about the professional balance of the new organization.

MOTION:

Mr. Tyler moved that the board approve the actions as recommended. Mr. Duchon seconded the motion, and it passed unanimously.

f. Bridge Engineering Center, Iowa State University. The Board Office made the following recommendations: (1) that the board approve the Bridge Engineering Center; and (2) that the board request the Institutional Committee on Educational Coordination and the Board Office review the policy on approval of centers and institutes and develop specific guidelines for interpreting the board's policy on centers and institutes.

The Interinstitutional Committee had reviewed the request for the center and recommended its approval. The committee noted that the objectives of the center were clearly consistent with the mission of Iowa State University.

The purpose of the center is to identify the ongoing activities in bridge research and teaching and develop and promote seminars and short courses for practicing bridge engineers. It was also hoped that this center would coordinate existing programs in bridge engineering and design and identify the expertise of the faculty in the college. It is also expected to encourage greater interaction between researchers throughout the college.

GENERAL  
June 18-19, 1986

The university indicated internal transfers of three partial salaries constituted the only university subsidized funding for this unit. The Board Office noted that board policy requires that new centers and institutes requiring a major allocation of internal funds beyond cost sharing mandated by requirements of external funding agencies required specific approval of the board. The Board Office felt that this center would appear to fall in that category of centers and institutes requiring board approval. The Interinstitutional Committee, however, appeared to have a somewhat different view in concluding that the funding for the proposed center was such that the request was appropriate for transmission to the board for information purposes only.

Mr. Richey explained that, because of the apparent difference of opinion over reporting of such centers to the board, he had recommended that the Interinstitutional Committee working with the Board Office establish specific guidelines with respect to the interpretation of "major allocation of internal funds." He indicated that the committee would report back next month. He also noted that there was no question about the Bridge Engineering Center.

President McDonald stated he did not feel the recommendation of the Board Office was an intrusion.

## MOTION:

Mr. Greig moved that the board approve the Bridge Engineering Center at Iowa State University and request that the Interinstitutional Committee on Educational Coordination and the Board Office review the policy on approval of centers and institutes and develop specific guidelines for interpreting the board's policy on centers and institutes. Mr. Duchon seconded the motion, and it passed unanimously.

g. Center for Historical Studies of Technology and Science at Iowa State University. The Board Office recommended approval of the request to create a center for historical studies of technology and science.

The center was envisioned as an institutional complement to the Department of History's existing graduate program in the History of Technology and Science. The center will focus on the non-instructional activities related to the graduate program such as the soliciting of historical manuscripts and records collections from businesses, associations, and individuals in Iowa and other states; the raising of grant monies to support preservation organization and study of these collections; and obtaining of research and travel grants for research on technology and science generally.

GENERAL  
June 18-19, 1986

The university indicated that, after it was established, the center was meant to be self sustaining. The proposed budget, comprised entirely of start up funds that would be spent as soon as approval was obtained, would consist of \$130. Because of the rather modest amount of funding being provided the Interinstitutional Committee recommended that specific approval of the board was not required.

Because the institution had specifically requested approval and because of the university's possible commitment beyond the \$130 start up cost, the Board Office recommended that the board specifically approve the request. As noted above in the discussion of the Bridge Engineering Center at Iowa State University, the Board Office recommended the Interinstitutional Committee and the Board Office develop specific guidelines regarding the interpretation of the board's policy on centers and institutes.

**MOTION:** Mr. Duchon moved that the board approve the request to create a center for historical studies of technology and science at Iowa State University. Mr. Greig seconded the motion, and it passed unanimously.

**ACCREDITATION REPORT.** The Board Office recommended the board receive the report on accreditation of the Journalism and Mass Communication Program at Iowa State University.

Iowa State University had been notified that its program in Journalism and Mass Communications has been accredited. The report represented a consensus of the team members' opinions and impressions. It constituted their recommendations to the accrediting committee which in turn made its recommendations to the accrediting council. The accrediting council made the final decision regarding accreditation.

Below is a summary of the comments in the site visit team's report:

The program is a good one overall, especially in light of the tight budget and growing enrollment. It deserves to be accredited as a unit. The strength of the program is the quality of the teaching staff and the staff's dedication to serving the students. The faculty's energy, dedication and experience are appreciated by the students and graduates of the program.

The most glaring deficiencies of the program are the lack of equipment and the lack of space for classrooms, laboratories and faculty offices.

GENERAL  
June 18-19, 1986

- \* Strengths: High student morale.  
Excellent student motivation.  
Caring and dedicated faculty loyal to the program  
WOI-TV.  
Reasonably well-developed curricula.  
An apparent spirit of collegiality among the faculty.  
An apparent spirit of collegiality between the  
faculty and students.
- \* Weaknesses: Heavy faculty workloads.  
Inadequate facilities.  
Cramped office and laboratory space.  
Weak faculty research record.  
Too many students for resources.  
Faculty uncertainty in time of transition.  
Limited equipment.  
Internships lack thorough planning and supervision.

A complete copy of the documents related to this accreditation are on file in the Board Office.

ACTION: President McDonald stated the accreditation report was received by general consent of the board.

**REPORT ON MEETING OF BIG TEN GOVERNING BOARDS.** A meeting of the trustees of governing boards of Big Ten universities was held at Indiana University in Bloomington on June 1 and 2. The meeting was held in conjunction with a meeting of the Big Ten presidents. President McDonald, Regent Anderson, Executive Secretary Richey, and President Freedman attended from Iowa.

President McDonald stated that this meeting resulted from a meeting of representatives of Big Ten governing boards which was attended by Regent Harris last December in Chicago. President McDonald stated the agenda of the recent meeting included a discussion of the organizational structure of higher education. He noted that he and others were convinced that Iowa a good system of governance. Regent Anderson was a facilitator of a discussion concerning economic development. He said it appeared from the discussion that Iowa was the only state which had been impacted so severely by the current economic conditions. A number of other states had been affected but had made recoveries.

Regent Harris stated it didn't come as any surprise to him that Iowa was much worse than the other Big Ten states especially given the fact that the economy was farm driven.



GENERAL  
June 18-19, 1986

Regent Murphy asked if the idea of the meeting was to provide an opportunity to share concerns within a certain territory rather than on nationwide basis as with AGB.

Mr. Richey stated that the purpose was to discuss mutual concerns and problems.

President McDonald stated it was the feeling of some of the attendees that they had more in common with the boards and presidents of other institutions in this region. He indicated also that some were worried about getting into a structured type of organization.

Regent Duchen stated he would not like to see such an organization develop into something formal.

Regent Harris stated that it may be that they will never meet again because the make-up of the boards would change.

Regent Harris asked to what extent did the automobile industry drive the economy of Michigan.

Vice President Remington stated at least to the extent that agriculture drove the Iowa economy.

President McDonald stated a number of Regents at the meeting expressed wonderment to a system where a single board spoke for all of the institutions in the state. Other states operate in very confusing and frustrating systems.

**ACTION:** President McDonald stated that the report was received by general consent of the board.

**LEGISLATIVE REPORT.** Mr. Richey stated that the Governor had signed the reorganization bill, and there would be an item on the July docket concerning adoption of administrative rules relating to minority and women business enterprises. He indicated the selection of bond counsel and financial advisor would also be before the board for approval.

Among actions taken by the Governor was the approval of four concurrent resolutions authorizing academic revenue bond financing of \$29.15 million in construction and equipment purchases. Bonding authorizations were approved as shown below:

<u>University of Iowa:</u>	Chemistry-Botany Remodeling	\$8.55 million
	Equipment	\$2.0 million
<u>Iowa State University:</u>	Gilman Hall Remodeling	\$5.4 million
	Equipment	\$2.0 million
<u>University of Northern Iowa:</u>	Business/Classroom Building	\$10.2 million ✓
	Equipment	\$1.0 million

Mr. Richey noted that the Governor did item-veto language in the appropriations bill which would have prohibited the board from assessing charges to institutions under its control in excess of assessments authorized by the board as of April 1, 1986. The Governor did not veto language granting resident tuition to students from Iowa's "sister states" or language which would decentralize the indigent patient care obstetrics program at the University of Iowa Hospitals and Clinics.

Mr. Richey explained that the bonding authority changes were the most serious erosion of Regents' authority. The statutory revisions would limit the board's self-liquidating bonding authority under Section 262.44 and would require legislative and gubernatorial action on all Regents' financing of building or facility construction, except for dormitories. He noted it was unclear whether the university foundations or a 503(c) facility corporation such as at the University of Iowa would be affected. He said that bond sales of the nature to finance the Iowa State University Computational Center would not be possible in the future without legislative and gubernatorial approval. He added it was not known how that would impact upon programs or projects given the problem of going through the legislative process and the delays inherent in that process. He noted that this was probably one item that the board would want on its legislative program for next session.

President McDonald stated that he was surprised the changes had gotten through both houses.

Director True explained the reorganization bill established a new Department of Management and new academic revenue bond reporting requirements.

The Department of Management will contain the budget unit from the Comptroller's Office and will have substantial programmatic and budget responsibilities.

During the last week of the legislative session, the appropriations bill was amended to require additional reporting to the General Assembly on projects funded through bond proceeds. The amendment required quarterly reports to the General Assembly, "identifying undercharges and overcharges for line-items of projects, identifying contracts in which any line-item for a project

exceeded the budget for that line-item by ten percent or more, and identifying complaints received." In addition, the amendment required notice to the General Assembly or Legislative Council when the board approved "a change in the amount of the line-item of a budget for a project."

Director True indicated that Glen Dickinson of the Legislative Fiscal Bureau was in the process of drafting the requirements for these reports.

Director True stated H.F. 2484 required that, before any merger of the Iowa School for the Deaf and the Iowa Braille and Sight Saving School took place, a number of requirements must be met. Prior to merging or closing the institutions, a detailed plan and fiscal analysis would be submitted by the Department of Management to the General Assembly. The General Assembly must enact legislation authorizing either the closing or the merger to take effect not sooner than two years after the enactment of the legislation.

Regent Tyler asked who proposed the amendment requiring legislative authorization to merge or close the special schools.

Assistant to the President Crawford stated that it was done in the House Appropriations Committee, and he believed the amendment came from Representative Jochum.

Regent Murphy asked if the legislation to allow resident tuition to students from Iowa's "sister states" had been a surprise.

Mr. Richey stated they had been hoped it would receive a veto by the Governor. He added he did not feel it was a good precedent.

ACTION: President McDonald stated that the legislative report was received by general consent of the board.

**PRELIMINARY OPERATING BUDGETS FY 1987.** The Board Office made the following recommendations:

1. That the distribution of salary adjustment fund appropriations be given preliminary approval.
2. That tuition replacement appropriation distributions be given preliminary approval.
3. That preliminary approval be given to the budgets of the following special purpose programs:

Water Resources Research Institute	\$100,000
Fire Service Education (through the Department of Public Instruction with additional support from Iowa State University)	140,000
Small Business Development Centers (through lottery bill)	700,000
CIRAS-Hazardous Waste Research (including \$100,000 through lottery bill)	150,000
Livestock Disease Research	300,000

The Board Office explained that in FY 1986 the following factors affected the operating budgets:

- \* Regent appropriations were reduced in FY 1986 by the required reversion of 3.85 percent (\$13.4 million for the Regent institutions).
- \* Tuition replacement appropriations for FY 1986 were \$1.2 million short of meeting debt service needs.
- \* Tuition income for FY 1986 is projected to be nearly \$2.7 million above the original budget. Total tuition income for the three universities is estimated at \$111.2 million.
- \* Total university Fall 1986 headcount enrollments were 1,293 above previously budgeted levels.

Highlights of the FY 1987 Operating Budgets are as follows:

- \* Total university enrollments for Fall 1986 are projected to be 659 less than Fall 1985. The biggest decline (579 students) was projected at the University of Iowa. The University of Northern Iowa projected a drop of 115 students, and Iowa State University projected an increase of 35 students.
- \* A total increase of \$5.5 million was projected in tuition revenues for FY 1987. This increase was the result of the 6.5 percent increase in tuition approved by the board last fall, offset by projected declines in enrollment. It included approximately \$397,000 in revenues from the student computing fee approved by the board for the University of Northern Iowa.

- \* Total Regent appropriations for FY 1987 of \$349.6 million were \$17.5 million (5.3 percent) above revised FY 1986 levels. The only significant increases were in salary adjustments, and salary adjustment appropriations remained inadequate to meet institutional needs.
- \* The Regent universities expected to receive an additional \$17.6 million in salary adjustment funds in FY 1987. However, the total budgeted increase for the salaries and fringe benefit budget category is \$25.6 million.
- \* In addition, a supplemental salary increase fund of \$2 million was approved by the 1986 session of the legislature for distribution to faculty and professional staff at the Regent universities. The method of distribution to the universities was mandated to be based the proportion of full-time faculty at each of the institutions.
- \* Comparable worth appropriations were budgeted at the same levels as in FY 1986. The Board Office and the University of Iowa continued to urge the Governor's Office and the Comptroller's Office to maintain comparable worth allocations at this level for all Regent budget units.
- \* FY 1987 appropriations for the University Hospitals were reduced by \$1.6 million as a result of the legislature's partial decentralization of the obstetrical indigent patient program.
- \* A decrease of \$0.75 million was expected in federal funds in FY 1987. Most of this drop was projected by Iowa State University's Experiment Station and Cooperative Extension Service and was linked to Gramm-Rudman reductions.
- \* The University of Iowa projected indirect cost recoveries for externally-sponsored research projects would be lower than in the revised FY 1986 budget. The Board Office noted that this estimate might be understated. Iowa State University proposed an indirect cost recovery sharing program with researchers which it hoped would increase indirect cost recovery income in future years.
- \* Average salary increases for continuing faculty were expected to be 6.0 percent at the University of Iowa; 6.2 percent at Iowa State University; and 6.4 percent at the University of Northern Iowa.

- \* The approved salary schedules for the special schools provided average faculty salary increases of 6.26 percent at the Iowa School for the Deaf and of 6.06 percent at the Iowa Braille and Sight Saving School. Average professional and scientific staff salary increases were 5.5 percent at both schools.
- \* Increases in the student aid set-aside were budgeted by each of the universities. At Iowa State University and the University of Northern Iowa, the planned increases represented approximately 6.5 percent of the institutions' student aid base. For the University of Iowa, the amount of the increase was based on revised tuition income estimates which incorporated a projected enrollment decline.
- \* Savings have been reported in fuel and purchased electricity budgets. It was essential that these budgets be maintained at adequate levels at the University of Iowa and Iowa State University in order to provide for debt service requirements for new boiler construction with payments beginning in FY 1990. The University of Northern Iowa's fuel and purchased electricity budget was only slightly above the actual FY 1986 expenditure and must be watched carefully.
- \* The Iowa School for the Deaf and the Iowa Braille and Sight Saving School have submitted preliminary budgets for Chapter I federal funds, which are provided to meet the special educational needs of handicapped children. Iowa School for the Deaf expected to receive \$93,236 and Iowa Braille and Sight Saving School expected to receive \$37,522 in Chapter I funds in FY 1987.

The allocation of FY 1987 lottery funds approved by the General Assembly and the Governor included a number of allocations to the Regent institutions. As had been the case in the current year, the actual funding was contingent upon lottery receipts reaching their projected levels.

Lottery revenue appropriations with implications for the Regent institutions include the following:

1. \$10.75 million to the Iowa Development Commission to be allocated by the Commission for economic development and research and development purposes at institutions of higher education. For FY 1987, the first \$3.75 million was allocated to Iowa State University for agricultural biotechnology research and development. Of this, \$50,000 is to be used to develop a program in bioethics in research at the university.

2. \$100,000 to Iowa State University for allocation to the Center for Industrial Research and Service (CIRAS) for a Hazardous Waste Research Program. In FY 1986, \$250,000 was allocated to this program with \$50,000 to be used for a solar energy conversion program.
3. \$700,000 to Iowa State University for funding for Small Business Development Centers.

Each year Board of Regents institutions receive a number of special purpose appropriations to support the following programs:

1. Water Resources Research Institute \$100,000

The Water Resources Research Institute is jointly funded by the state and federal governments to carry out basic research on water resources. State appropriations provide a required match for federal dollars. The program funds research projects conducted at Iowa State University, the University of Iowa, and other universities within the state.

2. Fire Service Education \$140,000

Funding for Fire Service Education is appropriated through the Department of Public Instruction. The 1986 session of the legislature approved legislation establishing the Fire Service Institute at Iowa State University. The Fire Service Institute provides educational programs for volunteer and paid fire departments throughout the state.

3. Small Business Development Centers \$700,000

Funding for the Small Business Development Centers is allocated from lottery revenues and is contingent upon adequate receipts. The Small Business Development Centers, previously administered through the Center for Industrial Research and Service (CIRAS), are now administered through the College of Business at Iowa State University. Both state and federal funds are used to support a number of programs and centers to assist small businesses throughout the state.

4. Center for Industrial Research and Service (CIRAS) - Hazardous Waste Research \$150,000

The lottery bill approved by the 1986 session of the legislature included a provision allocating \$250,000 to the Center for Industrial Research and Service (CIRAS) in FY 1986 for a Hazardous Waste Research Program and a Solar Energy Conversion Program. The

Hazardous Waste Research Program was to be created within the civil engineering department and was to concentrate its efforts on the clean-up of industrial hazardous wastes in the state with special emphasis on new waste disposal techniques and applications. Funds were to be administered by the Center for Industrial Research and Service.

For FY 1987, there is a general fund appropriation of \$50,000 with an additional \$100,000 allocated from lottery revenues.

5. Livestock Disease Research      \$300,000

The Livestock Disease Research appropriation is a standing appropriation administered through the College of Veterinary Medicine and Research Institute.

Additional standing appropriations are provided to the Iowa School for the Deaf and the Iowa Braille and Sight Saving School to reimburse the schools for the cost of clothing and transportation for indigent students and to provide for the reimbursement of local school districts for children of employees living on the campuses. These standing unlimited appropriations were budgeted at levels slightly below those of the previous year but will be increased during the year if necessary.

Mr. Richey stated that the total preliminary budget for FY 1987 for the Regent system was \$629,475,000, which was a 4.6 percent increase over the FY 1986 revised budget of \$601,995,000. He added that nearly the total change went into salary increases. He stated the percentage of the preliminary budget taken for salaries was up from 77.46 percent in the revised FY 1986 budget to 78.14 percent. The proposed institutional budgets are shown on the following page.



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

Institution/Organizational Unit	Institutional Income		Appropriations		Institutional Budgets	
	Revised FY 1986	Proposed FY 1987	Revised FY 1986*	Proposed FY 1987	Revised FY 1986	Proposed FY 1987
<b>UNIVERSITY OF IOWA</b>						
General University	\$63,281	\$64,523	\$120,786	\$128,201	\$184,067	\$192,724
University Hospitals	122,733	129,999	25,856	25,251	148,589	155,250
Psychiatric Hospital	3,178	3,333	5,454	5,699	8,632	9,032
Hospital School	836	836	4,011	4,249	4,847	5,085
Oakdale Campus	400	400	2,312	2,382	2,712	2,782
Hygienic Laboratory	940	940	2,187	2,334	3,127	3,274
Family Practice	34	34	1,383	1,447	1,417	1,481
SCHS: Ca/Hemo/HR	131	131	286	314	417	445
SCHS: Clinics	27	49	2,855 **	2,394 **	2,882	2,443
Subtotal	\$191,560	\$200,245	\$165,130	\$172,271	\$356,690	\$372,516
<b>IOWA STATE UNIVERSITY</b>						
General University	\$52,998	\$54,785	\$98,557	\$105,081	\$151,555	\$159,866
Agricultural Experiment Station	3,466	3,111	11,282	11,997	14,748	15,108
Cooperative Extension Service	8,127	6,947	10,868	11,575	18,995	18,522
Subtotal	\$64,591	\$64,843	\$120,707	\$128,653	\$185,298	\$193,496
<b>UNIVERSITY OF NORTHERN IOWA</b>						
	\$13,549	\$14,534	\$38,794	\$41,013	\$52,343	\$55,547
<b>IOWA SCHOOL FOR THE DEAF</b>						
	\$138	\$154	\$4,739	\$4,876	\$4,877	\$5,030
<b>IOWA BRAILLE AND SIGHT SAVING SCHOOL</b>						
	\$130	\$130	\$2,659	\$2,759	\$2,789	\$2,889
<b>TOTAL</b>	<b>\$269,968</b>	<b>\$279,906</b>	<b>\$332,029</b>	<b>\$349,572</b>	<b>\$601,997</b>	<b>\$629,478</b>

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

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

GENERAL  
June 18-19, 1986

Mr. Richey stated that the tuition replacement account would be \$1.2 million short instead of the \$3 million that had originally been anticipated. He indicated that the institutions would share that shortfall with Iowa State University bearing the largest share.

Regent Duchen stated the projections were that the University of Northern Iowa would experience a drop in enrollment; but, at the academic planning seminar, it was indicated that the enrollment continue to go up.

President Curris stated in budgeting they tried to be accurate but conservative. He said that the amount they were budgeting for student income this year was up significantly from what was budgeted last year. He indicated they liked to be conservative in projections because they did not want to have to impose cutbacks when the income did not materialize.

Regent Harris asked the dollar amount of the reduction of indirect cost recovery.

Vice President Ellis stated they were budgeting indirect cost recovery next year at the same level as was budgeted in the current year. He indicated they had earned about \$1 million more than they had budgeted. He also noted that they were confident the amount would go down due to the impact of Gramm-Rudman and other federal directives.

MOTION:

Mr. Tyler moved that the board approve the following recommendations: (1) That the distribution of salary adjustment fund appropriations be given preliminary approval. (2) That tuition replacement appropriation distributions be given preliminary approval. (3) That preliminary approval be given to the budgets of the following special purpose programs: Water Resources Research Institute - \$100,000; Fire Service Education (through the Department of Public Instruction with additional support from Iowa State University) - \$140,000; Small Business Development Centers (through lottery bill) - \$700,000; CIRAS-Hazardous Waste Research (including \$100,000 through lottery bill) - \$150,000; Livestock Disease Research - \$300,000. Mrs. Murphy seconded the motion, and it passed unanimously.

GENERAL  
June 18-19, 1986

**EARLY RETIREMENT INCENTIVE POLICY (NON-MERIT EMPLOYEES).** The Board Office recommended that the board: (1) approve the policy for early retirement incentives effective July 1, 1986, for faculty, professional-scientific employees, institutional officials, and Board Office staff; (2) establish a present value rate of 6 percent for the alternate payment method identified in the program; (3) direct that a thorough review of the operation of the program be conducted at the end of the first year of operation to permit the board to consider any modifications of the programs it deems advisable; and (4) direct the institutions to provide the board with a monthly report of the utilization of the program with the report to include the cost of incentives, the names of employees approved for the program, and the utilization the institution has made of the cost savings.

Director Wright explained that the 1986 session of the General Assembly approved Senate File 2242 which provided state employees with retirement incentives. The law provides that, "The state board of regents shall establish for its employees incentives for early retirement that do not affect existing programs." The law further provided that the benefits provided for Regent Merit System employees be comparable to those provided for state employees. At its meeting in May, the board approved the incentive program for Regent Merit System employees. The law appeared to recognize that a different program of benefits was desirable for other employees of the board.

The universities consulted with faculty and professional-scientific staff and developed a proposal for early retirement incentives which was used as the basis for discussion with the Board Office and formulation of the following program:

**ELIGIBILITY:** Faculty, professional-scientific employees, institutional officials, and staff of the Board Office not under the Regent Merit System, employed by the Board of Regents for a period of at least ten years and who have attained the age of 57 but are not older than 63 are eligible for participation in the early retirement incentives program with the approval of appropriate administrative officers of the institution in which they are employed.

**DURATION OF PARTICIPATION:** Upon entry into the program and retirement the participant will receive the incentives until age sixty-five, unless otherwise indicated.

**INCENTIVES:** During the first three years of participation in the program the employer will pay the employer's and the employee's contributions for the benefits from the list of specified fringe benefits that were provided to the employee during the employee's regular employment. During the remaining years in the program the employer will pay the employer's contributions for those fringe benefits. The fringe benefits will be calculated as those provided

to the employee at the time of retirement based upon the employee's salary at the time of retirement, and adjusted for changes in benefits that occur at specified ages. The list of specified fringe benefits is as follows:

1. Health Insurance (to age 68, with Medicare wrap-around),
2. Dental Insurance,
3. Group Life Insurance,
4. TIAA/CREF Contributions.
5. IPERS, available by alternate payment method only.

ALTERNATE PAYMENT METHOD: If the employer agrees, all or part of the incentives may be provided as a cash payment equal to the present value of the benefit(s) for which it is substituted. The interest rate used in calculation of the present value shall be determined annually by the board.

SPECIAL CONSIDERATIONS AT PROGRAM INAUGURATION: Special consideration is made for employees presently participating in the phased retirement program and for those employees who meet all eligibility requirements but are aged 64 at the time the program is inaugurated. Those considerations are as follows:

1. An employee presently participating in the phased retirement program who is under the age of 63 can transfer to the early retirement incentives program with the approval of the employee's department and the university. Years spent in the phased retirement program will be counted against the maximum number of years allowed in the early retirement incentives program. All years spent in the phased retirement program will be counted as years in which both the employer's and employee's contributions toward fringe benefits were paid. The upper age limit of 65 for full fringe contributions and 68 for health insurance will apply.
2. An employee age 64 during the year 1 July 1986 to 30 June 1987 who is eligible for the early retirement program in all respects other than the age requirement and who is not participating in the phased retirement program may request to participate in the early retirement incentives program. For such employees the period of participation is one year with full benefits with payment of health insurance to age 68, with the Medicare wrap-around.

Director Wright stated the board would be provided with the first annual report of the operation of the policy in July 1987 and would be able to make any amendment to it at that time. He said that the institutions did not

GENERAL  
June 18-19, 1986

have a method of calculating how many employees would participate nor what the cost would be. The institutions had indicated they would not approve what they could not afford.

The University of Iowa indicated it had 306 employees who would be eligible for participation in the program; Iowa State University - 332; University of Northern Iowa - 113; Iowa School for the Deaf - 7; and Iowa Braille and Sight Saving School - 4.

Regent Duchen asked why the program was necessary.

Director Wright responded that state government had determined that one of its methods of downsizing was to offer incentives to retire and that state law provided that the Regents should offer a program such as this to its faculty and professional and scientific employees.

Vice President Madden indicated that other organizations had tried different early retirement incentive program but that there were not a large number in higher education. He estimated that the program as proposed would cost Iowa State University between \$240,000 and \$300,000 per year and would result in savings of from \$1.8 million to \$2.5 million per year. The amount of annual savings would depend on whether the positions were filled. He indicated that the university would like to use this as a vehicle to encourage people to leave the institution. He said the university saw this as another tool to attempt to effectively manage resources. He said that until the program was offered to eligible employees, it was impossible to project the actual outcome. He speculated that the first major impact would come at the end of the next academic year.

President Parks stated he would guess that there would a large out-migration.

MOTION:

Mrs. Murphy moved that the board: (1) approve the policy for early retirement incentives effective July 1, 1986, for faculty, professional-scientific employees, institutional officials, and Board Office staff; (2) establish a present value rate of 6 percent for the alternate payment method identified in the program; (3) direct that a thorough review of the operation of the program be conducted at the end of the first year of operation to permit the board to consider any modifications of the programs it deems advisable; and (4) direct the institutions to provide the board with a monthly report of the utilization of the program with the report to include the cost of incentives, the names of employees

GENERAL  
June 18-19, 1986

approved for the program, and the utilization the institution has made of the cost savings. Mr. Tyler seconded the motion, and it passed unanimously.

**PROFESSIONAL AND SCIENTIFIC COMPENSATION PLANS.** The Board Office recommended that the board adopt the following policy for distribution of salary increases for professional and scientific staff: Based on satisfactory performance, each staff member will receive a minimum increase of two percent; increases within grade over that amount will be distributed at the discretion of the institutions. It was also recommended that the board approve the revised pay plan schedules for professional and scientific staff and approve the deletion of class titles from the Iowa State University pay plan as shown on the following pages.

GENERAL  
June 18-19, 1986

UNIVERSITY OF IOWA  
PROFESSIONAL AND SCIENTIFIC SALARY SCHEDULE

1986-87

ANNUAL SALARIES IN DOLLARS

<u>SALARY GRADE</u>	<u>MINIMUM</u>	<u>1ST QUARTILE</u>	<u>MIDPOINT</u>	<u>3RD QUARTILE</u>	<u>MAXIMUM</u>
1	\$12,475	\$14,255	\$16,035	\$17,810	\$19,590
2	13,500	15,425	17,355	19,280	21,205
3	14,625	16,710	18,795	20,875	22,960
4	15,685	17,920	20,155	22,390	24,625
5	16,960	19,385	21,805	24,230	26,650
6	18,370	20,990	23,610	26,225	28,845
7	19,695	22,510	25,320	28,135	30,945
8	21,315	24,360	27,405	30,450	33,495
9	22,870	26,210	29,560	32,900	36,245
10	24,750	28,465	32,170	35,880	39,595
11	26,795	30,810	34,830	38,840	42,850
12	29,000	33,350	37,695	42,040	46,390
13	31,405	36,100	40,815	45,510	50,220
14	33,980	38,955	43,920	48,900	53,865
15	36,780	42,160	47,535	52,920	58,295
16	39,805	45,635	51,450	57,280	63,105
17	43,080	49,390	55,690	61,990	68,300
18	46,630	****	****	****	OPEN

PROPOSED P & S PAY MATRIX

1986 - 1987

(1985-86 MATRIX INCREASED BY 5%)

GRADE	MINIMUM	FIRST QUARTILE	MIDPOINT	MAXIMUM	MIDPOINT DIFFERENCE	SALARY SPREAD
I	\$ 14,741	\$ 16,302	\$ 17,865	\$ 20,987	--	42.4%
II	16,989	19,779	20,550	24,110	15%	41.9%
III	19,488	21,674	23,860	28,232	16%	44.9%
IV	22,611	25,265	27,920	33,229	17%	47.0%
V	26,484	29,700	32,918	39,351	18%	48.6%
VI	31,230	35,196	39,163	47,095	19%	50.8%
VII	36,977	42,004	47,033	57,089	20%	54.4%
VIII	44,223	51,160	58,097 *			



GENERAL  
June 18-19, 1986

UNIVERSITY OF NORTHERN IOWA  
1986-87 PROFESSIONAL-SCIENTIFIC STAFF COMPENSATION SCHEDULE

<u>Pay Grade</u>	<u>Minimum</u>	<u>First Quartile</u>	<u>Midpoint</u>	<u>Third Quartile</u>	<u>Maximum</u>	<u>Midpoint Difference</u>	<u>Salary Spread</u>
I	\$14,452 (13,699)	\$16,101 (15,262)	\$17,751 (16,826)	\$19,401 (18,390)	\$21,049 (19,952)		45.7%
II	\$16,550 (15,687)	\$18,478 (17,515)	\$20,407 (19,343)	\$22,336 (21,172)	\$24,265 (23,000)	15.0%	46.6%
III	\$19,036 (18,044)	\$21,358 (20,245)	\$23,679 (22,445)	\$26,000 (24,645)	\$28,321 (26,845)	16.0%	48.8%
IV	\$22,089 (20,937)	\$24,901 (23,603)	\$27,713 (26,268)	\$30,525 (28,934)	\$33,338 (31,600)	17.0%	50.9%
V	\$25,849 (24,501)	\$29,279 (27,753)	\$32,710 (31,005)	\$36,141 (34,257)	\$39,571 (37,508)	18.0%	53.1%
VI	\$30,506 (28,916)	\$34,720 (32,910)	\$38,935 (36,905)	\$43,148 (40,899)	\$47,361 (44,892)	19.0%	55.3%
VII	\$36,164 (34,279)	\$41,451 (39,290)	\$46,739 (44,302)	\$52,025 (49,313)	\$57,311 (54,323)	20.0%	58.5%
VIII	\$43,231 (40,977)	\$49,902 (47,300)	\$56,572 (53,623)	\$63,243 (59,946)	\$69,914 (66,269)	21.0%	61.7%

Bracketed figures are 1985-86 salary ranges.

Minimum and maximum pay grade salary levels with the proposed 1986-87 Compensation Schedule have been increased by 5.5% over the 1985-86 salary ranges.

IOWA SCHOOL FOR THE DEAF  
IOWA BRAILLE AND SIGHT SAVING SCHOOL  
PROFESSIONAL AND SCIENTIFIC SALARY SCHEDULE  
1986-87  
(1985-86 figures are shown in parentheses)

Salary Grade	Minimum	Midpoint	Maximum	Spread
1	\$15,584 (14,772)	\$18,512 (17,547)	\$21,439 (20,321)	37.56%
2	\$17,227 (16,564)	\$20,383 (19,599)	\$23,539 (22,634)	36.65%
3	\$19,451 (18,703)	\$23,029 (22,143)	\$26,606 (25,583)	36.79%
4	\$21,525 (20,697)	\$26,005 (25,005)	\$30,484 (29,312)	41.62%
5	\$23,088 (22,200)	\$28,094 (27,013)	(\$33,099 (31,826)	43.36%
6	\$26,516 (25,496)	\$32,603 (31,350)	\$38,691 (37,203)	45.92%

PAY GRADE ASSIGNMENTS

- 2 Registered Nurse I
- 3 Administrative Aide for Deaf Services and Dean of Boys  
Special Administrative Assistant  
Registered Nurse II
- 4 Administrative Assistant for Programs  
Administrative Services Associate  
Dean of Girls  
Director of Student Life  
Food Production Supervisor  
Head Nurse
- 5 Administrative Associate for Budgeting and Purchasing  
Associate Director of Personnel
- 6 Director, Planning and Personnel  
Director of Student and Home Services

GENERAL  
June 18-19, 1986

Director Volm explained the biennial appropriations bill enacted by the General Assembly in 1985 provided funding for professional and scientific staff of Board of Regents institutions in an amount necessary for an average base salary increase of 5.5 percent for the fiscal year beginning July 1, 1986. An additional \$2 million for salary increases for university faculty and professional and scientific staff was appropriated by the legislature in the 1986 session. The supplemental appropriation would amount to an increase in base salaries of under one percent.

The minimum increase of two percent for satisfactory service is equivalent in annual cost to the four percent across-the-board increase mandated, effective January 1, 1987, for Regents Merit System employees and for state professional and managerial staff. Increases over an above the two percent minimum would be granted at the discretion of the institutions.

The minimums and maximums of pay grades 9 through 18 of the pay schedule for the University of Iowa professional and scientific staff were increased by five percent. Grades 1 through 3 were increased by eight percent at the minimum and seven percent at the maximum. Grades 4, 5, and 6 were increased by seven percent at the minimum and six percent at the maximum. The varying increases in pay grades below 9 represented a beginning response to the recommendations for higher but narrower ranges for those pay grades made by the university's consultant on comparable worth.

Based on the results of salary surveys and legislative salary policy, Iowa State University proposed a five percent increase in the minimums and maximums of its pay ranges for professional and scientific staff.

Pay schedules proposed by the University of Northern Iowa and for the Iowa School for the Deaf and Iowa Braille and Sight Saving School reflected a 5.5 percent increase in salary range minimums and maximums, consisted with the funds appropriated for increases.

A review of the Board Office professional-scientific salary schedule approved by the board in May yielded some inconsistencies in the salary ranges for employees in pay grades 8, 9, and 10 which affected the unit directors. In order to resolve some of the inconsistency and to be able to have more competitive pay ranges, it was recommended that the maximum salary for these three ranges be changed as follows:

Pay grade 8 - maximum - from \$49,196 to \$50,000  
Pay grade 9 - maximum - from \$54,133 to \$56,500  
Pay grade 10 - maximum - from \$61,124 to \$63,000

NOTE: The salary schedule, as corrected and attached to these minutes, is developed pursuant to Chapter 253 of the Acts of the 1985 Legislative Session, which provides an average increase of four percent.

CORRECTED

GENERAL  
June 18-19, 1986

PROPOSED  
BOARD OFFICE

PROFESSIONAL AND SCIENTIFIC SALARY SCHEDULE  
1987

Salary Grade	Minimum	Midpoint	Maximum	Spread
1	\$14,000 (13,506)	\$16,572 (16,326)	\$19,145 (19,145)	36.75%
2	\$16,000 (15,450)	\$18,910 (18,636)	\$21,821 (21,821)	36.38%
3	\$18,500 (18,190)	\$22,502 (22,347)	\$26,503 (26,503)	43.26%
4	\$20,000 (19,622)	\$24,366 (24,177)	\$28,732 (28,732)	43.66%
5	\$22,000 (21,407)	\$26,817 (26,521)	\$31,634 (31,634)	43.79%
6	\$24,800 (23,986)	\$31,294 (30,150)	\$37,789 (36,315)	52.38%
7	\$28,060 (26,981)	\$36,177 (34,786)	\$44,294 (42,590)	57.85%
8	\$31,174 (29,975)	\$40,587 (38,640)	\$50,000 (47,304)	60.39%
9	\$35,978 (34,594)	\$46,239 (43,323)	\$56,500 (52,051)	57.04%
10	\$41,194 (39,610)	\$52,097 (48,522)	\$63,000 (57,434)	52.93%

1985-86 figures are shown in parentheses.

PAY GRADE ASSIGNMENTS

- 4 Accountant
- Administrative Assistant
- 5 Research Analyst
- 6 Assistant Director Business and Finance
- Assistant Director Personnel and Employment Relations
- 7 Associate Director Business and Finance
- 8 Merit System Director and Assoc. Director Personnel and Employment Relations
- 9 Director, Business and Finance
- Director, Personnel and Employment Relations
- 10 Deputy Executive Secretary and Director, Academic Affairs and Research

GENERAL  
June 18-19, 1986

The 18 classes proposed for deletion from the Iowa State University compensation plan for professional and scientific staff are listed below:

<u>Title</u>	<u>Pay Grade(s)</u>
Accounts Manager I, II	4, 5
Assistant Curator	3
Assistant Health Physicist	3
Assistant Placement Officer	4
Assistant Producer	2
Assistant Supervisor	4
Assistant University Architect	5
Classification Officer	3
Development Officer, II, III	6, 7
Field Engineer II, III	4, 5
Interviewer	3
Materials Officer	4
Placement Officer	4
Sales Assistant	3
Technical Assistant	6

There are no incumbents in these classes, and no future need for them is anticipated.

**MOTION:**

Dr. Harris moved that the board adopt the policy for distribution of salary increases for professional and scientific staff: Based on satisfactory performance, each staff member will receive a minimum increase of two percent; increases within grade over that amount to be distributed at the discretion of the institutions; and that the board approve the revised pay plan schedules for professional and scientific staff for the University of Iowa, Iowa State University, University of Northern Iowa, the Iowa School for the Deaf, the Iowa Braille and Sight Saving School, and the Board Office and approve the deletion of class titles from the Iowa State University pay plan as shown above. Mrs. Murphy seconded the motion, and it passed unanimously.

President McDonald recognized Regent Greig.

Regent Greig noted the board had spent a great deal of time discussing budgets, and the fact there was a shortage of funds. In an attempt to remedy that situation, he distributed Iowa Instant Winner lottery tickets to each

board member, to each university president, and to each special school superintendent. He stated that, since he had purchased the tickets, he would take one-half of any winnings; and the remainder would go to the institution with the winning ticket. A board member with a winning ticket could designate any program at any of the institutions to be recipient of the winnings. One \$2 winner, President Parks, was realized from the tickets distributed.

**EXECUTIVE SESSION.** President McDonald requested that the board enter into executive session to evaluate the professional competency of an individual whose performance was being considered to prevent needless and irreparable injury to that individual's reputation pursuant to Chapter 21A.5(1)(i) of the Code of Iowa. Mr. Tyler moved that the board enter executive session. Miss VanEkeren seconded the motion. On a roll call vote, the following voted:

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

NAY: None.

ABSENT: Anderson, VanGilst.

The board, having voted by at least two-thirds majority, resolved to meet in executive session beginning at 4:10 p.m. on June 18, 1986, and ending at 4:55 p.m. on the same date

President McDonald stated no further public business would be conducted on June 18, 1986, and the board would resume in public session at 9 a.m. on June 19, 1986.

The following business was transacted on Thursday, June 19, 1986.

**REPORT ON SELECTION OF BOND ADVISORS.** Associate Director Runner explained in May the board received a report on new provisions contained in the state's reorganization bill requiring competitive selection of attorneys, accountants, and other bond advisors on Regent bond issues. The board approved administrative rules on the competitive selection of bond advisors and authorized the Executive Secretary to file the emergency rules for publication in the Iowa Administrative Code. In addition, the board authorized the Executive Secretary to issue Request for Proposals soliciting qualified firms to submit proposals for financial advisor and bond counsel to the board.

Since last month's board meeting, the Board Office worked with the institutions to prepare and distribute two Request for Proposals, one for financial advisor and one for bond counsel. The Request for Proposals for financial advisors was sent to 47 underwriters, investment brokers, and financial advisors. The Request for Proposals for bond counsel was sent to six law firms. The firms included all Iowa law firms listed in the 1985 edition of the Directory published by The Bond Buyer. Both Request for Proposals were distributed on May 28, 1986, and the deadline for indicating interest in serving as either financial advisor or bond counsel was Friday, June 13. Mr. Runner indicated that 14 proposals had been received from

GENERAL  
June 18-19, 1986

financial advisors and six from bond counsels. He indicated that the Board Office was in the process of working with the institutions in reviewing all the proposals and would return to the board in July with recommendations.

**ACTION:** President McDonald stated the report was received by general consent of the board.

**BOARD OFFICE BUDGET - FY 1987.** The Board Office recommended adoption of the budget for the operation of the Board of Regents office for Fiscal Year 1987 in the amount of \$786,266.

Mr. Richey stated the board approved a preliminary operating budget for the Board of Regents office in FY 1987 at \$788,450. The proposed revision for FY 1987 included a net reduction of \$2,184 in total expenditures, but it contained a significant shift in source of funds. Anticipated receipts of \$10,408 in appropriations to pick up salary increases for the positions financed by the institutional reimbursements have been eliminated. This reduction in income from the state has been offset by a projected increase of \$8,224 in institutional reimbursements (a 2.6% increase over the current year) and the \$2,184 reduction in expenditures mentioned above. The budget is shown on the following page:

BOARD OFFICE BUDGET  
FY 1987

	BUDGET F.Y. 1986	PROPOSED F.Y. 1987	GENERAL OFFICE	EMPL. REL. & MERIT	E.E.O.
EXECUTIVE SECRETARY		\$54,600	\$54,600		
DEP. EXEC. SECY & DIR. ACAD. AFF.		\$53,500	\$53,500		
RESEARCH ANALYST		\$24,000	\$24,000		
DIR. PERSONNEL & EMPL. RELATIONS		\$53,000		\$53,000	
DIR. REGENTS MERIT & ASSOC. DIR. EMPL. REL.		\$46,500		\$46,500	
ASST. DIR. PERSONNEL & EMPL. RELATIONS		\$27,000		\$27,000	
DIRECTOR BUSINESS & FINANCE		\$50,000	\$50,000		
ASSOC. DIR. BUS. & FIN. - CAPITAL		\$42,000	\$42,000		
ASSOC. DIR. BUS. & FIN. - BUDGET		\$40,000	\$40,000		
ASST. DIR. BUS. & FIN. - BUSINESS ANALYST		\$30,000	\$30,000		
ADMINISTRATIVE ASSISTANT		\$22,900	\$22,900		
ACCOUNTANT - 75% FTE (70-20-10)		\$16,725	\$11,708	\$3,345	\$1,672
SECY IV -MINUTES		\$18,791	\$18,791		
SECY III - EMPLOYEE RELATIONS		\$21,189		\$21,189	
SECY II - BUS. & FIN. - CAPITAL		\$15,225	\$15,225		
SECY II - BUS. & FIN. - BUDGET		\$13,917	\$13,917		
SECY II - ACADEMIC AFFAIRS		\$15,965	\$15,965		
SECY I - RECEPTIONIST (70-20-10)		\$13,917	\$3,479		\$10,438
CLERK TYPIST III (25-0-75)		\$12,716	\$8,901	\$2,543	\$1,272
<b>SUBTOTAL</b>		<b>\$571,945</b>	<b>\$404,986</b>	<b>\$153,577</b>	<b>\$13,382</b>
COL as of 1/1/87		\$10,347	\$7,007	\$3,072	\$268
MERIT INCREASES		\$1,313	\$845	\$84	\$384
MERIT INCREASES P & S		\$10,140	\$6,852	\$3,246	\$42
<b>SUBTOTAL</b>		<b>\$593,745</b>	<b>\$419,690</b>	<b>\$159,979</b>	<b>\$14,076</b>
FRINGE BENEFITS		\$89,062	\$62,954	\$23,997	\$2,111
PAYOUT ON RETIREMENT		\$8,000		\$8,000	
GROSS SALARY & FRINGES		\$690,807	\$482,644	\$193,412	\$17,516
LESS: SALARY SHRINKAGE		(\$28,291)	(\$28,291)		
<b>NET SALARIES &amp; WAGES</b>	<b>\$641,931</b>	<b>\$662,516</b>	<b>\$454,353</b>	<b>\$191,976</b>	<b>\$16,187</b>
BOARD MEMBER PER DIEM	\$16,200	\$12,758	\$12,758		
TRAVEL					
BOARD MEMBER	\$13,800	\$18,442	\$18,442		
OFFICE STAFF	\$23,600	\$16,000	\$11,500	\$3,800	\$700
OFFICE SUPPLIES	\$45,500	\$47,100	\$36,272	\$8,500	\$2,328
COMMUNICATIONS	\$31,500	\$22,050	\$14,350	\$6,700	\$1,000
OUTSIDE SERVICES	\$1,000	\$3,000	\$1,500	\$1,250	\$250
OUTSIDE REPAIRS	\$500	\$1,000	\$475	\$375	\$150
DATA PROCESSING	\$1,000	\$1,400	\$1,400		
OFFICE EQUIPMENT	\$1,000	\$2,000	\$1,400	\$400	\$200
<b>SUBTOTAL OTHER EXPENSES</b>	<b>\$134,100</b>	<b>\$123,750</b>	<b>\$98,097</b>	<b>\$21,025</b>	<b>\$4,628</b>
<b>TOTAL EXPENDITURES</b>	<b>\$776,031</b>	<b>\$786,266</b>	<b>\$552,450</b>	<b>\$213,001</b>	<b>\$20,815</b>
APPROPRIATIONS	\$436,732	\$411,336	\$411,336		
SALARY BILL	\$10,315	\$24,796	\$24,796		
COMPARABLE WORTH	\$8,813	\$8,813	\$8,813		
REGENTS PER DIEM		\$12,758	\$12,758		
<b>SUBTOTAL</b>	<b>\$455,860</b>	<b>\$457,703</b>	<b>\$457,703</b>		
CONSTITUTIONAL REIMBURSEMENT					
GENERAL	\$90,379	\$90,379	\$90,379		
EMPL. REL. & MERIT	\$204,777	\$213,001		\$213,001	
EEO	\$20,815	\$20,815			\$20,815
<b>SUBTOTAL</b>	<b>\$315,971</b>	<b>\$324,195</b>	<b>\$90,379</b>	<b>\$213,001</b>	<b>\$20,815</b>
MISCELLANEOUS RECEIPTS	\$4,200	\$4,368	\$4,368		
<b>TOTAL INCOME</b>	<b>\$776,031</b>	<b>\$786,266</b>	<b>\$552,450</b>	<b>\$213,001</b>	<b>\$20,815</b>



Governor Branstad vetoed the ceiling on institutional reimbursements for operation of the Board Office that was in the appropriations bill as passed by the General Assembly. As a consequence of this action, the \$10,408 in appropriations will not be available to fund the operations. Mr. Richey indicated that, because of institutional budget problems, he had tried to keep the increase in institutional reimbursements to a minimum. He noted it did not appear to be feasible to reduce expenditures further for operation of the personnel and employment relations unit because this was a year in which collective bargaining would take place. The total budget for the office for FY 1987 was projected to be a 1.3 percent increase over FY 1986.

Mr. Richey stated the budget was balanced by the salary shrinkage figure of \$28,291. To reach this amount of salary shrinkage, it would be necessary to reduce one clerical position at about \$15,000 and to reduce the number of hours worked by the accountant. The remainder of the shrinkage would be taken care of by normal attrition.

It was proposed in the revised budget that merit salary adjustments be made for the three directors effective July 1, 1986. Other adjustments to salaries of professional staff would be made throughout the fiscal year with most of them occurring on January 1, 1987. Salary adjustments for merit employees would be provided in accordance with the rules of the Regent Merit System and the provisions of the Regent Merit System Pay Plan. Total increases granted during the fiscal year would be approximately 5.5 percent.

It was anticipated that further revision to the Board Office budget for FY 1987 would be necessary after the allocations were made from state salary adjustment funds. These adjustments would be reported to the board in September as it considers the budget requests for fiscal year 1988.

MOTION: Dr. Harris moved that the board approve the Board Office budget for FY 1987. Mrs. Murphy seconded the motion, and it passed unanimously.

**APPOINTMENTS TO COMMITTEES AND ORGANIZATIONS.** President McDonald recommended that the following appointments to boards and commissions which expire June 30, 1986, be reappointed to a new term expiring June 30, 1989:

Peg Anderson	-- Iowa Public Broadcasting Board
James Freedman	-- Iowa Coordinating Council for Post-High School Education
Emmett Vaughan	-- State Extension and Continuing Education Council
Richard Remington	-- Committee on Educational Coordination
George Christensen	-- Committee on Educational Coordination

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

**BOARD OFFICE PERSONNEL REGISTER.** The board approved the following actions as a part of the consent docket:

Resignation: Kathleen Bogaard, Secretary II, effective May 29, 1986.  
Patricia Perry Weigel, Receptionist, effective June 26, 1986.  
Retirement: Evelyn Cardamon, Secretary II, effective July 7, 1986.

**NEXT MEETINGS.**

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

**ACADEMIC PLANNING SEMINARS:**

July 16	University of Northern Iowa
September 17	Iowa State University
October 15	Iowa State University
November 19	Iowa Braille and Sight Saving School and Iowa School for the Deaf

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

STATE UNIVERSITY OF IOWA

The following business pertaining to the State University of Iowa was transacted on June 19, 1985.

**REGISTER OF PERSONNEL TRANSACTIONS.** The register for the month of May was approved as a part of the consent docket.

**APPOINTMENTS.** The board was asked to approve the following appointments at the salaries budgeted for 1986-87:

John Bowers as Acting Chair of the Department of Communication Studies for the 1986-87 academic year.

James Buck as Chair of the Department of Industrial and Management Engineering for a two-year term effective July 1, 1986.

Wayne Carlson as Chair of the Department of Botany for a two and one-half year term beginning January 15, 1986.

John Erickson as Acting Director of the School of Journalism and Mass Communication for a one-year term effective July 1, 1986.

John W. Folkins as Chair of the Department of Speech Pathology and Audiology for a three-year term beginning August 25, 1986.

John H. Harvey as Professor and Chair of the Department of Psychology in the College of Liberal Arts for a three-year term effective July 1, 1986, at an academic year salary of \$60,000.

Ellis Hawley as Chair of the Department of History for a three-year term beginning August 25, 1986.

Charles M. Helms as Associate Dean, College of Medicine, at a fiscal-year salary of \$53,750 plus commutation fraction, effective July 1, 1986.

Professor Richard Horwitz as chair of American Studies for a three-year term, effective August 25, 1986.

Robert Leutner as Acting Director of the Center for Asian and Pacific Studies at an academic year salary of \$27,360, effective July 1, 1986.

Irwin P. Levin as Director of the Honors Program in the College of Liberal Arts for a five-year term beginning July 1, 1986.

Thomas E. Lewis as Chair of the Department of Spanish and Portuguese for a three-year term beginning August 25, 1986.

Carl F. Orgren as Director of the School of Library and Information Science for a five-year term effective July 1, 1986.

Professor Ray Parrott as Chair of the Department of Russian for a two-year term effective August 25, 1986.

David Reynolds as Chair of the Department of Geography for a three-year term, effective August 25, 1986.

Jay Semel as Director of University House, effective July 1, 1986, at a the salary to be listed in the budget.

Holmes A. Semken as Chair of the Department of Geology for a three-year term effective August 25, 1986.

Wallace J. Tomasini as Director of the School of Art and Art History for a five-year term effective July 1, 1986.

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

**APPOINTMENT OF SECRETARY AND TREASURER.** The appointments of Douglas Young as University Secretary for the fiscal year beginning July 1, 1986, and ending June 30, 1987, and Richard Stevenson as Acting University Treasurer for the fiscal year beginning July 1, 1986, and ending June 30, 1987, or until a new University Treasurer is appointed, were approved as a part of the consent docket.

**PHASED RETIREMENT.** The phased retirements of Professor Frederick C. Blodi; Professor Edith Ennis; Clayton Ringgenberg, Institute of Public Affairs; and Ernest Zuber, College of Business Administration were approved as a part of the consent docket.

Professor Ennis proposes to reduce her appointment to 50 percent time for two years, beginning July 1, 1986. Professor Ringgenberg would reduce his

appointment to 75 percent for 3 1/2 years, beginning July 1, 1986. Professor Zuber would reduce to 50 percent for two years, beginning August 25, 1986. Professor Blodi will reduce to half time beginning July 1, 1986. All four employees meet the eligibility requirements for participation in the phased retirement programs.

**POST AUDIT REPORTS.** The post audit reports on the B.S. in Statistics and the B.S. in Actuarial Science were referred by general consent of the board to the Interinstitutional Committee on Educational Coordination and the Board Office for review and recommendation.

**CENTER FOR THE BOOK.** The Board Office recommended the board receive the report concerning the establishment of a Center for the Book at the University of Iowa.

Because the university indicated that the center's activities would be funded by externally generated funds, the university requested this matter be presented to the board for informational purposes only.

The reasons for establishing the center were related to the existing accumulation of expertise in this area at the university, the end of the primacy of the Book as a predominate means of information and knowledge transmittal and the encouraging of interdepartmental study and increased visibility.

The university indicated that no new degree programs were envisioned at the present time. A key goal of the center was to encourage interdepartmental exchange in the study by asking existing departments to accommodate students committed to some aspect of the Book. In most cases, this would require some adjustment to give the student maximum flexibility in designing his or her program. The university indicated, however, that new interdisciplinary programs and courses may develop; and, if they do develop, they would be subject to the usual review and approval processes.

The Board Office noted that, because this unit would apparently be funded entirely by external funds, it does not require specific board approval. It should be understood that, if the program should begin to require institutional funds for its operation, specific approval of the Board of Regents should be sought.

The Board Office also noted that if possible the institution should seek greater clarification in the title of the proposed unit so as to not cause confusion for those who are familiar with the religious use of this term.

**ACTION:** President McDonald stated the report was received by general consent of the board.

**MASTER OF SCIENCE DEGREE PROGRAM.** The request to establish a Master of Science Degree Program in Quality Management and Productivity was referred by general consent of the board to the Interinstitutional Committee on Educational Coordination and the Board Office for review and recommendation.

**MASTERS DEGREE IN PHYSICAL THERAPY.** The request to establish a Masters Degree in Physical Therapy was referred by general consent of the board to the Interinstitutional Committee on Education Coordination and the Board Office for review and recommendation.

**REGISTER OF CAPITAL IMPROVEMENT BUSINESS TRANSACTIONS.** The Board Office recommended approval of the register for the period May 12 through June 6, 1986. The Board Office also requested that the university provide an oral report to the board concerning the current status and scope of the Diagnostic Radiology Renovation Project.

**APPROVAL OF PROGRAM STATEMENTS:**

University Hospital--Shipping and Receiving Facility

University Hospitals completed preparation of a program statement on this project outlining the requirement for a new shipping and receiving facility. In April, the board authorized the university to proceed with planning on this project. This project will correct a number of logistical deficiencies in the present receiving and loading area of the hospital, which is no longer adequate to handle the receipt and processing of material and equipment. The new shipping and receiving facility will consolidate material receiving and shipping. This will permit more efficient movement of supplies and equipment and permit the physical separation for the handling of clean and soiled material.

The university requested approval of the selection of Hansen Lind Meyer, Iowa City, as project architect. In April, the board authorized the University Hospital to negotiate a contract for architectural services. The agreement provides for basic services at a fixed fee of \$162,500. The scope of the work included design and construction management.

**PROJECT DESCRIPTIONS AND BUDGETS:**

Construction By Institutional Personnel:

Pharmacy Building--Remodel Room 303 Budget \$144,000

The university had originally requested approval to use Physical Plant personnel for the construction work associated with the laboratory remodeling but withdrew the request prior to the meeting of the board.

The university requested approval of budget adjustments on two existing

projects. One project had an estimated budget of less than \$250,000. The board was asked to ratify the budget adjustment on that project.

The second budget adjustment was on a project with an estimated budget of over \$250,000. The university requested the board's approval of the budget adjustment on the following project:

University Hospital--Diagnostic Radiology Completion Phase

Source of Funds: University Hospital Building Usage Fund

Original Budget \$8,998,000

Revised Budget \$9,717,000

The university requested approval of the revised budget that will increase the budget by \$719,000. The board approved the original project budget in November 1985. June Davis, Assistant to the Vice President for Finance and University Services, stated this project was managed as a fast track bid basis in November 1985, and the university accepted some alternates that increased the cost when bids were awarded in December 1985. The final bids on the project were received and caused the university to reassess the budget.

The budget increase was necessary to accommodate contract awards.

CONSULTANT AGREEMENTS:

The university requested approval of a consultant agreement on the following project:

University Hospital--Shipping and Receiving Facility

Hansen, Lind, Meyer, Inc., Iowa City, Iowa

\$162,500

The project and the university's request for approval of a negotiated agreement with Hansen Lind Meyer, Inc., to provide architectural and engineering services on this project are discussed above.

CONSTRUCTION CONTRACTS:

The following contracts on the Diagnostic Radiology project and Kinnick Stadium Seat Replacement are referred to the board for action:

University Hospital--Diagnostic Radiology Completion Phase

Contract #1, Concrete:

Kleiman Construction, Inc., Cedar Rapids, Iowa  
Base bid of \$37,600, plus alternates #1, #2A,  
#3A, and #4 at no cost =

TOTAL AWARD OF: (3 bids received)

\$37,600

Contract #2, Painting and Vinyl Wall Covering

Dvorak Painting & Decorating, Inc., Waterloo, Iowa  
Base bid of \$48,496, plus alternates #1, #2A,  
#3A, and #4 at no cost =  
TOTAL AWARD OF: (2 bids received) \$48,496

Contract #3, Acoustical Ceiling

Allied Construction Services, Inc., Davenport, Iowa  
Base bid of \$214,500, plus alternates #1, #2A,  
#3A, and #4 at no cost =  
TOTAL AWARD OF: (1 bid received) \$214,500

Contract #4, HVAC

R. M. Boggs Company, Inc.  
Base bid of \$1,473,000, less alternate #1 of  
\$4,200, plus alternate #3A of \$100,000, plus  
alternates #2A and #4 at no cost =  
TOTAL AWARD OF: (4 bids received) \$1,568,800

Contract #5, Plumbing:

Muller Plumbing and Heating, Inc., Iowa City, Iowa  
Base bid of \$266,600, plus alternates #1, #2A,  
#3A, and #4 at no cost =  
TOTAL AWARD OF: (4 bids received) \$266,600

Contract #6, Fire Protection:

Blackhawk Automatic Sprinklers, Inc., Waterloo, Iowa  
Base bid of \$95,400, plus alternates #1, #2A,  
#3A, and #4 at no cost =  
TOTAL AWARD OF: (2 bids received) \$95,400

Contract #7, Electrical and Communications:

Merit Electric, Ltd., Iowa City, Iowa  
Base bid of \$1,296,300, plus alternate #2A of  
\$240,024, plus alternate #4 of \$18,012, plus  
alternates #1 and #3A at no cost =  
TOTAL AWARD OF: (3 bids received) \$1,554,336

Contract #10, Signage:

Johnson Specialty Sales, Ltd., Des Moines, Iowa  
Base bid of \$5,995, plus alternates #1, #2A,  
#3A, and #4 at no cost =  
TOTAL AWARD OF: (1 bid received) \$5,995

These contracts were referred to the board because the contracts could not be awarded within the existing approved budget. In this month's register, the university requested approval of a budget increase of \$719,000 for the Diagnostic Radiology Completion Phase Project.



The budget increase was necessary to accommodate the contract awards. Part of the increased cost involved completing additional shelled-in space as part of this project. The University Hospital indicated that the bids received included favorable construction costs for the additional work. The added cost for constructing the additional shelled-in space is \$1.3 million.

In December, the first package of bids was taken on this project. At that time, the university recommended acceptance of a series of alternates to constructing additional space. The purpose was to create more area for future clinic needs of the Diagnostic Radiology Center. Approval of a budget increase by the board should have been sought when the university requested acceptance of \$1.3 million in the contract alternates in January. The university was notified that it should obtain board approval of budget adjustments before commitments were made that may limit options available to the board in its governance of capital projects. With approval of the budget increase, the Board Office recommended approval of the eight contracts on this project.

Kinnick Stadium--Replace Seats

Stadiums Unlimited, Inc., Grinnell, Iowa

Base Bid of \$311,000, plus Alt. #2 of \$11,646 =

TOTAL AWARD OF: (3 bids received) \$322,646

This contract was referred to the board for action because two bids were for seating products that did not meet the specifications contained in the bid documents. Miracle Recreation Equipment Company, Grinnell, Iowa, and Southern Bleacher Company Inc., Grand, Texas, each submitted bids based on non-conforming material. Miracle bid seat planks of fiberglass material and Southern Bleacher Company bid aluminum that was less than the minimum thickness specified. The third bid from Stadiums Unlimited was the highest of the three bids and fully complied with the specifications in preparing their bid. The university recommended award to Stadiums Unlimited, Inc., Grinnell, Iowa, the lowest responsible bidder.

The Board Office recommended approval of the university's request to award the contract to Stadiums Unlimited, Inc., of Grinnell, Iowa. The other firms have been notified of the university's recommendation and the reasons for non-acceptance of their bids.

Regent Harris asked why bidders would respond without adhering to the specifications.

Associate Director Runner stated that some public organizations are willing to accept something other than what was in the specifications. The university had worked very hard in developing the specifications and expected the bidders to meet the specifications.

President McDonald stated sometimes provisions in bidding specifications had a clause for substitutions or approved equals.

Vice President Ellis stated it was especially puzzling that a firm bid fiberglass because the university had made it very clear it did not want fiberglass seats.

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

15 KV Electrical Loop I Extension--Phase II

Gerard Electric, Inc., Iowa City, Iowa

Base Bid of \$479,142, plus Alt. #1 \$222,250 =

TOTAL AWARD OF: (7 bids received) \$701,392

This project involves the continuation of a project approved by the board in December, 1985, to extend the existing electrical distribution system east and north of the Pentacrest. This phase constructs an electrical duct bank from the southern portion of the Pentacrest north to the Chemistry-Botany Building.

CHANGE ORDERS TO CONSTRUCTION CONTRACTS:

Human Biology Research Facility--Phase I

McComas-Lacina Construction Company, Inc., Iowa City, Iowa

Deduct \$45,512.79

The university requested approval of change order #3 to provide for unit price adjustments on caissons resulting from changes in the length of the various caisson shafts. With approval of the change order, the adjusted contract amount with McComas-Lacina is \$298,959.52.

Regent Tyler stated he recalled some publicity recently about the caissons in the Human Biology Building.

Ms. Davis stated the change order and the alignment of the caissons were not related.

Regent Tyler asked if the contractor was going to place the caissons properly.

Ms. Davis stated the contractor was not going to move them, but the engineers would make a small adjustment in the design of the structure.

Main Power Plant Boiler Replacement Program--Phase I

Contract #3, Steam Generating Unit

Riley Stoker Corporation, Worcester, MA

Deduct \$40,000

The university requested approval of change order #1 that results from the university providing material handling equipment to the project. With approval of the change order, the adjusted contract amount with Riley Stoker Corporation is \$8,130,445.

Main Power Plant Boiler Replacement Program--Phase I  
Contract #9, Piling and Coal Silo Foundation  
Cramer & Associates, Inc., Des Moines, Iowa

Deduct \$36,200.90

The university requested approval of change order #2 that provides for various unit price adjustments. The contractor was able to accomplish the work on this contract using less material in various categories than originally had been estimated. Because the university took bids that included unit cost prices, the university was able to realize some cost saving. With approval of the contract change order, the adjusted contract amount with Cramer & Associates is \$214,995.10.

MOTION:

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

**LEASES.** The Board Office recommended approval of the leases for the benefit of the University of Iowa as follows:

- (a) with FUNCTIONAL HOME DESIGNERS for their use of approximately 124 square feet of space (Room No. 126) in the university's Technology Innovation Center, located on the Oakdale Campus, at an annual rent of \$744 for the term July 1, 1986, to June 30, 1987; and
- (b) with DRAKE UNIVERSITY, Des Moines for university's use of approximately 3,110 square feet of classroom and office space in the frame building at 1151 28th Street, Des Moines, from July 1, 1986, to June 30, 1987, at an annual rent of \$12,004.60, as a part of a \$18,500 annual fee for the use of the space, facilities, equipment, and services; and
- (c) with MARYCREST COLLEGE, Davenport, for the university's use of approximately 720 square feet of office space in the colleges' West Hall from July 1, 1986, to June 30, 1987, as a part of annual fee of \$3,636 for the use of the space, facilities, equipment, and services; and
- (d) with MR. AND MRS. BRIAN HO, for the university's use of approximately 2,600 square feet of heated commercial office and storage space with adjacent parking at 114 Second Street, Coralville, at an annual rent of \$12,600 for the period July 1, 1986, to an including June 30, 1987, with an option to renew for two additional one-year periods; and

(e) with MR. AND MRS. BRIAN HO, for the university's use of approximately 600 square feet of heated storage space in the building at 118 Second Street, Coralville, at an annual rent of \$1,500 for the period July 1, 1986, to and including June 30, 1987, with an option to renew for two additional one-year periods.

Pursuant to Executive Order No. 44, for leases in which the board is a tenant, the university determined that there were not vacant school buildings available to meet the university's needs.

Functional Home Designers is an enterprise which meets the university's requirements for assistance in the Technology Innovation Center. The space in the center is provided to companies at a rental rate of \$6 per square foot per year.

The space at Drake University is needed to enable the University of Iowa to offer appropriate work for graduate students in central Iowa who are pursuing a MAster's Degree in Social Work. The Drake location was selected several years ago after consultation with students, social agencies in central Iowa, and Drake. The lease provided continued use of classroom and office, library privileges, equipment, facilities, janitorial services, utilities, and other services at Drake for the University of Iowa Social Work Center. The cost of providing these services and facilities increased by 0.6 percent over the cost of services and facilities for fiscal year 1986.

The renewed lease with Marycrest College will allow for the continued operation of the university's existing Social Work Training Center which coordinates the placement of students in the Master of Social Work Program. The agreement includes the use of shared seminar room and classrooms and provides for the use of desks, chairs, tables, miscellaneous office items, audiovisual equipment, reproduction equipment and library privileges for faculty and students of the University of Iowa School for Social Work. The cost of the agreement, \$3,636, is the same as for fiscal years 1985 and 1986.

The commercial, office and storage space at 114 Second Avenue, Coralville, will be used by the Department of Intercollegiate Athletics to accommodate its retail store and mail order sale of merchandise. Adequate space is not available within the university for this purpose. Utilities are to be provided by the tenant. The cost of \$1,050 per month (\$4.75 per square foot of building space per year) represented an increase of 5 percent over the present lease and will be paid by profits from the sale of merchandise.

The storage space at 118 Second Avenue, Coralville, will also be used by the Department of Intercollegiate Athletics for storage of merchandise sold in the store and mail order business at 114 Second Avenue. The cost of this heated storage space adjacent to the store is \$1,500 for the year (\$2.50 per square foot per year) and is the same as in the initial lease approved in September 1984 and will be paid by profits from the sale of merchandise.

## MOTION:

Mr. Tyler moved that the board approve the leases as follows: (a) with FUNCTIONAL HOME DESIGNERS for their use of approximately 124 square feet of space (Room No. 126) in the university's Technology Innovation Center, located on the Oakdale Campus, at an annual rent of \$744 for the term July 1, 1986, to June 30, 1987; and (b) with DRAKE UNIVERSITY, Des Moines for university's use of approximately 3,110 square feet of classroom and office space in the frame building at 1151 28th Street, Des Moines, from July 1, 1986, to June 30, 1987, at an annual rent of \$12,004.60, as a part of a \$18,500 annual fee for the use of the space, facilities, equipment, and services; and (c) with MARYCREST COLLEGE, Davenport, for the university's use of approximately 720 square feet of office space in the colleges' West Hall from July 1, 1986, to June 30, 1987, as a part of annual fee of \$3,636 for the use of the space, facilities, equipment, and services; and (d) with MR. AND MRS. BRIAN HO, for the university's use of approximately 2,600 square feet of heated commercial office and storage space with adjacent parking at 114 Second Street, Coralville, at an annual rent of \$12,600 for the period July 1, 1986, to an including June 30, 1987, with an option to renew for two additional one-year periods; and (e) with MR. AND MRS. BRIAN HO, for the university's use of approximately 600 square feet of heated storage space in the building at 118 Second Street, Coralville, at an annual rent of \$1,500 for the period July 1, 1986, to and including June 30, 1987, with an option to renew for two additional one-year periods. Miss VanEkeren seconded the motion, and upon the roll being called the following voted:  
AYE: Duchen, Greig, Harris, McDonald, Murphy, Tyler, VanEkeren.  
NAY: None.  
ABSENT: Anderson, VanGilst.

**PROPERTY RENTAL RATE, 1986-87.** The Board Office recommended that the board approve the schedule of monthly rental rates for residences, apartments, rooms, preschool and day-care centers for the period August 15, 1986, to August 14, 1987.

The university owns these properties, comprising 131 units, to assist it in meeting present university program needs and to meet anticipated program needs. The university rents the property at fair market value, with the exception of the preschool, day-care centers, and student senate co-op units for which the rental is intended to cover only average repair and maintenance costs consistent with the university's interest in the respective activities. No increase in rent was recommended for the 1986-87 period as an excessive number of rental units available in the Iowa City area has caused no growth in rental rates. The exact rates are on file in the Board Office.

**MOTION:**

Mr. Duchen moved that the board approve the schedule of monthly rental rates for residences, apartments, rooms, preschool, and day-care centers for the period August 15, 1986, to August 14, 1987. Mr. Greig seconded the motion, and upon the roll being called the following voted:

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

NAY: None.

ABSENT: Anderson, VanGilst.

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

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

General University	\$192,724,297
University Hospitals	155,249,890
Psychiatric Hospital	9,032,504
Hospital School	5,084,928
Oakdale Campus	2,781,467
Hygienic Laboratory	3,273,099
Family Practice	1,480,777
SCHS: Ca/Hemo/HR	444,174
SCHS: Clinics/MD	2,442,826
<b>TOTAL</b>	<b>\$372,513,962</b>

2. That the university provide an oral report to the board on programmatic changes completed in FY 1986 or planned for FY 1987.
3. That the university report, at the time of submission of final budgets, on the revised distribution of funds presently allocated but above new estimates of need for debt service in FY 1986.
4. That the university provide a progress report in July on its downsizing and restructuring efforts to permanently adjust to the 3.85 percent reduction in state appropriations.

The total of the proposed FY 1987 operating budgets for all budget units at the University of Iowa is \$372,513,962. This represents an increase of 3.1 percent over the original FY 1986 budget as approved by the Regents last July and an increase of 4.4 percent over the revised FY 1986 budget.

Total appropriations for FY 1987 increased by 4.3 percent compared to the revised FY 1986 budget. All of the increases were in salary adjustment funds and the university's share of the \$2 million supplemental salary increase approved by the legislature in 1986. Appropriations had been reduced by 3.85 percent, a total of \$6.7 million, during FY 1986. The FY 1987 appropriations bill further reduced appropriations for the University Hospitals by \$1.6 million or 6.5 percent. The legislature made this reduction in order to provide funds for a decentralized obstetrical indigent patient allocation for community hospitals and an expanded medically needy program.

#### General University

The proposed general university operating budget of \$192,724,297 for FY 1987 represents an increase of 3.1 percent over the original Regent approved budget for FY 1986 and an increase of 4.7 percent over the revised FY 1986 budget. It included a number of internal reallocations to accommodate budget reductions, support salary increases and provide funding for new programmatic initiatives.

Increases in resources in FY 1987 were anticipated only in salary adjustment funds, the university's share of the supplemental salary increase approved by the legislature and student tuition income. It was projected by the university that indirect cost recoveries will not continue at the rate experienced during FY 1986. Additional examination of indirect cost recoveries will be undertaken with the university prior to final budget action.

The university's expenditure plan for FY 1987 incorporated the need to accommodate the permanent reduction of 3.85 percent, the effects of shortfalls in salary adjustment appropriations and attempts to distribute salary adjustments in an equitable manner consistent with merit, educational policies and competitive factors.

Anticipated resources for FY 1987 included a total of \$128.2 million in state appropriations and \$64.5 million in institutional income. Projected income is listed by category in the following table:

FY 1987 Income Projections  
(000s Omitted)

<u>Income Category</u>	<u>FY 1986 Original Budget</u>	<u>FY 1986 Revised Budget</u>	<u>FY 1987 Proposed Budget</u>	<u>% Change from FY 1986 Original Budget</u>	<u>% Change from FY 1986 Revised Budget</u>
Student Fees	\$ 49,659	\$ 50,706	\$ 52,948	6.62%	4.42%
Other Income	11,705	12,575	11,575	-1.11	-7.95
Appropriations	125,664	120,786	128,201	2.02	6.14
TOTAL INCOME	\$187,028	\$184,066	\$192,724	3.05%	4.70%

State appropriations represented approximately 66.5 percent of the general university's operating budget. Appropriations included \$117.8 million in general education funding and a total of \$10.4 million in salary adjustments, comparable worth adjustments, and the general university share of the \$2 million in supplemental salary increases approved by the legislature in 1986. The general university received \$709,865 of this supplemental salary increase. Appropriations were increased by only two percent over the original FY 1986 budget level and by 6.1 percent over the revised FY 1986 level.

Institutional income included student fees and other income. Student fees were projected to be \$52.9 million, an increase of \$3.3 million over the original FY 1986 budget and \$2.2 million over the revised FY 1986 budget. This increase was the result of the 6.5 percent tuition rate increase approved by the board last fall, offset slightly by a projected enrollment decline. The university currently projected a Fall 1986 headcount enrollment of 29,072, a reduction of 579 from the Fall 1985 headcount. The Board Office felt this projection may understate enrollments by a significant amount, and anticipated tuition income should be carefully reviewed when actual Fall 1986 enrollments are reported.



Vice President Ellis stated that projecting enrollments was an inexact science at best.

Other income includes indirect cost recoveries for overhead associated with externally funded research projects, investment earnings and other miscellaneous income sources. The largest component was that of indirect cost recoveries which were budgeted at \$11.2 million in FY 1986. The current estimate for FY 1986 was \$12.2 million in indirect cost recoveries. However, the university proposed to again budget only \$11.2 million in this income category. The university noted that indirect cost recoveries were expected to decline due to intensified federal budget constraints. Although the potential reductions in federal indirect cost recoveries remain a possibility, it is not clear that these reductions would occur during the next fiscal year. The estimate of \$11.2 million in indirect cost recoveries in FY 1987 may again be a significant underestimate of actual income.

Vice President Ellis indicated the university believed the level of indirect cost recoveries in the budget was appropriate. He said they were being affected by Gramm-Rudman as well as Office of Management and Budget directives. He noted that a faculty member had recently been informed that his research grant had been reduced by 12 percent due to Gramm-Rudman. He indicated that was just one of several such incidents but that it was offset by the fact that the faculty was vigorous in preparing grant proposals.

Regent Harris stated Vice President Ellis' comment about the 12 percent reduction in a federal research grant disturbed him and rekindled his concern about the ability to pay off the construction of the Human Biology Building.

Vice President Ellis stated when they projected the cost of the debt service on the Human Biology Building, they projected that the availability of such space would give the university a competitive advantage in obtaining additional research support. He said that they had estimated that the activities in the building would provide the university with indirect cost recoveries of about 2 1/2 times what they expected the debt service to be. He indicated their approach to budgeting was to project income conservatively and on the low side and expenses on the high side. He noted they were concerned about what was happening to indirect costs and research support in general but that their concern did not go to the level of concern about not having the money to pay the debt service on the Human Biology Building.

Investment earnings were projected to remain at the same level as actual income in FY 1986.

Proposed changes in expenditure categories are summarized in the following table:

<u>Expenditure Category</u>	<u>FY 1987 Budgeted Expenditures</u> (000s Omitted)			<u>% Change</u> <u>from</u>	<u>% Change</u> <u>from</u>
	<u>FY 1986</u> <u>Original</u> <u>Budget</u>	<u>FY 1986</u> <u>Revised</u> <u>Budget</u>	<u>FY 1987</u> <u>Proposed</u> <u>Budget</u>	<u>FY 1986</u> <u>Original</u> <u>Budget</u>	<u>FY 1986</u> <u>Revised</u> <u>Budget</u>
Salaries and Fringe Benefits	\$147,016	\$145,925	\$154,913	5.37%	6.16%
Fuel and Purchased Electricity	12,381	8,918	11,631	-6.06	30.42
Supplies and Services	19,428	19,427	18,656	-3.97	-3.97
Equipment	2,647	3,197	1,797	-32.11	-43.78
Library Books	3,908	3,908	3,358	-14.07	-14.07
Building Repairs	1,649	2,091	1,049	-36.40	-49.86
Debt Service	0	600	1,321	0.00	120.13
<b>TOTAL EXPENDITURES</b>	<b>\$187,028</b>	<b>\$184,066</b>	<b>\$192,724</b>	<b>3.05%</b>	<b>4.70%</b>

As shown above, the overall increase in salaries and fringe benefits was projected to be 5.4 percent over the approved fiscal year 1986 budget or 6.2 percent over the revised fiscal year 1986 budget. Although the university noted its intent to adhere to a 5.5 percent salary policy, it was reported that an average increase of approximately 6 percent was projected for continuing faculty with increases awarded on a merit basis. Salaries for professional and scientific staff would be increased by 2 percent across-the-board with satisfactory performance with the balance to be awarded on the basis of merit. The university's portion of supplemental salary increase funds (\$709,865) would be allocated to faculty and Professional & Scientific salaries, as would a portion of tuition income increases.

General service staff salaries were increased in accordance with the appropriations bills and collective bargaining agreements. A major shift of salaries from general service to Professional & Scientific represented an accounting change in the methodology of charging for general services within the university. Labor charges which were previously assumed to represent general service staff are now being correctly designated as professional and scientific staff salaries. Adjustments were also being made in the breakdown between labor and non-labor charges.

Fuel and purchased electricity was budgeted for FY 1987 at a level somewhat below that originally budgeted for FY 1986 but above the revised FY 1986 level. It was anticipated that savings in this area would help to absorb the effects of the permanent 3.85 percent appropriations reduction. Savings were anticipated as a result of the extraordinary energy conservation measures initiated by the university. There is a critical need, however, to maintain fuel budgets at an adequate level in order to provide for debt service requirements for new boiler construction, with payments beginning in FY 1990.

The university noted that the supplies and services budget category continued to be critically underfunded but that this budget category must still be reduced for FY 1987 in order to help absorb the 3.85 percent reduction in appropriations. An increased allocation for student financial aid was included within the supplies and services budget in the amount of \$326,224. When the Regents approved a 6.5 percent tuition increases last fall, it was assumed that the student aid set-asides for each of the universities would also be increased by 6.5 percent of the current student aid base. For the University of Iowa, this would have represented an increase in the student aid set-aside of \$480,000. The set-aside being proposed was based upon the actual tuition increase expected after allowing for a projected enrollment decline. It was noted that the university's enrollment projections may be understated, thereby causing the student aid set-aside to be underestimated. The Board Office recommended that additional options, including the possibility of increasing the set-aside if increased enrollments materialize in the fall, should be considered prior to the presentation of final budgets in July.

The equipment expenditure category was reduced to a level below that of either the original or revised FY 1986 budgets, although this does not keep pace with price inflation or the rate of technological obsolescence occurring with high tech equipment. An additional \$2 million will be provided for equipment through the bonding resolution approved by the legislature and the Governor.

Funding for library books was reduced for FY 1987 although it was recognized that the costs of library acquisitions have risen at a rate greater than that of general inflation. It was noted that the reduction in the library book budget would be at least partially restored if additional revenues become available.

The building repairs budget was reduced to a level below the original FY 1986 budget, but it was recognized that this category was generally one of the first to receive reallocations if additional funds became available from other sources. The university noted that, like the equipment category, the building repairs budget category had suffered continuous erosion during past years.

The proposed FY 1987 budget provided for the possibility of further shortfalls in tuition replacement appropriations. Approximately \$721,000 was allocated for this purpose for FY 1987. These funds should be redistributed among other budget categories at the time of final budget preparation. It is projected that the selective refunding of outstanding bond issues would reduce tuition replacement shortfall for fiscal year 1987. It was recommended that a significant portion of the additional funds be applied to the supplies and services budget category. The university indicated that the student health service fee deferral by the board necessitated a reduction in the supplies and services budget and that if additional revenue became available, it would be used to restore that category.

The university reported that new programmatic initiatives were funded almost entirely from the reallocation of existing funds. As previously reported, each academic unit within the university had been required to revert 1 percent of its FY 1986 base budget for redistribution according to programmatic needs. During FY 1987, each unit would be asked to revert 2 percent (of 99 percent) for redistribution; during FY 1988, the units would be asked to revert 3 percent (of 97 percent) for redistribution.

Vice President Remington stated that academic planning became very difficult in this period of reversions. He noted an exciting program resulting from reallocation of existing funds was the Iowa Fellows Programs. The program would have 20 very outstanding graduates in a variety of programs who were guaranteed support for four years. The level of support made the program competitive with other programs in the country. The College of Liberal Arts was in the process of recruiting five or six new young assistant professors, and they have added one position in the area of computer aided design in the College of Engineering. In addition, they have added support for basic science research facilities in the College of Dentistry and have strengthened the clinical training in the College of Pharmacy. He noted that it was a modest program but that it created a sense of revitalization on the campus.

#### University Hospitals and Clinics

The University Hospitals' preliminary operating budget for FY 1987 of \$155,249,890 was 3.8 percent above the original approved FY 1986 budget and 4.5 percent above the revised FY 1986 budget.

Reductions in FY 1986 were primarily the result of the 3.85 percent reversion in state appropriations with a small decrease in sales and services and a modest increase in other income. These reductions were accommodated largely through reductions in the budgets for fuel and purchased electricity and supplies and services. Additional internal reallocations resulted in a shift of \$900,000 from general services to professional staff and a shift of \$700,000 from supplies and services to building repairs.

The University Hospitals did not propose a rate increase for FY 1987, although it was noted that rate increases may need to be considered during the year if significant reversion requirements or shortfalls develop.

Anticipated resources are listed by category in the following table:

<u>FY 1987 Income Projections</u> (000s Omitted)					
<u>Income Category</u>	<u>FY 1986 Original Budget</u>	<u>FY 1986 Revised Budget</u>	<u>FY 1987 Proposed Budget</u>	<u>% Change from FY 1986 Original Budget</u>	<u>% Change from FY 1986 Revised Budget</u>
Sales and Services	\$122,405	\$122,358	\$129,624	5.90%	5.94%
Other Income	295	375	375	27.12	0.00
Appropriations	26,924	25,856	25,251	-6.22	-2.34
<b>TOTAL INCOME</b>	<b>\$149,624</b>	<b>\$148,589</b>	<b>\$155,250</b>	<b>3.76%</b>	<b>4.48%</b>

Appropriation support for the University Hospitals was reduced by \$1.6 million by actions taken in the 1986 legislative session to provide a decentralized obstetrical indigent patient allocation for community hospitals and to support an expanded medically needy program. The only increases in appropriations for FY 1987 were in salary adjustments and the Hospital's share of the \$2 million supplemental salary increase fund (\$97,178). The appropriations share of support for the University Hospitals was projected to decline from 17.4 percent in the revised FY 1986 budget to 16.3 percent in FY 1987.

The preliminary FY 1987 budget incorporated appropriation funding for comparable worth at the same level as in the revised FY 1986 budget. The Board Office and the University Hospitals continued to urge the Governor and the Comptroller's Office to maintain funding for comparable worth at this level.

Sales and services income was projected to provide most of the remaining funding for the University Hospitals despite the fact that no rate increases were proposed. The increases were expected to result from increases in revenue due to an increase in intensity in services and new technology, a growth in outpatient services volume, and maturation of the heart and liver transplant program. An increase of \$7.2 million was projected in sales and services income.

It was noteworthy that rate increases were not being requested for the University Hospitals or the other health units. This will be the second year of stable rates. The university indicated that if additional reversion requirements or other major shortfalls develop during FY 1987, it may be necessary to request board approval for rate increases later in the year.

The university also reported that its rate increases remain nearly 30 percent below the national average and that the University of Iowa Hospitals' average cost per adjusted admission was currently the lowest of comparable midwestern university teaching hospitals.

The University Hospitals also planned to maintain county quota allocations at a constant level and noted that these allocations have been unchanged since July 1, 1982. Despite maintaining constant county quota allocations, it was estimated that the indigent patient census would represent 17.0 percent of the University Hospitals total in FY 1987. Funding of this percentage of the University Hospitals operating budget would require appropriations of \$1.86 million more than the amount actually allocated. The University Hospitals noted its intent to continue to offset this shortfall in appropriations from paying patient earnings.

Changes in expenditure categories are summarized in the following table:

<u>Expenditure Category</u>	<u>FY 1987 Budgeted Expenditures</u> (000s Omitted)			<u>% Change from FY 1986 Original Budget</u>	<u>% Change from FY 1986 Revised Budget</u>
	<u>FY 1986 Original Budget</u>	<u>FY 1986 Revised Budget</u>	<u>FY 1987 Proposed Budget</u>		
Salaries and Fringe Benefits	\$101,255	\$101,255	\$107,868	6.53%	6.53%
Fuel and Purchased Electricity	3,263	2,607	2,989	-8.39	14.65
Supplies and Services	41,947	40,867	42,134	0.44	3.10
Equipment	2,458	2,458	1,558	-36.62	-36.62
Building Repairs	702	1,402	702	0.00	-49.93
<b>TOTAL EXPENDITURES</b>	<b>\$149,624</b>	<b>\$148,589</b>	<b>\$155,250</b>	<b>3.76%</b>	<b>4.48%</b>

The University Hospitals expenditure budget for FY 1987 provided for salary and fringe benefit increases with an overall average increase of 6.5 percent. Inflationary increases were projected for fuel and purchased electricity and supplies and services. Budgets for equipment and building repairs were proposed to be reduced by a total of \$1.6 million to accommodate the appropriations reduction of this amount.

Funds were provided for fuel and purchased electricity and supplies and services for the opening of an additional area of the Colloton Pavilion-Phase

B. The total of \$330,900 budgeted for opening of this new building was consistent with the university's original budget request for FY 1987.

Psychiatric Hospital

The preliminary operating budget for the Psychiatric Hospital of \$9.0 million represented an increase of 2.1 percent from the original FY 1986 budget and of 4.6 percent from the revised FY 1986 budget. A reduction of \$220,820 was necessary during FY 1986 as a result of the required 3.85 percent appropriation reversion. Sales and services income increased slightly over budget in FY 1986.

Budget reductions to accommodate the reversion requirement included reductions in salaries and fringe benefits, fuel and purchased electricity and supplies and services. Internal reallocations reflecting changing needs resulted in a shift of \$100,000 from general service staff salaries to professional and scientific staff salaries. Further reallocations shifted \$20,000 from supplies and services to the equipment category.

Anticipated resources are shown in the following table:

<u>FY 1987 Income Projections</u> (000s Omitted)					
<u>Income Category</u>	<u>FY 1986 Original Budget</u>	<u>FY 1986 Revised Budget</u>	<u>FY 1987 Proposed Budget</u>	<u>% Change from FY 1986 Original Budget</u>	<u>% Change from FY 1986 Revised Budget</u>
Sales and Services	\$ 2,935	\$ 2,937	\$ 3,092	5.36%	5.27%
Other Income	241	241	241	0.00	0.00
Appropriations	5,675	5,454	5,699	0.43	4.49
TOTAL INCOME	\$ 8,851	\$ 8,633	\$ 9,033	2.05%	4.63%

The only increases in state appropriations over the revised FY 1986 level were in salary adjustments and in the Psychiatric Hospital share (\$24,780) of supplemental salary increase funds. These increases resulted in overall increases in appropriations of 0.4 percent over the original FY 1986 level and 4.5 percent over the revised FY 1986 level. Appropriations represented 63.1 percent of the total budget for the Psychiatric Hospital in FY 1987.

Sales and services income was expected to increase by 5.3 percent although no



increases were proposed to the existing rates. The additional revenue was expected to be generated by increased service volumes.

Changes in expenditure categories are summarized below:

<u>Expenditure Category</u>	<u>FY 1987 Budgeted Expenditures</u> (000s Omitted)			<u>% Change from FY 1986 Original Budget</u>	<u>% Change from FY 1986 Revised Budget</u>
	<u>FY 1986 Original Budget</u>	<u>FY 1986 Revised Budget</u>	<u>FY 1987 Proposed Budget</u>		
Salaries and Fringe Benefits	\$ 7,389	\$ 7,303	\$ 7,669	3.80%	5.01%
Fuel and Purchased Electricity	117	90	100	-14.44	11.10
Supplies and Services	1,288	1,162	1,205	-6.40	3.75
Equipment	34	54	34	0.00	-37.38
Building Repairs	24	24	24	0.00	0.00
<b>TOTAL EXPENDITURES</b>	<b>\$ 8,851</b>	<b>\$ 8,633</b>	<b>\$ 9,033</b>	<b>2.05</b>	<b>4.63</b>

The salaries and fringe benefits expenditure category was expected to increase by a total of 5.0 percent over the revised fiscal 1986 budget. Fuel and purchased electricity expenditures were expected to remain below the original FY 1986 budgeted level but were increased slightly over the revised FY 1986 budget. The supplies and services budget was increased slightly to provide for inflation and an additional \$20,000 was shifted from equipment to supplies and services to recognize changing budget needs.

University Hospital School

The preliminary operating budget for FY 1987 of \$5.1 million for the Hospital School was approximately 1.6 percent above the original FY 1986 budget and 4.9 percent above the revised FY 1986 budget. Reductions in FY 1986 resulted from the 3.85 percent appropriations reversion and were accommodated through reductions in general service and professional and scientific staff salaries. Further internal reallocations in FY 1986 shifted funds from general service salaries to faculty and professional and scientific salary categories. A small increase was reported in sales and services income.

Anticipated resources are shown in the following table:

FY 1987 Income Projections  
(000s Omitted)

<u>Income Category</u>	<u>FY 1986 Original Budget</u>	<u>FY 1986 Revised Budget</u>	<u>FY 1987 Proposed Budget</u>	<u>% Change from FY 1986 Original Budget</u>	<u>% Change from FY 1986 Revised Budget</u>
Sales and Services	\$ 806	\$ 809	\$ 809	0.31%	0.00%
Other Income	27	27	27	0.00	0.00
Appropriations	4,174	4,011	4,249	1.80	5.94
<b>TOTAL INCOME</b>	<b>\$5,007</b>	<b>\$4,847</b>	<b>\$5,085</b>	<b>1.55%</b>	<b>4.92%</b>

No changes were projected from the revised FY 1986 levels in sales and services and other income.

The only increases in appropriations were for salary adjustments and the Hospital School's share (\$19,538) of supplemental salary increase funds. Appropriations represented approximately 83.6 percent of the Hospital School's budget in FY 1987. Appropriations were expected to increase only 1.8 percent above the original FY 1986 level or 5.9 percent above the revised FY 1986 budget level.

No rate increases were proposed for the University Hospital School.

Changes in expenditure categories are summarized in the following table:

FY 1987 Budgeted Expenditures  
(000s Omitted)

<u>Expenditure Category</u>	<u>FY 1986 Original Budget</u>	<u>FY 1986 Revised Budget</u>	<u>FY 1987 Proposed Budget</u>	<u>% Change from FY 1986 Original Budget</u>	<u>% Change from FY 1986 Revised Budget</u>
Salaries and Fringe Benefits	\$4,279	\$4,118	\$4,357	1.81%	5.78%
Fuel and Purchased Electricity	117	117	117	0.00	0.00
Supplies and Services	574	574	574	0.00	0.00
Equipment	18	18	18	0.00	0.00
Building Repairs	20	20	20	0.00	0.00
<b>TOTAL EXPENDITURES</b>	<b>\$5,007</b>	<b>\$4,847</b>	<b>\$5,085</b>	<b>1.55%</b>	<b>4.92%</b>

The only changes proposed in expenditure categories were for salary adjustments, utilizing funds appropriated for this purpose.

University Hygienic Laboratory

The preliminary operating budget for FY 1987 for the Hygienic Laboratory of \$3.3 million was approximately 1.8 percent above the original FY 1986 budget and 4.7 percent above the revised FY 1986 budget. Reductions in FY 1986 resulted from the 3.85 percent appropriation reversion and were accommodated largely through reductions in professional and scientific staff, general service staff and supplies and services.

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

FY 1987 Income Projections  
(000s Omitted)

<u>Income Category</u>	<u>FY 1986 Original Budget</u>	<u>FY 1986 Revised Budget</u>	<u>FY 1987 Proposed Budget</u>	<u>% Change from FY 1986 Original Budget</u>	<u>% Change from FY 1986 Revised Budget</u>
Sales and Services	\$ 858	\$ 860	\$ 860	0.20%	0.00%
Other Income	80	80	80	0.00	0.00
Appropriations	2,276	2,187	2,334	2.51	6.70
<b>TOTAL INCOME</b>	<b>\$3,214</b>	<b>\$3,127</b>	<b>\$3,273</b>	<b>1.83%</b>	<b>4.69%</b>

The only increases reported were in salary adjustments and the Hygienic Lab's share (\$11,789) of supplemental salary increase funds. Appropriations were expected to provide approximately 71.3 percent of the Hygienic Lab's budget for FY 1987.

No increases in rates were proposed.

Changes in expenditure categories are summarized in the following table:

FY 1987 Budgeted Expenditures  
(000s Omitted)

<u>Expenditure Category</u>	<u>FY 1986 Original Budget</u>	<u>FY 1986 Revised Budget</u>	<u>FY 1987 Proposed Budget</u>	<u>% Change from FY 1986 Original Budget</u>	<u>% Change from FY 1986 Revised Budget</u>
Salaries and Fringe Benefits	\$2,698	\$2,628	\$2,775	2.84%	5.57%
Supplies and Services	479	461	461	-3.67	0.00
Equipment	37	37	37	0.00	0.00
<b>TOTAL EXPENDITURES</b>	<b>\$3,214</b>	<b>\$3,127</b>	<b>\$3,273</b>	<b>1.83%</b>	<b>4.69%</b>

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

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

The preliminary operating budget for cancer, hemophilia and high risk infant programs under Specialized Child Health Services (SCHS) was proposed to be \$444,174. This represented increases of 3.9 percent over the original FY 1986 budget and 6.8 percent over the revised FY 1986 budget level. Reductions during FY 1986 resulted from the mandatory 3.85 percent appropriation reversion. This reversion was accommodated through a reduction in the supplies and services budget. Additional internal reallocations shifted \$8,000 from supplies and services to faculty staff salaries.

Projected income sources are summarized in the following table:

<u>Income Category</u>	<u>FY 1986 Original Budget</u>	<u>FY 1986 Revised Budget</u>	<u>FY 1987 Proposed Budget</u>	<u>% Change from FY 1986 Original Budget</u>	<u>% Change from FY 1986 Revised Budget</u>
Federal Funds	\$ 49	\$ 49	\$ 49	0.00%	0.00%
Other Income	81	81	81	0.00	0.00
Appropriations	297	286	314	5.58	9.83
<b>TOTAL INCOME</b>	<b>\$ 428</b>	<b>\$ 416</b>	<b>\$ 444</b>	<b>3.87%</b>	<b>6.75%</b>

Appropriations were expected to provide 70.6 percent of the total budget for this unit. The only increases were in salary adjustments and a share (\$11,329) of supplemental salary increase funds. Additional support was provided through federal funds and other income.

Changes in expenditure categories are summarized in the following table:

FY 1987 Budgeted Expenditures  
(000s Omitted)

<u>Expenditure Category</u>	<u>FY 1986 Original Budget</u>	<u>FY 1986 Revised Budget</u>	<u>FY 1987 Proposed Budget</u>	<u>% Change from FY 1986 Original Budget</u>	<u>% Change from FY 1986 Revised Budget</u>
Salaries and Fringe					
Benefits	\$ 383	\$ 391	\$ 419	9.39%	7.18%
Supplies and Services	44	25	25	-43.80	0.00
<b>TOTAL EXPENDITURES</b>	<b>\$ 427</b>	<b>\$ 416</b>	<b>\$ 444</b>	<b>3.87%</b>	<b>6.75%</b>

The only changes proposed in expenditures are for increases in the salaries and fringe benefits category with an overall increase of 7.2 percent.

SCHS -- Mobile and Regional Clinics and Muscular Dystrophy

The total FY 1987 preliminary operating budget proposed for Mobile and Regional Clinics and Muscular Dystrophy program of \$2.4 million represented decreases of 19.7 percent from the original FY 1986 level and 15.2 percent from the revised FY 1986 budget level. As in other units, budget reductions in FY 1986 resulted from the 3.85 percent reversion in state appropriations. However, further reductions were reported as a result of revised income estimates for the federal block grant award for the federal fiscal year ending September 30, 1986. Also, federal block grant carryover funds from FY 1985 have been expended in FY 1986, and will not recur in FY 1987. A total of \$159,000 in reductions was accommodated through reductions in professional and scientific staff salaries, general service staff salaries and supplies and services.

Projected income sources are summarized below:

FY 1987 Income Projections  
(000s Omitted)

<u>Income Category</u>	<u>FY 1986 Original Budget</u>	<u>FY 1986 Revised Budget</u>	<u>FY 1987 Proposed Budget</u>	<u>% Change from FY 1986 Original Budget</u>	<u>% Change from FY 1986 Revised Budget</u>
Sales and Services	\$ 27	\$ 27	\$ 49	81.48%	81.48%
State Appropriations	497	434	434	-12.7%	0
Federal Block Grants	2,517	2,421	1,960	-22.1%	-19.0%
<b>TOTAL INCOME</b>	<b>\$3,041</b>	<b>\$2,882</b>	<b>\$2,443</b>	<b>-19.67%</b>	<b>-15.23%</b>

The Specialized Child Health Services - Mobile and Regional Clinics and Muscular Dystrophy unit differed from other budget units in that state appropriations were budgeted through the Department of Health. With appropriations support based upon contractual arrangements with the Department of Health, no appropriations have been provided for salary adjustments, comparable worth, or supplemental salary increases.

A major portion and in the fact that a major portion of support for the clinics was provided through Federal Block Grants. In FY 1987, significant reductions were expected in federal block grant and carryover funds as a result of Gramm-Rudman budget reductions.

Income from paying patients was expected to increase due to increased service volumes.

Changes in expenditure categories are summarized below:

FY 1987 Budgeted Expenditures  
(000s Omitted)

<u>Expenditure Category</u>	<u>FY 1986 Original Budget</u>	<u>FY 1986 Revised Budget</u>	<u>FY 1987 Proposed Budget</u>	<u>% Change from FY 1986 Original Budget</u>	<u>% Change from FY 1986 Revised Budget</u>
Salaries and Fringe Benefits	\$2,001	\$1,943	\$1,855	-7.30%	-4.50%
Supplies and Services	1,027	927	575	-44.01	-37.93
Equipment	12	13	13	0.00	0.00
<b>TOTAL EXPENDITURES</b>	<b>\$3,041</b>	<b>\$2,882</b>	<b>\$2,443</b>	<b>-19.67%</b>	<b>-15.23%</b>

The lack of appropriated salary adjustment funds and the expected decrease in federal funds resulted in a decrease in the total budget for salaries and fringe benefits of 4.5 percent in comparison with the revised FY 1986 budget. The supplies and services budget was also decreased significantly.

Oakdale Campus

The preliminary FY 1987 operating budget for the Oakdale Campus of \$2.8 million represented an increase of 2.6 percent over both the original and the revised FY 1986 budgets. The university reported that the FY 1986 budget reduction due to the 3.85 percent appropriation reversion was completely offset by increased institutional income from sales and services and other income. Other income includes indirect cost recoveries and rentals from Technology Innovation Center tenants.

Projected income sources are shown below:



FY 1987 Income Projections  
(000s Omitted)

<u>Income Category</u>	<u>FY 1986 Original Budget</u>	<u>FY 1986 Revised Budget</u>	<u>FY 1987 Proposed Budget</u>	<u>% Change from FY 1986 Original Budget</u>	<u>% Change from FY 1986 Revised Budget</u>
Sales and Services	\$ 162	\$ 189	\$ 189	16.67%	0.00%
Other Income	145	211	211	45.51	0.00
Appropriations	2,405	2,312	2,381	-0.98	3.00
<b>TOTAL INCOME</b>	<b>\$2,712</b>	<b>\$2,712</b>	<b>\$2,781</b>	<b>2.56%</b>	<b>2.56%</b>

No increases were projected in sales and services and other income. The only increases in appropriations were in salary adjustments and the Oakdale Campus share (\$1,542) of supplemental salary increase funds. Appropriations were expected to represent 85.6 percent of the total Oakdale Campus budget.

Changes in expenditure categories are summarized in the following table:

FY 1987 Budgeted Expenditures  
(000s Omitted)

<u>Expenditure Category</u>	<u>FY 1986 Original Budget</u>	<u>FY 1986 Revised Budget</u>	<u>FY 1987 Proposed Budget</u>	<u>% Change from FY 1986 Original Budget</u>	<u>% Change from FY 1986 Revised Budget</u>
Salaries and Fringe Benefits	\$1,518	\$1,518	\$1,588	4.57%	4.57%
Fuel and Purchased Electricity	569	569	569	0.00	0.00
Supplies and Services	350	350	350	0.00	0.00
Equipment	48	48	48	0.00	0.00
Building Repairs	227	227	227	0.00	0.00
<b>TOTAL EXPENDITURES</b>	<b>\$2,712</b>	<b>\$2,712</b>	<b>\$2,781</b>	<b>2.56%</b>	<b>2.56%</b>

The only changes reported were for increases in salaries utilizing appropriated salary adjustment and supplemental salary increase funds.

Family Practice Program

The preliminary operating budget for the general program fund portion of the statewide family practice training program was \$1.48 million. This represented an increase of 0.6 percent over the original FY 1986 budget or 4.5 percent over the revised FY 1986 budget. Budget reductions in FY 1986 required by the 3.85 percent appropriation reversion were accommodated through reductions in faculty salaries and supplies and services. The university reports that reductions were made proportionally on the basis of enrollment across its nine community-based training programs.

Projected income sources are summarized in the following table:

<u>FY 1987 Income Projections</u>					
(000s Omitted)					
<u>Income Category</u>	<u>FY 1986 Original Budget</u>	<u>FY 1986 Revised Budget</u>	<u>FY 1987 Proposed Budget</u>	<u>% Change from FY 1986 Original Budget</u>	<u>% Change from FY 1986 Revised Budget</u>
Other Income	\$ 34	\$ 34	\$ 34	0.00%	0.00%
Appropriations	1,439	1,383	1,447	0.57	4.61
TOTAL INCOME	\$1,473	\$1,417	\$1,481	0.56%	4.50%

No increases were projected for the other income category, which represented interest income from the University of Iowa investment pool. The only appropriation increases expected were in salary adjustments and the Family Practice Programs' share (\$807) of supplemental salary increase funds.

The general program operating budget presented for the Family Practice Program represented the portion of costs of the Family Practice Training Program under the control of the University of Iowa. The remainder of the program, with total costs around \$14 million, is controlled by community hospitals and training centers throughout the state. State appropriations were divided, according to statute, to use 80 percent in capitation grants to community-based programs and 20 percent for education and technical support at the university.

Changes in expenditure categories are summarized in the following table:

<u>Expenditure Category</u>	<u>FY 1987 Budgeted Expenditures</u> (000s Omitted)			<u>% Change from FY 1986 Original Budget</u>	<u>% Change from FY 1986 Revised Budget</u>
	<u>FY 1986 Original Budget</u>	<u>FY 1986 Revised Budget</u>	<u>FY 1987 Proposed Budget</u>		
Salaries and Fringe					
Benefits	\$1,334	\$1,290	\$1,355	1.45%	4.94%
Supplies and Services	138	127	127	-8.03	0.00
<b>TOTAL EXPENDITURES</b>	<b>\$1,473</b>	<b>\$1,417</b>	<b>\$1,481</b>	<b>0.56%</b>	<b>4.50%</b>

The only changes proposed were for salary increases, with support provided by salary adjustments and the supplemental salary increase.

**MOTION:**

Mrs. Murphy moved that the board approve the recommended actions as follows: (1) that the University of Iowa preliminary operating budgets for FY 1987 be approved as presented; (2) that the university report, at the time of submission of final budgets, on the proposed distribution of funds presently allocated but above revised estimates for debt service; (3) that the university provide a progress report in July on its downsizing and restructuring efforts to permanently adjust to the 3.85 percent reduction in state appropriations; and (4) that the salary of President Freedman be increased to \$112,500 effective July 1, 1986. Dr. Harris seconded the motion, and it passed unanimously.

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

## IOWA STATE UNIVERSITY

The following business pertaining to Iowa State University was transacted on Thursday, June 19, 1986.

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

**PHASED RETIREMENT.** The phased retirement of Professor Robert Brown, effective August 21, 1986, was approved as a part of the consent docket. Professor will reduce his appointment to 80 percent, effective August 21, 1986; to 60 percent, effective August 21, 1987; and to 50 percent on August 21, 1990. Funds available as a result of this action (approximately \$10,889 for the first year) will be used to replace reversion funds and for additional research support.

**APPOINTMENTS AND REAPPOINTMENTS.** The board was requested to approve the following appointments and reappointments:

Reappointment of David K. Hoffman as chair of the Department of Chemistry, effective July 1, 1986 through June 30, 1987. Salary as budgeted.

Reappointment of Franklin A. Ahrens as chair of the Department of Veterinary Physiology and Pharmacology, effective July 1, 1986 through June 30, 1989. Salary as budgeted.

Appointment of Dr. Jean W. Adams as Acting Associate Dean of Sciences and Humanities and Professor of Economics, effective July 1, 1986 through June 30, 1987. Salary as budgeted.

Appointment of Dr. J. Peter Mattila as Acting Director of the Industrial Relations Center from August 21, 1986 through August 20, 1987. Salary as budgeted.

Appointment of Dr. Arthur E. Oldehoeft as acting chair of the Department of Computer Science, effective July 1, 1986 through June 30, 1987. Salary as budgeted.

Appointment of Dr. Mary P. Hoy (Intern) Assistant Dean of the College of Education and Adjunct Assistant Professor of Elementary Education, effective August 21, 1986 through August 20, 1988. Salary as budgeted.

Appointment of Dr. Daniel C. Robinson as (Intern) Assistant Dean of the College of Education and Adjunct Associate Professor of Professional Studies, effective August 21, 1986 through August 20, 1988. Salary as budgeted.

Reappointment of Dr. Kenneth O. Elvik as chair of the Department of Accounting, effective July 1, 1986 through June 30, 1989. Salary as budgeted.

Appointment of Dr. Roger D. Stover as acting chair of the Department of Finance, effective August 15, 1986 until a permanent person has been found. Salary, \$58,000.

Appointment of Dr. Shirley J. Wood as acting chair of the Department of Physical Education and Leisure Studies, effective July 1, 1986 through June 30, 1987 or until a chair is named. Salary, \$45,832.

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

**REQUEST FOR APPROVAL OF NEW DEGREE PROGRAMS.** The Board Office recommended referral of the request for approval of new proposed degrees programs: Major in Management and Information Systems Leading to a B.A. in the College of Business Administration; and an Undergraduate Interdepartmental Minor in Criminal Justice Studies in the College of Sciences and Humanities to the Interinstitutional Committee on Educational Coordination and the Board Office for review and recommendation.

Vice President Christensen stated the faculty felt these were very important programs, and the programs were needed and desired by the students.

MOTION: Dr. Harris moved that the board refer the proposed new programs to the Interinstitutional Committee on Educational Coordination and the Board Office for review and recommendation. Mr. Greig seconded the motion, and it passed unanimously.

**REQUEST FOR APPROVAL OF CENTER.** The Board Office recommended referral of the request for the establishment of a Center for Physical and Computational Mathematics to the Interinstitutional Committee on Educational Coordination and the Board Office for review and recommendation.

**ACTION:** President McDonald stated the request would be referred to the Interinstitutional Committee on Educational Coordination and the Board Office for review and recommendation by general consent of the board.

**REGISTER OF CAPITAL IMPROVEMENT BUSINESS TRANSACTIONS.** The Board Office recommended approval of the register for the period of May 23 through June 19, 1986.

Highlights of the register are as follows:

**PROJECT DESCRIPTIONS AND BUDGETS:**

Utilities--Replace Steam Generator No. 1 and 2

Source of Funds: Utility System Revenue Bonds,  
Series ISU 1985

Budget \$26,500,000

The amended budget reflected the award of the contracts for asbestos removal, ash handling equipment, and electrical equipment.

Utilities--Campus Improvements

Source of Funds: 68th General Assembly Capital Appropriation  
and 69th General Assembly Academic Revenue Bonds

Budget \$1,272,600

The amended budget reflected the award of the contract for the sewer replacement along Wallace Road to Hurst and Sons Contractors, Inc., for \$108,158.

Willow Hall--Pipe Replacement

Source of Funds: Dormitory System Surplus

Original Budget \$280,000  
Revised Budget \$225,000

This budget was revised because of the favorable bids received last month. The construction contract was awarded by the Executive Secretary to ACI Mechanical Corporation, for \$189,000. As a result of the favorable bids, the university was able to reduce the budget from \$280,000. This project involves replacement of major portions of the heating, cooling, and piping systems in Willow Residence Hall.

Curtiss Hall--General Remodeling

Source of Funds: 69th General Assembly Academic Revenue Bonds (fire safety improvement); building repair fund, or income from Treasurer's Temporary Investment; Agriculture and Home Economics Experiment Station building repair funds.

Original Budget \$775,000  
Revised Budget \$820,000

The revised budget was necessary because of the addition of fire safety improvements to the project and a correction of unforeseen problems in the masonry walls. The university requested an increase from the \$775,000 budget approved in April, 1984. The project was initiated in July, 1983, and remodels various areas on the four floors of Curtiss Hall to accommodate the offices, classrooms, and support spaces for the College of Agriculture and Cooperative Extension Service.

CONSTRUCTION CONTRACTS:

Five construction awards were made by the Executive Secretary on behalf of the board:

Willow Hall--Pipe Replacement

Award to: ACI Mechanical Corp., Ames, Iowa  
Base Bid of \$148,300, plus Alt. #1 of \$18,900,  
plus Alt. #2 of \$12,700, plus Alt. #3 of \$9,100 =  
TOTAL AWARD OF: (3 bids received) \$189,000

Because of the favorable bids received on this project, the university was able to reduce the project budget.

Utilities--Replace Steam Generators No. 1 and 2

Asbestos Removal

Award to: Cyclone Steeplejacks, Inc., Nevada, Iowa \$28,000  
(3 bids received)

Ash Handling Equipment

Award to: United Conveyor Corporation, Deerfield, Illinois \$435,845  
(6 bids received)

Electrical Equipment

Award to: Keystone Electric Manufacturing Company, Des Moines, Iowa  
Base proposal of \$24,787, and base proposal B of  
\$239,625, plus base proposal C of \$22,990, plus  
base proposal D of \$16,540 =  
TOTAL AWARD OF: (2 bids received) \$303,942

These contracts are part of the Power Plant Replacement Project that replaces two outdated boilers with new fluidized bed boilers.

Utilities--Campus Improvements-Wallace Road Outfall Sewer Replacement  
Award to: Hurst and Sons, Inc., Waterloo, Iowa \$108,158  
(6 bids received)

This contract is part of the Utilities--Campus Improvement Project.

ACCEPTANCE OF COMPLETED CONSTRUCTION PROJECTS:

The university reported completion on four construction contracts during the reporting period. Inspection of the work on each project found that the contractor complied with the plans and specifications. The university recommended that the work on each project be accepted as complete.

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

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

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

General University	\$ 159,865,892
Agriculture and Home Economics Experiment Station	15,107,596
Cooperative Extension Service in Agriculture and Home Economics	18,521,473
TOTAL	\$ 193,494,961

2. That the university provide an oral report to the board at this meeting on programmatic changes completed in FY 1986 or planned for FY 1987.
3. That the university provide a progress report in July on its downsizing and restructuring efforts to permanently adjust to the 3.85 percent reduction in state appropriations.

The total of the Iowa State University preliminary operating budget proposals for FY 1987 represented an increase over the original FY 1986 budgets of 2.7 percent and over the revised FY 1986 budgets of 4.4 percent. However, the proposed FY 1987 budgets for both the Agricultural Experiment Station and the Cooperative Extension Service were below the levels originally approved for



FY 1986. For both units, reductions were projected in both state and federal funds.

State appropriations for all units at Iowa State University were projected to increase by 2.5 percent over the approved FY 1986 appropriation levels. All of the increases were in salary adjustments.

General University:

The proposed general university operating budget of \$159,865,892 for FY 1987 represented an increase of 5.5 percent over the revised FY 1986 budget. Compared to the original Regent-approved budget for FY 1986 the increase was only 3.7 percent. The university reported a number of internal shifts within the budget in FY 1987, with \$2.2 million reduced or reallocated.

The university has undertaken a three-year plan to reduce spending levels in order to phase in a permanent 3.85 percent appropriation reduction. Internal reallocations representing approximately 1.28 percent of the general university operating budget were reported. Approximately \$2.2 million is to be reduced or reallocated.

The general university budget received an allocation of \$744,242 in the supplemental salary increases approved by the legislature. However, salary adjustment funds remained inadequate to meet the state's 5.5 percent salary increase policy. The university reported that its greatest single problem is in providing adequate salary adjustments.

Anticipated resources for FY 1987 included a total of \$105.1 million in state appropriations and \$54.8 million in institutional income. Projected income is listed by category in the following table:

FY 1987 Income Projections  
(000s Omitted)

<u>Income Category</u>	<u>FY 1986 Original Budget</u>	<u>FY 1986 Revised Budget</u>	<u>FY 1987 Proposed Budget</u>	<u>% Change from FY 1986 Original Budget</u>	<u>% Change from FY 1986 Revised Budget</u>
Student Fees	\$ 46,777	\$ 47,800	\$ 49,904	6.68%	4.40%
Federal Funds	50	50	50	0.00	0.00
Sales and Services	1,150	1,137	1,230	6.99	8.20
Other Income	3,601	4,011	3,601	0.00	-10.22
Appropriations	102,536	98,557	105,081	2.48	6.62
<b>TOTAL INCOME</b>	<b>\$154,114</b>	<b>\$151,556</b>	<b>\$159,866</b>	<b>3.73%</b>	<b>5.48%</b>

State appropriations included \$96.1 million in general education funding and a total of nearly \$9.0 million in salary adjustments, comparable worth adjustments and the general university share of the supplemental salary increase. Appropriations, representing 66 percent of the university's total operating budget, were increased by only 2.5 percent over the original FY 1986 appropriation level and 6.6 percent above the revised FY 1986 appropriation.

Proposed changes in expenditure categories are summarized in the following table:

<u>Expenditure Category</u>	<u>FY 1987 Budgeted Expenditures</u> (000s Omitted)			% Change	% Change
	<u>FY 1986 Original Budget</u>	<u>FY 1986 Revised Budget</u>	<u>FY 1987 Proposed Budget</u>	<u>from FY 1986 Original Budget</u>	<u>from FY 1986 Revised Budget</u>
Salaries and Fringe Benefits	\$123,473	\$121,948	\$128,835	4.34%	5.65%
Fuel and Purchased Electricity	7,640	5,700	7,640	0.00	34.04
Supplies and Services	16,365	15,269	17,355	6.05	13.67
Equipment	2,281	2,281	1,981	-13.16	-13.16
Library Books	2,751	2,641	2,750	0.00	4.17
Building Repairs	1,605	2,700	1,305	-18.69	-51.67
Debt Service	0	1,018	0		
<b>TOTAL EXPENDITURES</b>	<b>\$154,114</b>	<b>\$151,556</b>	<b>\$159,866</b>	<b>3.73%</b>	<b>5.48%</b>

As shown above, total salaries are projected to increase by approximately 5.6 percent over the revised budget for FY 1986. Faculty and institutional officials' salaries are being increased by an average of 5.5 percent, with additional increases upon promotion. The university reported that its portion of the \$2 million in supplemental salary increases (\$744,242 for the general university) would be used to provide critical salary increases for highly competitive areas such as the colleges of engineering and business administration and high technology science areas. These funds would be allocated on a specific individual and merit basis. The university reported

that preliminary survey data indicate that Iowa State University would lose ground in competitive salaries.

Professional and scientific personnel will also receive salary increases on a merit basis averaging 5.5 percent. General service staff will receive mandatory cost of living adjustments and step increases as proposed in the Regents' merit system and the collective bargaining agreements. The university is budgeting \$2.8 million in salary savings for 1986-87. It reported that only positions of a critical nature were being filled.

The cost of salaries and fringe benefits included estimates of increases in health insurance rates of approximately 10 percent. The university recommended that the non-organized general service staff transfer from the state's Blue Cross-Blue Shield Program back to the university-administered Banker's Life program. It was indicated that the costs of this transfer were not large and could be accommodated within the university's general budget proposals and was recommended in order to improve morale and to treat all non-organized staff members equally. The Board Office supported the implementation of this recommendation.

The university's fuel and purchased electricity budget was maintained at the level originally approved for FY 1986. Significant fuel savings were achieved during FY 1986, and it was hoped that some savings may be achieved in FY 1987. Fuel savings could help implement the permanent reduction of the 3.85 percent appropriation reversion and maintain funding levels adequate for future debt service needs for the boiler replacement project.

Increases were proposed in supplies and services in order to expand instructional computing support and to meet some inflationary needs. Student aid, which is budgeted within this category, was projected to increase by \$335,000. This represented a 6.5 percent increase in the university's student aid base and was consistent with the amount reported to the Regents at the time tuition policy was set in October 1985. The supplies and services category will also include an unallocated reserve of approximately \$1.9 million. These funds are to be used to provide additional temporary teaching support, supplies and services, the university's share of the city's water and sewer projects, and needed equipment.

A reduction was proposed in equipment budgets although the university noted that obsolescence of scientific equipment would continue to be a problem and the tremendous backlog of needs within the university would continue to grow. An additional \$2 million would be provided for equipment through the bonding resolution approved by the legislature and the Governor which should allow some relief for the equipment line item.

The budget for library books was maintained at the same level as the original budget for FY 1986. The university noted that further adjustments may be required to accommodate the permanent 3.85 percent appropriation reduction.

The building repairs budget was decreased to a level below that originally approved for FY 1986. The university reported that this reduction is necessary in order to fully fund salary increases at the 5.5 percent level. The university also noted that the continued lack of full funding of the building repair formula places severe strains on the university's ability to adequately maintain all of its facilities.

The original university and Regents' request for appropriations for FY 1987 included a number of requests for Improving Educational Quality. These requests were not funded and the university indicated that it was severely limited in its ability to initiate any new program adjustments.

Anticipating the refunding of selected outstanding academic revenue bond issues, the university did not project a shortfall in tuition replacement appropriations for FY 1987.

Agriculture and Home Economics Experiment Station:

The preliminary operating budget for the Agriculture and Home Economics Experiment Station for FY 1987 was \$15.1 million, approximately 2.3 percent below the original FY 1986 operating budget and 2.4 percent above the revised FY 1986 level. Despite minimal budget increases, the Experiment Station reported that efforts were being made to grant salary increases consistent with those of the general university.

In FY 1986, the Experiment Station had to accommodate reductions in federal funds and sales and services income as well as the 3.85 percent reduction in state appropriations. These losses were accommodated through reductions in salaries, supplies and services and equipment. The total reduction from the original FY 1986 budget level was approximately \$707,000.

The Experiment Station plans a continuing reduction in the number of staff positions in FY 1987 with further internal reallocations such as a reduction in supplies and services expenditures to provide funds for salary increases.

Federal funds were expected to provide approximately 23 percent of the Experiment Station's total budget in FY 1986. Reductions in both FY 1986 and FY 1987 are expected to cause the federal funds share to drop to about 20 percent of the total budget in FY 1987. The exact allocation of funds for federal fiscal year 1987 is not known as the federal fiscal year does not begin until October 1. Sales and services income was projected to remain at the reduced level of the revised FY 1986 budget.

State appropriations provided the remaining 80 percent of the Experiment Station budget in FY 1987. However, general appropriations were not increased over the revised FY 1986 level. The only increases reported are in

salary adjustments and the Experiment Station's share of the supplemental salary increase. The following table summarizes income sources by category:

FY 1987 Income Projections  
(000s Omitted)

<u>Income Category</u>	<u>FY 1986 Orig. Budget</u>	<u>FY 1986 Revised Budget</u>	<u>FY 1987 Proposed Budget</u>	<u>% Change from FY 1986 Original Budget</u>	<u>% Change from FY 1986 Revised Budget</u>
Federal Funds	\$ 3,575	\$ 3,416	\$ 3,061	-14.37%	-10.41%
Sales and Services	144	50	50	-65.28	0.00
Appropriations	11,737	11,282	11,997	2.22	6.34
<b>TOTAL INCOME</b>	<b>\$15,455</b>	<b>\$14,748</b>	<b>\$15,108</b>	<b>-2.25%</b>	<b>2.44%</b>

Proposed changes in expenditure categories are summarized in the following table:

FY 1987 Budgeted Expenditures  
(000s Omitted)

<u>Expenditure Category</u>	<u>FY 1986 Orig. Budget</u>	<u>FY 1986 Revised Budget</u>	<u>FY 1987 Proposed Budget</u>	<u>% Change from FY 1986 Original Budget</u>	<u>% Change from FY 1986 Revised Budget</u>
Salaries and Fringe	\$13,464	\$12,981	\$13,062	-2.98%	0.62%
Benefits	1,704	1,580	1,654	-2.99	4.66
Supplies and Services	175	75	225	28.57	200.00
Equipment	112	112	167	49.11	49.11
Building Repairs					
<b>TOTAL EXPENDITURES</b>	<b>\$15,455</b>	<b>\$14,748</b>	<b>\$15,108</b>	<b>-2.25%</b>	<b>2.44%</b>

The Experiment Station expects to reduce its salaries and fringe benefits expenditures through the elimination of positions. It was reported that initial plans could have required the removal of 87 position lines for a total of 51.8 FTE.

initial plans could have required the removal of 87 position lines for a total of 51.8 FTE.

Funds were reallocated to provide a 5.5 percent salary increase following policies consistent with those of the general university. Professional and scientific staff and general service staff will also receive salary adjustments comparable to those planned for the general university.

The proposed budget for supplies and services for the Experiment Station will remain below the level originally budgeted for FY 1986.

Modest increases were proposed in the budgets for equipment and building repairs in order to meet critical needs. Additional support would be provided to these areas if income exceeded the level presently projected.

The Experiment Station noted, as it has in prior years, that its research function depended upon flexibility and the ability to adjust programs to meet new problems and follow new leads. Reduced support and the effects of inflation have eroded this flexibility and have required that a number of research programs be curtailed. Nevertheless, the university reported that program efforts would continue to be focused on a balance between basic and applied research in priority areas as identified through the university, legislative, and U.S. Department of Agriculture planning processes.

Cooperative Extension Service in Agriculture and Home Economics:

The preliminary operating budget for FY 1987 for the Cooperative Extension Service was \$18.5 million, a decrease of 1.8 percent from the original FY 1986 budget and an increase of 1.7 percent from the revised FY 1986 budget level. The FY 1986 Extension Service budget was reduced by a total of \$377,579 in state appropriations as a result of the 3.85 percent reversion. The Extension Service received a supplemental appropriation for FY 1986 of \$60,000 for operation of the Rural Concern Hotline. The Hotline provided assistance to Iowa farm families needing information, counseling, and referral services on farm financial and stress management.

As shown in the following table, the university reported that significant reductions in federal funds are anticipated in FY 1987, largely as a result of Gramm-Rudman reductions.

FY 1987 Income Projections  
(000s Omitted)

<u>Income Category</u>	<u>FY 1986 Orig. Budget</u>	<u>FY 1986 Revised Budget</u>	<u>FY 1987 Proposed Budget</u>	<u>% Change from FY 1986 Original Budget</u>	<u>% Change from FY 1986 Revised Budget</u>
Federal Funds Appropriations	\$ 7,617 11,245	\$ 7,345 10,868	\$ 6,947 11,575	-8.80% 2.93	- 5.43% 6.51
<b>TOTAL INCOME</b>	<b>\$18,862</b>	<b>\$18,213</b>	<b>\$18,521</b>	<b>-1.81%</b>	<b>- 1.69%</b>

Appropriations, other than those for salary adjustments, were reduced slightly in FY 1987 and \$90,000 of the general fund appropriation was designated for operation of the Rural Concern Hotline. With salary adjustments and the Extension Service share of the supplemental salary increase, state appropriations were increased over the revised FY 1986 level by approximately \$707,000 (6.5 percent).

Expenditures

Proposed changes in expenditure categories are shown in the following table:

FY 1987 Budgeted Expenditures  
(000s Omitted)

<u>Expenditure Category</u>	<u>FY 1986 Orig. Budget</u>	<u>FY 1986 Revised Budget</u>	<u>FY 1987 Proposed Budget</u>	<u>% Change from FY 1986 Original Budget</u>	<u>% Change from FY 1986 Revised Budget</u>
Salaries and Fringe Benefits	\$16,676	\$16,411	\$16,310	-2.19%	- 0.62%
Supplies and Services	1,982	1,598	2,096	5.76	31.22
Equipment	204	204	115	-43.52	-43.52
<b>TOTAL EXPENDITURES</b>	<b>\$18,862</b>	<b>\$18,213</b>	<b>\$18,521</b>	<b>-1.81%</b>	<b>- 1.69%</b>

The expenditure budget for the Cooperative Extension Service reflected a reorganization and a reduction in the number of positions which is discussed elsewhere in these minutes.

Salary adjustments for faculty and institutional officials, professional and scientific staff and general service staff were planned to be consistent with those of the general university. Internal reallocations and adjustments in the support received from county extension funding would make up a state funding shortfall in salary adjustments. The number of positions would also be reduced significantly.

The supplies and services budget was increased to provide for higher telephone costs and inflation. The equipment budget was reduced in order to allocate more funds to salaries.

The university reported that attempts would be made to maintain the necessary balance in program and delivery capability while deleting 13 percent of the Extension Service's professional staff positions.

Special Purpose Appropriations:

Several special purpose appropriations were budgeted for specific projects and program areas at Iowa State University. These include the following:

<u>Program</u>	<u>Revised FY 1986 Appropriation</u>	<u>Proposed FY 1987 Appropriation</u>	<u>Percent Change</u>
Water Resources Research Institute	\$128,504	\$100,000	-22.2%
Fire Service Education	190,377	140,000	-26.5%
Small Business Development Centers	666,319		*
CIRAS-Hazardous Waste Clean-up	0**	50,000**	New
Livestock Disease Research	288,450	300,000	+ 4.0%

\*Proposed for \$700,000 in lottery bill funding.

\*\*Plus lottery bill funding of \$250,000 for FY 1986, \$100,000 for FY 1987.

Vice President Madden stated that, in terms of Iowa State University budget activities, the coming year would continue to be a year of limited resources. He indicated that they were reviewing programs. Budget cuts made in FY 1986 and planned for FY 1987 amount to \$3.9 million. He noted, too, that President Eaton will need to review the downsizing process and may or may not want to modify it.

Vice President Madden stated they had eliminated a great deal of support for the coming year, and the process was continuing. He noted they had not made



any major programmatic changes and continue to support most of the academic programs of the institution. He said they had eliminated some graduate assistant positions in the Ag Experiment Station which would affect the quality of research. He said they were projecting enrollments in this coming fall to be substantially at the level of last year. He noted that summer session enrollments appeared to be up somewhat. He stated that indirect cost reimbursements were being affected by changes in the federal guidelines.

Regent Duchen asked which college at the university was the most costly on a per student basis.

Vice President Madden stated that Veterinary Medicine would be the highest at a cost of about \$18,000 per student. He indicated that the sciences and engineering would also be relatively high because of the laboratory nature of the programs.

President Parks stated that there were peculiar quirks when you started costing out per student costs of various programs.

President McDonald indicated that some of that type of information would be available in the academic planning document for the university in the fall.

Regent Tyler asked if the institutions had the option to move items around within the budgets.

Mr. Richey stated the universities had the option to move things around within the budget with the exception of salaries of major administrators.

**MOTION:** Miss VanEkeren moved that the board approve the preliminary budgets as presented and request that the university provide a progress report in July on its downsizing and restructuring efforts to permanently adjust to the 3.85 percent reduction in state appropriations. Dr. Harris seconded the motion, and it passed unanimously.

**AGREEMENT WITH CITY OF AMES AND OTHERS FOR TRANSIT SERVICES.** The Board Office recommended that the board approve an until extension October 1, 1986, of the present agreement with the university, the City of Ames, and others by which transit services are provided at Iowa State University.

Director Wright explained in April the university presented a proposed agreement with the City of Ames, the Government of the Student Body, the Ames Transit Agency Board of Trustees, and the university by which transit services commonly known as Cy-ride would be provided to students at Iowa State. The Board Office recommended approval of all aspects of the agreement except the liability clause which was a modification of the one in the

existing agreement. This recommendation was based on the advice of the board's counsel in the Attorney General's Office.

The university, the board's counsel, and the City of Ames City Attorney have been working to resolve the disputed language regarding liability. While their deliberations continue, the university requested permission to continue the present agreement which has been approved by the board's counsel. The extension is requested to be in effect until October 1, 1986.

Vice President Madden indicated they were very close to language which all the parties would find acceptable.

**MOTION:**

Mr. Tyler moved that the board approve an extension until October 1, 1986, of the present agreement with the university, the City of Ames, and others by which transit services are provided at Iowa State University. Mr. Duchon seconded the motion, and it passed unanimously.

**TRANSFER OF DORMITORY SURPLUS FUNDS.** The Board Office recommended approval of the transfer of \$950,000 in Dormitory Surplus Funds to the Dormitory Improvement Fund.

Vice President Madden stated board approval of such transfers was necessary because of the bond resolutions.

The Board Office explained fund transfers from Dormitory Surplus Funds to Dormitory Improvement Funds have now become part of a continuing pattern at all three Regent universities. The need for this type of transfer was the result of bond covenants fixing annual additions to Dormitory Improvement Funds at increasingly inadequate levels. The inadequate amounts were the result of an aging physical plant, occupancy ratios noticeably above design capacity, and continuing price inflation. The Dormitory Improvement Fund was utilized for basic repairs and upgrading of building space.

Transfers to the Dormitory Improvement Fund now occur routinely from two sources. The first is the \$300,000 annual addition to the Dormitory Improvement Fund as prescribed in the bond covenants. The second is an annual \$200,000 addition to the Improvement Fund from the Bond Reserve Fund. The latter transfer takes place at that point in time when the Bond Reserve Fund has reached the prescribed support level annually.

With the additional \$950,000 transfer, total transfers to the Dormitory Improvement Fund for FY 1986 would amount to \$1,450,000. Building improvements were estimated to be \$1,962,000 for FY 1986 and are projected at \$2,635,000 for FY 1987.

Funds already available through direct payment from the surplus fund, funds currently available in the Dormitory Improvement Fund, and the proposed transfer of \$950,000 would go toward supporting the following categories of need:

Construction & Renovation	\$ 458,000
Furniture, Fixture, Appliances, Hardware & Equipment	749,000
Mechanical, Electrical, & General Repairs/Replacement	455,000
Painting Projects	250,000
Fire Safety Equipment & Improvements	25,000
Roof Repair & Replacement	<u>25,000</u>
TOTAL	\$1,962,000

Current estimates of voluntary reserves including surplus funds as of June 30, 1986, were approximately \$3.4 million after the expenditure of the \$950,000 transfer. This reserve is approximately 17 percent of estimated operating expenditures for FY 1986 and is considered a prudent amount to meet contingency needs.

**MOTION:**

Mr. Duchon moved that the board approve the transfer of \$950,000 in Dormitory Surplus to the Dormitory Improvement Fund. Dr. Harris seconded the motion, and it passed unanimously.

**MASTER LEASE FOR TENANTS IN IOWA STATE INNOVATION SYSTEMS CENTER (INCUBATOR FACILITY); APPROVAL OF LEASES WITH TENANTS.** The Board Office recommended that the board approve: (1) The format for leases with occupants of the university's incubation facility presently known as the Iowa State Innovation Systems Center; and (2) Leases with tenants, as follows:

- a) MTEC Photoacoustics, effective December, 1985, at a monthly rental rate of \$110; and
- b) Power Research Associates, effective March, 1986, at a monthly rental rate of \$114; and
- c) Sentec, Inc., effective April, 1986, at a monthly rental rate of \$288.67; and
- d) Thermomass, effective June 1, 1986, at a monthly rental rate of \$168.

The university had reported to the board on several occasions its activities relative to providing assistance for economic development in the state. As a result of those activities, the university allocated space within the old Laboratory of Mechanics Building for an incubator facility known as the Iowa State Innovation Systems Center (ISIS Center).

The university reported that for some time it maintained a working relationship at the ISIS Center with several business enterprises. The university now wished to formalize that relationship by entering leases with

these businesses retroactive to the dates identified above. Retroactive approval of these leases was recommended.

The university developed a standardized lease it would like to use with tenants in the ISIS Center. The lease provided identification of the property to be leased, the length of the lease with provision for automatic extensions, a termination clause which can be exercised upon thirty-days' written notice, a limitation on the use of the occupied premises, utilities and services to the tenants as a part of their rent, a requirement that the tenants provide their own property insurance for their property on the premises, a hold harmless clause protecting the university and board as landlord from liability to others except when the landlord is negligent (both by contract language within the lease and by an insurance clause), a requirement that tenants abide by the rules and regulations of Iowa State University and the operating policies of ISIS Center, and other items identifying the responsibilities of the landlord and tenant.

Board Office did not have a copy of the operating policies of ISIS Center, and it was assumed that such policies would be brought to the board for review and approval.

The university indicated that, because of the likelihood that tenants would change frequently in this space, it would like to be able to negotiate with new tenants for the space and have the board ratify the action at its next meeting. The Board Office recommended that the usual process of board approval of leases prior to permitting a tenant to enter upon the property should be continued. The board's experience with the TIC at the University of Iowa demonstrated that it was practical and efficient to have board approval of leases of this type prior to permitting the tenant to enter the property. The Board Office believed that the board's statutory responsibility for approval of leases for the institutions it governs was best served by maintaining the policy of prior approval of leases. If a need did arise for quick approval of a lease, the board office could be notified to arrange for early approval through the president of the board.

MOTION:

Mr. Tyler moved that the board approve the actions as follows: (1) The format for leases with occupants of the university's incubation facility presently known as the Iowa State Innovation Systems Center; and (2) Leases with tenants, as follows: a) MTEC Photoacoustics, effective December, 1985, at a monthly rental rate of \$110; and (b) Power Research Associates, effective March, 1986, at a monthly rental rate of \$114; and (c) Sentec, Inc., effective April, 1986, at a monthly rental rate of \$288.67; and (d) Thermomass,

effective June 1, 1986, at a monthly rental rate of \$168. Mrs. Murphy seconded the motion, and upon the roll being called, the following voted:

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

NAY: None.

ABSENT: Anderson, VanGilst.

**COOPERATIVE EXTENSION SERVICE -- REORGANIZATION AND STAFFING.** The Board Office made the following recommendations:

1. Receive the report from the university on proposed reorganization and staffing changes;
2. Approve the proposed reorganization of Cooperative Extension Service area offices and direct the Board Office and the university to prepare a letter for the board president to send to key elected officials informing them of the actions of the board and why they were necessary;
3. Authorize the university to proceed with staffing reductions as proposed and request that the university review with the board in October or November the impact of early retirement incentives on staffing changes and any additional proposed programmatic changes;
4. Request that any requirement or proposed legislation designed to alter county financial contributions to the Cooperative Extension Service programs be first reviewed with the board.

President McDonald recognized President Parks.

President Parks stated that he did not think it was possible for any person to continue as a president for 21 years of a large dynamic university unless that person was the recipient of good luck. He indicated one piece of good luck he had experienced was in working with administrative colleagues such as Warren Madden, Wayne Moore, George Christensen, Dave Lendt, Reid Crawford, and Robert Crom.

President Parks introduced Dean Crom and noted that the Extension Service was facing a very difficult problem. He stated it was ironic that, in times like Iowa was currently experiencing, when rural people in Iowa needed and used Extension more than ever before, the federal government made huge cutbacks. He stated that it put Dean Crom in an extraordinarily difficult position and hoped that the board would be supportive and tolerant of the proposals which he would present.

Dean Crom stated, in order to meet the funding cutbacks at both the federal and state level, Extension would experience a 13 percent reduction in terms

of staff. He said that the federal Gramm-Rudman reductions went into effect on March 1 and on October 1 they would feel the effects of further federal budget cuts. He indicated they had for the past 20 years gotten about one-third of their funding from the federal partnership. Initially it was the recommendation of the Office of Management and Budget that all federal funds to extension service should be eliminated. The final recommendation was a 59 percent cut.

Regent Duchen asked how many people have been involved in using the service.

Dean Crom stated they worked with all Iowans in the areas of agriculture, home economics, and community and resource development. He indicated they had a potential audience of 2.9 million people. He said that it was difficult to answer Regent Duchen's question specifically but that a substantial number would be affected.

Regent Duchen asked if the clients affected by the reduction in extension services would come to the university in some other way and put added pressure in a different area.

Dean Crom stated there were probably a couple of effects. He thought they would not impact on a greater demand for credit offerings. One of the implications could be greater use of the uplink and telebridge services.

As many as 13 percent of all professional positions (60) could be eliminated by the end of FY 1987, with an additional 20 clerical and support positions affected. In response to the reduced funding, the university proposed to reduce the number of area offices from 12 to 7. This degree of consolidation was seriously discussed during the last session of the General Assembly, but legislation was not enacted requiring consolidation.

The university's programmatic direction has been to plan to reduce services in each of the basic areas of extension proportionally. Those areas are home economics, agriculture and natural resources, 4-H and youth, and community resource development. The university's plan was an attempt to achieve staffing reductions entirely through attrition with internal transfers used to keep program specialists in balance. The university recommended that no tenured faculty be laid-off.

The university reported that extensive discussion with local and area organizations had occurred in preparing the recommended changes.

The Cooperative Extension Service budget problems principally resulted from sharp reductions in federal funds, although state reversions and underfunded salary policies were a significant factor. The university expects a \$384,000 federal Gramm-Rudman budget cut this year and as much as a \$2.1 million cut in federal fiscal year 1987. The proposed reduction of 60 professional positions was predicated on a \$2.1 million Gramm-Rudman cut.

However, the Cooperative Extension Service preliminary FY 1987 budget discussed elsewhere in these minutes assumed a \$670,000 federal budget cut. It is expected to be September before a more precise estimate of Gramm-Rudman cuts was likely to be available. The university is planning for the contingency that the more severe federal budget cuts materialize.

In FY 1986, the 3.85 percent reversion reduced the Cooperative Extension Service state funding by \$438,000. In FY 1987 the Cooperative Extension Service state appropriations were reduced by \$110,000, exclusive of salary adjustment funds, with a separate \$90,000 appropriation added for the rural concern hotline. The Cooperative Extension Service was allocated \$787,000 in additional state salary adjustment funds; however, the university reported that it was \$222,000 short of what is needed to meet a 5.5 percent state salary increase policy.

The Cooperative Extension Service receives 42 percent of its funding from the state, 33 percent from the federal government, and 25 percent from county support. The county support was not shown in the Cooperative Extension Service budgets regularly reviewed by the board.

The table below outlines the actual and planned professional staffing reductions by office location. The planned reductions are cumulative for FY 1986 and FY 1987. Actual reductions shown do not reflect anticipated early retirements due to the early retirement program approved by the board at its May meeting. The Cooperative Extension Service expects 11 or 12 early retirement vacancies to yet occur.

	<u>Planned FTE Reductions</u>	<u>Actual FTE Reductions</u>	
		<u>Eliminated</u>	<u>Frozen</u>
ISU Campus	22.0	12.5	2.0
Area Offices	12.0	16.0	1.0
County Offices	<u>26.0</u>	<u>2.5</u>	<u>9.5</u>
TOTAL	60.0	31.0	12.5

The three levels of Cooperative Extension Service staff (Iowa State University campus, area offices and county offices) each have planned staffing reductions of 13 percent.

Dean Crom indicated in making the staffing plan they gave consideration to the following:

- o Focus on priority goals.
- o Maintain a local presence.
- o Quality of staff and programs.
- o Continue efforts in all program areas.
- o Flexibility in future staffing.
- o Encouragement of joint county arrangements.
- o Minimize impact on area concept.
- o Minimize impact on current staff.
- o Preserve professional and paraprofessional staffing.

He stated they took into account the following factors in allocating staff: the number of farm units; the number of households; number of youth ages 9-19; number of communities; total population; and local revenue base.

The area offices were proposed to be reduced from 12 to 7, effective July 1, 1986. The area offices would be in Atlantic, Cedar Rapids, Des Moines, Mason City, Ottumwa, Storm Lake, and Waterloo. New office leases or cancellation of existing leases will be necessary to accommodate the changed area system.

The university reported that appointments of area directors have been made in each office except Atlantic. An internal search is underway to select an area director for Atlantic.

The university proposed to have nine specialists in each area office -- two in home economics; two in community resource development; four in agricultural and natural resources; and one in 4-H and youth.

It was expected that adjustment to this ratio of staffing would take longer because attrition was being used to reduce staffing rather than directed layoffs. Because the area offices have already reduced staffing beyond the 13 percent target, the university stipulated that "all current area specialists who are performing adequately will have the option to stay in the system." By "system" the university meant area offices or county offices.

The county level staffing was focused on three program areas -- agriculture and natural resources, home economics, and 4-H and youth.

A 13 percent staffing reduction at the county level was proposed. The university stated, "those adjustments are being prorated and made as equitable as possible across the respective program areas and with attention to the numbers of households, farm operators, youth ages 9-19, and communities to be served in a respective county." The minimum county staff would drop from 1.8 FTE to 1.43 FTE, which is slightly more than 20 percent. The County Extension Service expected to urge counties to maintain a minimum of 0.5 FTE for 4-H. The minimum staffing level of 1.43 FTE was proposed to be achieved by June 30, 1988.



IOWA STATE UNIVERSITY  
June 19, 1986

Once the aggregate county staff reduction goals were met, the university proposed internal transfers and changes in assignment to meet the programmatic and overall minimum 1.43 FTE staffing goals. The university's intent was to meet the overall county staffing reduction goal by June 30, 1987. The university suggested that individual counties may wish to provide additional assistance for maintaining the present county staffing level.

The university stated that attention would be given to the matter of county funding, both the state law which defines the maximum county tax levy for extension programs and the current salary sharing plan. As a part of its recommendations, the Board Office suggested that any legislative initiatives involving the county tax levy or changes in the present financial arrangements with counties be brought to the board for consideration before action was taken.

Extension Service staff on the Iowa State University campus are expected to be reduced by 13 percent, or 22 professional positions. The university reported that this reduction was expected to occur through attrition and without layoffs of tenured faculty.

The university has not yet indicated any programmatic direction to the downsizing of campus staff. Without programmatically directed layoffs, there would be expected to be staffing problems in some specialties. The university offered to bring its program directions for campus staffing before the board as soon as it became clear what the effects are from attrition through early retirement.

Regent Duchen asked how the Board Office felt about the reductions.

Mr. Richey stated that he saw no other alternatives to get within the budget.

Regent Duchen stated it seemed to him that the we were tinkering with the total Iowa personality which had been so traditional.

Mr. Richey stated the core of service would remain, and there would be an opportunity to perhaps improve the service after the shake-out occurred.

Dean Crom stated they had had meetings throughout the state. When they heard in February the federal funds were going to be cut, they met with the elected Extension Councils. He indicated they also had groups come to the campus to get their reactions to the proposals. In all the contacts, Dean Crom indicated that the central issue of concern was the locations of the area offices which offer more specific assistance and access to the latest research. He noted that there would be three 800 numbers on the campus in addition to the rural concern hotline.

Regent Greig stated he had looked at the reorganization from a personal viewpoint. He said it would change where they went to look for answers, but they would adapt. He indicated there would not be as many direct community contacts. He didn't think the 4-H would suffer. He said he felt it would be the new areas that would suffer. He indicated he felt the plans were very good considering the budget available.

President McDonald stated there appeared to be no alternative.

Regent Greig asked what was being done in the area of electronic communications.

Dean Crom stated they had purchased six downlinks to put in the area office locations.

**MOTION:**

Mr. Greig moved that the board approve the following actions: (1) Receive the report from the university on proposed reorganization and staffing changes; (2) Approve the proposed reorganization of Cooperative Extension Service area offices and direct the Board Office and the university to prepare a letter for the board president to send to key elected officials informing them of the actions of the board and why they were necessary; (3) Authorize the university to proceed with staffing reductions as proposed and request that the university review with the board in October or November the impact of early retirement incentives on staffing changes and any additional proposed programmatic changes; (4) Request that any requirement or proposed legislation designed to alter county financial contributions to the Cooperative Extension Service programs be first reviewed with the board. Miss VanEkeren seconded the motion, and it passed unanimously.

**TERMINATION OF AREA EXTENSION OFFICE LEASES.** The Board Office recommended the board authorize the university to terminate leases for area extension offices identified as not needed in the university's plan to reorganize area extension offices because of the unavailability of funds for the offices.

The leases to be terminated are for offices in Fort Dodge, Spencer, Davenport, Dubuque, Creston, Council Bluffs, and Sioux City. One of the leases will expire on the date that the institution intends to close the office, one contains a clause permitting termination on thirty-days' notice,

four have clauses that permit termination of the lease when funds are unavailable and one is silent as to termination when funds are unavailable and does not contain a clause that would permit termination on thirty-days' notice. This last lease for the office in Spencer will require the university to negotiate with the landlord for termination. Termination of the leases will be pursued in consultation with the Board Office and legal counsel.

**MOTION:**

Mr. Tyler moved that the board authorize the university terminate leases for area extension offices in Fort Dodge, Spencer, Davenport, Dubuque, Creston, Council Bluffs, and Sioux City. Mr. Duchon seconded the motion, and upon the roll being called, the following voted:

AYE: Duchon, Greig, Harris, McDonald, Murphy, Tyler, VanEkeren.

NAY: None.

ABSENT: Anderson, VanGilst.

**SALE OF \$9,800,000 COMPUTATION CENTER REVENUE BONDS, SERIES I.S.U. 1986.**

In April 1986, the board authorized Iowa State University and the Board Office to proceed with the arrangements for the sale of revenue bonds to construct and equip the Computation Center building. At that time, the board approved resolutions authorizing the issuance of the bonds and directing advertisement for the sale of the bonds. The sale was to have occurred at the May board meeting but was deferred due to the timing of the state of Iowa's sale of \$463 million in tax anticipation notes.

In May, the board adopted resolutions directing the advertisement for the sale of up to \$9,900,000 in Computation Center Revenue Bonds, Series I.S.U. 1986, and authorizing the Executive Secretary to fix the date for the sale of these bonds. The sale was set for 10 a.m., Thursday, June 19, 1986, in the Board room of Gilchrist Hall at the University of Northern Iowa, Cedar Falls, Iowa. The Notice of the Sale was advertised in the Waterloo Courier, the Des Moines Register, and The Bond Buyer, a national publication for financial underwriters. The public hearing on issuance of the bonds was conducted by the board at the May meeting. No petitions or protests were filed at that time with the Executive Secretary. The size of the bond issue was established at \$9,800,000.

The board was asked to approve a formal agreement between Iowa State University Achievement Foundation and the board. The agreement formalized the Foundation's commitment regarding \$12,000,000 in contributions over a ten-year period to partially finance the Computation Center.

The Foundation will contribute \$2.7 million from donations on hand and pledged contributions that would be received through completion of construction. In addition, the Foundation pledged to contribute approximately \$920,000 annually over ten years, an amount equivalent to the debt service on the bonds. The Foundation's annual contribution would be an amount sufficient to cover the actual annual debt service cost for the first ten years. The financing plan and the agreement were reviewed and approved by the Achievement Foundation Board.

MOTION:

Mr. Duchen moved that the board approve the agreement with the Iowa State University Achievement Foundation regarding their contribution of approximately \$12 million over ten years toward the cost of financing and constructing the Computation Center. Miss VanEkeren seconded the motion, and it passed unanimously.

The estimated construction cost of the project is \$10.9 million. Construction is expected to begin in the Fall of 1986 with completion in November 1988. The Computation Center will house the central computer facilities for the university and the Department of Computer Engineering. The building will contain classrooms, laboratories, and office space for the Computer Engineering Department and the Computation Center.

President McDonald called the meeting to order at 10 a.m., central daylight time, on June 19, 1986. The roll being called there were present John McDonald, President, in the chair, and the following named board members: Duchen, Greig, Harris, Murphy, Tyler, and VanEkeren. Regent Anderson and Regent VanGilst were absent.

President McDonald requested the filing of all sealed bids. After making a second and third call for the filing of sealed bids, President McDonald announced the closing of receipt of sealed bids and directed the board's financial advisor to open and read the sealed bids.

Elwood Barce, Chairman of Speer Financial, Inc., the board's financial advisor, stated that two sealed bids had been received.

The bids were as follows:

	<u>Net Interest Rate</u>
Dain Bosworth Incorporated and Merrill Lynch Capital Markets and E. F. Hutton & Company, Inc., and Associates.	7.3290%
John Nuveen & Co., Inc. and Dean Witter Reynolds Inc. and Chiles Heider, Div. of Shearson Lehman Brothers Inc. and Clayton Brown & Associates, Inc. and Securities Corporation of Iowa and Shaw, McDermott & Co. and Kidder, Peabody & Co., Inc. and R. G. Dickinson & Co. and Juran and Moody, Inc. and Blunt Ellis & Loewi, Inc. and Norwest Investment Services, Inc. and Associates	7.2354%

Mr. Barce indicated that the best bid was from John Nuveen and Associates. He stated the bid had been verified and was accurate and recommended its acceptance.

Mr. Barce indicated that both bids had good faith checks attached.

MOTION:

This being the time and place fixed by published notice, the board took up for consideration the matter of bids for the purchase of \$9,800,000 Computation Center Revenue Bonds, Series I.S.U. 1986. After all sealed bids had been opened, the results thereof were incorporated in a resolution entitled "Resolution providing for the sale and award of \$9,800,000 Computation Center Revenue Bonds, Series I.S.U. 1986, and approving and authorizing the agreement of such sale and award." Member Tyler moved that the said resolution be adopted, seconded by Member Murphy, and the roll being called, the following voted:  
AYE: Duchen, Greig, Harris, McDonald, Murphy, Tyler, VanEkeren.  
NAY: None.  
ABSENT: Anderson, VanGilst.  
Whereupon the president declared the motion duly carried and said resolution adopted.

MOTION:

The board took up for consideration the matter of authorizing and issuing \$9,800,000 Computation Center Revenue Bonds, Series

I.S.U. 1986. Whereupon Member Greig introduced and caused to be read a resolution entitled "A Resolution authorizing and providing for the issuance and securing the payment of \$9,800,000 Computation Center Revenue Bonds, Series I.S.U. 1986, for the purpose of defraying costs of constructing and equipping a Computation Center on the campus of Iowa State University of Science and Technology." Member Murphy seconded the motion and after due consideration by the board, the president put the question on the motion and upon the roll being called, the following voted:  
AYE: Duchen, Greig, Harris, McDonald, Murphy, Tyler, VanEkeren.  
NAY: None.  
ABSENT: Anderson, VanGilst.  
Whereupon the president declared the motion duly carried and said resolution adopted.

**ACTION:** President McDonald directed the certified checks submitted by the bidders, except that of the best bid, be returned.

**APPROVAL OF LEASE.** The Board Office recommended that the board give tentative approval to a proposed lease with the Urbandale Community Schools for the use of the building at 3305 92nd Street, Urbandale, known as the Valerious Elementary School, at a rental rate of \$45,045 per year, for a period of five years commencing October 1, 1986, with final approval being granted on the board's behalf by the board's executive secretary when the lease documents have been completed and reviewed.

The current area extension office for Des Moines is at 109 West Winds, an office park located at 1454 30th Street, West Des Moines. The rental rate for the space varies from \$9.50 per square foot per year for office space to \$8.50 per square foot per year for classroom space. The board leases a total of 4,421 square feet at this location.

Increased space is needed to accommodate the growth of credit courses in Des Moines. There are presently from seventeen to twenty credit courses presented in Des Moines. Additional classroom space would be available at the present location at \$9.50 per square foot per year.

In looking for larger space at a more affordable rate the university followed the procedures of Executive Order No. 44 and located a vacant school house which met its needs, with modification. The space, 10,010 square feet, is

available at a cost of \$4.50 per square foot per year. The Urbandale schools have indicated that they would make those modifications only with the assurance that the board would enter a lease for the space at the Valerious Elementary School. The board would have to provide utilities and services for the building. A proposed lease was not available for the Board Office to review. Therefore, the Board Office recommended the board give tentative approval to the proposed lease with final approval being granted on the board's behalf after review and approval of the lease documents by the board's executive secretary.

President Parks stated this was the third extension lease which used school property.

**MOTION:**

Mr. Greig moved that the board give tentative approval to a proposed lease with the Urbandale Community Schools for the use of the building at 3305 92nd Street, Urbandale, known as the Valerious Elementary School, at a rental rate of \$45,045 per year, for a period of five years commencing October 1, 1986, with final approval being granted on the board's behalf by the board's executive secretary when the lease documents have been completed and reviewed. Dr. Harris seconded the motion and upon the roll being called, the following voted:  
AYE: Duchen, Greig, Harris, McDonald, Murphy, Tyler, VanEkeren.  
NAY: None.  
ABSENT: Anderson, VanGilst.

**STUDENT ACTIVITY FEE ALLOCATION FOR FY 1987 AND THE SUMMER OF 1986. The Board Office recommended the board approve the university's schedule of student activity fees for FY 1987 and the summer of 1986.**

This year, Iowa State University and student government leaders broke precedent by seeking and obtaining preliminary approval in April of student activity fee allocations before consideration of the university's proposed general operating budget. This was done to allow student government leaders then in office the opportunity to participate actively in the process.

The university resubmitted its April preliminary proposal without change for final board action. The proposed annual fee of \$145.64 is 3.8 percent higher than the current year fee of \$140.30. Activity fee budget increases over the last two years have averaged 4.4 percent, while tuition increases for the same two years have averaged 5.8 percent at the resident undergraduate level.

IOWA STATE UNIVERSITY  
June 19, 1986

Student activity fees were 10.5 percent of the Regent-approved tuition and fees. This was approximately the same as the current year activity fee share of tuition and fees.

The following table outlines student activity fees for FY 1987.



IOWA STATE UNIVERSITY  
June 19, 1986

	1985-86 Per Semester Fee	Increase	Proposed 1986-87 Per Semester Fee
Undergraduate Resident Tuition	\$652.00	\$43.00	\$695.00 (6.6%)
Special Student Fees			
Debt Service			
Memorial Union	3.00	0.50 (1)	3.50
Hilton Coliseum	10.50	- 0 -	10.50
	\$ 13.50	0.50	14.00
Special Purpose Fees			
Memorial Union Operation	13.85	0.05	13.90
Student Union Board Space Remodeling	- 0 -	0.25	0.25 (2)
Intercollegiate Athletics	9.75	- 0 -	9.75
	\$ 23.60	0.30	23.90
Student Activities			
Recreation	3.90	0.50 (12.8%)	4.40 (3)
GSB	13.72	0.55 (4.0%)	14.27 (4)
United Students of Iowa	0.65	- 0 -	0.65 (5)
	\$ 18.27	1.05	19.32
Reserve for Future Commitment (Recreation Feasibility Study)	5.82	0.18 (3.0%)	6.00 (6)
City-University Transit System	\$ 8.95	0.65 (10%)	9.60
Total Special Student Fees	\$ 70.14	\$ 2.68 (3.8%)	\$ 72.82 (3.8%)
Portion of Fee to General Fund	\$581.86		\$622.18 (6.9%)

- (1) Actual cost of debt service has exceeded fee contributions for a number of years by approximately \$26,000. Student Government has proposed increasing total operating support to Union by 4 percent which principally would go to capital account to more accurately reflect actual cost. Balance of debt service comes from operating funds.
- (2) Government of the Student Body is proposing a \$.25/student fee to Memorial Union Student Union Board for specific renovations and remodeling of student office space in the Union.
- (3) Provides for expanded recreation program including intramurals, open recreation and indoor ice activities of the Cyclone Area Community Center.
- (4) Provides for inflationary increase of 4 percent. Graduate Student Senate (GSS) to receive 21.7 percent of graduate portion of fees.
- (5) United Students of Iowa fees will be paid on summer session.
- (6) Recreation feasibility studies are continuing with the possibility of a more limited project, potentially consisting of an addition to Beyer Hall being considered. During 1985-86, \$100,000 of the fund would be used for work study student aid. An additional \$250,000 to 300,000 will be committed to rebuilding and relocating outdoor tennis courts to the north of Beyer Hall.

The university reported the allocation for debt service on the Memorial Union had been less than payments required for several years. A 50 cent increase in the allocation (16.7 percent) would bring the allocation up to actual debt service requirements.

There was a new 25 cent fee for Student Union Board space remodeling. The university reported there was a shortage of student office space, and the initial year's fee would be used to renovate some space in the lower level of the student union for additional student offices.

The university and Government of the Student Body recommended a 5 cent increase in the Memorial Union operating allocation. Also, a 50 cent increase (12.8 percent) in student activities was proposed, primarily in support of the university intramural program which would, in part, support ice programs at the Cyclone Area Community Center. This center has been a cooperative venture between the university and the city of Ames. Presently, the building belongs to the university while the city manages it. A 55 cent (4 percent) increase for the Government of the Student Body is to support various recognized student clubs and activities.

The fee allocations recommended no academic year increase for the United Students of Iowa but did propose that the fee be extended to include summer session. Iowa State University reported that the University of Iowa and the University of Northern Iowa also planned to recommend inclusion of a fee for the summer session. The United Students of Iowa is the student government's lobbying organization.

The proposed Cy-Ride or city-university transit system student service fee would increase from \$17.90 to \$19.20 (7.3 percent) in FY 1987.

A student activity fee for new recreational facility development was established two years ago and increased this year. The university proposed to increase the fee again for FY 1987. A recent student referendum caused the university to conclude that there was insufficient support for a major recreation/intercollegiate athletic facility with a projected cost of approximately \$11 million. In place of the proposed recreation/intercollegiate athletic facility, the university now has approval for an addition to Beyer Hall, an existing student recreation building. This addition would cost approximately \$3 million, and construction would be supported by the facility development fee.

Student government, with the support of the university administration, proposed to set aside \$100,000 again next year from the recreation facility development reserve for work study student aid. Use of an additional \$250,000-\$300,000 in this reserve would be proposed to relocate and rebuild outdoor tennis courts currently adjacent to Beyer Hall.

The university offered assurances that the proposals for student activity fee allocation were consistent with the university's general budget plans for FY 1987.

**MOTION:**

Dr. Harris moved that the board approve the university's schedule of student activity fees for FY 1987 and the Summer of 1986. Mr. Duchon seconded the motion, and it passed unanimously.

**PROJECT COORDINATION FOR PROSPECTIVE TENANTS IN RESEARCH PARK.** The Board Office recommended that the board: (1) Approve the university's request to serve as project coordinator and construction manager for research facilities in the Iowa State University Research Park. (2) Direct the university to bring to the board for approval a statement of policy concerning extending university privileges and services to research park tenants.

Vice President Madden stated they were moving forward with the development of Iowa State University Research Parks. A Research Park Working Group, consisting of representatives from the university, city, county, and consultants were planning for Research Park development. The working group is proceeding with plans for an initial site, located southeast of the intersection of Elwood Drive and U.S. Highway 30. He indicated they were excited about this project, and the opportunity it brought for economic development.

The university reported that a search is underway to hire an experienced manager for the Research Park. The manager would be responsible for marketing and developing of the park beginning July. Several companies have expressed interest in becoming tenants of the park, and negotiations are currently underway.

Among the interested firms, a major biotechnology firm has inquired about Iowa State University serving as construction manager and project coordinator for their research facility. By serving as project coordinator and construction manager of research facilities in the park, Iowa State University would be able to ensure that the buildings and facilities comply with the covenants and university standards. The university viewed providing project coordination services to tenants of the Research Park as consistent with a philosophy that Research Park tenants are part of the Iowa State University "family."

The university's docket material stated that "Research Park tenants will become part of the Iowa State University "family," and that university privileges and services will be available to them on a similar basis as for faculty, staff, and departments." The Board Office felt the university should more carefully define what is meant in offering full university privileges and services to additional parties. Although extending such

privileges or services may be necessary and advantageous to the university's economic development efforts, such an offering does represent a departure from long-standing policies. The university should bring to the board a statement of proposed policy outlining the privileges and services that may be made available to Research Park tenants.

Vice President Madden stated the university had no problem with the Board Office's recommendation and that a policy was being formulated. He indicated that the nature of the relationships would depend on a large extent what the organizations feel were necessary. He assumed that the majority were interested in research and would want access to seminars and other courses and such support services on the campus as computers as well as cultural and recreational areas.

Vice President Moore stated they had looked at research parks throughout the country, and there were all kinds of different variations of interaction between the university and the private sector. He said it was not always simple to anticipate the kinds of needs that may be wanted. It would depend a lot on nature of the private enterprise with which the university might be dealing. He added that the Board of Regents would be involved in every specific kind of negotiation, but he did not know whether it would be possible to make a complete list of what would be done and not be done. He added that an attempt to do might put the university in a negotiating disadvantage. He said they would think a little bit about how to approach this particular suggestion and that it was a little puzzling to them.

President McDonald stated he knew that the Board Office would happy to work with the university in the development of any guidelines that may be required.

Regent Murphy stated she understood when the university talked about providing access to computing services and seminars; but, when they talked about cultural activities, she thought the university may well have a tiger by the tail.

MOTION:

Miss VanEkeren moved that the board approve the university's request to serve as project coordinator and construction manager for research facilities in Iowa State University Research Park; and direct the university to bring to the board for approval a statement of policy concerning extending university privileges and services to research park tenants. Mrs. Murphy seconded the motion, and it passed unanimously.

IOWA STATE UNIVERSITY  
June 19, 1986

**APPOINTMENT OF SECRETARY AND TREASURER.** The appointment of Bernard O. Randol as University Secretary and the appointment of Warren R. Madden as University Treasurer for the fiscal year beginning July 1, 1986, and ending June 30, 1987, were approved as a part of the consent docket.

President McDonald stated it was his pleasure to recommend that W. Robert Parks be appointed President Emeritus of Iowa State University effective July 1, 1986.

**MOTION:**

Dr. Harris moved that the board approve the appointment of W. Robert Parks as President Emeritus of Iowa State University effective 1, 1986. Mr. Tyler seconded the motion, and it passed unanimously.

President Parks thanked the board for the appointment.

Regent VanEkeren stated that Patti Cale, Executive Director of the United Students of Iowa, had accepted a position with the Iowa Refugee Service Center.

Ms. Cale stated that she had enjoyed working with the board and the universities.

President McDonald thanked Ms. Cale for her efforts on the part of the United Students and the universities and wished her luck in her new position.

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

UNIVERSITY OF NORTHERN IOWA

The following business pertaining to the University of Northern Iowa was transacted on Thursday, June 19, 1986.

**REGISTER OF PERSONNEL TRANSACTIONS.** The register for the month of May was approved as a part of the consent docket.

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

Dr. Ronald A. Chung, Professor and Head of the Department of Home Economics, with tenure, effective August 21, 1986, at a salary rate of \$43,000.

Professor Virgil C. Noack, from Assistant Professor and Acting Head of the Department of Home Economics to Assistant Professor and Acting Head of the Department of Sociology and Anthropology for the Fall Semester, 1986, at a salary rate of \$32,380.

**POST AUDIT REPORTS.** The following post-audit reports were referred by general consent of the board to the Interinstitutional Committee on Educational Coordination and the Board Office for review and recommendation: (a) Bachelor of Arts degree, major in Computer Information Systems, (b) Bachelor of Arts degree, major in Computer Science, (c) Bachelor of Arts degree, major in Public Administration, (d) Bachelor in Technology degree, major in Energy and Power Technology, and (e) Army Reserve Officers Training Corps.

**PROFESSIONAL AND SCIENTIFIC CLASSIFICATION SYSTEM.** The Board Office recommended approval of (1) the addition of a new class, Senior Information Specialist in grade V; (2) a change in description and pay grade from Academic Advisor, grade II, to Coordinator/Advising Center, in grade III; and (3) the following changes in titles only:

<u>From:</u>	<u>To:</u>
Director/Public Information	Director/Public Relations
Liberal Arts Placement Director	Arts and Sciences Placement Director
Assistant Football Coach/DC	Assistant Head Football Coach

A reorganization in the Office of Public Information led to the Senior Information Specialist in grade V (\$24,501-\$37,508). Responsibilities of the

position will include coordination of the preparation and distribution of publications and management of the University Speakers Bureau. Expanding activities into the Advising Center have increased responsibilities of the Academic Advisor, grade II, and led to the proposed Coordinator/Advising Center, in grade III (\$18,044-\$26,845). The pay grades for both positions were determined by the application of the university's point count evaluation system. The university reported that funds were available to implement the proposals.

MOTION: Mr. Tyler moved that the board approve the changes as outlined in the Professional and Scientific Classification System. Mr. Duchon seconded the motion, and it passed unanimously.

**REGISTER OF CAPITAL IMPROVEMENT BUSINESS TRANSACTIONS.** The Board Office recommended that register for the period May 7 through June 3, 1986, be approved.

**PROJECT DESCRIPTIONS AND BUDGETS:**

This month, the university presented a revised project budget on the Arts Center Parking Lot Improvement Project.

In March, the board approved a project description and budget of \$226,000 for this project. On May 29, 1986, the university received bids for the project. Two bids were received, and both bids exceeded the funds available in the approved project budget. The university requested ratification of an increased project budget to \$248,700 to cover the contract award. The additional funds are from parking maintenance and repairs and building repairs funds.

A contract award of \$219,386.30 was made by the Executive Secretary to Aspro, Inc., of Waterloo, Iowa. Both contractors bidding on the Parking Lot Improvement Project were included on the Iowa Department of Transportation's list of bidders certified for state road projects.

**CONSTRUCTION CONTRACTS:**

The following contract was referred to the board for action:

Auditorium Building--Auditorium Rooms 131 and 239 Renovation-Seating Contract  
Award to: American Seating Company, Grand Rapids, Michigan  
Base Bid of \$169,505.55 =  
TOTAL AWARD OF: (3 bids received) \$169,505.55

This contract was referred to the board because the requested action involved two irregularities. The apparent low bidder, Institutional Equipment, Inc.,

of Emmetsburg, Iowa, did not bid the type of seating specified although the required type of seating was clearly identified in the bid documents. The other two bidders complied with the bid documents in preparing their bid prices.

The second irregularity involved the form of bond submitted by American Seating Company, Grand Rapids, Michigan. American Seating's bond form did not conform with the specifications, which require a Board of Regents form or a form approved by the American Institute of Architects. The bid bond submitted by American Seating was reviewed by the university and determined to be substantially the same as the approved forms. The bond was signed by an Iowa resident agent as attorney-in-fact. Therefore, the university requested that the bond be accepted.

The Board Office in reviewing this matter with the university concurred with the university's request and recommended award of the contract to American Seating Company, Grand Rapids, Michigan.

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

Arts Center Parking Lot Improvements

Award to: Aspro, Inc., Waterloo, Iowa (2 bids received) \$219,386.30

This project involves repaving the Arts Center Parking Lot with asphalt. A revised budget to accommodate the construction contract award made by the Executive Secretary is discussed above.

ACCEPTANCE OF COMPLETED CONSTRUCTION PROJECTS:

The university reported acceptance of three construction contracts on the Bartlett Hall Renovation Project. The contracts were for the general, electrical, and mechanical portions of the project.

Inspection of the work on the three contracts found that the contractors complied with the plans and specifications, and the work was substantially complete. The university requested that the three contracts be accepted by the board.

Vice President Conner stated there was an additional item to be added to the register. He said that bids were received two days ago on the Auditorium Building - Auditorium Rooms 131 and 239 Renovation project. The university requested that the board award the contract in the amount of \$288,400 for the project to Huff Construction Company, Waterloo, Iowa. The contract award would also necessitate an increase in the project budget in the amount of \$31,675 or 6.5 percent.



Associate Director Runner indicated the Board Office had reviewed the additional item and recommended its approval.

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

**PRELIMINARY OPERATING BUDGET --** The Board Office recommended the following actions:

1. That the University of Northern Iowa preliminary general program operating budget of \$55,547,261 be approved.
2. That the university provide an oral report to the board at this meeting on programmatic changes completed in FY 1986 or planned for FY 1987.
3. That the university provide a progress report in July on its downsizing and restructuring efforts to permanently adjust to the 3.85 percent reduction in state appropriations.

The preliminary operating budget proposal for FY 1987 for the University of Northern Iowa was \$55.5 million. It represented an increase of 4.7 percent over the original FY 1986 budget and 6.1 percent over the revised FY 1986 budget. The only increases were in salary adjustments, the university's share of supplemental salary increase funds, and in student tuition income.

Anticipated resources for FY 1987 include a total of \$41.0 million in state appropriations and \$14.5 million in institutional income. Projected income is listed by category in the following table:

<u>FY 1987 Income Projections</u> (000s Omitted)					
<u>Income Category</u>	<u>FY 1986 Original Budget</u>	<u>FY 1986 Revised Budget</u>	<u>FY 1987 Proposed Budget</u>	<u>% Change from FY 1986 Original Budget</u>	<u>% Change from FY 1986 Revised Budget</u>
Student Fees	\$12,093	\$12,704	\$13,866	14.67%	9.15%
Other Income	610	845	688	9.51	-20.95
Appropriations	40,361	38,794	41,013	1.61	5.72
<b>TOTAL INCOME</b>	<b>\$53,064</b>	<b>\$52,343</b>	<b>\$55,547</b>	<b>4.68%</b>	<b>6.12%</b>

State appropriations included \$37.8 million in general education funding and a total of \$3.2 million in salary adjustments, comparable worth adjustments and the university's share of the \$2 million in supplemental salary increases approved by the legislature. Appropriations were originally budgeted at 76 percent of the total university budget in FY 1986 but are expected to contribute only 74 percent in FY 1987. The only increases were in salary adjustments and in the university's share (\$243,540) of supplemental salary increase funds.

Institutional income included student fees and other income. Student fees were expected to increase by a total of \$1.8 million over the original FY 1986 budget or \$1.2 million over the revised FY 1986 estimate. This increase was a result of both the 6.5 percent tuition increase approved by the board last fall and the student computing fee of \$20 per semester approved by the board to be effective in the fall of 1986. Income from the computer fee was projected to be \$397,000 for FY 1987.

Other income was projected to be \$58,000 above the original FY 1986 budget and \$177,000 below the revised FY 1986 budget level. This category included interest income, expected to decrease from the actual FY 1986 level; indirect cost recoveries, projected at the same level as budgeted for FY 1986; and miscellaneous income sources, including vending machine commissions and some student fees.

Proposed changes in expenditure categories are summarized in the following table:

<u>Expenditure Category</u>	<u>FY 1987 Budgeted Expenditures</u> (000s Omitted)			% Change	% Change
	<u>FY 1986 Original Budget</u>	<u>FY 1986 Revised Budget</u>	<u>FY 1987 Proposed Budget</u>	<u>from FY 1986 Original Budget</u>	<u>from FY 1986 Revised Budget</u>
Salaries and Fringe Benefits	\$42,207	\$42,006	\$44,337	5.05%	5.55%
Fuel and Purchased Electricity	2,407	2,124	2,307	-4.15	8.61
Supplies and Services	6,745	6,687	6,958	3.15	4.05
Equipment	463	284	732	58.23	158.03
Library Books	793	793	763	-3.78	-3.78
Building Repairs	449	449	450	0.22	0.22
<b>TOTAL EXPENDITURES</b>	<b>\$53,064</b>	<b>\$52,343</b>	<b>\$55,547</b>	<b>4.68%</b>	<b>6.12%</b>

Salaries for faculty members within the faculty bargaining unit were based upon agreements between the Board of Regents and the University of Northern Iowa unit faculty. Salary increases for other faculty and institutional officials were based on the state policy of a 5.5 percent increase.

Professional and scientific staff salaries will increase in accordance with a pay grade matrix in which the minimum and maximum salaries for each of the pay grades was increased by 5.5 percent. General service staff salaries would be increased in accordance with collective bargaining agreements.

Supplemental salary increase funds of \$243,540 were distributed among faculty and professional and scientific salaries for FY 1987 and would provide average 0.9 percent increases. The university reported an aggregate average increase of 6.4 percent in faculty and professional and scientific salaries.

The salaries and fringe benefits expenditure category also incorporated funding for increases in health and dental insurance premiums.

Salary adjustment appropriations continue to underfund estimated needs. Additional adjustments in salary categories were proposed as a part of the reallocation necessary to accommodate the underfunding and the 3.85 percent reversion. Several faculty positions were deleted in the Colleges of Education, Natural Science, Social and Behavioral Sciences and Humanities and Fine Arts. Professional and scientific positions were eliminated in institutional research, the student health center, the physical plant, the educational opportunity program and broadcasting services. General service staff positions were eliminated in the animal laboratory, the word processing center, and the physical plant.

Positions were added, with support from the revenues of the new computing fee, for a new professional and scientific position and the establishment of student assistant funding in the microcomputer laboratory.

All other expenditures, with the exception of equipment, have proposed budgets which have small increases or decreases from FY 1986 levels. The newly authorized computer fee allowed substantial growth in the equipment line.

The university's fuel and purchased electricity budget was projected at a level \$100,000 below the original FY 1986 budget but \$182,000 above the actual FY 1986 expenditure. The university noted that this budget could be met only with continuing energy conservation programs, a mild winter and favorable fuel and purchased electricity rates.

The university's appropriations request for FY 1987 had included funding of \$110,000 for opening of the Communication and Theatre Arts-Phase II building and \$40,000 for opening of the museum. The university now reported that the Communication Building has been opened and that the costs of fuel and maintenance for the building have been absorbed. It was not clear whether the museum would be opened during FY 1987 and no funds were budgeted.

The supplies and services budget was increased in specific areas but did not provide any general inflationary increases. The increases proposed include an increase in student financial aid of \$121,000. An additional \$30,000 in student aid funds was provided for student employment within the general service staff category. The total of \$151,000 in increases in the student aid set-aside was consistent with that calculated and reported to the board at the time of approval of tuition increases last fall. The increase represented approximately 6.5 percent of the university's student aid base.

Funds were also added to the supplies and services budget for supplies and maintenance necessary for the new student microcomputer laboratories. These funds were provided as a result of the new student computing fee.

Increases in the equipment budget reflected the purchase of personal computers, printers, and other equipment for the new student microcomputer laboratories, funded through the special purpose fee. The university noted, however, that there continued to be equipment problems in all areas and particularly in instructional programs. An additional \$1.0 million was provided for instructional, research, and computing equipment at the University of Northern Iowa by the bonding resolution approved by the legislature and the Governor.

Funds budgeted for library books were reduced in the proposed budget for FY 1987 and the university noted that this compounds the library's loss in purchasing power resulting from an estimated 8 percent increase in the cost of library materials.

The building repairs budget was increased slightly over the original FY 1986 and revised FY 1986 levels. However, the budget provided for only \$450,000 and the university reports that it continued to have over \$2 million in unmet building repair and maintenance needs.

The university noted that the current funding level of essential non-salary expenditure categories fell considerably short of the amount needed to restore the lost purchasing power of the past eight years.

Vice President Conner stated they had made some reductions in the scope of the summer session program as a result of budget constraints but continued to emphasize high demand classes. They had made faculty position reductions, and he noted that most of these were part of an ongoing review in all the colleges. He noted that no reductions were made in the School of Business

where there continued to be large increases in enrollments. The animal lab would be closed very soon. He said the decrease in expenditures for library books would have some impact on the instructional program. He said that they would hve one or two student microcomputer labs running during the fall semester and that the university's goal was computer literacy for all graduates. He stated they had to eliminate the centralized word processing support. They were moving away from centralizing recruiting services in the personnel office and relying more on the unit staff and unit offices to carry some of the burden for recruiting professional and scientific people. In the area of building repairs, he stated they were working more on short term solutions because of the inability to fund long term solutions.

**MOTION:**

Mrs. Murphy moved that the board approve the following recommendations: (1) that the University of Northern Iowa preliminary general program operating budget of \$55,547,261 be approved; (2) that the university provide a progress report in July on its downsizing and restructuring efforts to permanently adjust to the 3.85 percent reduction in state appropriations; and (3) that the salary of President Curris be increased to \$92,500 effective July 1, 1986. Mr. Tyler seconded the motion, and it passed unanimously.

**STUDENT ACTIVITY FEE ALLOCATIONS FOR FY 1987 AND THE SUMMER OF 1986.** The Board Office recommended approval of the schedule of student activity fees as shown on the following page:

UNIVERSITY OF NORTHERN IOWA  
June 19, 1986

STUDENT ACTIVITY FEES

ACTION REQUESTED: Approve the following proposed Student Fee Allocations effective with the 1986 Summer Session.

ACADEMIC SEMESTER

<u>ACTIVITY</u>	<u>CURRENT 1985-86</u>	<u>INCREASE</u>	<u>CURRENT PROPOSAL 1986-87</u>
Student Union Fee	\$ 6.50	-0-	\$ 6.50
Bldg. Fund for Student Activity	5.00	-0-	5.00
Fieldhouse Fee	12.50	-0-	12.50
Student Activities	4.85	-0-	4.85
Campus Recreation	1.95	-0-	1.95
Intercollegiate Athletics	14.20	\$ .80 (5.63%)	15.00
Fine Arts/Cultural	3.75	-0-	3.75
Health Fee	2.50	-0-	2.50
United Students of Iowa	.65	-0-	.65
Intercollegiate Academics	<u>1.10</u>	<u>.20 (18.18%)</u>	<u>1.30</u>
<b>TOTALS</b>	<b>\$53.00</b> =====	<b>\$1.00 (1.89%)</b> =====	<b>\$54.00</b> =====

SUMMER SESSION

Student Union Fee	\$ 3.75	-0-	\$ 3.75
Bldg. Fund for Student Activity	2.25	-0-	2.25
Fieldhouse Fee	3.00	-0-	3.00
Student Activities	8.25	-0-	8.25
Intercollegiate Athletics	1.75	.50 (28.57%)	2.25
Fine Arts/Cultural	2.25	-0-	2.25
Health Fee	1.00	-0-	1.00
United Students of Iowa	-0-	\$ .50 (100%)	.50
Intercollegiate Academics	<u>.75</u>	<u>-0-</u>	<u>.75</u>
<b>TOTALS</b>	<b>\$23.00</b> =====	<b>\$1.00 (4.35%)</b> =====	<b>\$24.00</b> =====

After consultation with the student government, the university proposed a semester rate of \$54 for FY 1987. This was an increase of \$1 over FY 1986, or an increase of 1.9 percent. The proposed summer term allocation for 1986 was \$24, or \$1 more than that allocated for the summer of 1985. The summer increase was 4.4 percent. The overall increase amounted to 2.3 percent which compared to a 6.5 percent tuition increase, effective with the 1986 summer session.

The proposed allocation of fees by category is summarized below.

University of Northern Iowa Student Activity Fees

<u>SUPPORT</u>	<u>ANNUAL FEES</u>			<u>SUMMER FEES</u>		
	<u>1984-85</u>	<u>1985-86</u>	<u>1986-87</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>
STUDENT ACTIVITIES	\$ 51.00	\$ 53.00	\$ 55.00	\$13.00	\$13.00	\$14.00
STUDENT SERVICES*	18.00	18.00	18.00	4.75	4.75	4.75
DEBT SERVICE	25.00	25.00	25.00	3.00	3.00	3.00
BUILDING DEVELOPMENT	<u>10.00</u>	<u>10.00</u>	<u>10.00</u>	<u>2.25</u>	<u>2.25</u>	<u>2.25</u>
TOTAL	\$104.00	\$106.00	\$108.00	\$23.00	\$23.00	\$24.00

\*Student Union and Student Health Center Operating Support

Proposed changes in student activity support beginning with the summer session of 1986 were limited to intercollegiate athletics, intercollegiate academics, and United Students of Iowa support.

The intercollegiate athletic allocation was proposed to increase 50 cents (28.6 percent) for the summer session. Intercollegiate athletics allocation was proposed to increase by 80 cents each academic semester (5.6 percent) as the result of increased tuition and associated athletic grants-in-aid support. Intercollegiate athletics allocations in total will yield an estimated \$330,000 to \$340,000 in revenue for that program in FY 1987.

A first-time United Students of Iowa summer allocation was proposed at 50 percent. The United Students, which is the student government's lobbying organization, had been supported with a uniform allocation at all three universities for each fall and spring semester (65 cents). The proposed summer allocation at Iowa State University was 65 cents. The University of Iowa proposed student fee allocations for FY 1987 will not be available until July. The proposed summer allocation for the United Students

of Iowa at the University of Northern Iowa amounted to approximately a 38 percent increase per student on an annualized basis.

Intercollegiate academics supports regional and national participation of students in forensics and other academic competitions. A 20 cent (18.1 percent) increase was proposed.

The university reported that student activity fee allocations for FY 1987 were consistent with the university's general budget plans and agreeable with student government.

Vice President Follon indicated that the previous student body government as well as the current student body were involved in setting the proposed fees. She noted that the university administration was pleased with the thought and consideration the students gave to the fees.

President McDonald stated he was pleased the university had good cooperation and communication with the students.

**MOTION:** Dr. Harris moved that the board approve the schedule of student activity fee allocations for FY 1987 and Summer of 1986 as presented. Mrs. Murphy seconded the motion, and it passed unanimously.

**APPOINTMENT OF SECRETARY AND TREASURER.** The appointments of John Conner as University Treasurer and Gary Shontz as University Secretary for the fiscal year beginning July 1, 1986, and ending June 30, 1987, were approved as a part of the consent docket.

**RAZE BUILDINGS.** The Board Office recommended the board approve the request to raze the East Stadium structure and the Old Ceramics Laboratory.

The East Stadium is a cement and concrete block structure previously used for spectator seating. The East Stadium is located on O.R. Latham Field immediately west of the Education Center. The seating of the stadium and the approximately 4,200 square feet of storage space located under the seating are costly to maintain and are no longer usable for their intended purposes. Intercollegiate athletic events, once scheduled for Latham Field, have been relocated to the UNI-Dome since its construction in 1976. The West Stadium was torn down in 1976.

The Old Ceramics Laboratory erected in 1953 is a surplus quonset hut and previously housed the ceramics programs of the Art Department. Last fall, the Ceramics Laboratory moved to the new Art Building. The age and condition of the steel structure limit the Old Ceramics Laboratory's use for other purposes.



UNIVERSITY OF NORTHERN IOWA  
June 19, 1986

The university indicated that continued maintenance of either building is no longer feasible or economically sound. The structures do not comply with codes, and renovation of the buildings for other purposes is not feasible.

MOTION:

Mrs. Murphy moved that the board approve the razing of the East Stadium Structure and the Old Ceramics Laboratory. Mr. Duchen seconded the motion, and it passed unanimously.

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

## IOWA SCHOOL FOR THE DEAF

The following business pertaining to the Iowa School for the Deaf was transacted on Thursday, June 18, 1986.

**REGISTER OF PERSONNEL TRANSACTIONS.** The register for the month of May 1986 was approved as a part of the consent docket.

**ADMINISTRATIVE CHANGES AND APPOINTMENTS.** The Board Office recommended the following administrative changes be approved:

RAMONA CROOKHAM, Principal of the Junior High School and Director of the Child Study Center to Principal of the Elementary School and Director of the Child Study Center. Salary as budgeted.

WALTER HINES, from Principal of the High School and L.I.F.E. Skills Program to Principal of Junior and Senior High School and L.I.F.E. Skills Programs. In addition, Mr. Hines will continue to be Acting Superintendent in the absence of the Superintendent. Salary as budgeted.

MICHAEL BURKE, from Principal of the Elementary School Department and Curriculum Coordinator to Curriculum Coordinator and Grant Writer. Salary as budgeted.

NORMAN DEVINE, to continue his responsibility as Acting Head Teacher of the L.I.F.E. Skills. Salary as budgeted.

DALE HOVINGA, from Behavior Management Specialist and Acting Director of Student Life to Director of Student Life. Salary as budgeted.

KEVIN WILLIAMS, from Administrative Aide for Deaf Services and Acting Dean of Boys to Administrative Aide for Deaf Services and Dean of Boys. Salary as budgeted.

C. JOSEPH GIANGRECO, to continue assuming the responsibilities as Superintendent and Director of Education until his retirement. Salary as budgeted.

The appointments will be effective July 1, 1986, and are in line with the previous reorganization approved by the board earlier this year.

MOTION: Mr. Greig moved that the board approve the appointments as outlined above. Miss VanEkeren seconded the motion, and it passed unanimously.

**REGISTER OF CAPITAL IMPROVEMENT BUSINESS TRANSACTIONS.** The Board Office recommended approval of the register for the months of May and June 1986.

Highlights of the register are as follows:

**PERMISSION TO PROCEED WITH PROJECT PLANNING:**

The Iowa School for the Deaf requested authorization to begin three repair and renovation projects.

Settlement Repairs on Kitchen Wing on Old Main Building

Source of Funds: FY 1986 and 1987 Building Repairs Budget \$45,000

Some settling has occurred to a corner of the kitchen wing of the Main Building. The rate of settlement was been reduced as a result of corrective action already taken by school maintenance staff. Some settling continues and monitors were installed to record the movement.

Wilscam, Mullens and Birge, architects of Omaha, Nebraska, and structural engineers, have looked at the building foundation and the soil conditions beneath the building. John Birge identified in recent correspondence to the school several alternatives for correcting the continuing settling problem. His recommended option was to compact the soft wet soil underneath the building by injecting stiff grout into the soil. Due to the uncertainties, the architect and the engineers estimated that such an approach may cost \$15,000-\$30,000. Additional project funds are for exterior and interior repairs and patching. The school accepted the architect's recommendation and requested approval to initiate the corrective action.

Girl's Dormitory--Interior Painting

Source of Funds: 1986 and 1987 Building Repairs. Budget \$20,000

This project involves repainting major portions of the dorm rooms, public spaces, and hallways in the Girl's Dormitory. The work would be accomplished by contract during the school's summer break.

Main Building Dormitory--Smoke Detector Installation

Source of Funds: 1986 and 1987 Building Repairs Budget \$15,000

This project involves installing smoke detectors in the dormitory areas in the East and Center Wing of the Main Building. The work, when completed, would upgrade the safety conditions in these areas.

**CONSULTANT AGREEMENTS:**

Utility Distribution System Improvements--1985  
Wilscom, Mullens and Birge, Omaha, Nebraska

Increase \$1,000

The school requested approval of amendment #1 for additional architectural services on this project. The amendment covers extra site visits by the architect required because of unforeseen construction delays.

The original agreement with Wilscom, Birge and Associates, approved in May, 1985, was for \$12,500. With approval of this amendment, the agreement would be \$13,500. The project budget is \$200,000.

Source of funds for the project continue to be building repair funds and energy savings budgets. The additional funds are available in the budget.

**MOTION:**

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

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

1. That the Iowa School for the Deaf preliminary operating budget for FY 1987 be approved in the amount of \$5,029,891 with the understanding that a proposed transfer of funds from insurance terminal liability reserves will be reviewed prior to the submission of a final operating budget.
2. That the school provide an oral report to the Board on reorganization and reallocations completed or planned to accommodate FY 1986 and FY 1987 budget reductions.
3. That the board receive the preliminary Chapter I budget of \$93,236 with program descriptions and budget details to be submitted with final operating budgets.
4. That the rate of transportation reimbursement for parents or guardians of Iowa School for the Deaf students be increased from 17 to 21 cents per mile for FY 1987.

The preliminary operating budget proposal for FY 1987 for the Iowa School for the Deaf of \$5.03 million represented a decrease from the original FY 1986 budget of 1.6 percent and an increase over the revised FY 1986 budget of 3.2 percent.

Budget adjustments of approximately \$230,000 were made in FY 1986 to accommodate the 3.85 percent appropriation reversion as well as decreases in federal funds and other income. Reductions were made in salaries, fuel and purchased electricity, equipment and building repairs.

The FY 1987 budget provided for average faculty salary increases of 6.26 percent, and average professional and scientific staff salary increases of 5.5 percent.

In April 1986, the board approved a process of review of programs and operations at the Iowa School for the Deaf and the Iowa Braille and Sight Saving School with the goal of reducing costs wherever possible while maintaining high quality educational programs. This process required the initiation of a number of cost containment measures including a hiring freeze and requirements for approval of expenditures for remodeling, equipment or building repairs. Organizational structure, staffing, and facilities plans were to be prepared in consultation with the Board Office and submitted to the board in the fall with the institution's proposed FY 1988 budgets. The special schools and the Board Office are working jointly to implement the processes directed by the board.

As part of its planned reorganization and reallocation of resources the Iowa School for the Deaf proposes the deletion of several vacant positions.

The school has submitted a preliminary outline of plans for the use of \$93,236 in FY 1987 Chapter I funds, which provide supplemental educational services for handicapped children.

The Iowa School for the Deaf preliminary operating budget projected a total of \$4.9 million in appropriations and \$154,000 in institutional income. Appropriations, which represented nearly 97 percent of the school's operating budget, were expected to be 1.1 percent below the original FY 1986 level and only 2.9 percent above the revised FY 1986 appropriation level. The only increase was in salary adjustment appropriations. General fund appropriation support for FY 1987 was reduced by \$57,207 from the revised FY 1986 level, with \$52,560 of the reductions reportedly made in order to increase support for vocational rehabilitation services. The remaining \$4,647 represents reductions imposed to provide for lower gasoline prices. The Iowa School for the Deaf and the Iowa Braille and Sight Saving School were not authorized to share in the \$2.0 million supplemental salary increase approved by the legislature.

Institutional income includes federal funds for the school lunch and milk programs, sales and services income from the sales of crops from farmland owned and other income, including investment income. The school budgeted a transfer of \$16,000 in FY 1987 from its health and dental insurance terminal liability reserves. It was not clear whether this transfer is allowable and

the possibility would be explored further before final budgets are submitted in July.

The following table summarizes income sources for the Iowa School for the Deaf:

<u>FY 1987 Income Projections</u> (000s Omitted)					
<u>Income Category</u>	<u>FY 1986 Original Budget</u>	<u>FY 1986 Revised Budget</u>	<u>FY 1987 Proposed Budget</u>	<u>% Change from FY 1986 Original Budget</u>	<u>% Change from FY 1986 Revised Budget</u>
Federal Funds	\$ 90	\$ 68	\$ 68	-24.44%	0.00%
Salaries & Services	39	38	38	-2.56	0.00
Other Income	49	32	48	-2.04	50.00
Appropriations	4,932	4,739	4,876	-1.14	2.90
<b>TOTAL INCOME</b>	<b>\$ 5,110</b>	<b>\$ 4,877</b>	<b>\$ 5,030</b>	<b>-1.57%</b>	<b>3.15%</b>

The faculty salary schedule previously approved by the board provided for average faculty salary increases of 6.26 percent. Professional and scientific salaries were increased by an average of 5.5 percent according to a salary schedule which increased the minimum and maximum of each salary grade by this amount. General service salaries were increased in accordance with collective bargaining agreements. The salaries and fringe benefits budget category also included provisions for increases in health insurance premiums of approximately 10.5 percent and in dental insurance premiums of approximately 23 percent.

As a part of its planned reorganization and reallocation of resources, the School for the Deaf proposed the deletion of several vacant positions, including a psychologist, three classroom teachers, a special administrative assistant, an assistant dean of girls, an assistant dean of boys, custodian, fireman/utilityman, and part-time houseparents. The savings achieved would help to fund the approved salary increases and salary annualization costs.

A reduction was anticipated in the supplies and services budget despite increases planned in parental mileage reimbursement and the need to support the search for a new superintendent.

Proposed changes in expenditure categories are shown in the following table:

<u>FY 1987 Budgeted Expenditures</u> (000s Omitted)					
<u>Expenditure Category</u>	<u>FY 1986 Original Budget</u>	<u>FY 1986 Revised Budget</u>	<u>FY 1987 Proposed Budget</u>	<u>% Change from FY 1986 Original Budget</u>	<u>% Change from FY 1986 Revised Budget</u>
Salaries and Fringe Benefits	\$4,093	\$3,949	\$4,147	1.34%	5.03%
Fuel and Purchased Electricity	278	227	227	-18.26	0.00
Supplies and Services	622	622	577	-7.26	-7.26
Equipment	29	14	14	-51.71	0.00
Library Books	5	5	5	0.00	0.00
Building Repairs	83	59	59	-28.93	0.00
Debt Service					
<b>TOTAL EXPENDITURES</b>	<b>\$5,110</b>	<b>\$4,877</b>	<b>\$5,030</b>	<b>-1.57%</b>	<b>3.15%</b>

The preliminary budget for FY 1987 included reductions achieved through reallocation and the elimination of a number of positions. Further budget reductions may be possible through the implementation of the board's guidelines for the review of programs and operations at the special schools.

Chapter 270.9 of the Code of Iowa requires that the Board of Regents establish rates annually for personal vehicle use by parents or guardians of ISD students who:

- 1) do not reside in the institution but are transported to the institution on a daily basis, and
- 2) reside in the institution with reimbursement provided for trips from the institution to the residence of the parent or guardian and return to the institution.

Transportation reimbursement under Category (2) was previously limited to not more than 11 trips per year. This limitation was deleted in the 1986 session of the legislature.

It was recommended that the rate for mileage reimbursement be increased from its present 17 cents per mile to be consistent with that paid by the state for state officers or employees driving privately owned motor vehicles on

state business. This rate was set by the 1986 session of the legislature at 21 cents per mile.

Chapter I of the Education Consolidation and Improvement Act provides federal funding to meet the special educational needs of handicapped children. The funds are distributed through the Department of Public Instruction for the support of supplemental educational services. Funding levels are related to enrollments during the current year. Allocations to the Iowa School for the Deaf since 1979-80 are summarized in the following table:

Chapter I Funding: Iowa School for the Deaf

<u>Year</u>	<u>Amount</u>
1979-80	\$191,417
1980-81	176,525
1981-82	173,168
1982-83	163,464
1983-84	155,740
1984-85	151,143
1985-86	122,405
1986-87	93,236 (Preliminary)

Funding levels for Chapter I have declined as a result of both reductions in federal support per pupil and declining enrollments at the Iowa School for the Deaf.

The Iowa School for the Deaf submitted a tentative Chapter I budget providing for the use of the funds for instruction, summer travel, physical therapy services, aides, benefits and audit services. The school's detailed proposal for the use of its Chapter I funds will be submitted with final budgets and must be approved by both the Board of Regents and the Department of Public Instruction.

Business Manager Kuehnhold stated that the Board Office summary accurately depicted the budget. He noted it had been necessary to make adjustments in order to fund the salary increases. He added that the instructional program would not suffer.

MOTION:

Mr. Duchon moved that the board approve the following recommendations: (1) That the Iowa School for the Deaf preliminary operating budget for FY 1987 be approved in the amount of \$5,029,891 with the understanding that a proposed transfer of funds from insurance terminal liability reserves will be reviewed prior to the submission of a final operating budget. (2)



That the board receive the preliminary Chapter I budget of \$93,236 with program descriptions and budget details to be submitted with final operating budgets. (3)  
That the rate of transportation reimbursement for parents or guardians of Iowa School for the Deaf students be increased from 17 to 21 cents per mile for FY 1987. Mr. Greig seconded the motion, and it passed unanimously.

**APPOINTMENT OF SECRETARY AND TREASURER.** The appointment of Melvin Kuehnhold as Secretary-Treasurer of the Iowa School for the Deaf for the fiscal year beginning July 1, 1986, and ending June 30, 1987, was approved as a part of the consent docket.

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

## IOWA BRAILLE AND SIGHT SAVING SCHOOL

The following business pertaining to the Iowa Braille and Sight Saving School was transacted on June 19, 1987.

**REGISTER OF PERSONNEL CHANGES.** The register for the period of April 20 through May 31, 1986, was approved as a part of the consent docket.

**APPOINTMENT OF SECRETARY AND TREASURER.** The appointment of Marshall D. Berry as Secretary-Treasurer of the Iowa Braille and Sight Saving School for the fiscal year beginning July 1, 1986, and ending June 30, 1987, was approved as a part of the consent docket.

**REGISTER OF CAPITAL IMPROVEMENT BUSINESS TRANSACTIONS.** The Board Office recommended approval of the register for the month of June 1986.

Highlights of the register is as follows:

### PROJECT DESCRIPTIONS AND BUDGETS:

#### Drainage Improvements and Cistern Abandonment

Source of Funds: FY 1986 Building Repairs of \$33,227.38  
and capital appropriation balance of  
\$1,772.62 =

Budget \$35,000

This project is the second phase of a program to correct deficiencies in the campus utility system. This project phase will excavate and remove two cisterns and portions of the outdated campus drainage system.

The school requested approval of a project description and budget. The project is an outgrowth of an evaluation of the campus utility system in 1984 by Shive-Hattery Associates. Source of funds for the construction project are balances in this year's building repairs budget and unexpended balance in the Utility Distribution System Repair project appropriated by the 70th General Assembly.

The school requested approval of a consulting agreement with Shive-Hattery Engineers to provide engineering design services on the project. The agreement is on an hourly basis with a maximum fee of \$4,500. In addition, the school requested ratification of the Executive Secretary's award of the construction contract to Bob Helms Grading on this project.

CONSTRUCTION CONTRACTS:

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

Drainage Improvement and Cistern Abandonment

Award to: Bob Helms Grading, Garrison, Iowa

Base Bid of \$12,147, plus Alt. #1 of \$5,231.80, plus

Alt. #2 of \$2,700.72, plus Alt. #3 of \$6,518.66 =

TOTAL AWARD OF:

\$26,598.18

(2 bids received)

The project was publicly advertised, and bids were received on May 22, 1986. One of the bids received did not include any bid security. Regent policy requires receipt of bid security in the form of a bid bond or certified check with the submittal of a bid on a construction project. As a result, the bid was not opened or read aloud.

The remaining bid was from Bob Helms Grading, Garrison, Iowa. His bid was within budget; and, after evaluating the bid, the consulting engineers recommended acceptance of the single bid. The Executive Secretary acting on the request of the school awarded the contract on June 3, 1986, to Bob Helms Grading.

FINAL REPORTS:

The school presented the final report on the following project.

Utility Distribution System--Phase I

This project, approved by the board in January, 1985, was the first phase of a program to correct deficiencies in the campus utility system. Shive-Hattery and Associates were consulting engineers on the project. The 1984 General Assembly appropriated \$25,000 to prepare the utility master plan and to correct the most urgent utility system problems. The project repaired the utility steam tunnels from the main building and along the oval drive to prevent water infiltration and continued deterioration. The balance of \$1,772 from this project is being used to pay a portion of the engineering fee on the Drainage Improvement and Cistern Abandonment Project discussed above. This is within the scope of the original appropriation.

MOTION:

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

**LEASE RENEWALS.** The Board Office recommended that the board approve the facilities use agreements for the benefit of the Iowa Braille and Saving School with tenants, as follows:

(a) Kirkwood Community College for the use of approximately 1,925 square feet of space on the first floor of the Old Hospital Building for the period September 1, 1986, to and including June 30, 1987, for a fee of \$3,048.00 for the 10-month period; and

(b) Happy Time Child Development Center for the use of approximately 2,604 square feet of space in the IBSSS cottage for the period from August 31, 1986, to and including June 6, 1987, for a fee of \$2,562.36 for the period, plus meals; and

(c) Benton County Extension Office, Iowa State University Cooperative Extension Service, for the purpose of approximately 1,706 square feet of space on the ground floor, east wing, of Palmer Hall, plus one restroom, for the period September 1, 1986, to and including June 30, 1987, for a fee of \$3,198.80 for the 10-month period.

Each of the agreements represents a renewal of an arrangement between the specific user and the board for the benefit of the Iowa Braille and Sight Saving School. In each case the use of the space/facility will not interfere with the school's regular programs, and the space to be used would otherwise be vacant.

Kirkwood Community College will use the space in the Old Hospital Building for office and classroom space for the academic and pre-career instruction of youth and adults who have not completed high school. Off-street parking will be provided by the school. The space will be used from 8 a.m. to 9 p.m., Monday through Friday, for every week. Because of the college's increased program needs, IBSSS is permitting the space available to the college to be used for one ore day than previously was available and for two more hours per day. The rate has remained the same, \$1.90 per square foot per year, as was established in FY 1984.

The Happy Time Child Development Center will have the use of the major portion of the east and center sections, first floor, of the cottage. The space includes three open classrooms, a kitchen, dining room, small office, and bathroom. The kitchen may be used for minimal food preparation but not for meal preparation. Meals will be provided by IBSSS for both children and adults at the center at a cost of \$1.50 per each on days both the center and IBSSS are in operation. A fee of \$2,562.36 for the use of the facility, in addition, to the meal charges, will be paid in four installments, as follows: September 30, \$307.48; December 31, \$845.58; March 31, \$845.58; and May 31, \$563.72. The fee for rental and meals represented no increase over the fee

established for FY 1985. IBSSS reported the center was licensed by the state to provide day care.

The Benton County Extension Office will have the use of approximately 1,706 square feet of space on the ground floor, east wing of Palmer Hall and the use of off-street parking for Extension Office employees. The Extension will use the space for offices and meeting rooms from 8 a.m. to 5 p.m., Monday through Friday, 12 months per year. The Extension Office will accept the space with minimal heat when IBSSS is not in session. The fee is calculated on the basis of \$2.25 per square foot per year and represented no increase over the fee established in FY 1985. The liability insurance carried by Iowa State University Extension Service for all of its extension offices has been determined to be adequate to protect the liability interests of IBSSS, its employees, and the board.

The leases with Kirkwood Community College and the Benton County Extension Office contain clauses which indicate the leases will be offered next year on a fiscal year basis. The Board Office recommended that a clause be added to the statement describing the fiscal year lease for FY 1988 to show that such a lease is not assured.

The Board Office also observed that it was unusual that the lease with Kirkwood Community College can provide for Kirkwood to use the facility for 48 percent more time than last year with no increase in the school's cost providing the facility.

The Board Office is in the process of reviewing facilities at Vinton; and, as a part of the review, all leases will be reviewed in terms of the amount of space to be maintained by the state. Future may need to recover for the school more than the cost of providing services and utilities for the space leased.

Only the Kirkwood lease contained a clause that would permit the board to terminate the lease on 30-days' notice. Therefore, the board would be bound to make the space available to Happy Times Child Development Center and the Benton County Extension Office throughout the FY 1987 lease period.

**MOTION:**

Mr. Greig moved that the board approve the leases as follows and add the clause that each could be terminated on 30-days' notice:  
(a) Kirkwood Community College for the use of approximately 1,925 square feet of space on the first floor of the Old Hospital Building for the period September 1, 1986, to and including June 30, 1987, for a fee of \$3,048.00 for the 10-month period; and (b) Happy Time Child Development Center for the use of approximately 2,604 square feet of

IOWA BRAILLE AND SIGHT SAVING SCHOOL  
June 19, 1986

space in the IBSSS cottage for the period from August 31, 1986, to and including June 6, 1987, for a fee of \$2,562.36 for the period, plus meals; and (c) Benton County Extension Office, Iowa State University Cooperative Extension Service, for the purpose of approximately 1,706 square feet of space on the ground floor, east wing, of Palmer Hall, plus one restroom, for the period September 1, 1986, to and including June 30, 1987, for a fee of \$3,198.80 for the 10-month period. Dr. Harris seconded the motion, and upon the roll being called, the following voted:  
AYE: Duchen, Greig, Harris, McDonald, Murphy, Tyler, VanEkeren.  
NAY: None.  
ABSENT: Anderson, VanGilst.

**PRELIMINARY BUDGET FOR FY 1987.** The Board Office made the following recommendations:

1. That the Iowa Braille and Sight Saving preliminary general program operating budget of \$2,888,652 be approved.
2. That the school provide an oral report to the board on reorganization and reallocations completed or planned to accommodate FY 1986 and FY 1987 budget reductions.
3. That the board receive the preliminary Chapter I budget for FY 1987 of \$37,522.
4. That the personal vehicle transportation reimbursement rate for parents or guardians of Iowa Braille and Sight Saving School students be increased from 17 to 21 cents per mile for FY 1987.

The preliminary operating budget for the Iowa Braille and Sight Saving School FY 1987 was \$2,888,652. It represented a decrease of 0.4 percent from the original approved FY 1986 budget and an increase of 3.6 percent over the revised FY 1986 budget level.

Reductions in the FY 1986 operating budget were necessary as a result of the mandatory 3.85 percent reversion in state appropriations. Reductions were made in salaries, fuel and purchased electricity, supplies and services, library books and building repairs. Substantial savings were achieved in the fuel and purchased electricity category as the result of recent energy conservation projects. Continued savings are expected in this area.

IOWA BRAILLE AND SIGHT SAVING SCHOOL  
June 19, 1986

The equipment budget for FY 1986 was increased and included the purchase of a replacement vehicle, recently delivered.

The proposed FY 1987 budget provided for average faculty salary increases of 6.06 percent and average professional and scientific staff salary increases of 5.5 percent.

The school plans a staff reduction of 6.39 FTE and additional internal allocations in order to provide funding for salary increases.

In April 1986 the board approved a process for the review of programs and operations at the Iowa Braille and Sight Saving School and the Iowa School for the Deaf. The institutions and the Board Office have been directed to work cooperatively in the implementation of the board's procedures. These included reviews of any vacancy prior to the filling of positions as well as the approval of any expenditures for equipment, building repairs or remodeling. The board also requested that organizational structure, staffing and facilities plans be prepared and submitted to the board in the fall with budget requests for FY 1988.

The Iowa Braille and Sight Saving School submitted a preliminary proposal for the use of \$37,522 in Chapter I funds which provided supplemental educational services for handicapped children. This proposal should be reviewed with the Board Office and the board president prior to the preparation of final budgets.

State appropriations represented over 95 percent of the total operating budget for the Iowa Braille and Sight Saving School and were estimated to decrease by 0.4 percent compared to the original FY 1986 budget and to increase by 3.8 percent compared to the revised FY 1986 appropriation level. All of the increases were in salary adjustment funds. General fund appropriations support for FY 1987 was reduced by \$30,050 from the revised FY 1986 level, with \$27,440 of the reduction reportedly made in order to increase appropriations for the Commission for the Blind. The remaining \$2,610 represented reductions imposed in view of reduced gasoline prices. The Iowa Braille and Sight Saving School and the Iowa School for the Deaf were not authorized to share in the distribution of the supplemental salary increase approved by the legislature for FY 1987.

No changes were projected for institutional income which includes federal funds (milk and lunch programs), sales and services (sale of resource materials) and other income (investment income). The following table summarizes projected income sources for FY 1987:

IOWA BRAILLE AND SIGHT SAVING SCHOOL  
June 19, 1986

FY 1987 Income Projections  
(000s Omitted)

<u>Income Category</u>	<u>FY 1986 Original Budget</u>	<u>FY 1986 Revised Budget</u>	<u>FY 1987 Proposed Budget</u>	<u>% Change from FY 1986 Original Budget</u>	<u>% Change from FY 1986 Revised Budget</u>
Federal Funds	\$ 35	\$ 35	\$ 35	0.00%	0.00%
Sales and Services	84	84	84	0.00	0.00
Other Income	11	11	11	0.00	0.00
Appropriations	2,769	2,659	2,759	-0.38	3.77
<b>TOTAL INCOME</b>	<b>\$2,899</b>	<b>\$2,789</b>	<b>\$2,889</b>	<b>-0.36%</b>	<b>3.59%</b>

Salary increases for faculty were in accordance with the faculty salary schedule previously approved by the board and represent average faculty salary increases of 6.06 percent. Professional and scientific salaries were increased by an average of 5.5 percent based on a schedule in which the minimum and maximum salaries of each range were increased by 5.5 percent. General service salaries were reported to be in accordance with the Regents' merit system and collective bargaining agreements.

The school reported that a total staff reduction of 6.39 FTE would be accomplished in FY 1987. The positions to be deleted included a librarian, an orientation/mobility instructor, an audiovisual technician and a custodian. A work experience coordinator position was proposed to be funded under Chapter I.

Despite reductions in the number of positions, further internal reallocations were also necessary in order to support salary increases and salary annualization costs. The school proposed to reduce its budgets for equipment and building repairs below the level of the revised FY 1986 budget. It was expected that fuel and purchased electricity expenditures have stabilized although increases could be required in the event of an unusually severe winter. In the supplies and services category, a recommended increase in parental mileage reimbursement rates would require an additional cost of approximately \$2,200 and must be offset by reductions in other supplies and services expenditures.

Changes in expenditure categories are summarized in the following table:



IOWA BRAILLE AND SIGHT SAVING SCHOOL  
June 19, 1986

FY 1987 Budgeted Expenditures  
(000s Omitted)

<u>Expenditure Category</u>	<u>FY 1986 Orig. Budget</u>	<u>FY 1986 Revised Budget</u>	<u>FY 1987 Proposed Budget</u>	<u>% Change from FY 1986 Original Budget</u>	<u>% Change from FY 1986 Revised Budget</u>
Salaries and Fringe Benefits	\$2,319	\$2,223	\$2,360	1.80%	6.18%
Fuel and Purchased Electricity	164	150	150	-8.26	0.00
Supplies and Services	303	297	297	-2.01	0.00
Equipment	35	45	35	-1.22	-22.22
Library Books	5	3	3	-41.97	0.00
Building Repairs	74	71	44	-40.68	-38.50
<b>TOTAL EXPENDITURES</b>	<b>\$2,899</b>	<b>\$2,789</b>	<b>\$2,889</b>	<b>-0.36%</b>	<b>3.59%</b>

The school has already made some budget reductions in order to accommodate reductions in state appropriations. Additional in-year reductions may be possible as part of the review of programs and operations directed by the board in April.

Chapter 270.9 of the Code of Iowa requires that the Board of Regents establish rates annually for personal vehicle use by parents or guardians of the Iowa Braille and Sight Saving School students who:

- 1) do not reside in the institution but are transported to the institution on a daily basis, and
- 2) reside in the institution with reimbursement provided for trips from the institution to the residence of the parent or guardian and return to the institution.

Transportation reimbursement under Category (2) was previously limited to not more than 11 trips per year. This limitation was deleted in the 1986 session of the legislature.

It was recommended that the rate for mileage reimbursement be increased from its current 17 cents per mile to be consistent with that paid by the state for state officers or employees driving privately owned motor vehicles on

IOWA BRAILLE AND SIGHT SAVING SCHOOL  
June 19, 1986

state business. This rate was set by the 1986 session of the legislature at 21 cents per mile.

Chapter I of the Education Consolidation and Improvement Act provides federal funding to meet the special educational needs of handicapped children. The funds are distributed through the Department of Public Instruction for the support of supplemental educational services. Funding levels are related to enrollments during the current year. Allocations to the Iowa Braille and Sight Saving School since 1981-82 are summarized in the following table:

Chapter I Funding: Iowa Braille and Sight Saving School

<u>Year</u>	<u>Amount</u>
1981-82	\$ 50,400
1982-83	54,703
1983-84	43,629
1984-85	42,229
1985-86	39,584
1986-87	37,522 (Preliminary)

Funding levels for Chapter I have declined as a result of both reductions in federal support per pupil and declining enrollments at the Iowa Braille and Sight Saving School.

In its preliminary budget for the use of Chapter I funds, the Iowa Braille and Sight Saving School proposed funding positions for a work experience instructor and a preschool teacher/consultant. It was reported that programs previously funded by Chapter I including the staffing of a simulated group home, parent education and staff development, would be absorbed within the general operating budget.

The school has for three years conducted its community-based work experience program as part of a Vocational Educational program using existing personnel to supervise students and coordinate activities. It was proposed that one certified instructor be added using Chapter I funds. The preschool teacher/consultant position proposed would develop preschool programs at the school and would serve as a consultant for preschool teachers for visually impaired students in public schools throughout the state.

A more detailed program proposal and budget for Chapter I funds will be submitted in July with final operating budgets. The programs proposed, and the incorporation into the general fund budget of programs previously funded by Chapter I will be thoroughly reviewed with the Board Office and the board president before July. No recruiting should take place prior to approval of the program proposals. The program proposal must be approved by both the Board of Regents and the Department of Public Instruction.

IOWA BRAILLE AND SIGHT SAVING SCHOOL  
June 19, 1986

Regent Murphy asked the purpose of Recommendation #2.

Mr. Richey explained that its purpose was to have the institution indicate the programmatic changes it was anticipating through reallocation.

Regent Murphy stated she assumed there were no problems since the reports the board was getting were rather brief.

Business Manager Berry stated the narrative prepared by IBSSS and included in the docket presented a summary of the adjustments being made. He said they were reducing the FTE by 6 which may affect many people in order to fund the salary increases. He indicated they were about on par with last year in nonsalary areas. He said that inflation would be absorbed through the supply budget through reduction in quantities. He noted that there would be good sound educational programs regardless of the budget adjustments.

Regent Duchen asked about the cost of health care.

Superintendent DeMott stated that he did not have figure right at hand but would provide it to Regent Duchen.

Business Manager Berry stated those costs would be identified in the detailed budget.

MOTION:

Mrs. Murphy moved that the board approve the following recommendations: (1) That the Iowa Braille and Sight Saving preliminary general program operating budget of \$2,888,652 be approved. (2) That the board receive the preliminary Chapter I budget for FY 1987 of \$37,522. (3) That the personal vehicle transportation reimbursement rate for parents or guardians of Iowa Braille and Sight Saving School students be increased from 17 to 21 cents per mile for FY 1987. Mr. Duchen seconded the motion, and it passed unanimously.

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

IOWA BRAILLE AND SIGHT SAVING SCHOOL  
June 19, 1986

**ADJOURNMENT.** The meeting of the State Board of Regents adjourned at 11:45  
a.m. on Thursday, June 19, 1986.



R. Wayne Richey  
Executive Secretary