

The State Board of Regents at Iowa State University, Ames, Iowa, on Wednesday, May 21, 1986. The following were in attendance.

Members of the State Board of Regents

Mr. McDonald, President	All sessions
Mrs. Anderson	All sessions
Mr. Duchen	All sessions
Mr. Greig	All sessions
Dr. Harris	All sessions
Mrs. Murphy	All sessions
Mr. Tyler	All sessions
Miss Van Ekeren	All sessions
Mr. Van Gilst	All sessions

Office of the State Board of Regents

Executive Secretary Richey	All sessions
Director Barak	All sessions
Director True	All sessions
Director Volm	All sessions
Director Wright	All sessions
Assoc. Dir. Runner	All sessions
Asst. Dir. Peters	All sessions
Ms. Lodge, Secretary	All sessions

State University of Iowa

President Freedman	Exc. 4:30
Vice President Ellis	Exc. 4:30
Vice President Remington	Exc. 4:30
Associate Vice President Small	Exc. 4:30
Assistant to President Mears	Exc. 4:30
Director Stork	Exc. 4:30
Director Bauer	Exc. 4:30
Director Cargile	Exc. 4:30

Iowa State University

President Parks	Exc. 5:25
Vice President Christensen	Exc. 5:25
Vice President Madden	Exc. 5:25
Vice President Moore	Exc. 5:25
Assistant to President Crawford	Exc. 5:25
Director Lendt	Exc. 5:25

University of Northern Iowa

President Curris	Exc. 4:50
Provost Martin	Exc. 4:50
Vice President Conner	Exc. 4:50
Director Kelly	Exc. 4:50
Director Stinchfield	Exc. 4:50

Iowa School for the Deaf

Superintendent Giangreco	Exc. 4:03
Business Manager Kuehnhold	Exc. 4:03

Iowa Braille and Sight Saving School

Superintendent DeMott	Exc. 4:05
Business Manager Berry	Exc. 4:05

## GENERAL

The following business pertaining to general or miscellaneous business was transacted on Wednesday, May 21, 1986.

**LONG-RANGE ACADEMIC PLANNING SEMINAR.** The board received the second installment of the University of Iowa long-range planning report on the morning and afternoon of May 21.

**APPROVAL OF MINUTES.** The minutes of the April 23-24, 1986, meeting were approved by general consent.

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

**ACTION:** President McDonald stated that the consent docket was approved by general consent.

**INTERINSTITUTIONAL COMMITTEE ON EDUCATIONAL COORDINATION.** a(1). Post-Audit Reports - Bachelor of Science, Surveying Engineering, Iowa State University. The Board Office recommended the board receive the report and approve continuation of the program.

In 1980 the university proposed that the existing Surveying and Mapping program administered by its Department of Industrial Engineering be converted to a surveying curriculum administered by the Department of Civil Engineering. Upon implementation of the proposed surveying curriculum, the existing Surveying and Mapping program was dropped.

The new curriculum was designed for students who desire the broadly based knowledge needed for a modern career in surveying and mapping. Graduates of this curriculum would find employment opportunities with consulting firms involved in land surveying, control surveying, and in aerial surveying and mapping.

On the basis of the post-audit report, it appeared that the program was meeting these expectations. However, there were two problem areas. First, it appeared that one problem area was the low enrollment in the program relative to that projected at the time that the program was proposed. It was estimated, for example, that the 1985-86 undergraduate majors in the program would number 105. The actual majors in the program for 1985-86 appeared to have been 27.

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A second problem area had been in the area of additional resource needs. At the time that the program was proposed, the university indicated that this proposal was based on a conversion of an existing undergraduate program in surveying and mapping to a new undergraduate curriculum in surveying. Staffing and other basic resources were already available for the existing program. The university also stated that the major purpose of the proposal was not to request money for a new program, but rather to improve the administration of the converted program to improve the image of surveying as a career, to attract more students into the program, and to progress more rapidly toward satisfying surveying education needs in Iowa. The request went on to say that the surveying curriculum should be allocated a fair share of the departmental and engineering college budgets based on justifiable needs of the curriculum. It was also noted that in seeking accreditation for the program, there may be a need for additional resources. However, the university concluded its proposal for this program by indicating that "it seems inappropriate to estimate or request increases in expenditures above normal salary increases and inflation rates at this time." The post-audit report indicates that over \$12,000 was spent in the last two years and an additional \$18,680 in the current year. In addition, it is estimated that an additional \$36,000 will be needed in the next two years.

While the accreditation for the program and the success in passing the exams and finding employment are positive aspects, it appeared that enrollments and costs are somewhat out of line with those projected when the program was initially proposed. It was requested that the university provide a follow-up report that explains the reasons for these deviations from that originally proposed.

Vice President Christensen addressed the concerns relating to enrollment and costs in the Bachelor of Science in Surveying Engineering degree program. He stated that it was originally hoped that 105 students would be enrolled in the program in the 1985-86 year. The actual number of students currently enrolled in the program is only 35. The university hopes to raise the enrollment figure to 60 within the next two years.

In regard to program costs, Christensen explained to the board that the funds requested for the program were not additional funds, but rather a reallocation of funds from the Department of Civil Engineering.

MOTION:

Mr. Duchon moved that the board approve the actions as recommended concerning the Post-Audit Report on the Bachelor of Science degree in Surveying Engineering at Iowa State University. Mrs. Anderson seconded the motion, and it passed unanimously.

a(2). Post-Audit Report - Bachelor of Fine Arts, Iowa State University. The Board Office recommended the board receive the report and approve continuation of the program.

The Bachelor of Fine Arts degree, major in the Department of Art and Design, at Iowa State University, was approved by the board in 1980. The Bachelor of Fine Arts, according to the university, was identified nationally as the undergraduate professional degree for students preparing to enter design careers, a major focus of the Department of Art and Design. The addition of this degree to the department program was proposed to help students better meet their educational needs in the following ways:

1. Provide a clearly identified professional degree, with national identity, to assist students in entering graduate school or a design profession.
2. Provide a degree program that allows the student to develop a greater concentration in the areas of art and design.
3. Provide, at least in some areas, clear alternatives between professional and nonprofessional programs of study. The Bachelor of Fine Arts degree allowed the department to modify its existing Bachelor of Arts degree program in crafts, so that it has more flexibility, general education credits, and electives. The Bachelor of Fine Arts degree with a concentration in crafts would allow the students with specific professional goals in this area to pursue them in more depth.

It appeared on the basis of the post-audit report that all of these needs are being met by the Bachelor of Fine Arts degree. Enrollments in the program have exceeded those estimated when the program was proposed. Although the responses to the Regents post-audit questions were in some instances incomplete, it appeared that the graduates of the program have been successful in obtaining employment in the field.

The expenditures for the department were in line with those projected at the time that the program was proposed. The program, however, requested two additional tenure track positions for 1986-87. In a long-range plan, the department proposed the addition of seven new positions by 1991. University of Iowa Vice President Remington expressed his belief that this expansion would be worthwhile for the program.

MOTION:

Mr. Van Gilst moved that the board approve the actions as recommended concerning the Post-Audit Report on the Bachelor of Fine Arts Degree at Iowa State University. Mr. Greig seconded the motion, and it passed unanimously.

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**ACCREDITATION REPORTS.** a(1). Accreditation of Teacher Preparation Programs in the University of Iowa College of Education by the National Council for Accreditation of Teacher Education (NCATE). The Board Office recommended that the board receive the accreditation report for the University of Iowa College of Education.

The University of Iowa received a notification by the National Council for Accreditation of Teacher Education that it has had approved for accreditation all education personnel programs submitted for NCATE review by the University of Iowa through September 1, 1993.

However, the accreditation report also included three areas of weakness in the University of Iowa program. These are as follows:

2.3.1--The science education course for elementary education majors does not address the content needs of prospective teachers at that level.

3.1--Composition of the faculty does not reflect diversity nor rich and varied backgrounds appropriate to the programs offered.

5.1/G-5.1--The physical facilities of the psychology library, which house about half of the education materials, are antiquated and somewhat cramped.

Vice President Remington stated the university was pleased with receiving accreditation and all three areas of weakness were being addressed. He stated the board would see more comments such as 3.1 and 5.1 due to budget constraints.

MOTION:

Miss Van Ekeren moved that the board receive the report on the accreditation of teacher preparation programs in the University of Iowa College of Education. Mrs. Anderson seconded the motion, and it passed unanimously.

a(2). Accreditation of the Baccalaureate Degree Program in Leisure Studies. The Board Office recommended that the board receive the accreditation report on the Leisure Studies degree program at Iowa State University.

Iowa State University was notified that the Council on Accreditation sponsored by the National Recreation and Park Association had accredited the Baccalaureate program in Leisure Studies at Iowa State University for a period of five years, beginning April 8, 1986.

In taking this action, the council did express two concerns, which are offered in the form of recommendations to Iowa State University. The two concerns noted were:

1. We recommend that the Leisure Studies faculty be encouraged to increase its creative and scholarly activity and that the institution provide the support necessary to assist them in that endeavor.
2. We recommend that action be taken to assure that there is administrative support and supervision of the program and its students during the summer session.

Vice President Christensen stated that these problems are being addressed by the faculty.

**MOTION:**

Mr. Van Gilst moved that the board receive the report on the accreditation of the baccalaureate degree program in Leisure Studies at Iowa State University. Mr. Duchon seconded the motion, and it passed unanimously.

**APPROVAL OF STUDENT TEACHING CONTRACT FORMS FOR 1986-87.** The contracts were approved as part of the consent docket,

The student teaching contract forms presented were identical to those approved for the 1985-86 year. The University of Iowa also submitted the contract form for licensed daycare/preschool. The differences in the forms were references to protection provided for student teachers.

**MEETING OF IOWA COORDINATING COUNCIL FOR POST-HIGH SCHOOL EDUCATION.** The Board Office recommended that the board receive the report on the meeting of the Iowa Coordinating Council for Post-High School Education.

The May 6, 1986, meeting of the Iowa Coordinating Council for Post-High School Education took place at Kirkwood Community College in Cedar Rapids. Regents Anderson and Van Gilst were present at this meeting as well as Director Barak. Below is a brief summary of the highlights of that meeting.

Summer Institute for Teachers. The council heard a report on the Summer Institute Program in which it was noted that the lottery funds which provide the budget for the Summer Institute Program, is estimated to generate only about \$150,000 by the end of the fiscal year. Approximately \$500,000 worth of summer institutes are under way. It was the council's understanding, however, that the Legislature would provide funding from other parts of the lottery funds to provide a total of \$500,000 for this year's programming. It was suggested that the council consider the possibility of alternative funding approaches for subsequent years of the Summer Institute Programs to make it financially easier for the institutions offering the programs.

Election of Officers. The Nominating Committee nominated Norm Nielsen, Superintendent of Kirkwood Community College, as chair for the 1986-87 year. Other officers of the council that were nominated include James Freedman, Vice-Chair; Charles Moench, Minutes Secretary; James Hartung, Treasurer; and Robert J. Barak, Permanent Secretary. The nominations were unanimously approved by the council. The terms of the new officers begin September 1, 1986.

Procedure for Resolving Program Disputes. The Coordinating Council heard an update on the status of the proposed procedure for resolving program disputes. The council was told that the Board of Regents referred this matter to the Interinstitutional Committee on Educational Coordination for review and recommendation. It was also noted that the committee may recommend an alternative to the proposed procedure. It was reported that the community college superintendents had approved of the proposed procedure at their last meeting. The private colleges have not yet taken a position on the proposed procedure.

Pell Grant Reductions. The Coordinating Council had an extended discussion regarding the various real and proposed cutbacks in federal funding for higher education. It was suggested that the educational community take a more active role with respect to articulating the importance of full funding for higher education. The council last month had instructed the chair to write to the congressional delegation regarding need for full funding of the Pell Grant program.

Academic Preparation for Postsecondary Education. The Coordinating Council heard a report from Juliet Kaufmann, from the University of Iowa, and John Martin, from the Department of Public Instruction, regarding the academic preparation of high school students for postsecondary education. Following the presentation there was considerable discussion regarding such topics as the increased percentage of high school dropouts, the difficulties with many of the smaller school districts providing adequate courses for both advanced students and students not preparing for a college career, and the need for better communication regarding the vertical articulation (i.e., communications between elementary/secondary education and higher education regarding the preparation of students).

Kirkwood Telecommunication Center. The meeting was followed by a tour of the Kirkwood Telecommunication Center and a brief presentation regarding the various activities of the center. Exhibit A is a chart showing the various activities of the Kirkwood Telecommunication System.

Regent Van Gilst mentioned how impressed he was by the tour of the Telecommunications Center at Kirkwood Community College and the educational opportunities it offered for the state of Iowa through the media of television. Regent Anderson expressed her amazement at how much was being done at Kirkwood with their Telecommunications Center.

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Regent Anderson stated that the discussion by the council concerning academic preparation for postsecondary education was interesting, especially in the light of the discussions at the University of Iowa Academic Planning Seminar. She noted that there was a great discrepancy for preparation of students coming from different high schools, and the policy of taking the top half of the class does result in differences in preparations. She stated that a recent newspaper article said that ACT scores were the same from large school districts as from smaller districts. She said the report the council had reviewed indicated that there were differences in the large and small systems, which referred back to remark made by Vice President Remington during the academic planning seminar about the need for elementary level courses at the universities.

Regent Murphy asked if the ACT scores were the same in the top one-half from both the large and small schools.

Regent Anderson said the universities had to take all of the top half regardless of ACT scores.

Vice President Christensen stated that he had also attended the meeting. He said they did not discuss ACT scores but did discuss the preparation of students coming to the university in math, science and foreign language. He indicated the answer was clear that in the small schools, the students were not as well prepared in those areas.

**ACTION:** President McDonald stated that the report on the Iowa Coordinating Council for Post-High School Education was received by general consent.

**ECONOMIC DEVELOPMENT MEETING.** The Board Office recommended that the board receive the report on the Economic Development Meeting held on April 30, 1986, and ask the universities to provide the board, by early fall, with proposals regarding additional action proposed by the universities to implement relationships with business and industries designed to assist in the economic development of the state of Iowa.

The Regents' meeting for Business/Universities Relationships for Economic Development was held on April 30, 1986, at the Des Moines Marriott. The session began at 10:30 a.m. with a welcome from the president of the State Board of Regents, John McDonald.

President McDonald stated that the purpose of the meeting was to bring together representatives from business, industry, labor, government and regent universities to find ways of extending the many business and industry related activities already taking place at regent universities to new forms of cooperative endeavors. McDonald conveyed the hope that the meeting would

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yield a set of recommendations regarding the expansion of business and industry relationships with the regent universities to contribute to the economic development of Iowa.

Governor Branstad's opening comments reflected his commitment to make economic development top priority in the state of Iowa. The governor stated that the significant action taking place on campus - small business incubators, research parks, etc. - must be transferred into jobs in this state by initiating partnerships with private businesses. The governor supported the Board of Regents in taking the initiative to ascertain how universities could play a key role in strengthening economic development and growth for the future of Iowa.

President McDonald closed the meeting by thanking the participants for a difficult but profitable day. It was the general consensus to view this meeting as a beginning of stronger university and business relationships.

It was recommended that the universities, either through existing committee structures, or through an ad hoc committee structure, review each of the seven potential university/business ventures and report back to the board in July regarding specific recommendations to the board for implementation. The seven potential university/business ventures are as follows:

1. The establishment of a university and business partnership to develop programs related to food processing.
2. A plan to take raw materials found in Iowa to a higher level of marketable product - the "value added" concept.
3. More attention given to international marketing of products, using Iowa graduates from foreign countries to help "open doors."
4. University-assisted effort to generate more venture capital for use by Iowa companies.
5. A catalog of opportunities for business within the universities.
6. An exchange program using university personnel in business and business personnel in the universities.
7. Formalization of relationships between universities and industries so that each can have a better understanding of what the other now has to offer, and what partnership arrangements are now in place, before developing new ones.

It was also recommended that the universities provide the board, by early fall, with proposals regarding action taken by the universities to implement

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relationships with business and industries that are designed to assist in the economic development of the state of Iowa.

President McDonald reported that he felt this was a very congenial and productive meeting and asked the universities to follow up on the previous recommendations.

Regent Tyler felt that it was an excellent meeting, and expressed his belief that it should be an ongoing program. President McDonald agreed that it would be well to pursue. Regent Harris suggested having the meeting at different locations throughout the state.

**MOTION:** Regent Tyler moved that the board approve the actions as recommended. Regent Greig seconded the motion, and it passed unanimously.

**MEETING OF THE IOWA COLLEGE AID COMMISSION.** The Board Office recommended that the board receive the report on the meeting of the Iowa College Aid Commission.

The Iowa College Aid Commission held its monthly meeting on May 13. It received the resignation of Mr. James Shay, executive director of the commission. Mr. Gary Nichols was appointed acting executive director.

Mr. Richey stated that the major item on the agenda related to the adoption of rules establishing policies and procedures to determine the eligibility of institutions to receive students who are awarded Iowa tuition grant funds. An institution accredited by the North Central Association of Colleges, a candidate for such accreditation, or one certified by the association as giving satisfactory assurance that it has the potential for accreditation and is making progress toward it, is automatically eligible for students utilizing the tuition grants. Schools of nursing accredited by the National League for Nursing or approved by the Board of Nurse Examiners are also eligible for the program. Unaccredited institutions are required by state to provide three letters from Iowa institutions accredited by the North Central Association. The thrust of the rules is to determine the requirements for such letters. He noted that the committee was given technical assistance by Dr. Jack Wielenga and Dr. Robert Leahy of the University of Northern Iowa. Dr. Wielenga is Director of Admissions and Dr. Leahy is Registrar. The assistance was essential to the quality of the finished product and indicated that the Regents do have an outreach and influence on state policy, which was quite gratifying. The rules were adopted unanimously by the commission.

**ACTION:** President McDonald stated that the report of the meeting of the Iowa College Aid Commission was received by general consent.

**LEGISLATIVE REPORT.** The 1986 session of the legislature adjourned on May 2, 1986. Final action on a number of significant bills was taken only in the last few days of the session. The Board Office will continue its review of bills of particular interest to the Regents as the final versions are printed and sent to the Governor. The Governor has 30 days to take action after the bills are sent to him.

Mr. Richey noted that many of the pieces of legislation that did pass have not been printed into the enrolled bill form which is sent to the Governor for final review and signature.

State Government Reorganization (Senate File 2175)

The conference committee report on the state government reorganization bill (Senate File 2175) was accepted by the House and Senate and the bill is expected to be signed by the Governor. Provisions which have been of particular concern to the Regents include the following:

a. Affirmative Action/Equal Employment Opportunity

The House amendments to the original Senate bill had placed responsibility for affirmative action and equal employment opportunity under the State Department of Personnel. These proposals generated considerable concern with potential intrusion into academic personnel matters. The conference committee report, like the original Senate Bill, excluded the State Board of Regents and the institutions under its jurisdiction from the administrative responsibility of the Department of Personnel for equal opportunity and affirmative action programs. The conference committee report detailed the responsibilities of the Board of Regents in the administration and promotion of equal opportunity and affirmative action efforts in the recruitment, appointment, assignment and advancement of personnel by the board and the institutions under its jurisdiction.

The conference report also required that each agency, including the State Board of Regents and its institutions, to prepare an affirmative action plan. Institutions under the jurisdiction of the Board of Regents are to submit their plans to the board between December 15 and December 31 each year. Other agencies are to submit their plans to the Department of Personnel. The Board of Regents is to submit an annual report of the affirmative action accomplishments of the board and its institutions to the Department of Management by January 31 of each year. The Department of Management may impose sanctions on state agencies, including the State Board of Regents and its institutions to ensure compliance.

Regent Anderson asked by what standards the affirmative action efforts are to be measured and what were the sanctions. Mr. Richey said that the

range of sanctions was not stated in the legislation. He added that he assumed the Department of Management would set the guidelines.

b. Procurement for Targeted Small Businesses

Several earlier proposals had required that five percent of the total Regent procurement of goods and services be set aside for awarding to targeted small businesses.

The conference report required a set-aside to targeted small businesses of at least two percent and a goal of up to 10 percent of the value of the anticipated procurement of goods and services, including construction but not including utility services. Departments and state agencies (including the institutions governed by the State Board of Regents) are to cooperate with the Department of Economic Development and the Department of Management in implementation and review of the small business set-aside program. The Board of Regents is responsible for implementation of its set-aside program.

The conference report also provided that the universities would work jointly with the Departments of Economic Development and Management and the area schools to develop and provide programs to offer in-depth advice and services to targeted small businesses.

c. Bonding Authority

The House amendments would have transferred the responsibility for Regent bonding activities to the Office of the State Treasurer. This transfer of authority would have created a number of problems. The conference report excludes the Board of Regents from the category of bonding authorities for which the treasurer coordinates the issuance of obligations. The conference report does require, however, that the board employ a competitive selection procedure to select and fix the compensation for attorneys, accountants, financial advisors, banks, underwriters, insurers and other employees and agents necessary to carry out the board's intentions in issuing bonds and notes. A discussion of this requirement appears in a following portion of these minutes.

d. Economic Development/CIRAS/Small Business Development Centers

The House amendments had required approval of Regent economic development programs by the Department of Economic Development. The conference report provides for review by the Department of Economic Development of the strategic plans of other state agencies.

The House amendments had also given the Department of Economic Development the authority for the management of the Small Business

Development Centers and the Center for Industrial Research and Service (CIRAS). These provisions have been deleted from the conference report.

e. Historic Preservation

The House amendments had provided that state agencies must enter into agreements with the Department of Cultural Affairs under Chapter 28E to ensure the proper management, maintenance and development of historical sites. The conference committee report excluded the Board of Regents from this provision.

f. Feasibility Study for Department of Higher Education

House amendments had required that the Department of Management conduct a study of the feasibility of creating a Department of Higher Education, including the College Aid Commission, merged area schools, and the State Board of Regents. The conference committee report did not include this stipulation.

g. Libraries

The House amendment gave the State Library Commission the authority to establish and administer standards for state agency libraries, including those of the Board of Regents, the Iowa regional library system, and public libraries. The conference report excludes the libraries of the state institutions of higher education governed by the State Board of Regents.

Appropriations (House File 2484)

A single appropriations bill (House File 2484) for FY 1987 was approved in the last days of the legislative session. The bill has not yet been signed by the Governor and it is possible that some sections may receive line-item vetoes.

The Governor's FY 1987 appropriation recommendations generally maintained the revised FY 1986 appropriation levels. These represented appropriations available after the 3.85 percent reduction in FY 1986. The final legislative action reduces the Governor's recommendations in several areas and provided no money for inflation.

- \* Appropriations for each of the institutions were reduced to reflect lower gasoline prices with a total Regent loss of \$75,761.
- \* Appropriations for the University Hospitals were reduced by \$1.6 million, with \$1.1 million designated for the development and operation of a statewide obstetrical patient care program administered by the Department of Public Health.

- \* The Board Office appropriation was reduced by \$13,374, representing reductions in travel budgets and vehicle depreciation costs. The funds previously deducted for the payment of per diem costs (\$12,758) are expected to be restored by allocation from the Department of Management. The bill also specified that the Board of Regents shall not assess charges to the universities in FY 1987 in excess of those assessed for FY 1986.
- \* Appropriations for the special schools were reduced. According to the Legislative Fiscal Bureau, this was done in order to increase appropriations to the Commission for the Blind and the Vocational Rehabilitation Service. Reductions were \$52,560 at the Iowa School for the Deaf and \$27,440 at the Iowa Braille and Sight Saving School.

The Cooperative Extension Service appropriation level was reduced by \$110,000 with \$90,000 of the reduction designated for the operation of the Rural Concerns Hotline.

The legislative recommendation for tuition replacement appropriations was identical to the Governor's recommendation and would result in a substantial shortfall for FY 1987, unless refunding and debt restructuring can be accomplished.

The appropriation for the State Archaeologist was restored to the University of Iowa's budget. The Livestock Disease appropriation was restored to its statutory level. A new appropriation of \$50,000 was provided for a Hazardous Waste Cleanup Project, administered by the Center for Industrial Research and Service (CIRAS).

The sum of \$2 million was provided to the board for supplemental salary increases for faculty, professional and scientific employees. The bill specifies that the monies shall be allocated to the universities in proportion to the number of FTE faculty at each institution. The special schools are excluded from this distribution.

Regent Greig asked what percentage of the \$2 million for supplemental salary increases was of the total budget. Mr. Richey stated that it was about 0.6 percent across the board.

Final figures for funds allocated by the Comptroller's Office to the Board of Regents for salary adjustments and comparable worth are not definite. It was the understanding of the Board Office, however, that salary adjustment allocations would be reduced by 3.85 percent from the levels previously projected for FY 1987. An additional \$52,000 was expected to be deducted from the total Regent allocation. Comparable worth adjustments are expected to be maintained at their FY 1986 levels with the possible exceptions of the

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University Hospitals and the Psychiatric Hospital. Hospital allocations may be reduced to cover only the appropriations share of salary adjustments.

Regent Van Gilst asked about the appropriations amount for this year and next. Director True explained that the appropriations would amount to almost \$2 million less for next year. The current budget is \$331 million. The budget for next year will be increased to between \$350 million and \$352 million. This includes a difference of \$18 million to \$20 million in salary adjustment funds. This money has not yet been distributed.

Regent Anderson noted that the total budget in actuality would be \$2 million less than last year, excluding salary adjustment funds.

The bill includes intent language that the University Hospitals shall not perform heart, liver, pancreas, artificial heart or heart/lung transplantations on indigent patients unless the patient meets nationally accepted criteria. The bill also specifies that the total amount of state funds expended for such transplantations shall not exceed 0.9 percent of the total state appropriation for indigent care received by the University Hospitals for FY 1987.

The bill provides for partial decentralization of the indigent obstetrical patient care programs, with each county allocated an indigent obstetrical patient quota. Intent language calls for complete decentralization of indigent patient obstetrical care by July 1, 1988. John Colloton has expressed serious concern with this provision. The Board Office has briefed the Governor's staff on this issue and has expressed the reservations of the board with this provision.

Mr. Richey expressed a deep concern over the decentralization of the indigent obstetrical patient care programs in terms of the adverse impact on the medical education program.

A new section of the bill provided that residents of Iowa's sister states--Yamanashi, Japan; Yucatan, Mexico; and Hebei, China--are eligible for resident student status and resident student tuition. The universities have estimated that about 10 students are currently enrolled from these sister states. It is likely, however, that this number could substantially increase and that the future costs of this tuition preference could be high. The universities currently have working arrangements for student exchanges with Iowa's sister states. No other group receives preferential treatment with respect to non-resident tuition.

Mr. Richey indicated that suggestions have been made to veto this language due to the financial consequences that may result.

A further provision of the appropriations bill would severely limit the Board of Regents' authority to issue self-liquidating revenue bonds and would

impede the board's ability to issue debt in a timely way. The language approved by the legislature would require a concurrent resolution of the General Assembly prior to financing and would altogether eliminate many potential projects from self-liquidating bond financing. Removal of the board's authority under Code Section 262.44 would jeopardize the undertaking of projects such as those recently initiated for utility system improvements, the Iowa State University Computation Center and telecommunications systems at Iowa State University and the University of Iowa.

Mr. Richey indicated that veto of this specific language had been requested.

An amendment to the bill changes the date by which goods and services must be received for payment if the payment is to be charged to a given fiscal year. Previously it was necessary that such goods and services be received on or before September 15 following the fiscal year. The amendment requires receipt on or before the last day of the fiscal year. The amendment is retroactive to March 1, 1986. Provisions providing some exceptions are retained.

Other bills of interest to the Regents and passed by the legislature are discussed below:

Senate File 293 - State Fire Service Institute

This bill established a Fire Service Institute at Iowa State University to provide educational and training programs for volunteer, trainee or employed fire fighters throughout the state. The Executive Officer of the Fire Service Institute and the members of a 14-person advisory committee are to be appointed by the president of Iowa State University.

Senate File 2049 - Purchases of American Products

This bill gives preference to the purchase of motor vehicles made in the United States or Canada. It provides that the life-cycle costs of motor vehicles manufactured in the United States or Canada shall be reduced by five percent when being compared with foreign-made motor vehicles. The bill also provides that the state and its political subdivisions shall give preference to Iowa products and businesses if the bids submitted are comparable in price to those of other bidders and if they meet the required specifications. This bill has been signed by the Governor.

Senate File 2242 - Retirement Incentives

This bill, which has been signed by the Governor, established retirement incentives for state employees who are sixty-two years of age and older who indicate by July 31, 1986. Discussion of the retirement incentive program for Regent employees appears elsewhere in these minutes.

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Senate File 2265 - Risk Management

This bill passed very late in the session after numerous amendments. It has been sent to the Governor for signature.

The bill would leave basic risk management authority in the division of risk management, Department of General Services. The statutory language currently signifies that the Board of Regents would share in the management of property and liability risk exposure remains intact. Fundamental changes broaden the division's authority to participate in the risk management problems of political subdivisions. Also, the division is now empowered to self-assume or self-insure fidelity exposures for state officials and employees. A new annual reporting requirement is established for the division that will inform the General Assembly of the scope of coverages, findings, and recommendations.

Senate File 2304 - Appropriation of Federal Block Grants

This bill appropriated federal funds available from block grants in several areas. Funds for Maternal and Child Health Services are appropriated to the State Department of Public Health, with 37 percent of the funds allocated to the University of Iowa Hospitals and Clinics for Mobile and Regional Child Health Specialty Clinics. This allocation for the Mobile and Regional Clinics was specified as \$2,020,449 for the federal fiscal year beginning October 1, 1986. This amount is identical to the funding specified for the current federal fiscal year.

Senate File 2305 - Appropriation of Oil Overcharge Fund

This act is intended to provide for the expenditure of a portion of the \$27 million in funds allocated to Iowa under the court decision in the case of the United States vs. Exxon Corporation. The funds are to be used for one or more of five existing federal energy conservation programs. These programs provide for weatherization of buildings, implementation of state energy conservation programs, institutional conservation programs, promoting conservation by small businesses and individuals, and helping indigent people pay home utility bills.

Mr. Richey stated that the appropriation of oil overcharge would be a small amount, and that specific use of that money was not known because the regulations were not clear.

House File 2164 - Public Policy Research Foundation

This bill creates a Public Policy Research Foundation for the purpose of conducting studies and making recommendations on critical and long-term issues for state government. The Foundation is authorized to establish an endowment fund to assist in the financing of its activities. It is

to have a board of directors of ten members, including one member appointed by the State Board of Regents. The bill has been signed by the Governor.

House File 2412 - Lottery Funds

This bill appropriated \$10 million to be allocated by the Iowa Development Commission for economic development and research purposes at institutions of higher education within the state. It specifies that for FY 1986, the first \$500,000; for FY 1987, the first \$3,750,000; and for each succeeding fiscal year, the first \$4,250,000 shall be allocated to ISU for agricultural biotechnology research and development. For FY 1987 and FY 1988, \$50,000 of the funds allocated to ISU are to be used to develop a program in bio-ethics for research at the university to address socio-economic and environmental implications of biotechnology research.

The bill provided \$250,000 to Iowa State University for a hazardous waste research program and a solar energy conversion program. For FY 1986, \$50,000 of this amount is to be used for a solar energy conversion program. An additional \$100,000 was allocated to Iowa State University for the hazardous waste research program in FY 1987.

For FY 1987, there also was appropriated to Iowa State University \$700,000 in lottery funds for the Small Business Development Centers.

House File 2492 - Compensation for Department Directors

This bill fixed the compensation for department directors and other public officials. Department directors' salaries are specified in three salary ranges. The Executive Secretary of the State Board of Regents is included in range 3, the highest of the three ranges. For FY 1987, range 3 provides for salaries between \$48,000 and \$64,000 per year. Range 2 salaries are to be between \$42,000 and \$55,000 per year; range 1, between \$33,000 and \$44,000.

Mr. Richey noted that the compensation of department directors as it related to the Regents had been a significant issue during the legislative session.

House Concurrent Resolutions 133, 134, 135, and 136

Four concurrent resolutions would authorize the sale of bonds for construction projects and the purchase of equipment. HCR 133 authorizes the issuance of \$5.0 million in academic revenue bonds for the purchase of biotechnology and laser science and engineering equipment at the University of Iowa, biotechnology and microelectronics equipment at Iowa

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State University, and instructional, research and computational equipment at the University of Northern Iowa.

HCR 134 authorized the issuance of \$5.4 million in academic revenue bonds and authorizes the Regents to undertake and carry out Gilman Hall Remodeling - Phase II at Iowa State University. HCR 135 authorized the issuance of \$10.2 million in academic revenue bonds and authorized the Regents to undertake and carry out the construction and equipping of a classroom/office building at the University of Northern Iowa. HCR 136 authorized the sale of \$8.55 million in academic revenue bonds and authorized the Regents to undertake and carry out the Chemistry-Botany Remodeling - Phase II at the University of Iowa.

Mr. Richey noted that according to the board's direction, the Governor has been urged to sign these resolutions.

MOTION:

Mr. Tyler moved that the board approve the legislative report. Miss Van Ekeren seconded the motion, and it passed unanimously.

**ACADEMIC REVENUE BOND REFUNDING AND DEBT RESTRUCTURING OPTIONS.** The Board Office made the following recommendations: (1) receive the report; (2) authorize the executive secretary to initiate detailed planning with the board's bond counsel and financial advisor leading to the scheduled sale of academic revenue refunding bonds; and (3) receive a report from the executive secretary on plans to convert \$20 million in variable rate demand bonds issued to finance Iowa State University and the University of Iowa boiler projects.

At the April board meeting, a report on favorable bond market conditions and the advantages of refunding academic revenue bonds was presented. Since that meeting, the General Assembly has approved authority for the board to do selective academic revenue bond refundings. The General Assembly also approved four resolutions authorizing the issuance of \$29.15 million in new academic revenue bonds. As a consequence, the Board Office worked with Speer Financial in analyzing the various options available to the board. One of the options analyzed was whether newly authorized bonds could be issued in conjunction with refunding several outstanding bond issues, while preventing total debt service cost from exceeding tuition replacement appropriations.

Six outstanding academic revenue bond issues have been identified as candidates for refunding. These issues all bear interest which is in excess of interest rates now achievable on Regent bonds. These issues are identified on the following chart:

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(1)	(2)	(3)	(4)	(5)	(6)	(7)
<u>Campus</u>	<u>Initial Principal</u> (x 10,000)	<u>Interest Rate</u>	<u>Date of Issue</u>	<u>Outstanding Principal</u>	<u>Refunding Issue Size</u>	<u>Present Value Savings</u>
UNI	\$ 5,315	9.73	7/1/81	\$ 4,500,000	\$ 5,200,000	
ISU	6,600	11.19	10/1/81)	12,750,000	14,875,000	
ISU	9,000	10.16	5/1/82)			
ISU	15,030	8.82	9/1/82	12,800,000*	14,125,000	
SUI	9,085	10.21	12/1/81)	19,185,000	22,875,000	
SUI	<u>12,970</u>	10.88	7/1/82)	<u>                    </u>	<u>                    </u>	
TOTAL	\$58,000			\$49,235,000	\$57,075,000	\$1,366,200

\*Principal remaining following FY 1987.

If new academic revenue bonds were issued, it was assumed that the bond refunding and restructuring would be done first, beginning in September 1986. Newly authorized bonds would be issued subsequently. Below is the schedule of bond sales used in this analysis.

September 1986	Refunding of two SUI bond issues (\$23 million)
November 1986	Refunding of one UNI bond issue and two ISU Bond Issues (\$20 million)
February-April 1987	Issuance of \$10.55 million in new academic revenue bonds for SUI (\$8.55 million for Chemistry-Botany remodeling and \$2 million for equipment)
	Issuance of \$7.4 million in new academic revenue bonds for Iowa State University (\$5.4 for Gilman Hall remodeling and \$2 million for equipment)
September 1987	Refunding of one ISU bond issue (\$14 million)
December 1987	Issuance of \$11.2 million in new academic revenue bonds for the UNI Classroom/Office Building and equipment.

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Director True indicated that the schedule was critical; otherwise, the tuition replacement restructuring analysis would not hold.

Issuance of refunding bonds and newly authorized academic revenue bonds would occur over 18 months; therefore, conservative assumptions were used. For instance, the most recent Regents' bonds sold at 6.16 percent, whereas 6.75 percent was assumed for purposes of this analysis. Nonetheless, unusual and unexpected changes in the municipal bond market or federal tax law would affect the results of this analysis.

A critical concern in restructuring debt service is the perception of bondholders, brokers, underwriters and bond rating agencies. The restructuring being proposed would convert academic revenue bond debt service schedules from level principal to level debt. Less principal is retired in the earliest years when level debt service payments are selected. Because level debt service was typically used on Regent self-liquidating revenue bonds, it is anticipated by Speer Financial that there will not be an adverse market impact due to refunding. Nonetheless, it could be perceived by some as a signal of financial weakness when seen in conjunction with a sluggish state economy and generally static state revenues. Speer Financial recommended that, if the board agrees to proceed with bond refunding, immediate efforts should be made to explain the rationale for the restructuring to bond rating agencies and major brokers and underwriters involved with Regent bonds.

Another concern is that bond sales are spaced so as to take full advantage of the Regents' "Iowa Market" pricing. The proposed sale dates are believed to be reasonably spaced, however, specific market factors must be considered after each sale to determine how soon the next sale can occur.

As discussed with the board last month, present plans are to convert to a fixed interest rate \$20 million in variable rate demand bonds on August 1, 1986. These bonds were issued in December 1985 to finance boiler replacements at Iowa State University and the University of Iowa. Before 1990, the remaining \$48 million in variable rate demand bonds are also expected to be converted to a fixed interest rate.

The Board Office proposes to notify the trustee, Bankers Trust Company, before June 15, 1986, of the board's intent to convert \$10 million in variable rate demand bonds for both Iowa State University and the University of Iowa. On July 1, pricing of the converted bonds and selection of a re-marketing agent would occur. On July 10, the bondholders would be notified by the trustee that the bonds would be converted on August 1, thereby telling bondholders that their variable rate bonds would effectively be called on August 1. The detailed mechanics of the conversion and pricing process will be supplied to the board for approval at its June meeting.

Director True indicated that tuition replacement costs could be kept below \$17.3 million through refunding and debt restructuring even after selling

more academic revenue bonds. Mr. Richey said that the first refunding bond sale would be in September.

Mr. Van Gilst asked about the penalty involved for refunding ahead of time. Mr. Richey indicated that refunding was necessary because of the high interest rates currently being paid on these bonds. The penalty for reducing bonds early in 1992-93 would be about 2 percent. Mr. Van Gilst questioned how much we would be saving if we were paying a 2 percent penalty on each issue. Mr. Richey stated that the new interest rate after refunding would be 6 3/4 percent compared to over 10 percent now.

President Curris expressed his concerns on the refunding schedule and the December 1987 date for the issuance of bonds for the University of Northern Iowa Classroom/Office Building. The university would like to try to get the bonds issued earlier, because the December 1987 bond issuance date would mean that construction could not begin until 1988. He indicated that the architects on the building would be ready to go in the spring of 1987 and could take advantage of the 1987 construction season.

Mr. Richey indicated that the university was consulted on the schedule and concurrence received. It was set up so that the bonds could be sold without getting in the way of each other in the Iowa market and hindering their double tax-exempt status. The refunding schedule will determine when we can sell the bonds. He indicated that the schedule looked feasible at this time.

**MOTION:**

Mr. Greig moved that the board approve the following recommended actions: (1) receive the report; (2) authorize the executive secretary to initiate detailed planning with the board's bond counsel and financial advisor leading to the scheduled sale of academic revenue refunding bonds; and (3) receive a report from the executive secretary on plans to convert \$20 million in variable rate demand bonds issued to finance Iowa State University and the University of Iowa boiler projects. Mrs. Murphy seconded the motion, and it passed unanimously.

**PROPOSED DISTRIBUTION OF FY 1986 LOTTERY FUNDS FOR RESEARCH AND DEVELOPMENT PROJECTS.** The Board Office recommended that the board approve the revised prioritization of educational research and development projects to be funded with FY 1986 lottery fund appropriations, and confirm the commitment beginning in FY 1987 to recommend up to \$1 million per year, as needed, for microelectronics projects at Iowa State University.

During the 1985 legislative session up to \$10 million in lottery revenues were appropriated to the Iowa Development Commission for allocation to

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university research and development projects. In November, the board approved selected university research and development proposals to be considered for lottery appropriation support. The board's decision on these projects were transmitted to the Iowa Development Commission. Of the \$10 million in FY 1986 lottery fund projects recommended by the board as Priority I projects, \$4.125 million was for the University of Iowa, \$4,655 million was for Iowa State University and \$1.22 was for the University of Northern Iowa.

The General Assembly approved several changes in the distribution of lottery funds in H. F. 2412, 1986 session, which the Governor is expected to sign. The bill allocated the first \$500,000 in research and development funds in FY 1986 to Iowa State University for biotechnology research. In FY 1987, \$3.75 million is earmarked for Iowa State University biotechnology projects. In subsequent years, \$4.25 million was earmarked. The balance of the research and development appropriation is to be available for distribution by the Iowa Development Commission based upon the recommendations of the Board of Regents and any private colleges that might have a proposed project.

A factor to be taken into consideration in the board's prioritizing university requests is the possibility that \$5 million in equipment may be financed through sale of academic revenue bonds. House Concurrent Resolution 133 would authorize bonding for \$2 million in equipment each at Iowa State University and the University of Iowa, and \$1 million in equipment at the University of Northern Iowa. The resolutions would authorize the following equipment:

- SUI: Laser and engineering research equipment  
Biotechnology equipment
- ISU: Microelectronics equipment  
Biotechnology equipment
- UNI: Research, computational and instructional equipment

It is not known at this time whether the Governor will approve HCR 133. The Governor's decision will have a substantial effect on the board's lottery research and development fund requests.

In addition to the commitment of biotechnology funds for Iowa State University by the General Assembly, the board has consented to committing up to \$1 million annually for Iowa State University to match a substantial federal microelectronics grant. It is expected that Iowa State University would, therefore, be assured \$4.75 million in FY 1987 and \$5.25 million in subsequent years, unless the needs are offset to some extent by academic revenue bond proceeds for equipment.

It is anticipated by the Legislative Fiscal Bureau that \$5.25 million or more in lottery research and development appropriations will be available in

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FY 1986. The appropriation was \$10 million, but lottery revenues have not been sufficient to fully fund the research and development account. In FY 1987, it is expected that between \$6.4 million and \$10.6 million in lottery appropriations will be available. With approximately \$5 million expected this year and as little as \$6.1 million expected next year, the earmarked Iowa State University funds have even more severe implications for the balance of the Regent's research and development funding priorities.

The Board Office has recommended that the following projects be submitted to the Iowa Development Commission. The projects are placed in order of recommended priority.

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Lottery Appropriations

Education Research and Development Fund Recommendations

<u>Priority Requested</u>	<u>Fiscal Year 1986 Projects</u>	<u>Funds Requested</u>	<u>Cumulative Funds</u>
1	Agricultural Biotechnology Endowment (by statute) ISU	\$ 500,000	\$ 500,000
2	Development of Interdisciplinary Laser Science and Engineering Program SUI	\$1,500,000	\$ 2,000,000
3	Chemistry Faculty Chair Endowment ISU	\$ 500,000	\$ 2,500,000
4	Interdisciplinary Biocatalysis Faculty Chair Endowment SUI	\$ 500,000	\$ 3,000,000
5	Interdisciplinary Immunology Faculty Chair Endowment SUI	\$ 500,000	\$ 3,500,000
6	Biomedical Engineering Institute Faculty Chair Endowment SUI	\$ 625,000	\$ 4,125,000
7	Hydraulic Research Faculty Chair Endowment SUI	\$ 625,000	\$ 4,750,000
8	Institute for Decision-making Science UNI	\$ 250,000	\$ 5,000,000
9	Analytical Instrumentation Endowment ISU	\$ 500,000	\$ 5,500,000
10	Center for Very Large Scale Integrated Circuits Endowment SUI	\$ 675,000	\$ 6,175,000
11	Biochemical Engineering Faculty Chair Endowment SUI	\$ 500,000	\$ 6,675,000
12	Institute for Decision-making Science UNI	\$ 132,000	\$ 6,807,000
13	Manufacturing Productivity Center SUI	\$ 700,000	\$7,507,000

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14	National Materials Reliability Center Endowment	ISU	\$ 500,000	\$ 8,007,000
15	Entrepreneurial Studies Faculty Chair Endowment	UNI	\$ 500,000	\$ 8,507,000
16	National Materials Reliability Center Construction	ISU	\$1,500,000	\$10,007,000
	TOTAL		<u>\$10,007,000</u>	

Additional lottery fund projects expected to be accommodated either through academic revenue bonding or FY 1987 legislative earmarking of lottery fund appropriations are as follows:

1.	Laser Science and Engineering Program Equipment SUI - bonding		\$1,000,000
2.	Corn Microbiology Faculty Chair Endowment ISU - FY 1987 statutory allocation		\$ 500,000
3.	Agricultural Biotechnology Instrumentation ISU -- bonding		\$ 500,000
4.	Microelectronics Research Center Endowment ISU -- FY 1987, board commitment		\$ 500,000
5.	Microelectronics Equipment ISU -- bonding		\$ 500,000
6.	Institute for Decision Science Equipment UNI -- bonding		\$ 470,000
	TOTAL		<u>\$3,470,000</u>

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In addition to the equipment identified above, bonding authority may also be available to finance an additional \$1,000,000 in equipment at both the University of Iowa and Iowa State University and \$530,000 at the University of Northern Iowa.

If the Governor does not sign House Concurrent Resolution 133, it was recommended that \$500,000 in Laser Science and Engineering Program Equipment be inserted into the priority #2 project for lottery funding.

With one exception, all former Priority I projects are contained in the first eight Board Office recommended priorities or are expected to be funded through either bonding or FY 1987 legislatively earmarked lottery funds. The exception is the proposed Materials Reliability Center at Iowa State University. The university is requesting \$3 million of which \$2.5 million is for construction of a Materials Reliability Center Building. Because of the size of this project and because it is predominantly construction, the Board Office recommends that it not be among the highest priority recommendations for the first year of lottery appropriations. In the case of the University of Northern Iowa's proposed Decision Science Institute, the \$382,000 in operating funds requested by the university was split between recommended priorities 8 and 12. This was necessary because of the reduction in funds expected to be received in FY 1986. All the Decision Science Institute equipment request of \$470,000 could be accommodated through academic revenue bonding if the Governor signs HCR 133.

Mr. Richey stated that the universities were being asked to submit projects for FY 1987 in July.

President Parks stated that he had no particular objections to the Board Office recommendation for priorities. He noted that it was true that the legislature had favored Iowa State University with certain money in the future. He hoped that this would not prejudice the board, and the university would be able to apply and have applications considered for additional funds in those years.

President Curris stated that the roles of the universities in economic development had surfaced time and time again. He asked that unrealistic expectations not be placed on the universities. He noted that they had to ensure they had the proper resources and that expectations are reasonable.

President Curris said that the only proposal that appeared to be recommended for the University of Northern Iowa was the Institute for Decision-Making Science, which was divided in two phases, priorities #8 and #12. He noted that equipment for this project was part of one of the bond resolutions that is before the Governor. According to the bond issuance schedule, the equipment would become available in December 1987, which is 18 months later. He said he thought that it was important that the university not be held

accountable for not producing results in economic development under those circumstances.

He expressed concern over the fact that the funding for the endowed chair for Entrepreneurial Studies had such a low priority. He indicated that when the time came to move in the direction of entrepreneurial chairs, all three universities should participate.

President McDonald stated with regard to the addressing of future lottery requests that the board would give the requests a fair and objective review.

**MOTION:** Miss Van Ekeren moved that the board approve the revised prioritization of educational research and development projects to be funded with FY 1986 lottery fund appropriations, and confirm the commitment beginning in FY 1987 to recommend up to \$1 million per year, as needed, for microelectronics projects at Iowa State University. Mr. Van Gilst seconded the motion, and it passed unanimously.

**TUITION AND FEE POLICIES.** The Board Office recommended that the board defer consideration of further tuition and fee increases at the three Regent universities until Fall (September/October) 1986, when tuition and fees are customarily reviewed for the subsequent fiscal year.

In March, the University of Iowa requested the Board of Regents to raise tuition and mandatory fees by assessing a mandatory student fee to be earmarked for student health services beginning with the Fall semester, 1986.

The board deferred action on the University of Iowa's proposal until discussion could take place with ISU and UNI and until consideration could be given to appropriations made by the General Assembly and tuition replacement cost restructuring possible through bond refunding.

During consultation with ISU and UNI, each expressed a strong preference that, if tuition and mandatory fees were increased at SUI, that they be increased at the other universities as well. ISU and UNI indicated that they have significant general fund support of their student health program and have operating budget needs no less significant than those at SUI.

The Governor has been aware of the recent discussions before the board concerning an increase in tuition and mandatory fees beyond the 6.5 percent tuition increase already approved by the board. The Governor expressed strong opposition to any increase in tuition or mandatory fees for fiscal 1987, beyond that already approved by the board. It is his position that the 6.5 percent tuition increase, cost avoidance possible due to bond refunding,

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and the Regents' program for restructuring and downsizing should allow the universities to manage in FY 1987 without additional student charges.

MOTION:

Regent Harris moved that the board defer consideration of further tuition and fee increases at the three Regent universities until Fall (September/October) 1986, when tuitions and fees are customarily reviewed for the subsequent fiscal year. Mr. Duchon seconded the motion, and it passed unanimously.

**SELECTION OF REGENTS FINANCIAL ADVISOR AND BOND COUNSEL.** The Board Office recommended that the board receive a report on the process for selection of financial advisor and bond counsel; approve administrative rules on competitive selection of bonding advisors and agents, and authorize the executive secretary to file emergency rules for publication in the Iowa Administration Code; and authorize the executive secretary to issue Request for Proposals soliciting qualified firms to submit proposals to the Board Office indicating their interest in serving as either financial advisor or bond counsel to the board.

The recently adopted state government reorganization bill contained new provisions requiring competitive selection of attorneys, accountants, financial advisors, and other agents on Regent bond issues and other debt instruments. The bill is currently under review by the Governor's office, and the Governor's approval is expected.

The Board Office has developed a process for the competitive selection of bond advisors that would comply with the new statutory requirements. The process proposed by the Board Office identified a series of actions that would be used in employing all advisors or consultants. The draft rules provide for the Executive Secretary to act on selections where less than \$25,000 in annual fees are expected, subject to ratification by the board. This authority is needed to give the board the flexibility to move quickly, if necessary, to employ the services of a trustee, tender agent, registrar, or similar agent. Requests for Proposals will be distributed to qualified bond counsel and financial advisors known to the Board Office and universities.

Written responses received by the Board Office to the Request for Proposals will be screened by the Board Office and university representatives. A limited number of bond counsel and financial advisor firms will be invited for interviews. Interviews for both posts will be scheduled to accommodate board members who wish to participate.

The initial appointment period for financial advisor would be for one year, with annual reappointments for a period not to exceed five years. Reappointment of an

advisor would be subject to satisfactory performance of assigned responsibilities. The board would retain the right to employ separate bond counsel for specific issues.

Following are the proposed statutory change and emergency administrative rules identifying the process for employing bond advisors. Specific selection criteria are identified for financial advisor and bond counsel. Selection criteria will be developed in the future as additional consultants are required.

Pursuant to SF 2175, the following addition is made to 262.9 of the Code:

NEW SUBSECTION. In issuing bonds or notes under this chapter, chapter 262A, chapter 263A, or other provision of law, select and fix the compensation for, through a competitive selection procedure, attorneys, accountants, financial advisors, banks, underwriters, insurers, and other employees and agents which in the board's judgment are necessary to carry out the board's intention. Prior to the initial selection, the board shall establish a procedure which provides for a fair and open selection process including, but not limited to, the opportunity to present written proposals and personal interviews. The board may waive the requirements for a competitive selection procedure for any specific employment upon adoption of a resolution of the board stating why the waiver is in the public interest.

Proposed administrative rule to implement the change anticipated in 262.9 of the Code:

- I. Selection of employees and agents utilized in the issuance of bonds or notes (general).
  - A. Competitive selection procedures shall be used and shall be supervised by the Executive Secretary.
  - B. The board may waive the requirements for a competitive selection procedure upon adoption of a resolution stating why the waiver is in the public interest.
  - C. Results of a competitive selection process shall be referred to the board for action if the aggregate annual compensation is expected to exceed \$25,000.
  - D. The Executive Secretary may act for the board on competitive selections where the aggregate annual compensation is not expected to exceed \$25,000. A request for board ratification of the Executive Secretary's action shall be docketed at the next regularly scheduled board meeting.
  - E. Agreements with firms selected as financial advisor, bond counsel or for

other functions necessary for the issuance of bonds or notes shall provide for annual renewals during a period not to exceed five years.

II. Criteria For Selection of Financial Advisor

- A. Familiarity with Iowa laws, the governing statutes and court decisions relating to Regent bonding authority.
- B. Familiarity with federal law and tax laws applicable or potentially applicable to financings by the State Board of Regents.
- C. Familiarity with the state of Iowa, the board, the universities and outstanding Regent bond issues.
- D. Experience with state and municipal financings in Iowa.
- E. Experience with university financings and public competitive bidding.
- F. Cost of service as identified in fees and any separate out-of-pocket expenses.
- G. Demonstrated relationship of cooperation and trust with bond rating agencies.
- H. Familiarity with the "Iowa market" and retail bond brokers within the state of Iowa.
- I. Knowledge of regional and national bond underwriters and any syndicates that traditionally bid on Regent bonds and other critical financing participants.
- J. Professional qualifications and experience of principal employees who will work with Regents.
- K. Demonstrated capability to quantitatively evaluate financial variables and their impact on proposed financings.
- L. Familiarity and experience with innovative borrowing mechanisms which could offer increased financial advantage or flexibility.
- M. Ability to undertake the assignment immediately and perform in a satisfactory manner to provide services identified under "Scope of Services" in the Request for Proposals.
- N. Experience and demonstrated success as indicated in a listing of current major clients.

- O. Independence from municipal bond underwriting, trading, or other activities or events which could result in a conflict of interest (this is an absolute requirement for any firm selected as the Regents' financial advisor).
- P. Reputation for integrity and compliance with law.
- Q. Commitment to fair and equitable employment practices.

III. Criteria For Selection of Bond Counsel

- A. Familiarity with Iowa laws, the governing statutes and court decisions relating to existing Regent bond financing authority and familiarity with outstanding Regent bond issues.
- B. Familiarity with federal law and tax laws applicable or potentially applicable to financings by the State Board of Regents.
- C. Experience with state and municipal financings in Iowa and expertise with tax aspects of state and municipal financings.
- D. Experience of attorneys that would be assigned to Board of Regents with university tax exempt financings.
- E. Cost of service as identified in fees and any separate out-of-pocket expenses.
- F. Reputation for integrity and compliance with state and federal law.
- G. Familiarity with financial advisors, underwriters, and bond rating agencies.
- H. Professional qualifications and experience of principal employees who will work with Regents.
- I. Demonstrated relationship of cooperation and trust with bond rating agencies, underwriters, and other critical financing participants.
- J. Familiarity and experience with master leases, variable rate demand bonds and other innovative borrowing mechanisms which could offer the board advantage or flexibility.
- K. Demonstrated ability to provide written opinions on bonding matters recognized and accepted by underwriters, brokers and investors in the national market.

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- L. Ability to undertake the assignment immediately and perform in a satisfactory manner to provide services identified under "Scope of Services" in the Request for Proposals.
- M. Experience and demonstrated success as indicated in a listing of current major clients.
- N. Independence from financial functions such as municipal bond underwriting or trading or other activities and the absence of other clients which could result in a conflict of interest.
- O. Reputation for integrity and compliance with law and commitment to fair and equitable employment practices.

The Board Office will provide a preliminary report on the results and progress of the competitive selection process at the board's June meeting. It is expected that recommendations on selection of a financial advisor and bond counsel will be docketed for board review and action in July.

The screening and selection process will involve an objective review of the written responses and interviews based on the set of established criteria. The selection criteria for the financial advisor and bond counsel are contained in the proposed administrative rules.

It was recommended that the board approve the process as outlined by the Board Office for selecting financial advisor and bond counsel. The Executive Secretary would then issue Request for Proposals soliciting qualified firms for both posts. The Board Office will report progress on the selection at the June meeting and bring recommendations for financial advisor and bond counsel selection to the board in July.

Director True stated board approval to file emergency administrative rules identifying the process and selection criteria to be used for selection of financial advisor and bond counsel is essential for a recommendation to be available for the board at its July meeting. The schedule for refunding academic revenue bonds discussed in G.D. 11 will not be realistic unless board decisions on bond counsel and financial advisor can be made in July.

Regent Tyler questioned why this matter had not been brought before the Banking Committee. Mr. Richey admitted that this was an oversight and indicated that he did not think of it because of the rush to get the item on this month's docket. He stressed the importance of including the matter on this month's docket in order to be ready in July to begin proceedings for bond sales in the fall.

Regent Murphy asked how long it had been since the board had last discussed bond counsel. President McDonald indicated that it had been four years.

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Regent Van Gilst questioned whether the current financial advisor's term had expired. Mr. Richey indicated that it is continuing, and that it can be canceled with 30 or 60 day notice.

Regent Van Gilst stated that it was a necessity that the board have a good financial advisor.

Mr. Richey pointed out that the schedule necessitates that the board make a decision as quickly as possible.

Regent Duchen stated that he did not think the provision for five year renewal was necessary. He added that things happen very rapidly in the business world and that there a lot of excellent people out there working in this area.

Mr. Richey said that if you did not have it, then the board would be almost bound to go through the competitive process annually whether it wanted to or not. The provision would give the board discretion.

Vice President Ellis added that there was a certain amount of investment on the part of those firms in learning about the Regent system. He noted that they were currently working with people who are very intimately familiar with the operation.

**ACTION:** President McDonald stated that the report on selection of financial advisor and bond counsel was received by general consent.

**MOTION:** Regent Anderson moved that the board approve administrative rules on competitive selection of bonding advisors and agents, and authorize the Executive Secretary to file emergency rules for publication in the Iowa Administrative Code; and authorize the Executive Secretary to issue Request for Proposals soliciting qualified firms to submit proposals to the Board Office indicating their interest in serving as either financial advisor or bond counsel to the board. Miss Van Ekeren seconded the motion, and it passed unanimously.

**EARLY RETIREMENT INCENTIVES.** The Board Office recommended that the board approve Retirement Incentives Program for Regents Merit System Employees.

The 1986 legislature passed Senate File 2242, "An Act to establish incentives to encourage certain state and local government employees to retire or terminate employment by receiving monetary and insurance payment incentives and to provide that the Act takes effect upon its date of publication." Director Volm stated that the Act had been signed by the Governor.

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Employees of the State Board of Regents are exempted by the Act from the specific programs. However, the Act provides that: "The state board of regents shall establish for its employees incentives for early retirement that do not affect existing programs. The benefits provided by the state board of regents for its merit system employees shall be comparable to the benefits provided in sections 1 and 2 of this Act.

Section 1 of the Act establishes retirement incentives for State employees age 62 and over. Section 2 of the Act provides for a termination incentive program for State employees age 59 to 62 that may be implemented by the Governor. The program recommended for board approval is a retirement incentive program for Regents Merit System employees.

The eligibility requirements and the benefits of the retirement incentive program recommended for Regents Merit System employees are the same as provided for other state employees in Section 1 of the Act. Participants must be at least 62 years of age by October 31, 1986; have at least five years of continuous employment; and give notice by July 31, 1986, of intent to retire before October 31, 1986. If less than age 65 at retirement, a participant may elect either:  
a) a payment of 10 percent of final salary, not to exceed \$5,000; or b) continued participation in group life, health, and dental insurance, without cost, until age 65. If 65 years of age or older at retirement, a participant is entitled to a lump sum payment of 10 percent of the employee's final annual salary, not to exceed \$5,000.

Section 2 of S.F. 2242 makes possible a termination incentive program for State employees, ages 59 to 62, who terminate on or before June 30, 1987. If the program is implemented, it will provide: 1) a bonus payment not to exceed \$12,000, based upon the employee's years of state employment, age at termination, and final annual salary; and 2) payment of the employer share of continuing participation in life, health, and dental insurance until the employee reaches age 65.

Implementation of the termination incentive program is triggered by "the issuance of an executive order by the governor which states that the program is necessary to achieve additional goals and objectives for reduced long-term governmental expenditures." The Governor may implement the termination incentive program for state employees in one, two, or three phases, and in selected departments or agencies as need arises.

Director Volm noted that the institutions were working on adopting the same system for Professional and Scientific staff.

MOTION:

Regent Harris moved that the board approve Retirement Incentives Program for Regents Merit System Employees. Regent Murphy seconded the motion, and it passed unanimously.

GENERAL  
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**PROPOSED FACULTY SALARY SCHEDULE FOR ISD AND IBSSS FOR 1986-87.** The Board Office recommended that the board approve the proposed 1986-87 faculty salary schedule for ISD and IBSSS as shown on the following page:

IOWA SCHOOL FOR THE DEAF  
and  
IOWA BRAILLE AND SIGHT SAVING SCHOOL  
FACULTY SALARY SCHEDULE

GENERAL  
May 21, 1986

Effective 1986-87 Academic Year

Track	I	II	III	IV	V	VI	VII	VIII
Degree	BA	BA+15	BA+30	BA+50	MA	MA+15	MA+30	Ed Spec
Beginning	15,000	15,550	16,250	16,650	17,000	17,850	18,800	19,850
Step 1	15,550	16,125	16,825	17,200	17,600	18,450	19,400	20,425
Step 2	16,100	16,700	17,400	17,775	18,175	19,025	19,975	21,000
Step 3	16,650	17,275	17,975	18,375	18,775	19,625	20,575	21,575
Step 4	17,200	17,825	18,550	18,950	19,350	20,200	21,150	22,175
Step 5	17,775	18,300	19,100	19,525	19,950	20,800	21,725	22,750
Step 6	18,350	18,975	19,675	20,100	20,525	21,375	22,300	23,350
Step 7	18,925	19,550	20,250	20,700	21,100	21,950	22,900	23,925
Step 8	19,500	20,125	20,825	21,275	21,675	22,550	23,475	24,525
Step 9		20,700	21,400	21,850	22,275	23,125	24,075	25,100
Step 10		21,300	21,975	22,400	22,850	23,700	24,650	25,700
Step 11		22,000	22,550	23,000	23,450	24,275	25,225	26,250
Step 12			23,125	23,575	24,025	24,875	25,825	26,850
Step 13			23,700	24,200	24,725	25,450	26,400	27,425
Step 14			24,300	24,800	25,200	26,050	27,000	28,025
Step 15				25,500	25,900	26,625	27,550	28,600
Step 16					26,600	27,300	28,150	29,200
Step 17						28,000	28,725	29,775
Step 18						28,700	29,400	30,400
Step 19							30,000	31,000
Step 20							31,000	32,000

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Plus Certifications: AA (AEVH) or Provisional CED - \$312  
AAA (AEVH) or Permanent CED - \$520

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The proposed faculty salary schedule was constructed by incrementing the present schedule by 4 percent and then adjusting the beginning B.A. salary from \$14,925 to \$15,000 and increasing the ending salaries of columns II to VIII to a slightly higher figure to reward senior teachers.

The proposed faculty salary schedule is the same for ISD and IBSSS. Implementation of the schedule will increase the average teacher's salary at ISD for the school year from \$21,246 this year to \$22,576 next school year; the \$1,330 increase is approximately 6.26 percent. At IBSSS, the average teacher's salary would increase from \$21,534 this school year to \$22,735 next school year; the \$1,300 increase is approximately 6.06 percent. The lower percent of increase at IBSSS compared to ISD is a function of the number of years of experience individual teachers have; at IBSSS, a higher percent of the faculty have the maximum number of years of experience for which credit is given on the salary schedule. The higher average salary at IBSSS when compared to ISD reflects the fact that the average years of experience of a faculty member at IBSSS is greater than at ISD.

The salaries and percents of increase do not include the cost of fringe benefits and track changes (the result of an individual teach reaching a certain level of additional education causing the teacher's salary to move horizontally on the schedule).

A majority, but not all, of the faculty at the schools have special certification beyond what the state required for K-12 teachers. The faculty salary schedule calls for an additional payment for the special certifications of either \$312 or \$520, depending on the type of certification. These two amounts are not included in the salary matrix or in the average salaries discussed above. The schools report that they do not wish to include the special certification in the salary matrix as the present method of paying for the certification serves as an inducement to the faculty to secure it.

The Iowa Association of School Boards, in its most recent report (April 6, 1986), covering 283 districts in Iowa, having established salary schedules for 1986-87, reports a statewide average salary increase for 1986-87 of 4.6 percent.

The special schools are reallocating resources in order to fund this proposed schedule because of the perceived need. In addition to the cost of this increase, the schools must absorb a 2.5 percent annualization cost of last year's increase. The schools recommend the increases that this schedule will generate.

The Conditions of Appointment previously approved by the board remain the same.

Mr. Richey stated that the recommended plan increased the scale generally by 4 percent, with a little additional at the top range and rounding off in other areas. He said that the average faculty salary increase was 6.1 to 6.3 percent in addition to picking up annualization costs from last year.

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**MOTION:** Miss Van Ekeren moved that the board approve the proposed 1986-87 faculty salary schedule and that the salary of \$52,530 for Superintendent Giangreco and the salary of \$45,010 for Superintendent DeMott be approved. Mr. Greig seconded the motion, and it passed unanimously.

**MERIT SYSTEM PAY PLAN AND RULE REVISIONS.** It was recommended that the board approve the following:

- 1) Pay matrices for July 1, 1986 and January 1, 1987;
- 2) Merit rule revisions as shown on the following pages;
- 3) Pay grade assignments of 22 classes;
- 4) Class deletions; and
- 5) Revised class descriptions.

Pay Matrices: In accordance with legislation and collective bargaining agreements, the matrices reflect a four percent increase for supervisory, security, technical, and clerical employees and the equivalent of a 30 cent per hour increase for employees in the blue collar bargaining unit. The matrices appear on the following pages.

Merit Rule Revisions: The rule revisions are necessary to reflect completion of the conversion from 14- to 8-step pay matrices which occurred over the past year. As of July 1, 1986, all employees will have moved on to 8-step schedules. The rule revisions appear on the following pages.

Pay grade assignments: Comparable worth job evaluations which were conducted last year to determine the pay grade assignments of classifications were based on position description questionnaires completed by incumbent employees. At that time a number of merit system classes had no incumbents and were not rated by evaluation committees. Since that time those classes have been evaluated by an interinstitutional committee of job analysts assisted by the Board Office staff. The analysis resulted in 22 positions retaining their current grade, seven increasing by one grade, and two increasing by two grades. The analysis appears on the following page.

Class deletions: It was determined that there was no future need anticipated for the 36 classes listed below and they were recommended for deletion from the system:

BOARD OF REGENTS  
 Non-Organized Pay Matrix  
 July 1, 1986

S t e p s

Grade

	1	2	3	4	5	6	7	8
101	8,547	8,972	9,430	9,819	10,278	10,737	11,197	11,853
102	9,430	9,819	10,278	10,737	11,197	11,727	12,256	12,803
103	10,278	10,737	11,197	11,727	12,256	12,716	13,317	14,005
104	10,949	11,480	11,939	12,398	12,962	13,562	14,200	14,989
105	11,727	12,256	12,716	13,317	13,917	14,518	15,225	16,083
106	12,398	12,962	13,562	14,200	14,870	15,575	16,319	17,250
107	13,317	13,917	14,518	15,225	15,965	16,706	17,520	18,454
108	13,917	14,518	15,225	15,965	16,706	17,520	18,366	19,402
109	14,870	15,575	16,319	17,095	17,872	18,791	19,251	20,387
110	15,575	16,319	17,095	17,872	18,791	19,251	19,991	21,189
111	16,319	17,095	17,872	18,791	19,251	19,991	21,015	22,210
112	17,095	17,872	18,791	19,251	19,991	21,015	22,076	23,341
113	17,872	18,791	19,251	19,991	21,015	22,076	23,170	24,508
114	18,791	19,251	19,991	21,015	22,076	23,170	23,912	25,273
115	19,251	19,991	21,015	22,076	23,170	23,912	25,079	26,515
116	19,991	21,015	22,076	23,170	23,912	25,079	26,350	27,900
117	21,015	22,076	23,170	23,912	25,079	26,350	27,692	29,323
118	22,076	23,170	23,912	25,079	26,350	27,692	29,103	30,818

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## Non-Organized Pay Matrix

January 1, 1987

## Steps

Grade

	1	2	3	4	5	6	7	8
101	8,881.60	9,339.20	9,817.60	10,212.80	10,691.20	11,169.60	11,648.00	12,334.40
102	9,817.60	10,212.80	10,691.20	11,169.60	11,648.00	12,188.80	12,750.40	13,312.00
103	10,591.20	11,169.60	11,648.00	12,188.80	12,750.40	13,228.80	13,852.80	14,560.00
104	11,377.60	11,939.20	12,417.60	12,896.00	13,478.40	14,102.40	14,768.00	15,579.20
105	12,188.80	12,750.40	13,228.80	13,852.80	14,476.80	15,100.80	15,828.80	16,723.20
106	12,896.00	13,478.40	14,102.40	14,768.00	15,475.20	16,203.20	16,972.80	17,950.40
107	13,852.80	14,476.80	15,100.80	15,828.80	16,598.40	17,368.00	18,220.80	19,198.40
108	14,476.80	15,100.80	15,828.80	16,598.40	17,368.00	18,220.80	19,094.40	20,176.00
109	15,475.20	16,203.20	16,972.80	17,784.00	18,595.20	19,552.00	20,030.40	21,195.20
110	16,203.20	16,972.80	17,784.00	18,595.20	19,552.00	20,030.40	20,800.00	22,027.20
111	16,972.80	17,784.00	18,595.20	19,552.00	20,030.40	20,800.00	21,860.80	23,108.80
112	17,784.00	18,595.20	19,552.00	20,030.40	20,800.00	21,860.80	22,963.20	24,273.60
113	18,595.20	19,552.00	20,030.40	20,800.00	21,860.80	22,963.20	24,107.20	25,480.00
114	19,552.00	20,030.40	20,800.00	21,860.80	22,963.20	24,107.20	24,876.80	26,291.20
115	20,030.40	20,800.00	21,860.80	22,963.20	24,107.20	24,876.80	26,083.20	27,580.80
116	20,800.00	21,860.80	22,963.20	24,107.20	24,876.80	26,083.20	27,414.40	29,016.00
117	21,860.80	22,963.20	24,107.20	24,876.80	26,083.20	27,414.40	28,808.00	30,492.80
118	22,963.20	24,107.20	24,876.80	26,083.20	27,414.40	28,808.00	30,264.00	32,052.80

GENERAL  
 May 21, 1986

## BOARD OF REGENTS

## Blue Collar Unit Pay Matrix

January 1, 1987

## Steps

Grade

	1	2	3	4	5	6	7	8
201	10,088.00	10,420.80	10,816.00	11,190.40	11,585.60	11,960.00	12,417.60	12,625.60
202	10,816.00	11,190.40	11,585.60	11,960.00	12,417.60	12,875.20	13,332.80	13,478.40
203	11,585.60	11,960.00	12,417.60	12,875.20	13,332.80	13,728.00	14,248.00	14,476.80
204	12,188.80	12,625.60	13,062.40	13,478.40	13,956.80	14,476.80	15,038.40	15,329.60
205	12,875.20	13,332.80	13,728.00	14,248.00	14,809.60	15,329.60	15,953.60	16,265.60
206	13,478.40	13,956.80	14,476.80	15,038.40	15,641.60	16,265.60	16,910.40	17,243.20
207	14,248.00	14,809.60	15,329.60	15,953.60	16,577.60	17,243.20	17,950.40	18,304.00
208	14,809.60	15,329.60	15,953.60	16,577.60	17,243.20	17,950.40	18,720.00	19,073.60
209	15,641.60	16,265.60	16,910.40	17,596.80	18,304.00	19,073.60	19,656.00	20,092.80
210	16,265.60	16,910.40	17,596.80	18,304.00	19,073.60	19,656.00	20,508.80	20,966.40
211	16,910.40	17,596.80	18,304.00	19,073.60	19,656.00	20,508.80	21,403.20	21,860.80
212	17,596.80	18,304.00	19,073.60	19,656.00	20,508.80	21,403.20	22,360.00	22,838.40
213	18,304.00	19,073.60	19,656.00	20,508.80	21,403.20	22,360.00	23,337.60	23,857.60
214	19,073.60	19,656.00	20,508.80	21,403.20	22,360.00	23,337.60	24,003.20	24,523.20
215	19,656.00	20,508.80	21,403.20	22,360.00	23,337.60	24,003.20	25,043.20	25,604.80

GENERAL  
May 21, 1986

BOARD OF REGENTS  
Blue Collar Unit Pay Matrix  
July 1, 1986

Grade	Steps							
	1	2	3	4	5	6	7	8
201	9,456	9,806	10,189	10,575	10,960	11,346	11,800	12,009
202	10,189	10,575	10,960	11,346	11,800	12,253	12,710	12,849
203	10,960	11,346	11,800	12,253	12,710	13,094	13,618	13,863
204	11,555	12,009	12,429	12,849	13,338	13,863	14,423	14,703
205	12,253	12,710	13,094	13,618	14,177	14,703	15,331	15,646
206	12,849	13,338	13,863	14,423	15,017	15,646	16,276	16,626
207	13,618	14,177	14,703	15,331	15,960	16,626	17,326	17,674
208	14,177	14,703	15,331	15,960	16,626	17,326	18,094	18,444
209	15,017	15,646	16,276	16,976	17,674	18,444	19,039	19,460
210	15,646	16,276	16,976	17,674	18,444	19,039	19,877	20,332
211	16,276	16,976	17,674	18,444	19,039	19,877	20,787	21,242
212	16,976	17,674	18,444	19,039	19,877	20,787	21,731	22,220
213	17,674	18,444	19,039	19,877	20,787	21,731	22,710	23,236
214	18,444	19,039	19,877	20,787	21,731	22,710	23,374	23,899
215	19,039	19,877	20,787	21,731	22,710	23,374	24,424	24,983

## BOARD OF REGENTS

## Security Unit Pay Matrix

January 1, 1987

## Steps

Grade	1	2	3	4	5	6	7	8
301	9,380.80	9,755.20	10,192.00	10,628.80	11,044.80	11,481.60	11,980.80	12,209.60
302	10,192.00	10,628.80	11,044.80	11,481.60	11,980.80	12,500.80	13,000.00	13,145.60
303	11,044.80	11,481.60	11,980.80	12,500.80	13,000.00	13,416.00	14,019.20	14,289.60
304	11,710.40	12,209.60	12,688.00	13,145.60	13,707.20	14,289.60	14,913.60	15,225.60
305	12,500.80	13,000.00	13,416.00	14,019.20	14,643.20	15,225.60	15,912.00	16,265.60
306	13,145.60	13,707.20	14,289.60	14,913.60	15,558.40	16,265.60	16,972.80	17,368.00
307	14,019.20	14,643.20	15,225.60	15,912.00	16,619.20	17,368.00	18,137.60	18,532.80
308	14,643.20	15,225.60	15,912.00	16,619.20	17,368.00	18,137.60	18,990.40	19,385.60
309	15,558.40	16,265.60	16,972.80	17,742.40	18,532.80	19,385.60	20,051.20	20,508.80
310	16,265.60	16,972.80	17,742.40	18,532.80	19,385.60	20,051.20	20,987.20	21,486.40
311	16,972.80	17,742.40	18,532.80	19,385.60	20,051.20	20,987.20	22,006.40	22,505.60
312	17,742.40	18,532.80	19,385.60	20,051.20	20,987.20	22,006.40	23,046.40	23,608.00
313	18,532.80	19,385.60	20,051.20	20,987.20	22,006.40	23,046.40	24,148.80	24,731.20
314	19,385.60	20,051.20	20,987.20	22,006.40	23,046.40	24,148.80	24,876.80	25,459.20
315	20,051.20	20,987.20	22,006.40	23,046.40	24,148.80	24,876.80	26,041.60	26,686.40

GENERAL  
May 21, 1986

BOARD OF REGENTS  
Security Unit Pay Matrix

July 1, 1986

S t e p s

Grade

	1	2	3	4	5	6	7	8
301	9,010	9,385	9,699	10,211	10,624	11,033	11,521	11,746
302	9,799	10,211	10,624	11,033	11,521	12,010	12,497	12,647
303	10,624	11,033	11,521	12,010	12,497	12,909	13,471	13,733
304	11,260	11,746	12,196	12,647	13,172	13,733	14,333	14,632
305	12,010	12,497	12,909	13,471	14,070	14,632	15,306	15,645
306	12,647	13,172	13,733	14,333	14,969	15,645	16,319	16,693
307	13,471	14,070	14,632	15,306	15,982	16,693	17,443	17,815
308	14,070	14,632	15,306	15,982	16,693	17,443	18,268	18,644
309	14,969	15,645	16,319	17,068	17,815	18,644	19,279	19,727
310	15,645	16,319	17,068	17,815	18,644	19,279	20,179	20,665
311	16,319	17,068	17,815	18,644	19,279	20,179	21,154	21,639
312	17,068	17,815	18,644	19,279	20,179	21,154	22,163	22,691
313	17,815	18,644	19,279	20,179	21,154	22,163	23,215	23,775
314	18,644	19,279	20,179	21,154	22,163	23,215	23,926	24,486
315	19,279	20,179	21,154	22,163	23,215	23,926	25,049	25,651

## BOARD OF REGENTS

## Technical Unit Pay Matrix

January 1, 1987

## S t e p s

## Grade

	1	2	3	4	5	6	7	8
401	8,881.60	9,339.20	9,817.60	10,212.80	10,691.20	11,169.60	11,648.00	11,939.20
402	9,817.60	10,212.80	10,691.20	11,169.60	11,648.00	12,188.80	12,750.40	12,896.00
403	10,691.20	11,169.60	11,648.00	12,188.80	12,750.40	13,228.80	13,852.80	14,102.40
404	11,377.60	11,939.20	12,417.60	12,896.00	13,478.40	14,102.40	14,768.00	15,100.80
405	12,188.80	12,750.40	13,228.80	13,852.80	14,476.80	15,100.80	15,828.80	16,203.20
406	12,896.00	13,478.40	14,102.40	14,768.00	15,475.20	16,203.20	16,972.80	17,368.00
407	13,852.80	14,476.80	15,100.80	15,828.80	16,598.40	17,368.00	18,220.80	18,595.20
408	14,476.80	15,100.80	15,828.80	16,598.40	17,368.00	18,220.80	19,094.40	19,552.00
409	15,475.20	16,203.20	16,972.80	17,784.00	18,595.20	19,552.00	20,030.40	20,529.60
410	16,203.20	16,972.80	17,784.00	18,595.20	19,552.00	20,030.40	20,800.00	21,340.80
411	16,972.80	17,784.00	18,595.20	19,552.00	20,030.40	20,800.00	21,860.80	22,360.00
412	17,784.00	18,595.20	19,552.00	20,030.40	20,800.00	21,860.80	22,963.20	23,504.00
413	18,595.20	19,552.00	20,030.40	20,800.00	21,860.80	22,963.20	24,107.20	24,689.60
414	19,552.00	20,030.40	20,800.00	21,860.80	22,963.20	24,107.20	24,876.80	25,459.20
415	20,030.40	20,800.00	21,860.80	22,963.20	24,107.20	24,876.80	26,083.20	26,707.20

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BOARD OF REGENTS  
 Technical Unit Pay Matrix

July 1, 1986

S t e p s

Grade

	1	2	3	4	5	6	7	8
401	8,547	8,972	9,430	9,819	10,278	10,737	11,197	11,480
402	9,430	9,819	10,278	10,737	11,197	11,727	12,256	12,398
403	10,278	10,737	11,197	11,727	12,256	12,716	13,317	13,562
404	10,949	11,480	11,939	12,398	12,962	13,562	14,200	14,518
405	11,727	12,256	12,716	13,317	13,917	14,518	15,225	15,575
406	12,398	12,962	13,562	14,200	14,870	15,575	16,319	16,706
407	13,317	13,917	14,518	15,225	15,965	16,706	17,520	17,872
408	13,917	14,518	15,225	15,965	16,706	17,520	18,366	18,791
409	14,870	15,575	16,319	17,095	17,872	18,791	19,251	19,744
410	15,575	16,319	17,095	17,872	18,791	19,251	19,991	20,521
411	16,319	17,095	17,872	18,791	19,251	19,991	21,015	21,509
412	17,095	17,872	18,791	19,251	19,991	21,015	22,076	22,605
413	17,872	18,791	19,251	19,991	21,015	22,076	23,170	23,737
414	18,791	19,251	19,991	21,015	22,076	23,170	23,912	24,477
415	19,251	19,991	21,015	22,076	23,170	23,912	25,079	25,679

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BOARD OF REGENTS  
Clerical Unit Pay Matrix  
January 1, 1987

Grade	Steps							
	1	2	3	4	5	6	7	8
501	8,881.60	9,339.20	9,817.60	10,212.80	10,691.20	11,169.60	11,648.00	12,334.40
502	9,817.60	10,212.80	10,691.20	11,169.60	11,648.00	12,188.80	12,750.40	13,312.00
503	10,591.20	11,169.60	11,648.00	12,188.80	12,750.40	13,228.80	13,852.80	14,560.00
504	11,377.60	11,939.20	12,417.60	12,896.00	13,478.40	14,102.40	14,768.00	15,579.20
505	12,188.80	12,750.40	13,228.80	13,852.80	14,476.80	15,100.80	15,828.80	16,723.20
506	12,896.00	13,478.40	14,102.40	14,768.00	15,475.20	16,203.20	16,972.80	17,950.40
507	13,852.80	14,476.80	15,100.80	15,828.80	16,598.40	17,368.00	18,220.80	19,198.40
508	14,476.80	15,100.80	15,828.80	16,598.40	17,368.00	18,220.80	19,094.40	20,176.00
509	15,475.20	16,203.20	16,972.80	17,784.00	18,595.20	19,552.00	20,030.40	21,195.20
510	16,203.20	16,972.80	17,784.00	18,595.20	19,552.00	20,030.40	20,800.00	22,027.20
511	16,972.80	17,784.00	18,595.20	19,552.00	20,030.40	20,800.00	21,860.80	23,108.80
512	17,784.00	18,595.20	19,552.00	20,030.40	20,800.00	21,860.80	22,963.20	24,273.60
513	18,595.20	19,552.00	20,030.40	20,800.00	21,860.80	22,963.20	24,107.20	25,480.00
514	19,552.00	20,030.40	20,800.00	21,860.80	22,963.20	24,107.20	24,876.80	26,291.20
515	20,030.40	20,800.00	21,860.80	22,963.20	24,107.20	24,876.80	26,083.20	27,580.80

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BOARD OF REGENTS  
 Clerical Unit Pay Matrix  
 July 1, 1986

Steps

Grade

	1	2	3	4	5	6	7	8
501	8,547	8,972	9,430	9,819	10,278	10,737	11,197	11,853
502	9,430	9,819	10,278	10,737	11,197	11,727	12,256	12,803
503	10,278	10,737	11,197	11,727	12,256	12,716	13,317	14,005
504	10,949	11,480	11,939	12,398	12,962	13,562	14,200	14,989
505	11,727	12,256	12,716	13,317	13,917	14,518	15,225	16,083
506	12,398	12,962	13,562	14,200	14,870	15,575	16,319	17,250
507	13,317	13,917	14,518	15,225	15,965	16,706	17,520	18,454
508	13,917	14,518	15,225	15,965	16,706	17,520	18,366	19,402
509	14,870	15,575	16,319	17,095	17,872	18,791	19,251	20,387
510	15,575	16,319	17,095	17,872	18,791	19,251	19,991	21,189
511	16,319	17,095	17,872	18,791	19,251	19,991	21,015	22,210
512	17,095	17,872	18,791	19,251	19,991	21,015	22,076	23,341
513	17,872	18,791	19,251	19,991	21,015	22,076	23,170	24,508
514	18,791	19,251	19,991	21,015	22,076	23,170	23,912	25,273
515	19,251	19,991	21,015	22,076	23,170	23,912	25,079	26,515

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3.39(3) Pay on promotion. An employee who is promoted will be moved to the minimum rate of the new grade, or to the next higher rate on the new grade which provides an adjustment that is the salary equivalent of not less than ~~two~~ a steps higher than the employee's present base pay . . . .

If the promotion involves movement to a new grade that is three or more grades higher than the employee's present grade, the resident director may approve, on written request from the employing department, an increase that is ~~no greater than four~~ two steps higher than the employee's present base pay.

3.39(7) Pay on transfer.

(d)(1) . . . When the base pay adjustment is the salary equivalent of ~~two~~ a steps or greater an adjustment in merit review date will result, and be computed from the effective date of transfer and in accordance with 3.39(2); or

(f)(2) . . . If the base pay is adjusted to a ~~rate below step 3 1 of the new class,~~ the merit review date shall be changed in accordance with 3.39(2) if scheduled more than six months from the effective date of transfer; otherwise it shall remain unchanged.

3.39(12) Lead worker status. On request of an employing department and with approval of the resident director, an employee who is assigned and performs limited supervisory duties (such as distributing work assignments, maintaining a balanced workload within a group, and keeping attendance and work records) in addition to the duties performed by other employees in the same class, may be designated as lead worker in the classification assigned, and paid during the period of such designation a salary equivalent to a ~~two~~ one-step increase.

3.39(13) Pay for trainees and apprentices. The schedule of wages for trainees and apprentices will consist of ~~two~~ a steps in the pay matrix for every year of training required. Each employee whose performance is satisfactory as determined by the employing department will progress one-half step at a time in six-month intervals from the first step of the schedule to the entrance rate established for the journeyman class in the length of time established for training or apprenticeship.

MERIT RULE REVISIONS PROPOSED TO REFLECT COMPLETION  
OF THE CONVERSION FROM 14- TO 8-STEP PAY MATRICES

720-3.39(19A) Administration of the pay plan. DELETE the following paragraph:

Pay determinations for employees who are on or move to 8-step matrices implemented effective March 8, 1985, will be made in accordance with the provisions of applicable collective bargaining agreements and in a manner equitable on 14-step matrices. Odd-numbered steps 1 through 13 plus step 14 equate to 8-step matrices as follows:

1	2	3	4	5	6	7	8	9	10	11	12	13	14
1		2		3		4		5		6		7	8

3.39(1)(b) Entrance salaries. . . . Increases of ~~two or more~~ pay steps authorized and granted to other employees as the result of appointments . . . Merit review dates will ~~not~~ change when such increases are less than ~~two~~ steps.

3.39(2) Merit increases. Permanent and probationary employees on Step 1 or Step 2 in a pay grade will be eligible for a ~~two~~-step merit increase . . . Permanent and probationary employees on Step 3 2 or above in a pay grade will be eligible for a ~~two~~ step merit increase upon completion of one year of satisfactory performance in their assigned classification. . . An extra meritorious increase of ~~two~~ a steps in the pay range may be approved by the resident director for exceptional service, on written request from a department head and with the approval of the chief executive of the institution.

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PAY GRADE ASSIGNMENTS OF CLASSES

<u>Class No.</u>	<u>Job Classification Title</u>	<u>Total Points</u>	<u>From Pay Grade</u>	<u>To Pay Grade</u>
3901	Assembly Technician I	229	404	404
4051	Audio Specialist	392	409	409
4601	Audiovisual Equipment Coordinator	491	110	110
4061	Audiovisual Equipment Technician I	172	402	403
3448	Broadcast Master Control Operator	131	401	403
3141	Dental Technician II	345	407	408
6321	ERD Welder	594	211	212
3321	Extracorporeal Technician - Kidney	526	410	411
5901	Farm Equipment Operator I	267	204	206
4112	Graphics Specialist II	571	112	112
3412	Health Physics Technician II	416	410	410
8081	Laundry Machine Operator	198	203	203
7911	Medical Assistant	225	403	404
5851	Parking Maintenance Worker I	273	206	206
7341	Printer	408	209	209
7491	Security Auxiliary Officer	234	305	305
7551	Security-Detective	458	309	310
7571	Security-Lieutenant Detective	648	313	313
3821	Seed Processing Technician I	218	404	404
1851	Statistical Data Processor	366	509	509
7781	Typewriter Servicer	286	208	208
5511	Water Plant Operator I	386	207	208

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PROPOSED CLASS DELETIONS

Effective 7-1-86

Broadcast Video Tape Assistant	Motion Picture Laboratory Specialist
Broadcast Video Tape Director	Nuclear Medicine Technician I, II
Computer Operator - Small Systems	Orthodontic Assistant
Cytotechnologist I, II	Orthotist, Sr.
Dental Technician III, IV	Reactor Operator
Drug Abuse Counselor I, II	Reactor Operator, Sr.
Extra Corporeal Technician - Heart/Lung I, II	Reactor Operator, Shift Coordinator
Fabricator	Reactor Technician
Farrier	Residence Hall - Night Host/Hostess
Health Aide I, II	Scanner I, II, III
Mail Carrier	Telemetry Operator I, II
Mass Spectrometer Technician	Television Technician
Materials Analysis Technician	Vending Machine Mechanic
	Welder

Revised class descriptions: The Merit System Rules give authority to the Director, in consultation with institutional Resident Directors, to approve changes in classification descriptions that do not affect pay grade. Minor changes were made in the following class descriptions: Editorial Assistant I, II; Electrician; Mechanic's Assistant; Pest Control Operator; Pharmacy Technician I, II; Physical Therapy Assistant; Radiographer I, II, III; Seed Analyst I, II, III; Systems Control Technician. Title changes occurred for the Extension Program Aide I, II, and III. The class series changed to Extension Program Assistant I, II, and III.

Director Volm indicated that no serious objections were raised to the pay matrices, rule changes and classification revisions at the pay plan public hearing which was chaired by Regent Anderson. Regent Anderson reported that only one Merit System employee attended the hearing. Regent Murphy also attended the hearing which was held April 22 on the University of Iowa campus.

MOTION: Dr. Harris moved that the board approve (1) Pay matrices for July 1, 1986 and January 1, 1987; (2) Merit rule revisions as shown; (3) Pay grade assignments of 22 classes; (4) Class deletions; and (5) Revised class descriptions. Miss Van Ekeren seconded the motion, and it passed unanimously.

**BOARD OFFICE CLASSIFICATION AND PAY PLAN REVISIONS.** It was recommended that the board approve the following re-classifications effective July 1, 1986:

<u>From:</u>	<u>Pay Plan</u>	<u>Pay Grade</u>	<u>To:</u>	<u>Pay Plan</u>	<u>Pay Grade</u>	<u>7/1/86 Salary Range</u>
Associate Director, Business and Finance	P&S	7	Assistant Director, Business and Finance	P&S	6	\$22,976-\$36,315
Administrative Assistant (minutes)	P&S	5	Secretary III	Merit	510	\$15,575-\$21,189
Secretary III (Personnel Unit)	Merit	510	Secretary II	Merit	507	\$13,317-\$18,454

The Board Office also recommended that the board approve the 1987

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Professional and Scientific Salary Schedule, effective with the pay period beginning December 12, 1986.

The above-noted reclassification actions are proposed in an effort to reduce the Board Office budget on a long-term basis.

- (a) After careful review, the Director, Business and Finance and the Executive Secretary determined that one of the three current positions of Associate Director, Business and Finance could be reduced in scope and responsibility without seriously affecting the effectiveness and efficiency of the unit. A revised position description was formulated and assigned to P&S pay grade 6 (1987 salary range \$23,895 - \$37,768) by applying the University of Iowa's point count instrument. The current Associate Director position is assigned to pay grade 7. The reclassification would be effective July 1, 1986.
- (b) Due to the promotion in July 1985 of the incumbent and subsequent budget reductions, the Professional and Scientific position of Administrative Assistant responsible for preparing the minutes in addition to other professional duties has remained vacant. The minutes have continued to be prepared by the former incumbent in addition to the duties of her current position.

After review of the Administrative Assistant position, it was determined that the professional duties could be assigned to other professional positions in the Board Office. The proposed job description was developed to include the duties of minutes preparation and docket supervision. The position as revised is appropriately classified as a Secretary III in the Regents Merit System (pay grade 510). The pay range for pay grade 510 on the July 1, 1986, clerical matrix is \$15,575 to \$21,189. The Administrative Assistant position was assigned to P&S pay grade 5 range \$21,406 to \$31,634 on the 1986 salary schedule. Recruitment will begin for this position immediately with the applicant selected beginning some time after July 1, 1986.

- (c) The current secretary in the Personnel and Employment Relations unit has given notice that she intends to retire in the very near future. The position is currently classified as Secretary III (pay grade 510). In a cost-saving effort and to achieve internal alignment with the other unit secretary positions in the Board Office, the position was carefully reviewed; and a new job description developed. The position as proposed would be properly classified in the Regents Merit System as a Secretary II (pay grade 507). The pay range for pay grade 507 on the July 1, 1986, clerical matrix is \$13,317 to \$18,454. The position is currently paid at pay grade 510 range \$15,575 to \$21,189. Recruitment will

begin immediately with the applicant selected assuming the duties as soon as the current incumbent has left the position.

The biennial salary bill enacted in the 1985 session of the General Assembly allowed for a four percent increase in the salary schedule for the Board Office professional and scientific staff effective with the pay period beginning December 12, 1986. The schedule as increased by four percent is shown in Exhibit D. The same legislation allows for an average base salary increase of 5.5 percent for professional and scientific staff of the Regent institutions for the fiscal year beginning July 1, 1986.

In addition, Board Office professional staff may receive discretionary merit increases of approximately 4.5 percent.

It should be noted that in reviewing the P&S salary schedules for the past several years, it was discovered that typographical errors had been made in the 1984-85 schedule in salary grade 9. The incorrect salary amount was subsequently used in computing the 1986 salary schedule. The errors were at the minimum and maximum and did not affect salaries of any current or former employees. Correct figures were used in computing the proposed 1987 salary schedule.

The salary schedule appears on the following page:

Mr. Richey spoke on the reclassification of one associate director position to that of assistant director. He explained that this downgrading was caused by budget reductions. Regent Anderson asked if there was someone currently in this position which was being downgraded. Mr. Richey acknowledged that there is, and that this person was taking a \$10,000 annual pay cut as part of this downgrade. Regent Anderson expressed her concern that this was a lot of money for one individual. Mr. Richey agreed, saying that this had been discussed with the individual and that it was acceptable. Mr. Richey also stated that this was not easy to do and stated that the only alternative would have been to eliminate the position.

MOTION:

Mr. Duchon moved that the Board Office Reclassifications and Pay Plan Revisions be approved. Mr. Tyler seconded the motion, and it passed unanimously.

PROPOSED  
BOARD OFFICE

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PROFESSIONAL AND SCIENTIFIC SALARY SCHEDULE  
1987

(1985-86 figures are shown in parentheses)

Salary Grade	Minimum	Midpoint	Maximum	Spread
1	\$14,046 (13,506)	\$16,979 (16,326)	\$19,911 (19,145)	41.75%
2	\$16,068 (15,450)	\$19,381 (18,636)	\$22,694 (21,821)	41.24%
3	\$18,918 (18,190)	\$23,240 (22,347)	\$27,563 (26,503)	45.70%
4	\$20,407 (19,622)	\$25,144 (24,177)	\$29,881 (28,732)	46.43%
5	\$22,263 (21,407)	\$27,581 (26,521)	\$32,899 (31,634)	47.77%
6	\$23,895 (22,976)	\$30,831 (29,646)	\$37,768 (36,315)	58.06%
7	\$28,060 (26,981)	\$36,177 (34,786)	\$44,294 (42,590)	57.85%
8	\$31,174 (29,975)	\$40,185 (38,640)	\$49,196 (47,304)	57.81%
9	\$35,978 (34,594)	\$45,055 (43,323)	\$54,133 (52,051)	50.46%
10	\$42,154 (40,533)	\$51,639 (49,653)	\$61,124 (58,773)	45.00%

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
- 664 10 Deputy Executive Secretary and Director, Academic Affairs and Research

**PROPOSED BOARD OFFICE BUDGET FOR FY 1987.** The Board Office recommended that the board approve the preliminary Board Office budget for FY 1987 in the amount of \$788,450.

The proposed budget for the Board Office for FY 1987 includes appropriations of \$468,111, institutional reimbursements of \$315,971 and miscellaneous receipts of \$4,368. Institutional reimbursements are identical to the approved budget for FY 1986 because the appropriation bill passed by the General Assembly prohibited the board from requiring a greater reimbursement than that approved as of April 1, 1986. The appropriations include \$12,758 for Regents per diem, which is appropriated to the Department of Management, and is expected to be allocated to the board along with salary adjustment funds. The funds for comparable worth will be continued at the same level as for FY 1986. It is assumed that the salary adjustment fund will be sufficient to finance the mandated salary policies. It is also proposed that the board request appropriations for salary increases for non-general fund positions because of the ceiling in the appropriations bill relative to institutional reimbursements.

Mr. Richey stated the preliminary budget reflected the funds that were anticipated to be available. He noted that specific salaries for Board Office employees would be submitted later in the year.

The proposed budget for salaries and wages including board per diem amounts to \$677,458. This amount of salary budget is based on the salary policies contained in the Appropriation Act passed by the 1985 General Assembly. The Board of Regents office is subject to the same salary policies as other employees in state government while the institutional employees are subject to a separate policy that is specific to the Board of Regents.

This state-wide policy provides for a 4 percent increase across the board as of January 1, 1987, for Regents Merit System employees and an average increase of 4 percent in salary scales for professional and scientific employees on the same date. In addition, Board Office employees are eligible for merit pay increases. The proposed salary budget will require a salary shrinkage of \$17,896. If the reimbursements are not made for salary increases for positions now funded from institutional assessments, the total salary shortfall will be about \$28,000.

The recommended adjustments in the Board Office staffing are designed to try to maintain the existing level of staff services despite the reductions in base appropriations. To the fullest extent possible, reductions in the number of positions were avoided through the downgrading of positions where that could be accomplished without a severe impact on the quality of staff services.

Several actions have been or are being taken to reduce expenditures for personnel:

- |  |          |
|--|----------|
| 1. Eliminate one clerical position                           | \$15,000 |
| 2. Downgrade an Associate Director<br>(Business and Finance) | \$11,000 |
| 3. Downgrade an Administrative Assistant position            | \$ 4,000 |
| 4. Downgrade Assistant Director<br>(Academic Affairs)        | \$10,000 |
| 5. Transfer some duties of Accountant                        | \$ 3,000 |

Other routine savings are expected through normal attrition.

These savings are required because of the \$22,000 reduction required by the 3.85 percent cutback plus the \$13,000 reduction in travel funds by the General Assembly during the 1986 session. The General Assembly cut travel funds drastically for practically all state agencies except Regent institutions. These cuts were in addition to the major reductions in travel funds made during the 1985 session of the General Assembly.

Other operating expenditures are budgeted quite conservatively for FY 1987. Travel expenses for board staff are \$7,600 below the current fiscal year. The travel budget for board members is maintained at the original amount. Funds for office supplies are increased by 4 percent. The anticipated expenditures for communications services are reduced by about \$9,000 from the budget of the current year. Major savings to the office were made possible by a change in billing procedures to state agencies for long distance Watts lines by the state Department of General Services. Other general operating categories are projected at approximately the same level as the current year.

The equipment budget for the current fiscal year will be augmented from other budget categories as funds become available during the remainder of FY 1986. The office automobile would be replaced and other office equipment including typewriters would be replaced as needed.

The salary of the executive secretary is set by the governor within the range specified by law. The salary bill passed by the General Assembly established the salary of the executive secretary at a maximum of \$64,000 per year. It is assumed that if the salary is increased, funds will be allocated from the salary adjustment fund as authorized in the bill.

Regent Duchen asked what the mid-year effective date was for these changes. Mr. Richey explained that this would be the end of December for Merit across-the-board increases of 4 percent. Regent Duchen also asked if it was possible to change the numbers of the proposed budget. Mr. Richey explained that this was a preliminary budget and that the Board Office would be back with the final budget and salaries for the employees under that budget.

Regent Anderson asked how the office would handle a \$10,000 reduction in travel. Mr. Richey stated that some travel was covered by non-state funds, and the remainder will be made up through reduced travel. He noted to put the reduction in perspective with the rest of state government, that some agencies had their travel funds cut by more than their travel budgets. He said that it was fortunate, also, that the office did not have to take an across-the-board reduction of 3 percent.

Regent Anderson stated that it was a kind of false economy to pay the salaries listed in the budget and not allow the staff to travel.

Regent Tyler asked when the final budget would be approved, and Mr. Richey stated that he didn't know when the state would allocate the salary adjustment fund after July 1, but he hoped that this would be done by the July board meeting.

MOTION: Mr. Tyler moved that the proposed preliminary Board Office budget for FY 1987 be approved. Miss Van Ekeren seconded the motion, and it passed unanimously.

**REPORT ON LIABILITY AND PROPERTY INSURANCE ISSUES.** In 1985, rate increases for college and university property insurance were reported to have been raised as much as 800 percent. Commercial vehicle insurance, such as that on the Regents' fleet, rose by as much as 300 percent in the same year. Rate increases for the current year, although not as high as in 1985, remain significant.

Steep rate increases in liability and property damage coverages began to appear in late 1984. Preceding the steep rise in rates, there had been several years of intense competition for new commercial insurance. Interest rates had been so high during that period that new premium revenue was aggressively sought by insurers. It has been widely reported that the industry had allowed premiums to fall below claims experience during this period. Concurrent with interest rate declines, the industry raised rates dramatically. It has also been reported that catastrophic liability awards have aggravated this situation. Whether all or any of these statements are true has been the subject of some skepticism.

Property Insurance. Regent institutions are required by bond covenant to obtain building and contents coverage on bond-financed structures. The University of Iowa Hospital building insurance increased 33 percent at renewal time this year. University residence system insurance went up 21 percent at the same time. Iowa State University reported 163 percent in premium increases in 1985. An additional 2 percent increase occurred at the most recent renewal on their building and contents insurance for the residence system, athletic facilities, and the Iowa State University Center. The University of Northern Iowa UNI-Dome has presented an unusual insurance risk with its air-inflated roof. The university is faced this year with premiums increasing from \$11,000 to \$85,000, reduced coverage, and a

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unusual insurance risk with its air-inflated roof. The university is faced this year with premiums increasing from \$11,000 to \$85,000, reduced coverage, and a \$250,000 deductible on the roof structure. Moreover, only one firm indicated any interest in insuring the UNI-Dome risk.

In 1984, the Regents' efficiency and cost effectiveness committee recommended catastrophic property coverage, suggesting deductibles of \$1 million and \$5 million per occurrence. The State Risk Management Division of the Department of General Services is presently soliciting proposals on an all-risk building and contents policy on \$1.3 billion in selected state-owned buildings, including selected Regent buildings. Deductibles ranging from \$100,000 to \$500,000 are suggested in the proposal. There is a state appropriation of \$186,000 available for this coverage, effective July 1, 1986. Given market conditions and the appropriated funds available, it is questionable whether any bids will be received. Available premium support is approximately 1.5 cents per \$100 of evaluation. Quite probably, 4 cents to 5 cents per \$100 of evaluation would be the minimum needed with deductibles of \$1 million to \$10 million to make the proposal realistic.

Commercial Vehicle Insurance. The Regents' vehicle liability and property damage insurance increased 111 percent in the current insurance year from \$113,000 to \$238,000. Retrospective rate increases authorized under the policy last year resulted in additional premiums of \$19,658. Retrospectively rated increases based on claims experience may be expected again on this year's policy. In an effort to reduce premiums, the Regent vehicle insurance policy was re-bid a year ago. There were no bids received and the existing insurance policy remained in force.

On May 1, the current Regent vehicle insurance carrier, United States Fidelity and Guarantee, has given official notice to the Board Office that it is not renewing the Regent fleet policy, effective July 1, 1986. The reasons noted are lack of profitability and a lack of control over operators of Regent vehicles.

The Board Office and Regent institutions are currently exploring other insurance possibilities. The Department of Transportation no longer carries any insurance but processes its own claims and pays its own claims from the state road use tax fund. The Department of General Services relinquished its insurance policy a year ago and went to a self-insurance program. Under this program, continuing premiums from users are to pay all claims up to \$250,000 plus all administrative costs. Claims over \$250,000 are processed by the State Appeals Board under the Tort Claims Act.

Regent risk managers and the Board Office are now examining alternatives to the United States Fidelity and Guarantee policy, which will expire July 1, 1986. The late notice of non-renewal by United States Fidelity and Guarantee has not allowed sufficient time for insurance to be publicly bid without lapsing coverage.

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Regent Murphy asked if there were factors at the institutions causing high insurance rates. Director True stated that the overall marketplace was chaotic, and premiums were rising rapidly. He noted also that there were factors with the universities which caused risk exposures to be unique.

Regent Murphy asked how the retrospective premiums were. Director True stated that the Regents have paid the maximum retrospective premium the last two years -- \$25,000 per year.

Regent Tyler stated that the legislature had repeatedly said it did not have the facts to do anything about the liability problem. He stated that he felt the docket memorandum was an excellent summation of the effects of this on one branch of state government and suggested that copies be sent to the House Speaker, the Majority and Minority Leaders, as well as the Joint Education Committee.

Regent Van Gilst asked how the state handled insurance. Director True said that the Department of General Services and the Department of Transportation participates in self-insurance. They cover any exposure below \$250,000. Above that, they rely on the tort claims act.

Regent Van Gilst asked if the Regents could get into that program. Director True indicated that it was one of the alternatives under consideration.

Vice President Ellis stated that he would like to see some revisions made to the docket memorandum prior to sending it to legislators. He stated that the memo referred to the company "canceling" the university's fleet insurance. He noted that the word "cancel" had a different connotation in the insurance industry, and that the appropriate words would be "not being renewed." He added that one of the reasons for not renewing the policy was "lack of control over operators of Regent vehicles." He asked that the memo be clarified to state that this did not refer to CAMBUS drivers who are carefully screened and controlled.

MOTION: President McDonald stated that the report on liability and property insurance issued was received by general consent of the board.

**REPORT ON ASSOCIATION FOR GOVERNING BOARDS SEMINAR.** The Association for Governing Boards Seminar was held May 20, 1986, at the Fort Des Moines Hotel in Des Moines.

President McDonald stated that the conference covered the duties and responsibilities of governing boards, and it gave the board a chance to consider the broad range of its responsibilities and to think about and discuss opportunities for different or better ways of doing things. The seminar was led by former Regent, Mary Louise Peterson. He noted that Mrs. Peterson had conducted seminars with about 40 other boards throughout the nation under the Association of Governing Boards Mentor program. He stated that he felt the exercise was good for the board.

GENERAL  
May 21, 1986

**NEXT MEETINGS**

- |                     |   |                |
|---------------------|---|----------------|
| * June 18-19        | University of Northern Iowa             | Cedar Falls    |
| * 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<br>Saving School | Vinton         |
- \* Long Range Planning Seminars

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 Wednesday, May 21, 1986.

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

**APPOINTMENTS.** The following appointments were approved.

Richard C. Pegnetter, Jr., Associate Dean for External Programs, College of Business Administration, at a fiscal-year salary of \$67,222, effective June 1, 1986.

Robert M. Fitch, Associate Dean, College of Education, at a fiscal-year salary to be budgeted, effective July 1, 1986.

R. Jerrald Shive, Associate Dean, College of Education, at a fiscal-year salary to be budgeted, effective July 1, 1986.

Emmett J. Vaughan, Dean, Division of Continuing Education, at a fiscal-year salary of \$78,000, effective June 1, 1986.

John C. Montgomery, Acting Head, Department of Oral and Maxillofacial Surgery, and Acting Head, Department of Hospital Dentistry, at a fiscal-year salary of \$105,500.

**MOTION:**

Mr. Greig moved that the board approve the appointments as outlined above for the University of Iowa. Mr. Tyler seconded the motion, and it passed unanimously.

**PROPOSAL FOR ASIAN AND PACIFIC STUDIES AT THE UNIVERSITY OF IOWA.** The Board Office recommended that the board receive the report for Asian and Pacific Studies at the University of Iowa.

President Freedman made the formal announcement to the board of the \$2 million gift from the late C. Maxwell Stanley of Muscatine, Iowa. The gift will be used to establish a Center for Asian and Pacific Studies at the University of Iowa. The university is now involved in the search for a director for the Center.

Distribution of the gift will include \$1 million for an endowed professorship and \$1 million to offset the program costs.

President Freedman stated the university's hope that this gift would be seed money and will encourage other gifts. He also informed the board that this gift is one of the largest single gifts ever received by the university, and that it is appropriate for the program's objectives.

President McDonald asked that the university convey the gratitude of the board thanks to the Stanley family for the gift.

**MOTION:** Dr. Harris moved that the board receive the report and convey President McDonald's remarks to the Stanley family. Mrs. Anderson seconded the motion, and it passed unanimously.

**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.** The Board Office recommended the referral to the Interinstitutional Committee on Educational Coordination and the Board Office for review and recommendation.

The University of Iowa proposed the 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, having constituent departments of (1) Exercise Science, (2) Physical Education and Sports Studies, (3) Dance, and (4) Leisure Studies. The university also recommended that the board approve the redesignation of the B.S. and M.A. degrees in Recreation Education as the B.S. and M.A. degrees in Leisure Studies.

Vice President Remington noted that the University of Iowa is one of the last universities in the country to have separate programs in these areas.

Regent Murphy questioned who would be choosing the director for the new program. Vice President Remington indicated that several people were currently involved in the selection.

**MOTION:** Dr. Harris moved that the proposed new Division of Physical Education be referred to the Interinstitutional Committee on Educational Coordination and the Board Office for review and recommendation. Mrs. Murphy seconded the motion, and it passed unanimously.

**SPECIAL SECURITY OFFICERS.** The appointments of Derek Hyché, Raymond M. Holloway, and Linda J. Krall as special security officers were approved as part of the consent docket.

Vice President Ellis noted that the Board of Regents Affirmative Action efforts were the subject of considerable attention in the past legislative session. He said that he had learned many legislators were uninformed in how active the institutions were in the area of Affirmative Action. He said that among the three special security officers there were two minorities and one woman, and all three started as trainees.

**ESTABLISHMENT OF HEALTH PROTECTION OFFICE.** The Board Office recommended that the board approve the establishment of a Health Protection Office at the university by combining the university's Radiation Protection Office and the Environmental Health and Safety Office.

The university presently has a Radiation Protection Office and an Environmental Health and Safety Office. Each of these offices employs five professional staff to complete its work. While the offices do not presently duplicate one another's efforts, a high degree of articulation between them is needed. To enhance this cooperation and to better serve the health and safety needs of the university community, it has been determined that the separate offices should be combined. This combination also will provide for a productive exchange of information and problem solving approaches concerning health and safety matters and regulatory developments at the local, state, and national levels.

The newly established Health Protection Office would be responsible for administering the university's chemical, biological, and radiological protection programs and other programs deemed necessary for the health and safety of the university community. In this area, the office would recommend, administer, and implement university policy; enforce standards for health and safety; exercise surveillance over appropriate issues; and review plans for construction and remodeling of university facilities, as directed. Within the staff there will be a Director, an Associate Director, and an Assistant Director. The office will report through the Associate Vice President for Educational Development and Research.

**MOTION:** Mr. Van Gilst recommended that the board approve the establishment of a Health Protection Office. Mrs. Murphy seconded the motion, and it passed unanimously.

**PROPOSAL TO DISCONTINUE THE SCHOOL OF LETTERS IN THE COLLEGE OF LIBERAL ARTS.** The Board Office recommended that the board refer the proposal on the discontinuation of the School of Letters in the College of Liberal Arts to the Interinstitutional Committee on Educational Coordination and the Board Office for review and recommendation.

ACTION: President McDonald stated that the proposal would be referred by general consent of the board.

**REGISTER OF CAPITAL IMPROVEMENT BUSINESS TRANSACTIONS.** The Board Office recommended approval of the register for April 14 through May 9, 1986.

Highlights of the register are as follows:

PERMISSION TO PROCEED WITH PROJECT PLANNING

Chemistry-Botany Building Remodeling--Phase II

The university requested permission to initiate planning on a project to remodel the Chemistry-Botany Building. The project was included in the Regents' 1986 capital request.

Concurrent Resolution #136 authorizing the sale of \$8.55 million in Academic Building Revenue Bonds was approved last month by the General Assembly and is awaiting approval by the Governor.

PROJECT DESCRIPTIONS AND BUDGETS

University Hospital--Radiation Therapy Expansion

Source of Funds: University Hospital Building Usage Funds

Budget \$444,900

This project involved remodeling on the first floor of the general hospital for expansion of a radiation therapy suite for the Department of Radiology. The project would create new waiting, reception, and scheduling areas, patient consultation and examination rooms, nurses station, and other support areas.

University Hospital--Telecommunication Main Switch Room Completion

Source of Funds: University Hospital Building Usage Funds

Budget \$325,200

This project involved creation of a central switching equipment room for the new telecommunications system. The switching room would be created in shelled space on the lower level of the Colloton Pavilion. Only \$50,000 of the cost to complete the switch room in the hospital was included in the telecommunications system budget approved by the board in September 1985.

The University Hospital plans to use Kimmel-Jensen-Wegerer-Wray, Rock Island, Illinois, for engineering services on the project.

CHANGE IN SOURCE OF FUNDS

University Hospital--Dietary Kitchen Renovation, Phase 2

The University Hospital reported a change in source of funds on this project from the University Hospital building usage funds to the University Hospital building repair funds. The university requested this change in order to make use of available balances in the building repairs account.

The project budget of \$1,847,130, which was approved by the board in October, 1984, will not change as a result of the change in source of funds.

CONSTRUCTION CONTRACTS

The following contract was presented for consideration by the board:

Iowa Memorial Union Remodeling--Phase II

Award to: Walter Inc., Des Moines, Iowa

Base Bid of \$6,266,000 plus Alt. #1 of \$8,600 =

TOTAL AWARD OF:

\$6,274,600

(4 bids received)

This contract was referred to the board for action because all bids exceeded the amount available in the project budget. The Executive Secretary is not authorized to award a construction contract that cannot be awarded within a budget that has been approved by the board. Therefore, the contract was referred to the board for award. The contract award request and revised budget were not received in the Board Office in time to evaluate and discuss the memorandum.

Associate Director Runner spoke on the contract award request and revised budget for the project. He stated that the university was requesting approval to award the contract to Walter, Inc. In regard to the proposed change in the project budget, he indicated that the budget had been previously approved by the board in the amount of \$5,512,436.

Vice President Ellis stated that cost estimators for the architects told the university that estimating, particularly on remodeling projects, was especially hazardous. He stated that the university was distressed about the bids and immediately began to consider a variety of options and felt the best was to increase the size of the budget. He noted that the closeness of the bids indicated that there was no hope in re-advertising.

Mr. Richey questioned, given the 20 percent underestimate on Phase I, whether the university was sticking with the original estimate on Phase II.

Vice President Ellis stated that was the best estimate at this time. He added that Phase II was a much smaller and less complex project. He

indicated that, given the long period of gestation of this project and given the efforts to accommodate the groups using the facility, they felt they should proceed with the project.

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

Roadway Construction--Library South Site Development

Award to: Streb Construction Company, Inc., Iowa City, Iowa \$277,916.60  
(3 bids received)

and

South Entrance Reconstruction and Parking Lot Expansion--  
University Library

Award to: Streb Construction Company, Inc., Iowa City, Iowa  
Base Bid of \$169,777, and deduct alternate of  
\$19,400 =  
TOTAL AWARD OF: \$150,377  
(3 bids received)

TOTAL RECOMMENDED AWARD OF FOR BOTH PROJECTS: \$428,293.60

This project consists of two contracts and involves construction of a road on the south side of the University Library and new entrance and parking lot. Partial funding for the roadway construction portion of this project would be provided from the Department of Transportation's Institutional Road Fund. The construction contract for the roadway construction has been forwarded to IDOT for their concurrence in the award.

Grand Avenue Utility Tunnel Restoration--Asbestos Abatement

Award to: Haberer Plastering, Inc., Sioux City, Iowa  
TOTAL AWARD OF: \$93,450  
(6 bids received)

This project, approved by the board in November, 1985, will replace approximately 800 feet of the utility tunnel that runs along Grand Avenue. The estimated project cost is \$1,393,000. The project will be funded from a combination of 69th General Assembly Academic Revenue Bonds and Treasurer's Temporary Investments.

15 KV Electrical Loop I Extension--Phase I

Award to: Keith Enterprises, Inc., Des Moines, Iowa  
TOTAL AWARD OF: \$550,000  
(3 bids received)

This project will extend an existing electrical feeder loop from Burlington Street to a point near the Chemistry-Botany Building. The project was approved by the board in November, 1985. Durrant Engineers of Dubuque, Iowa, are the project engineers.

#### CHANGE ORDERS TO CONSTRUCTION CONTRACTS

The following change orders were approved by the Executive Secretary on behalf of the board.

##### New Telecommunications Systems

Universal Communication Systems, Inc., Roanoke, Virginia

Change Order #1	\$0
Change Order #2	<u>Increase \$35,680.75</u>

The university requested the Executive Secretary's approval on two change orders to the Telecommunications System contract. Both change orders involved adjustments in the cable and wiring system to various buildings throughout the campus. The modifications in the cabling plants resulted from refinements in the system planning that came about since the contract documents were originally prepared over a year ago.

The first change order resulted in no change to the contract cost. The second change order was an accumulation of several items in the cabling plant that resulted in a net increase of \$35,680.75. These change orders were approved by the Executive Secretary on May 9. These were the first two change orders on the telecommunication contract, which was awarded by the board in September, 1985. The new net amount of the contract, including these change orders, will be \$15,135,680.75.

##### Main Power Plant Boiler Replacement Program--Phase I

Contract #1, Coal Handling Work and Electrical Annex:

M. A. Mortenson Company, Minneapolis, MN Decrease \$215,911

In April, the board awarded the \$4.5 million contract to Mortenson for the coal handling and electrical work on the Main Power Plant project. This was a deduct change order and reduces the amount of the contract by \$215,911.

The change substituted hollow metal doors for solid core doors throughout the power plant building and deleted finished painting and labor and material costs on the interface of the coal handling equipment with the Power Plant. The university and the project engineers, Stanley Consultants, requested approval of the change order, which would reduce the cost of the contract by eliminating these items.

The entire register is on file in the Board Office.

MOTION: Mrs. Murphy moved that the board approve the Register of Capital Improvement Business Transactions. Dr. Harris seconded the motion, and it passed unanimously.

**APPROVAL OF LEASES.** The Board Office requested that the board approve the following leases:

- a) with the CEDAR RAPIDS AND IOWA CITY RAILWAY COMPANY (CRANDIC) for the university's use of approximately 10,440 square feet of land south of Burlington Street between the CRANDIC tracks and the university power plant for a term of three years and one month commencing June 1, 1986, and continuing thereafter until either party gives 30 days written notice of termination, at an annual rent of \$835.20 ; and
- b) with VERSION 1.0 SOFTWARE for their use of approximately 275 square feet of office space (Room No. 231) in the Technology Innovation Center (TIC) for a term of one year commencing June 1, 1986, at an annual rent of \$1,650; and
- c) with GLEN TULL and JIM SISSELL for the university's use of approximately 2,376 square feet of heated warehouse space at 2930 Industrial Park Road, Iowa City, for a term of one year commencing May 26, 1986, with an option for renewal for two one year terms, at an annual rent of \$6,540.
- d) with INDUSTRIAL PARK WAREHOUSING for the university's use of approximately 2,376 square feet of heated warehouse space at 2930 Industrial Park Road, Iowa City, for a term of one year commencing May 26, 1986, with an option for renewal for two one-year terms, at an annual rent of \$6,540.

CRANDIC (new)--The board approved in January, 1986, a lease with CRANDIC for the university to have laydown space during the construction of the new boiler at the power plant. At that time, the university attempted to acquire by lease the land covered by this proposed lease. CRANDIC was unwilling, at that time, to lease this land of approximately 10,440 square feet to the university. As CRANDIC is now willing to make the space available, the university would like to have it available during the construction process. A total of 68,128 square feet of land will now be available for this purpose. The rate of 8 cents per square foot per year is the same rate as was available to the board in January.

VERSION 1.0 SOFTWARE (new)--The board established the Technology Innovation Center (TIC) in October, 1984, to facilitate the university in nurturing new business and fostering new projects by existing companies by making available information on, and access to, the technological and intellectual resources of the university and by providing advice on management and capital

acquisition. VERSION 1.0 SOFTWARE is an enterprise which meets the university's requirements for such assistance. They will use the space for office, applied research, product development, and new business marketing.

The space at the TIC is provided to the companies at a rental rate of \$6 per square foot per year. The rent includes utilities and services.

GLENN TULL and JIM SISSELL (renewal)--The university presently leases this space for use as a regional office and clinic for Regional Child Health Specialty Clinics. The rent includes water, heat, utilities, trash and garbage collection, and all maintenance including hallways and restrooms. The landlord will keep stairways, sidewalks, and the parking lot free of ice, snow, and other obstructions. The lease can be terminated on 30 days written notice by either party. The rent of \$430 per month (\$5,160 annually, \$5.21 per square foot per year) is considered fair and equitable for space in the Creston area and represents a 2.4% increase over the present rent. The university reports that no vacant school buildings were available pursuant to Executive Order No. 44.

INDUSTRIAL PARK WAREHOUSING (renewal)--The lease is for 2,376 square feet of heated warehouse space in the building located at 2930 Industrial Park Road, Iowa City. The space is used by The Center for Educational Experimentation and Evaluation, College of Education for the warehousing and storage of educational supplies and materials used in mastery centers in mathematics and reading. These materials are resold to school districts. There is not adequate space on campus for this purpose. The rental rate of \$545 per month (\$6,540 per year, \$2.75 per square foot per year) is considered equitable and competitive for the Iowa City area and represents an increase of 3.8% over the present lease. The university reports that no vacant school buildings were available pursuant to Executive Order No. 44.

MOTION:

Miss Van Ekeren moved that the board authorize the leases as follows: a) with the CEDAR RAPIDS AND IOWA CITY RAILWAY COMPANY (CRANDIC) for the university's use of approximately 10,440 square feet of land south of Burlington Street between the CRANDIC tracks and the university power plant for a term of three years and one month commencing June 1, 1986, and continuing thereafter until either party gives 30 days written notice of termination, at an annual rent of \$835.20 ; and b) with VERSION 1.0 SOFTWARE for their use of approximately 275 square feet of office space (Room No. 231) in the Technology Innovation Center (TIC) for a term of one year commencing June 1, 1986, at an annual rent of \$1,650; and c)

with GLEN TULL and JIM SISSELL for the university's use of approximately 2,376 square feet of heated warehouse space at 2930 Industrial Park Road, Iowa City, for a term of one year commencing May 26, 1986, with an option for renewal for two one year terms, at an annual rent of \$6,540; d) with INDUSTRIAL PARK WAREHOUSING for the university's use of approximately 2,376 square feet of heated warehouse space at 2930 Industrial Park Road, Iowa City, for a term of one year commencing May 26, 1986, with an option for renewal for two one-year terms, at an annual rent of \$6,540. Mr. Tyler seconded the motion, and upon the roll being called, the following voted:

AYE: Anderson, Greig, Harris, McDonald,  
Murphy, Tyler, Van Ekeren, Van  
Gilst.

NAY: None.

ABSENT: Duchon

**RAZING ATHLETIC STORAGE BUILDING.** The Board Office recommended that the board approve the request to raze the Athletic Storage Building.

This structure, constructed in 1960, is an 832 square foot concrete utility building. It is located at the site of the former outdoor track. A new outdoor track has been constructed on the west campus, so the storage building in the current location is no longer needed.

The university indicated that the building has deteriorated and does not comply with codes, and that renovation of the small building for other purposes was not feasible.

**MOTION:** Mr. Tyler moved that the board approve the razing of the Athletic Storage Building. Mrs. Anderson seconded the motion, and it passed unanimously.

**STUDENT HEALTH SERVICES FEE.** The Board Office recommended that the board defer action on the university's request to increase student tuition and mandatory student health fees until the fall when tuitions and mandatory fees will be reviewed for fiscal year 1988.

**ACTION:** Consideration of the student health services fee was deferred along with tuition and fees policy in the general portion of these minutes.

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

**APPOINTMENT OF WILLIAM E. TWALER.** The university requested board approval on the appointment of William E. Twaler as Director of the Health Protection Office in the Office of the Vice President for Educational Development and Research, effective July 1, 1986, at a salary to be provided in the budget.

**MOTION:** Mr. Greig moved that the board approve the appointment of William E. Twaler as Director of the Health Protection Office. Mrs. Murphy seconded the motion, and it passed unanimously.

**PROPERTY PURCHASE.** The university requested approval of the purchase of property at 21 West Bloomington Street, Iowa City, from Monica and Brian Rogers.

The property consists of a lot with dimensions of 45' x 75' on which is located a single-story frame house in fair to marginal condition. The house was converted to and has been used as a rooming house for several years. There are five bedrooms and two baths on the first floor and two bedrooms and a bath in the basement.

The purchase price is \$52,800, payable \$5,000 down on signing of a real estate contract, and the balance on possession and delivery of marketable title and warranty deed on or before June 25, 1986.

Funds for the purchase are available from unexpended balance of Income from Treasurer's Temporary Investments.

The property is in a key location within the general campus boundaries and within the University of Iowa land acquisition plan approved by the Board of Regents in January 1984. The property is offered for sale at this time at a reasonable price. Considering its age and general condition, the structure should be removed from the site after acquisition procedures are completed.

Vice President Ellis indicated that the property rests near the northwest corner of the Chemistry-Botany Building, and that it is property that the university has been interested in acquiring for a number of years.

**MOTION:** Mrs. Anderson moved that the board approve the purchase of the property at 21 West Bloomington Street, Iowa City, from Monica and Brian Rogers. Mr. Van Gilst seconded

the motion, and upon the roll being called,  
the following voted:

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

NAY: None.

ABSENT: Duchen, Harris.

**PROFESSIONAL AND SCIENTIFIC CLASSIFICATION SYSTEM.** Associate Vice President Small addressed the board requesting approval of the following items as new classifications in the Professional and Scientific Classification System.

1. Chief of University Security (PJ5310). This position is established to improve the effectiveness of the supervisory and administrative staff of the Department. This would be a position with line responsibilities for patrol officers, guards and investigative personnel, and responsibilities for general assistance to the Director of Security.
2. Manager of Facilities Planning and Utilization (PJ0213) in pay grade 13. The classification action represents the incorporation in this position of portions of the duties of the Associate Director, position of portions of the duties of the Associate Director, Facilities Planning and Utilization, and of the Director, Facilities Planning and Utilization. The replaced positions will be eliminated.

Mr. Richey stated that the proposed positions and point counts were reviewed by the Board Office staff and found to be appropriate. He recommended that the board act on the proposal since the university was in the final budget process. He indicated that the university should understand that bringing such supplemental items to the board would only be allowed in unusual circumstances.

MOTION:

Mrs. Anderson moved that the board approve the new classifications. Mr. Van Gilst seconded the motion, and it passed unanimously.

## IOWA STATE UNIVERSITY

The following business pertaining to Iowa State University was transacted on Wednesday, May 21, 1986.

**SALE OF \$9,000,000 COMPUTATION CENTER REVENUE BONDS, SERIES ISU 1986.** The Board Office recommended that the board authorize the following:

- Hold a public hearing on issuance of up to \$9,900,000 Computation Center Revenue Bonds, Series ISU 1986.
- Adopt A "Resolution directing the advertisement for sale of up to \$9,900,000 Computation Center Revenue Bonds, Series I.S.U. 1986," authorizing the Executive Secretary to fix the date for the sale of the bonds.

President McDonald called the meeting to order at 1:30 p.m., central daylight time, on May 21, 1986. The roll being called there were present John McDonald, President, in the chair, and the following named board members: Anderson, Duchen, Greig, Harris, Murphy, Tyler, Van Ekeren, Van Gilst.

President McDonald stated that the purpose of the meeting was to institute proceedings for the issuance of Computation Center Revenue Bonds for Iowa State University.

President McDonald asked the Executive Secretary whether anyone had filed a petition, protest, appeal, or objection of any kind on this bond issue prior to the meeting. There being no objections, the president declared the public hearing closed.

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 and providing for the issuance of the bonds and directing the advertisement of the sale of the bonds.

Mr. Richey stated during the past week they found that the State Treasurer and State Comptroller would be making presentations to bond rating agencies regarding the state's upcoming issuance of \$400 million in tax anticipation notes. The issuance was scheduled in such a manner so as to conflict with

the board's sale of the Computation Center bonds. He, therefore, asked that the bonds be pulled off the market and rescheduled following the state sale.

He stated since the public hearing for sale of the Computation Center bonds had been scheduled, he would like to proceed. He added that he expected the sale of the bonds to occur at the June board meeting.

Associate Director Runner stated that he anticipated the sale of the bonds to occur at the June board meeting. He indicated that the board was asked to approve a resolution allowing for the sale of up to \$9.9 million because the delay in the sale may cause the amount of bonds to be sold to fluctuate slightly. He stated that the resolution was developed with the approval and advice of the board's bond counsel.

After consultation with Vice President Madden, it was determined that it would be preferable to issue the Computation Center bonds after the state has had its tax anticipation notes rated and priced for sale. This delay would not interfere with the project planning underway at Iowa State University.

MOTION: Dr. Harris moved that the board approve the public hearing for the issuance of up to \$9,900,000 in Computation Center Revenue Bonds. Mrs. Murphy seconded the motion, and it passed unanimously.

MOTION: Mr. Tyler moved that the board approve the adoption of a resolution directing the advertisement for the sale of up to \$9,900,000 Computation Center Revenue Bonds, and authorize the Executive Secretary to fix the date for the sale of the bonds. Mr. Tyler seconded the motion.

AYE: Anderson, Greig, Harris, McDonald,  
Murphy, Tyler, Van Ekeren, Van  
Gilst.

NAY: None.

ABSENT: None.

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

**OPERATION OF PHASED RETIREMENT POLICY FOR 1985-86.** This report was accepted as part of the consent docket.

Iowa State University's phased retirement policy was approved by the board in June 1982. The program was extended to merit system employees in July 1984. The program is available to faculty and staff who are 60 years of age or

older, with 20 or more years of service at the university. Plans are negotiated between the faculty or staff members and their departments and are subject to approval by university administration and the board. During the first four years of the five year phasing period, the salary received by the participant reflects reduced appointment time, plus an additional 10 percent of budgeted salary had the person continue full-time work. In the fifth and all subsequent years prior to full retirement, the participant's appointment is to be no greater than 50 percent, and salary is prorated accordingly. During the phased retirement programs, university and staff contributions to insurance and retirement programs, except as otherwise required by law, continue at the same levels had the staff member continue full-time employment.

The university reported 12 new participants in 1985-86 which brought the total number in phased retirement to 32. The cost of incentives paid during the year was \$115,274. The net amount of released funds was \$223,646, which was used to support needed positions or to help meet budget reductions.

The phased retirement program for faculty and professional and scientific staff at Iowa State University was approved by the board on a trial basis through June 30, 1987. To facilitate planning by employees and departments, it was suggested that the Iowa State University program, as well as phased retirement programs at the other Regent institutions, be reviewed in November 1986.

**APPOINTMENTS.** The board was requested to approve the following appointments.

Dr. Jerelyn B. Schultz, Assistant Vice President of Academic Affairs and Professor of Home Economics and Secondary Education, at a salary as budgeted, effective August 16, 1986 through May 15, 1987 (reappointment).

Dr. Patrick D. Gouran, Chair, Department of Speech Communication, at a salary as budgeted, effective July 1, 1986, though June 30, 1989.

Dr. Kenneth A. Heimes, Chair, Department of Mathematics, at a salary as budgeted, effective July 1, 1986, through June 30, 1989.

Colonel Ralph M. Spory, Jr., Professor and Chair, Department of Air Force Aerospace Studies, salary elsewhere, effective July 15, 1986, through July 14, 1989.

Rand D. Conger, Associate Dean for Research and Graduate Education, College for Home Economics, and Associate Director, Home Economics Research Institute, at a salary as budgeted, effective July 1, 1986.

Dr. Dianne Draper, Acting Chair, Child Development Department, at a salary as budgeted, effective July 1, 1986.

**MOTION:**

Mr. Tyler moved that the board approve the appointments as outlined above for Iowa State University. Miss Van Ekeren seconded the motion, and it passed unanimously.

**PHASED RETIREMENT REQUESTS.** This report was accepted as part of the consent docket.

The Board Office recommended that the board approve the request of phased retirement for Robert Love, Associate Professor of Industrial Engineering, effective July 1, 1986, and Joe Crawford, Associate Professor of Freshman Engineering, effective August 21, 1986.

The university reported that Professor Love proposes to reduce his appointment to 80 percent, effective July 1, 1986, and to 50 percent, effective July 1, 1989, until full retirement in August 1990. Funds available during the first year as a result of this action, approximately \$4,000, will be used for other instructional purposes.

The university reported that Professor Crawford proposes to reduce his appointment to 75 percent, effective August 21, 1986, until full retirement, May 20, 1987. Funds available during the first year as a result of this action, approximately \$9,750, will be used for other instructional purposes.

**PROPOSED NEW DEGREE PROGRAM: MASTER OF FINE ARTS DEGREE; PH.D. IN PUBLIC POLICY; AND GRADUATE MAJOR IN VETERINARY PARASITOLOGY AT THE MASTERS LEVEL.**

The Board Office recommended that the board refer the programs to the Interinstitutional Committee and the Board Office for review and recommendation.

Iowa State University is proposing three new degree programs: (1) a Master of Fine Arts degree; (2) a Ph.D. in Public Policy, with a focus on the areas of Agriculture, Science, and Technology; and (3) a graduate major in Veterinary Parasitology at the Masters Level.

It was recommended that the proposed programs be referred to the Interinstitutional Committee on Educational Coordination and the Board Office for review and recommendation. It was recommended that these programs, especially the Master of Fine Arts and the Ph.D. programs, be given careful review due to the potential for program duplication with programs already in place at the Regent institutions.

Regent Murphy stated that she had some reservations about the Master of Fine Arts. She explained that she would like the committee to give the board an in-depth report after it had reviewed the proposal.

Mr. Richey asked if the Ph.D. in Public Policy was a change in direction for the university. President Parks stated that became to the university in 1948 to build the field of political economics in agriculture. He indicated the university had been pointing in this direction for many years. The degree in Public Policy is very much a cross-discipline degree dependent on the university's strengths in agriculture and science and technology. He indicated that he did not consider it a departure but a fulfillment of the university's mission.

**MOTION:**

Miss Van Ekeren moved that the proposed new degree programs be referred to the Interinstitutional Committee on Educational Coordination and the Board Office for review and recommendation. Mr. Tyler seconded the motion, and it passed unanimously.

**POST-AUDIT REPORTS ON THE MASTER OF FINE ARTS DEGREE IN TRANSPORTATION PLANNING AND THE PH.D. PROGRAM IN HISTORY OF TECHNOLOGY AND SCIENCE.** The Board Office recommended that the board refer the programs to the Interinstitutional Committee and the Board Office for review and recommendation.

Section 6.07 of the Regents Procedural Guide requires that all new or expanded programs be subject to a post-audit after five years of existence. It has now been five years since the Master of Arts degree in Transportation Planning and the Ph.D. degree in History of Technology and Science were approved by the Board of Regents.

**ACTION:**

President McDonald stated the referral of the proposed degree programs to the Interinstitutional Committee on Educational Coordination and the Board Office for review and recommendation was approved by general consent of the board.

**TUITION WAIVER POLICY.** The Board Office recommended that the board refer the proposed policy to the Board Office, institutional academic offices, and institutional personnel officers for further study, with a report of the study to be delivered to the board in November 1986.

The university proposed a policy which would provide up to six semester hours of course work at the university to full-time faculty, professional scientific employees, and supervisory and confidential merit system employees without cost to the employee. The tuition waiver would be available to part-time employees in these classifications when they have been employed the equivalent of one year of full-time employment.

This Board Office indicated the policy had broad interinstitutional implications and that such a policy should not be adopted without interinstitutional consultation. The matters which the Board Office believes should be addressed in this consultation should, at a minimum, include items as follows:

1. The legality of providing a state service free to one group of people while charging others for the service;
2. The likelihood of expansion of the program to include spouses/children, other employee groups, and non-university employees (as happened with health insurance);
3. The audit controls that would be necessary to ensure proper administration of the program;
4. The immediate cost of providing tuition waivers to the proposed group and expanded groups as well as the major cost implications in the future;
5. The possible problems that might arise in the remainder of state government.

Regent Anderson stated that she felt the proposal had implications for the other institutions.

President Parks stated that such a tuition waiver program was one way for minorities and women to rise. He felt the program appeared to be a very appropriate fringe benefit for the university to offer.

**PROFESSIONAL AND SCIENTIFIC STAFF DEVELOPMENT.** The Board Office recommended that the board refer the proposed policy to the Board Office, institutional academic officers, and institutional personnel officers for further study, with a report of the study to be delivered to the board in November 1986 or as soon thereafter as is practical following the university's development of the details of its proposal.

The university proposed a policy which would provide many ways for a member of the professional-scientific staff to undertake professional development, including self-study, departmental programs, workshops, seminars, short courses, conferences, and professional meetings, formal course work, position exchanges, site visits, internships, and university governance activities. The Board Office agreed that maintaining a highly qualified professional scientific staff on the cutting edge of their respective fields was a necessity for the life of the university as well as the growth of the staff. The university noted that many of the professional development programs that presently existed for this staff were developed through the performance

evaluation process. This also was how others of the Regent institutions determine professional development needs for this staff.

While this proposal represented an essential and desirable step in the development of staff, it did have broad interinstitutional implications and should be reviewed in an interinstitutional context. The matters the Board Office believed should be addressed in this consultation should include, at a minimum, items as follows:

- 1) The audit controls that would be necessary to ensure proper administration of the program;
- 2) The immediate cost of funding the program as well as the major cost implications in the future;
- 3) The method of reporting annually to the board the consequences of the operation of the program.

It was the opinion of the Board Office that the details concerning implementation of the program were as important as the policy. For example, while paying tuition for an employee to attend formal courses may be desirable, it may be advisable to have requirements for service to the university for a specific period of time upon completion of the course.

Vice President Christensen expressed agreement with the recommended actions and noted that both the proposed tuition waiver policy and professional and scientific staff development would be looked at carefully.

**ACTION:** President McDonald stated that the reports on tuition waiver policy and professional and scientific staff development were received by general consent.

**ESTABLISHMENT OF A BRIDGE ENGINEERING CENTER AND A CENTER FOR HISTORICAL STUDIES OF TECHNOLOGY AND SCIENCE.** The Board Office recommended that the board refer the programs to the Interinstitutional Committee and the Board Office for review and recommendation.

Section 6.06 of the Regents Procedural Guide requires that all centers and institutes, except those akin to grant projects requiring no major allocation of internal funds, be brought to the board for approval. Such proposals are routinely referred to the Interinstitutional Committee on Educational Coordination and the Board Office for review and recommendation. It is recommended that the proposals for the establishment of a Bridge Engineering Center, in the College of Engineering, and a Center for Historical Studies of Technology and Science, to be established in the Department of History, College of Science and Humanities, at Iowa State University be referred to

the Interinstitutional Committee on Educational Coordination and the Board Office for review and recommendation.

**ACTION:** President McDonald stated that the board approved the referral of the proposals for establishment of a Bridge Engineering Center and a Center for Historical Studies of Technology and Science to the Interinstitutional Committee on Educational Coordination and the Board Office for review and recommendation by general consent.

**PROFESSIONAL AND SCIENTIFIC CLASSIFICATION PLAN.** The Board Office recommended that the board approve the addition of a new classification, TV News Anchor I, in pay grade V (\$25,223 - \$37,477).

The university reported the need for two levels of the TV News Anchor classification. The current classification (in pay grade VI) would become TV News Anchor II, upon approval of the new classification. The new, lower level class would provide competitive salaries in a pay grade that has been indicated by application of the university's point count evaluation instrument.

**MOTION:** Mrs. Murphy moved that the board approve the addition of the new classification, TV News Anchor I. Mr. Greig approved the motion, and it passed unanimously.

**REGISTER OF CAPITAL IMPROVEMENT BUSINESS TRANSACTIONS.** The Board Office recommended approval of the register for April 25, 1986, through May 22, 1986.

Highlights of the register are as follows:

**PROJECT DESCRIPTION AND BUDGETS**

Friley Hall--West Dining Area Renovation  
Source of Funds: Dormitory System Surplus                      Revised Budget    \$272,500

The revised budget reflected the award of the contract for the renovation of the west dining area for \$215,987.

The project will renovate two dining and serving areas in the Friley Residence Hall, and was approved by the board in January, 1986. The original budget was \$357,600. Reduction of the budget was possible because of the favorable bids received on the project. Cost Planning and Management, International, Inc., of Des Moines, Iowa, was approved in February as design consultant for the project.

One project over \$250,000 was presented for board approval:

Beardshear Hall-North First Floor Renovation

Source of Funds: Income from Treasurer's Temporary Investments \$365,000

The project involves modernizing the architectural, mechanical, and electrical systems in the north wing of Beardshear Hall. The project would continue the university's efforts to bring the building into compliance with current building codes. The university noted that the project would include structural modifications to several floor areas involved in the renovation. These structural modifications were identified in a recent study completed by the university. A portion of this project would renovate the northeast corner of the first floor for staff of the President's Office and other central administrators. A feasibility study of the various options for renovation of the President's Office had recently been completed.

The university requested permission to negotiate an agreement with Charles Herbert and Associates of Des Moines, Iowa, to provide architectural services on the project. The firm has been involved in the previous renovation work of Beardshear Hall, including the recently completed renovation of the Business Office. Compensation will be at an hourly rate, with the maximum not to exceed \$70,000.

CONSULTANT AGREEMENTS

Beyer Hall Addition

Engineering Plus, Ames, Iowa \$24,500  
(Engineering Services)

This project involves construction of an addition to Beyer Hall to provide additional intramural and recreation space. The facility is estimated to cost approximately \$3 million. In April, the board authorized the university to initiate planning on this project. Last month, the board approved the university's request for an agreement with Bussard Dikis Associates to provide architectural services on the project.

CONSTRUCTION CONTRACTS

One construction award was made by the Executive Secretary on behalf of the Board.

Friley Hall--West Dining Area Renovation

Award to: Rotert Construction Company, Halbur, Iowa \$215,987  
(7 bids received)

This project involves renovation of the two dining and serving areas in Friley Residence Hall. Source of funds for the project is dormitory system surplus.

ACCEPTANCE OF COMPLETED CONSTRUCTION PROJECTS

The university reported completion of one construction project during the reporting period. The project, Dairy Industries--Remodel for Food Crops Research Center-Phase I, and the name of the contractor, Harold Pike Construction Company, Ames, Iowa, were identified in the register. Inspection of the work found that the contractor complied with plans and specifications. The university recommended that the work be accepted as complete.

The entire register is on file in the Board Office.

MOTION: Dr. Harris moved that the board approve the Register of Capital Improvement Business Transactions. Mrs. Murphy seconded the motion, and it passed unanimously.

**AGREEMENT FOR FACILITY (WAREHOUSE) USE.** The Board Office recommended that the board approve the Memorandum of Agreement between Iowa State University and the ISU Achievement Foundation for the university's occupancy of a warehouse located at 205 S.E. Fifth Street, Ames, for a term of five years, commencing June 1, 1986, with the university paying the Foundation the Foundation's actual costs for premiums associated with property and liability insurance coverage and miscellaneous costs, including recording fees, abstract preparations, title opinion, and real estate taxes.

The Foundation recently received a warehouse in Ames as the gift of a Des Moines firm. The Foundation plans to sell the warehouse at some time and use the funds for scholarship support, Memorial Union space modifications, and the Computation Center project. Because the market conditions for this real estate are depressed, the Foundation does not wish to sell the building at this time.

The university has limited storage facilities and can make good use of the facility for that purpose. The facility will permit the physical plant to relocate supplies and equipment presently stored in a cattle barn, the central stores stock relocation requirements can be accommodated with the availability of this warehouse, and certain departmental needs for storage will be met.

The university's operating costs for the warehouse are estimated to be \$70,000 per year. For the 22,020 square feet of space, this will make the cost of operation \$3.18 per square foot per year. The university reports this to be an acceptable rate given the quality of the facility. This expense will be met by chargebacks to the units utilizing the facility. Each of the units can accommodate this cost in its present budget.

MOTION: Mrs. Anderson moved that the board approve the agreement for the university's occupancy of the

warehouse. Mr. Greig seconded the motion, and it passed unanimously.

AYE: Anderson, Greig, Harris, McDonald, Murphy, Tyler, Van Ekeren, Van Gilst.

NAY: None.

ABSENT: Duchon.

**EARLY RETIREMENT INCENTIVE FOR COOPERATIVE EXTENSION SERVICE.** The Board Office recommended that the board approve implementation of the early retirement incentive program for Cooperative Extension Service employees participating in the federal civil service retirement program.

The university's Cooperative Extension Service needs to reduce its budget by \$1.6 million in FY 1987. This need results from reduced funding in the form of the state's 3.85 percent reduction in appropriations and the federal Gramm-Rudman reductions. A thorough review of the extension service by the university indicates that 60 budgeted positions need to be eliminated and that it may be necessary to reduce the number of area extension offices from twelve to seven.

In order to minimize the long-term impact of staff reductions on the extension service's ability to conduct its educational programs and services, it is hoped some staff will be encouraged to retire early. To make early retirement attractive, a plan has been developed by the university which will result in those opting for the plan to receive a higher than normal salary their last several months in service in order to qualify for additional retirement benefits. The plan is as follows:

For a commitment to retire on or before September 30, 1986, the staff member would be paid approximately 12.5 percent additional salary during the last six months of employment in addition to the average July 1, 1986, salary adjustment. Specifically, each staff member would provide written notice by June 15, 1986, of his/her intent to retire by September 30, 1986, and would be given:

1. A salary increase of 17.5 percent retroactive to April 1, 1986;
2. A second salary adjustment of 17.5 percent on July 1, 1986. This would include the average salary increase of 5.5 percent for the coming fiscal year.

This increase would result in the employees receiving an approximately 4.3 percent higher retirement annuity. Each dollar paid in this incentive would result in a savings of approximately \$5.39 for the remaining nine months of FY 1987. If all 40 of the employees eligible for this proposed incentive were to elect to retire, the university reported the maximum cost of the incentives would be \$233,000. The salaries and fringe benefits currently committed to the extension service would be reduced by \$1.6 million.

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The university has reviewed the plan with appropriate federal officials and has been told it is acceptable.

Vice President Madden addressed the need to reduce the federal civil service staff through early retirement. He indicated that the number of people retiring could be substantially increased with this plan, and that there would be more layoffs if the plan was not approved. He also indicated that it was important to offer retirement to the employees at this time. He reminded the board that this only applied to federal civil service employees, and therefore had no real implications to other Regent employees.

Regent Van Gilst asked if the legislature had mandated the closing of some of the area extension offices.

Assistant to President Crawford also addressed this issue. He informed the board that the reduction from 12 to 7 extension offices had been planned by the university to meet budget cutbacks.

President McDonald asked when the offices would be cut from 12 to 7.

Vice President Madden stated that he anticipated a request to terminate area extension office leases next month. He said the plan was to end up with area offices in the center of the new districts. He indicated the whole plan would be part of the budget presentation next month.

Mr. Richey stated this was a significant change for Iowa State and that the entire plan required board review.

Assistant to President Crawford responded by saying there was a great deal of legislative interest in this issue and the board may be receiving correspondence.

Vice President Christensen indicated a lot of people were going to be unhappy; first and foremost were the people at Iowa State. The reduction comes at the time when extension services are needed more than ever.

President Parks stated the retirement scheme was made to order.

**MOTION:**

Mr. Greig moved that the board approve the implementation of the early retirement incentive program for the Cooperative Extension Service employees participating in the federal civil service retirement program. Dr. Harris seconded the motion, and it passed unanimously.

**REFINANCING OF EQUIPMENT MASTER LEASE AGREEMENT AND EQUIPMENT LEASE--X-RAY FLUORESCENCE SPECTROMETER.** The Board Office recommended that the board take the following actions:

1. Approve the financial lease for the X-Ray Fluorescence Spectrometer through an option provision in the master lease agreement with Dougherty Dawkins Lease Group.
2. Authorize the university to complete negotiations with Dougherty Dawkins Lease Group to refinance the equipment master lease at a lower interest rate and authorize the Executive Secretary to approve the negotiated interest rate.
3. Authorize the university to include as part of the refinancing approximately \$250,000 for acquisition of automated production equipment for the Iowa State Daily.
4. Authorize the Executive Secretary to approve future additional borrowings under the master lease agreement up to the cumulative maximum of \$4.5 million.

In July, the board authorized the university to enter into a master lease finance agreement with Dougherty Dawkins Lease Group of Minneapolis, Minnesota. The initial use of the financial lease was to replace the main frame computer in the university's Computer Center for \$2.2 million. The lease agreement contained provisions for financing additional equipment up to the maximum amount of \$4.5 million. It is under these provisions of the agreement that the university requested the board's approval to finance the purchase of the X-Ray Fluorescence Spectrometer. The cost of the Spectrometer is \$69,270.

The university indicated the Spectrometer was necessary to support the research of two outstanding earth scientists. The equipment acquisition would be supported by several academic departments with the cost spread over several years.

The university indicated that the Spectrometer would be financed within the existing master lease agreement at an interest rate of 7 percent. This interest rate was competitive and significantly below the 8.43 percent rate available last December when the computerized ticketing system was financed.

Because of the decline in interest rates since last fall, Dougherty Dawkins evaluated the potential savings that would be realized by refinancing the overall master lease agreement. Their analysis indicated that the new interest rate should be between 6.25 percent and 6.5 percent. The university indicated that after discount and fees were taken into account, present value savings would be in the range of \$38,400 to \$53,500. Those present value savings assume an investment rate of 7 percent.

The university requested permission to finance an additional \$250,000 to purchase equipment for the Iowa State Daily. The equipment would provide Journalism students with state of the art technology in newspaper reporting and production. The equipment, once acquired, would be repaid from Iowa State Daily revenues.

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Because of the reduced interest rates on larger debt placements, the university would like to include the financing for the Iowa State Daily equipment within the refinancing of the master lease agreement.

When the original master lease finance agreement was approved by the board in July, the board's approval was required for the future use to finance specific pieces of equipment. The university requested that the Executive Secretary be authorized to approve additional equipment borrowings within the cumulative maximum of \$4.5 million as specified in the original master lease agreement. The university indicated that this would facilitate arranging financing for possible equipment needs and would permit the university to respond more quickly to grant and contract awards.

Vice President Madden stated that it was to the university's financial advantage to refinance to lower interest rates, especially for the Iowa State Daily.

MOTION: Mrs. Anderson recommended that the board approve the actions as recommended. Mrs. Murphy seconded the motion, and it passed unanimously.

**NAMING OF THE NEW COMPUTATION CENTER BUILDING.** The Board Office recommended that the board authorize the university to name the Computation Center Building the Charles W. Durham Center for Computation and Communication.

The university requested approval to name the Computation Center in honor of Charles W. Durham of Omaha, based on his strong devotion to Iowa State University and his generous support of the university over the past 20 years. This includes a \$3 million pledge made in January 1984 for the computation facility. He and his wife, Marge H. Durham, are both 1939 graduates of Iowa State University.

President Parks added that this was the largest single gift ever received by the university. He noted that Mr. Durham is a distinguished alumnus, and that it is appropriate that the building be named for him.

MOTION: Mrs. Murphy recommended that the board approve the naming of the Computation Center as the Charles W. Durham Center for Computation and Communication. Miss Van Ekeren seconded the motion, and it passed unanimously.

**EXECUTIVE SESSION.** President McDonald requested that the board enter into executive session to discuss strategy with counsel in matters that are presently in litigation or where litigation is imminent where disclosure would be likely to prejudice or disadvantage the position of the state pursuant to Chapter 21.5(1)(c) of the Code of Iowa. Mr. Tyler moved that the board enter into

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executive session. Mrs. Murphy seconded the motion; and upon the roll being called, the following voted:

AYE: Anderson, Greig, Harris, McDonald, Murphy, Tyler, Van Ekeren, Van Gilst.

NAY: None.

ABSENT: Duchon.

The board, having voted by at least two-thirds majority, resolved to meet in executive session beginning at 5:30 p.m. and arose therefrom at 6:10 p.m. on May 21, 1986.

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 Wednesday, May 21, 1986.

**REGISTER OF PERSONNEL CHANGES.** This report was accepted as part of the consent docket.

**PERSONNEL TRANSACTION.** The following change in status was approved.

Dr. Thomas W. Hill, from Professor of Anthropology to Professor of Anthropology and Head, Department of Sociology and Anthropology, effective Spring Semester, 1987, at a salary rate of \$37,300 for the academic year.

**MOTION:**

Mr. Greig moved that the board approve the change in status for Dr. Thomas W. Hill. Miss Van Ekeren seconded the motion, and it passed unanimously.

**1987 AND 1988 CALENDAR YEAR HOLIDAYS.** The Board Office recommended that the board approve the university's calendar holiday schedule for 1987 and 1988 as presented.

The State's collective bargaining agreements, which apply to certain university employees, require seven enumerated holidays (New Years Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, the Friday after Thanksgiving Day, and Christmas Day), two holidays designated by the employer, and two holidays accrued as vacation. The board has in past years established these days for all employees.

It has been determined that legislation passed by the General Assembly which increases the number of enumerated holidays from seven to nine does not apply to Regent employees. However, as statewide collective bargaining agreements are not established for FY 1988 and FY 1989, any changes in enumerated holidays that may develop from that process could require a change in the holiday schedule.

**MOTION:**

Mr. Greig moved that the board approve the university's calendar holiday schedule for

1987 and 1988. Dr. Harris seconded the motion, and it passed unanimously.

**PROFESSIONAL AND SCIENTIFIC CLASSIFICATION SYSTEM.** The Board Office recommended that the board approve the following new classifications, revised pay grade assignments, and title changes in the university's professional and scientific classification and compensation plan.

1) New Classes:

<u>TITLE</u>	<u>Grade</u>
Information Analyst	IV \$20,937 - \$31,600
Photo Journalist	II \$15,687 - \$23,000
Field Service Manager	IV \$20,937 - \$31,600
Field Service Engineer	III \$18,044 - \$26,845
Computer Support Specialist	III \$18,044 - \$26,845

2) Revised pay grade assignments as shown below:

<u>Title:</u>	<u>Change:</u>
Utilities Distribution/Special Services Coordinator	From Grade IV to Grade III
Individual Studies Program Administrator	From Grade III to Grade IV
Theatre Business Manager & Publisher	From Grade III to Grade IV
Assistant Director, Academic Computing Services	From Grade V to Grade VI
Systems Programmer Analyst - Academic Computer Services	From Grade IV to Grade V
Assistant to Graduate Dean for Student Services	From Grade IV to Grade V
Counseling Center Director	From Grade V to Grade VI
Assistant Controller and Chief Accountant	From Grade V to Grade VI
Bursar	From Grade IV to Grade V
Assistant Athletic Director/Facilities	From Grade V to Grade VI
Associate Athletic Director/External	From Grade V to Grade VI
Associate Athletic Director/Internal	From Grade V to Grade VI

Registrar	From Grade VI to Grade VII
Assistant Director of Residence/ Facilities	From Grade IV to Grade V
Coordinator, Residence Hall Programs	From Grade III to Grade IV
Associate Director, High School and Campus Relations	From Grade V to Grade VI
Personnel Services Director	From Grade VI to Grade VII
Employment Coordinator	From Grade V to Grade VI
Director, Campus Planning	From Grade VI to Grade VII
Controller and University Security	From Grade VI to Grade VII
Director, Counseling, Placement and Career Services	From Grade VI to Grade VII
Associate Vice President, Educational and Student Services	From Grade VII to Grade VIII
Director of Residence	From Grade VI to Grade VIII
Associate Director, Residence/Housing	From Grade V to Grade VI
Associate Director, Residence/Dining	From Grade V to Grade VI
Director, Academic Computing Services	From Grade VI to Grade VII
Director, Admissions	From Grade VI to Grade VII
Associate Director, Admissions	From Grade V to Grade VI
Director, Public Information	From Grade VI to Grade VII
Director, Development	From Grade VI to Grade VII
Data Base Administrator	From Grade V to Grade VI

3) Title Changes:

From:	To:
Assistant Purchasing Agent Financial Information Systems Coordinator Auxiliary Information Systems Coordinator Information Systems Coordinator	Senior Purchasing Agent Information Systems Coordinator, Student Services Team Information Systems Coordinator, Planning/Human Services Team Information Systems Coordinator, Business/Auxiliary Services Team
Director, Alumni Services and Development	Director, Development

The university proposed five new classifications. The Information Analyst is needed in the Registrar's Office to coordinate and process internal and external requests for data. The Photo Journalist will be responsible for the creation of all photography for the university's Office of Public Information. The proposed Field Service Manager and Field Service Engineer positions will be responsible for the design, installation, and maintenance of data communication systems for the Academic Computing Services Department. The proposed Computer Support Specialist will manage computer operations in the School of Business. Those responsibilities currently are performed by a member of the faculty.

The pay grade assignment of each of the proposed new classes has been determined by application of the university's job evaluation system and each position can be funded from existing resources.

An overall review of the university's classification and compensation plan for professional and scientific positions has resulted in the proposed changes in pay grade assignments listed above. A decrease in responsibilities resulting from a departmental reorganization dictates a one pay grade reduction for the Utilities Distribution Coordinator position in the Physical Plant Department. All other changes recommended to reflect property current duties and responsibilities are summarized in the university's request and involve an increase of one pay grade. All pay grade assignments have been determined by point count evaluations of duties and responsibilities and can be implemented within existing budget resources.

The changes in titles for five positions are requested to reflect more accurately duties performed. No change in pay grade assignment is involved.

MOTION:

Dr. Harris moved that the board approve the new classifications, revised pay grade assignments, and title changes in the university's professional and scientific classification and compensation plan. Mr.

Greig seconded the motion, and it passed unanimously.

**ENROLLMENT LIMITATION POLICY.** The Board Office recommended that the board refer to the Int institutional Committee on Educational Coordination, other Regental committees as needed, and the Board Office the enrollment limitation policy.

The University of Northern Iowa had previously indicated to the board that it was studying the possibility of limiting enrollments. A Committee on Enrollment Limitation was appointed by Vice President Martin; and it has developed proposed changes in the university's admissions policies, which are designed to limit student enrollment. It is anticipated that these policy changes would stabilize enrollment in the 11,250-11,750 range.

Currently, the Administrative Rules provide that graduates of approved Iowa high schools who have the subject matter background as recommended by each university and who rank in the upper one-half of their graduating class will be admitted. The proposed admission of freshmen students outlined in the UNI proposed policy would impose new restrictions (i.e., "completed the high school core provided in the policy or have an ACT composite score of 18 or above). It may be necessary to change the Administrative Rules in order to implement the revised policy.

The reasons for the referral are related to the interinstitutional nature of this request, as well as the need to revise the Board of Regents "Admission Requirements Common to the Three State Universities" contained in Section 6.01 of the Regents Procedural Guide. The Procedural Guide also notes that amendments and changes in the requirements contained in Section 6.01 of the Procedural Guide are proposed by the universities to the Regent Committee on Educational Relations, ". . . which examines the proposals and makes specific recommendations through the Interinstitutional Committee on Educational Coordination to the Board of Regents." For this reason, it was recommended that the Committee on Educational Relations be involved in the proposed admission policy changes.

Provost Martin stated that the proposal involved changes in the current admission policy, and the university had assumed that the board could approve the changes under the provisions of Chapter 262 of the Code.

After consultation with the Board Office, it was determined that the changes may require revisions in the Administrative Rules.

Provost Martin said that the university would like to adopt the proposed admission policy in the fall of 1987. He indicated that they had applied rigorous selection practices under the current policy and were still anticipating an enrollment increase next fall. He felt that there was some

urgency in limiting enrollment since they do anticipate scheduling problems.

Regent Harris asked if this would apply to all institutions. Mr. Richey stated that it does have interinstitutional implications and procedures require that it go through the committee on Educational Relations and the Interinstitutional Committee on Educational Coordination.

Regent Anderson expressed her concern with the different preparation levels of students from different high schools. She believed that it is easier for some students to rank in the top third of their class because of the size of their school. She explained that she does not object to the university's recommendation, but would like a better way to evaluate the students. Provost Martin indicated that the university would like to work with public schools on the elementary and secondary levels to help students be better prepared to meet entrance requirements.

Mr. Richey indicated from a procedural standpoint, the changes would have to go through the Administrative Rules process which concludes with review by the General Assembly. He noted the Board Office would be glad to work with the university to determine if there are alternatives in administering the present policy.

Regent Greig asked if there would be exceptions. Provost Martin stated that there would be rare exceptions.

President Curris indicated that about 17 percent of all students admitted last year were in the bottom half of their graduating class, and that has been tightened up in the current year to about 10-13 percent. He noted that some of those students come in with a special talent. He said that the thrust was that they had to say no to someone whom they had previously said yes. Basically, with the proposed changes, those getting negative responses would be those attending the community colleges and those students who have by the only indices currently available are not in the top one-third of their graduating class.

Regent Tyler questioned the exceptions of the admission policy. Provost Martin explained that some discretion by the admissions office would be allowed.

Regent Anderson asked if anyone, under the current policy, could be accepted regardless of their high school courses.

Provost Martin stated that the university had graduation requirements and that students may be admitted but would be required to take courses to meet those requirements on a non-credit basis to graduate.

Regent Harris asked if the requirements would apply to those students recruited for athletics. President Curris indicated that they would.

Regent Harris asked if the university had determined the effects on minority enrollments. President Curris stated that they were trying to ascertain the impact on minority students. He noted that they do not know the impact but do know what the outcome has to be.

Regent Murphy questioned other methods of admission requirements, such as ACT scores. President Curris informed her that there currently is no ACT requirement if the student is in the upper half of his or her class. If the student is not in the upper third, there are two ways that the student could be admitted: by satisfying core requirements, or by an ACT score of at least 18.

Regent Anderson questioned if the admission requirements for transfer students would also have to go through the administrative rules process. Mr. Richey indicated that he did not think so. Regent Anderson asked if the board should not expect similar requests from the other universities.

Mr. Richey said that the recommendation would be the same.

Director Barak added that the Interinstitutional Committee would look at this issue based on the conversation at this board meeting.

MOTION: Mr. Greig moved that the board refer the enrollment limitation policy to the Interinstitutional Committee on Educational Coordination, other Regental committees, and the Board Office. Mrs. Murphy seconded the motion, and it passed unanimously.

**REGISTER OF CAPITAL IMPROVEMENT BUSINESS TRANSACTIONS.** The Board Office recommended approval of the register for April 8, 1986, through May 6, 1986, with the exception of deferring the actions related to the Classroom/Office Building.

Highlights of the register are as follows:

**PERMISSION TO PROCEED WITH PROJECT PLANNING**

Classroom/Office Building

Source of Funds: Academic Revenue Bonds--1986 \$10,200,000

The university requested permission to initiate planning for classroom and office space for the School of Business. The project is to construct 88,000 square feet to serve the growing needs of the School of Business. This project was a high priority of the university and was included as a priority in the Regents' 1986 capital request.

Concurrent Resolution #135 which provided authorization for the sale of \$10.2 million in Academic Building Revenue Bonds was approved last month by the General Assembly. That resolution was awaiting approval by the Governor.

Associate Director Runner stated that if the Governor's consideration of the resolution was positive, the Board Office recommended that the university be authorized to proceed with project planning and selection of an architect.

#### CONSULTANT AGREEMENTS

In addition to the Classroom/Office Building project discussed above, the university presented two consultant agreements for ratification. Both of these consultants were hired to assist the university in assessing the environmental conditions of the new Art Building. The university indicated that reports from both consultants are expected in the next three to four weeks.

Source of funds for payment of the two environmental consultants is 1983 academic revenue bond proceeds.

The entire register is on file in the Board Office.

MOTION: Mrs. Anderson moved that the board approve the Register of Capital Improvement Business Transactions. Mr. Harris seconded the motion, and it passed unanimously.

**MOTOR VEHICLE AND BICYCLE REGULATIONS, 1986-87.** This report was approved as part of the consent docket.

According to Section 262.69 of the Iowa Code, the Board of Regents "may make such rules as it deems necessary and proper to provide for the policing, control, and regulation of traffic and parking of vehicles and bicycles on the property of any institution under its control." Section 10.07C of the Regents Procedural Guide states that "all traffic and parking regulations shall be subject to board approval prior to enforcement. Changes in existing regulations, general or specific, shall be brought to the board annually for approval." The Iowa Administrative Code (720, Chapter 4), provides general regulations on traffic and parking at each of the universities and the rules for the University of Northern Iowa are presented in Sections 4.66 through 4.73. In accordance with the requirements noted above, the University of Northern Iowa requests approval of its Motor Vehicle and Bicycle Regulations. The changes requested and the specific regulations appear to be consistent with the general regulations contained in the Iowa Administrative Code.

The proposed 1986-87 regulations contain increases in all parking permit fees, except for the \$2 per week temporary parking permit fee, which remains

the same. Increases range from 4 percent for "M" permit (\$18 annually) to 16 percent for an additional vehicle with an "M" permit (\$7). "G" permit holders, who may park in any of four lots, will pay the largest dollar increase, as the annual fee will increase \$4.75, to an annual fee of \$70. The fee for an "L" permit, which was previously listed in 11.1 now is included in the general listing. The fees are listed below:

<u>Type</u>	<u>Per Year</u>	<u>Per Semester</u>	<u>Summer Only</u>
G Permit	\$70.00	\$35.00	\$17.50
A Permit	46.70	23.35	11.70
B Permit	29.20	14.60	7.30
C Permit	18.00	9.00	4.50
M Permit	18.00	9.00	4.50
(add'l vehicle)	7.00	3.50	1.75
R Permit	7.80	3.90	2.00
L Permit	8.00	4.00	2.00
T Temporary Permit		\$2.00 per week	
Motorcycle Permit	9.75	4.90	2.45

No other changes in the Motor Vehicle and Bicycle Regulations were proposed.

**APPROVAL OF LEASES (LANDLORD).** The Board Office recommended that the board approve the schedule of rental fees proposed by the university for the board's tenant properties.

The structures covered by the university's proposed rental schedule have been acquired by the board to accommodate the long-range plans of the university. The long-range plans call for removal of the structures and the use of the resultant space in ways more directly related to university purposes. In the interim, the properties are rented at rates which are equitable and competitive in the Cedar Falls area. The rents proposed for 1986-87 will go into effect July 1, 1986, and represent increases of from 2.5 to 7.7 percent, with the exception of the garages, none of which is available for rent this year.

UNIVERSITY OF NORTHERN IOWA  
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<u>Property</u>	<u>Present Monthly Rate</u>	<u>Proposed Monthly Rate</u>	<u>\$ Increase</u>	<u>% Increase</u>
1223 West 22nd Street	\$470	\$485	\$15	3.19
2218 Campus Street	305	320	15	4.91
1227 West 23rd Street				
- First Floor	270	280	10	3.70
- Second Floor	200	205	5	2.50
1221 West 23rd Street (each apartment in a four-plex)	195	210	15	7.69
1209 West 23rd Street	470	485	15	3.19
1203 West 23rd Street	470	485	15	3.19
2215 Merner Avenue	500	500	0	0

**MOTION:**

Mr. Van Gilst moved that the board approve the schedule of rental fees as noted above. Mrs. Anderson seconded the motion, and upon the roll being called, the following voted:  
 AYE: Anderson, Greig, Harris, McDonald, Murphy, Tyler, Van Ekeren, Van Gilst  
 NAY: None.  
 ABSENT: Duchon.

**PROPERTY PURCHASE.** The Board Office recommended that the board authorize the purchase of property at 2407 West 27th Street, Cedar Falls, Iowa, from Donald D. Heckroth and Carol M. Smith, at a price of \$154,845, subject to Executive Council approval.

The university requested permission to purchase a parcel of land adjacent to the campus. The parcel is located directly west of the UNI-Dome and adjoins the university's west campus physical education fields.

The property consists of 98.23 acres of land, a two story frame house, a large barn and a shed. The property is within the university's campus acquisition plan and is designated as the number one purchase priority. In the short term, some of the land may be used for intramural fields with the remaining property being farmed. In the long term, the university is

considering a number of options, including development as physical education fields, building site, or parking lots. The university indicated future development of the property as a replacement golf course was a possible option.

The university notified the board of its desire to purchase the property in March, 1986. Negotiations have now been completed, and the university is requesting permission to purchase the property for \$154,845. The university has obtained two appraisals of the property, which indicated values of \$147,500 and \$154,845. The negotiated price is 2.4 percent above the average of the two appraisals and is within the Regents' guideline for purchase of property.

The university indicates that funds for the purchase are available from interest on treasurer's temporary investments. The Board Office recommends that the board approve this property purchase, subject to Executive Council approval as required under Chapter 262.9 of the Code of Iowa.

MOTION:

Mrs. Anderson moved that the board authorize the purchase of property at 2407 West 27th Street, Cedar Falls, Iowa, from Donald D. Heckroth and Carol M. Smith, at a price of \$154,845, subject to Executive Council approval. Mr. Greig seconded the motion, and upon the roll being called, the following voted:

AYE: Anderson, Greig, Harris, McDonald,  
Murphy, Tyler, Van Ekeren, Van  
Gilst  
NAY: None.  
ABSENT: Duchon.

President McDonald then asked board members and institutional executives if there were other matters to be raised concerning 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 May 21, 1986.

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

**LETTER OF ACCREDITATION FOR 1985-86 SCHOOL YEAR BY THE NORTH CENTRAL ASSOCIATION OF COLLEGES AND SCHOOLS.** The Board Office recommended that the board receive the report of accreditation from the North Central Association of the Iowa School for the Deaf.

The Iowa School for the Deaf was notified that it had been accredited for the 1985-86 school year by the North Central Association of Colleges and Schools. This was a routine action based on a review of the school's annual report and supplementary information. All accredited schools receive such a letter every year.

**MOTION:** Mr. Van Gilst moved that the board receive the accreditation report for the Iowa School for the Deaf. Mrs. Anderson seconded the motion, and it passed unanimously.

**REGISTER OF CAPITAL IMPROVEMENT BUSINESS TRANSACTIONS.** The register contained no transactions for the month.

**USE OF GROUNDS FOR RAGBRAI-XIV.** The Board Office recommended that the board authorize Superintendent Giangreco to enter into an agreement whereby a designated portion of the grounds of ISD will be used between July 19 and 20 as a parking area for volunteers serving the RAGBRAI-XIV and for camping.

The Register's XIV Annual Great Bicycle Ride Across Iowa (RAGBRAI-XIV) is a statewide event with participation by many people. Council Bluffs is one of the host communities for RAGBRAI-XIV. The Council Bluffs organizing committee has asked the school to provide a grassy area for individuals who wish to camp out and a parking area for community volunteers serving RAGBRAI-XIV. The committee indicated that they do not need the use of any buildings or other facilities and will assure clean-up. The committee indicated that it had acquired liability insurance in the amount of \$500,000 to protect those who have cooperated in this activity. The Lewis Central Community

Schools have made areas of their campus, which adjoins ISD, available for the same purpose. Superintendent Giangreco indicated that he would like the school to be permitted to participate in the activity which has generated a great deal of community interest.

**MOTION:** Mr. Tyler moved that the board authorize Superintendent Giangreco to enter into an agreement whereby a designated portion of the grounds of ISD will be used between July 19 and 20 as a parking area for volunteers serving the RAGBRAI-XIV and for camping. Mr. Greig seconded the motion, and it passed unanimously.

**REQUEST TO RENEW TRANSPORTATION CONTRACT WITH CRUSADER COACH LINES OF LOGAN, IOWA.** The Board Office recommended that the board allow Iowa School for the Deaf to re-bid transportation services for FY 1987.

Superintendent Giangreco had requested that Crusader Coach Lines' transportation contract for student monthly trips home be renewed for FY 1987. This would be the fourth year of operation. The original contract was approved for FY 1984 with option to renew under specified conditions. He cited a number of reasons to renew the contract. All related to the convenience of using Crusader Coach Lines, the familiarity with the Coach Lines' operation and personnel, and the good working relationship with this company.

Each renewal of the contract has been contested by attorneys for Marshall Motor Coach, Inc., of Marshalltown, Iowa. Attorneys for Marshall Motor Coach also requested an oral hearing before the board in October 1985. Consequently, an investigation was undertaken by the Board Office to determine whether a hearing was warranted. Its conclusions were that the original contract was in order and in accordance with Regent purchasing policy. Further, the conditions under which the contract was renewed in FY 1985 and again in FY 1986 were consistent with the terms of the contract. Complaints that original contract specifications favored a local transportation company were found to be without basis. The Board Office concluded that a hearing on behalf of Marshall Motor Coach Company should not be granted. Before the Regents met, attorneys for Marshall Motor Coach Company withdrew their request for hearing.

The Executive Secretary concurred with the school's decision to renew the contract with Crusader Coach Lines for FY 1986. However, it was agreed between the Board Office and Iowa School for the Deaf that the transportation contract would be rebid in FY 1987. Both Crusader Coach Lines and Marshall Motor Coach Company were informed of this decision.

The Board Office felt competitive bids were justified at the time. Public contracts should be rebid at appropriate intervals to ensure that the lowest cost consistent with quality is being achieved. Changing economic conditions, particularly lower fuel prices, supported re-bidding at this time. The prior commitment and notice to at least two firms on the part of the school and the Board Office to bid the contract for FY 1987 are also important.

Superintendent Giangreco spoke on this issue. He stated that the school had a good working relationship with the organization and would like to continue the service. The drivers know the students and parents and have learned manual communication. The school was comfortable with the children being with these people. Crusader also provided personal service for the school, which is a critical part of their service. Marshall Coach has objected to bringing the chaperons back to Council Bluffs, which Crusader does since their home base is Logan.

Regent Tyler stated his belief that since Crusader has not raised its fees in three years and has provided service at less than the contracted rate, that the contract be renewed at the option of the institution. He thought that this would be a good idea from a business standpoint and since the school was happy with the service.

Regent Anderson stated that Crusader offers a sensitive service in transporting the children, and since there is satisfaction with their service, this should preclude changing that service. She also suggested that if there was concern about the decline in gasoline prices, maybe there would be some way to renegotiate the contract with Crusader. She also stated her concern with the wording of the specifications to assure comparability in service.

Mr. Richey informed the board that the Board Office was making this recommendation, and the board was free to do as it wishes. He indicated that by making this recommendation the Board Office had fulfilled its commitment and how the board handled the matter was completely in the board's discretion. It could renew the contract, and it also had an option to re-bid.

Regent Van Gilst recommended that the school should be reluctant to open the bidding process if they were satisfied with the service they have. He also expressed his concern about relying on gas prices as a basis for re-bidding. He believed that there may be a higher fee for less satisfactory service.

MOTION:

Dr. Harris moved to retain the contract with Crusader Coach Lines. Mr. Tyler seconded the motion, and it passed unanimously.

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President McDonald then asked board members and institutional executives if there were other matters to be raised concerning 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 Wednesday, May 21, 1986.

**REGISTER OF PERSONNEL CHANGES.** The register for the period March 23 through April 19, 1986, was approved as part of the consent docket.

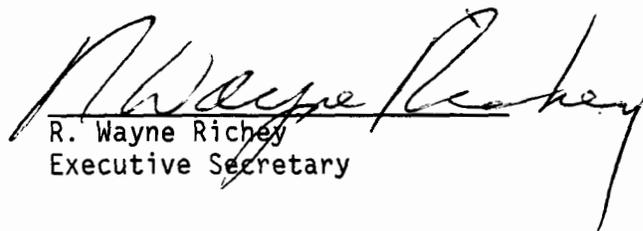
**NORTH CENTRAL ASSOCIATION ACCREDITATION.** The Board Office recommended that the board receive the report of accreditation from the North Central Association of the Iowa Braille and Sight Saving School.

The Iowa Braille and Sight Saving School was notified that it had been accredited for the 1985-86 school year by the North Central Association of Colleges and Schools. This was a routine action based on a review of the school's annual report and supplementary information. All accredited schools receive such a letter every year.

**REGISTER OF CAPITAL IMPROVEMENT BUSINESS TRANSACTIONS.** The register contained no transactions for the month.

President McDonald then asked board members and institutional executives if there were other matters to be raised concerning Iowa Braille and Sight Saving School. There were none.

**ADJOURNMENT.** The meeting of the State Board of Regents adjourned at 5:25 p.m. on Wednesday, May 21, 1986.

  
R. Wayne Richey  
Executive Secretary