

The State Board of Regents met on Wednesday, November 16, 1994, at Iowa State University, Ames, Iowa. The following were in attendance:

November 16

Members of State Board of Regents

Mr. Berenstein, President	All sessions
Mr. Collins	Excused
Mr. Dorr	Excused at 1:30 p.m.
Ms. Furgerson	All sessions
Mrs. Hendricks	All sessions
Mrs. Johnson-Matthews	Excused
Dr. Newlin	All sessions
Mrs. Pellett	All sessions
Dr. Tyrrell	All sessions

Office of the State Board of Regents

Executive Director Richey	All sessions
Deputy Executive Director Barak	All sessions
Director Houseworth	All sessions
Associate Director Racki	All sessions
Associate Director Young	All sessions
Minutes Secretary Briggie	All sessions

State University of Iowa

President Rawlings	All sessions
Provost Nathan	All sessions
Vice President Manasse	All sessions
Vice President True	All sessions
Associate Vice President Small	All sessions
General Counsel Schantz	All sessions
Director Yanecek	All sessions

Iowa State University

President Jischke	All sessions
Provost Kozak	All sessions
Vice President Madden	All sessions
Vice President Theilen	All sessions
Associate to the President Adams	All sessions
Director Bradley	All sessions
Associate Director Anderson	All sessions

University of Northern Iowa

President Curris	All sessions
Provost Marlin	All sessions
Vice President Conner	All sessions
Vice President Follon	All sessions
Executive Assistant to the President Stinchfield	All sessions
Assistant to the President Geadelmann	All sessions
Director Chilcott	All sessions

Iowa School for the Deaf

Superintendent Johnson	All sessions
Business Manager Heuer	All sessions
Interpreter Parkin	All sessions
Interpreter Baumann	All sessions

Iowa Braille and Sight Saving School

Superintendent Thurman	All sessions
Director Woodward	All sessions

GENERAL

The following business pertaining to general or miscellaneous business was transacted on Wednesday, November 16, 1994.

APPROVAL OF MINUTES OF BOARD MEETING, OCTOBER 19, 1994. The Board Office recommended the Board approve the Minutes, as written.

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

ACTION: President Berenstein stated the Board approved the Minutes of the October 19, 1994, meeting, as written, by general consent.

CONSENT ITEMS. The Board Office recommended the Board approve the consent docket.

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

Receive the status report on the Board Office budget for fiscal year 1995;

Approve the discontinuance of admissions to the Master's degree program in Industrial Relations and Human Resources at the University of Iowa;

Refer the University of Iowa's request to change the name of the Institute of Agricultural Medicine and Occupational Health to the Interinstitutional Committee on Educational Coordination and the Board Office for review and recommendation;

Receive the Capital Register of the Iowa School for the Deaf; and

Receive the Capital Register of the Iowa Braille
and Sight Saving School.

INTERINSTITUTIONAL COMMITTEE ON EDUCATIONAL COORDINATION. (a) Post-Audit, BA in Finance, University of Northern Iowa. The Board Office recommended the Board receive the post-audit report on the Bachelor of Arts major in Finance at the University of Northern Iowa and approve continuance of the program.

University of Northern Iowa officials prepared a post-audit report on the Bachelor of Arts major in Finance five years after the Board of Regents provided initial approval of the program. The program was reviewed by the Board Office and the Interinstitutional Committee, and both recommended approval.

It appeared that the Finance program had met or exceeded the original goals established at the time of the initial approval by the Board. Enrollments in the program have exceeded enrollments projected at the time of its initial approval. Undergraduate majors have increased from 55 the first year to 358 in 1993-94.

Drop-outs from the Finance program have been relatively few and faculty interviews with students leaving the program indicate that some students are not prepared for the mathematical, quantitative analysis and communications skills needed to complete the Finance course requirements.

Employment rates for the Finance programs have been high; almost 72 percent in recent years. Costs for the program were consistent with estimates at the time that the program was initially approved.

Provost Nathan stated it was impressive that most of the goals of the program had been met or exceeded. Employment rates for graduates has been very high and costs were consistent with projections.

MOTION: Regent Furgerson moved to receive the post-audit report on the Bachelor of Arts major in Finance at the University of Northern Iowa and approve continuance of the program. Regent Newlin seconded the motion. **MOTION CARRIED UNANIMOUSLY.**

(b) Post-Audit, BA in Management Information Systems, University of Northern Iowa. The Board Office recommended the Board receive the post-audit report on the

Bachelor of Arts major in Management Information Systems and approve the continuance of the program.

University of Northern Iowa officials prepared a post-audit report on the Bachelor of Arts major in Management Information Systems five years after initial approval of the program by the Board of Regents. The program was reviewed by the Board Office and the Interinstitutional Committee, and both recommended approval.

The Management Information Systems program has met or exceeded goals established for the program at the time of its initial approval. Enrollment in the program has exceeded enrollments projected at the time of its initial approval.

Over 80 percent of the graduates of the program have found employment in the field immediately following graduation. Costs for the program have been consistent with estimates at the time the program was approved.

Provost Nathan stated that enrollments for the program had exceeded expectations. Employment opportunities for graduates are high. Costs have been consistent with projections.

MOTION: Regent Hendricks moved to receive the post-audit report on the Bachelor of Arts major in Management Information Systems and approve the continuance of the program. Regent Furgerson seconded the motion. **MOTION CARRIED UNANIMOUSLY.**

ANNUAL REPORT OF SPECIAL SCHOOLS ADVISORY COMMITTEES. The Board Office reported that the reports of the two special school advisory committees had not been completed; therefore, the item will be added to the December docket.

FALL ENROLLMENT REPORT - PART II. The Board Office reported that the enrollment report had not been completed; therefore, the item will be added to the December docket.

ANNUAL REPORT ON STUDENT PERSISTENCE. The Board Office recommended the Board (1) receive the report and (2) continue to affirm that increasing the persistence and graduation of all students, especially African-American, Hispanic, and American Indian students, is a high priority strategic planning goal of the Regent universities.

A committee headed by Regent Collins is currently studying issues related to length of time to graduation and is expected to present its report to the Board in February.

The Regent universities submitted graduation and persistence data for each of the eight entering classes from 1986 through 1993. Each class was followed for a maximum of 6 years from the date of entry to one of the Regent universities.

This report focused on the percentages of entering students who left within the first year, graduated within 4 years, or graduated within 6 years. The report covers only students who enrolled as first-time, full-time freshman in the fall semester of each academic year.

Overall Graduation and Persistence Rates:

Overall graduation and persistent rates are roughly comparable at all three Regent institutions and have been fairly consistent among the eight entering classes.

Six years after entering, approximately 60-64 percent of Regent students have graduated, about 30-35 percent have left the institution, and 3-10 percent are still enrolled.

Approximately 20-30 percent of entering freshman students graduate within 4 years, another 25-35 percent graduate within the 5th year, and another 3-8 percent graduate within the 6th year.

About 15-20 percent of entering freshman leave the institution within the first year, and another 8-10 percent leave within the second year.

Ethnicity and Graduation/Persistence Rates:

The following tables show the percentage of African-Americans, White non-Hispanics, Hispanics, and Asian/Pacific Islanders who leave the Regent universities within the first year, graduate within 4 years, and graduate within 6 years.

UNIVERSITY OF IOWA

PERCENTAGE OF ENTERING CLASS THAT LEFT WITHIN THE FIRST YEAR

YEAR OF ENTRY	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>
African-American	29.9%	22.5%	30.0%	22.4%	29.5%	26.5%	20.2%	22.9%
White Non-Hispanic	16.3%	14.5%	15.2%	17.3%	15.2%	14.6%	14.8%	16.4%
Hispanic	18.8%	7.7%	21.6%	16.3%	18.2%	32.4%	26.3%	30.0%
Asian/Pacific Islander	15.2%	5.5%	11.6%	14.6%	10.0%	18.3%	14.0%	14.0%
Overall	16.9%	14.5%	16.0%	17.6%	16.0%	15.9%	15.3%	16.9%

PERCENTAGE OF ENTERING CLASS THAT GRADUATED WITHIN 4 YEARS

YEAR OF ENTRY	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>
African-American	7.2%	3.6%	11.3%	16.8%	8.9%
White Non-Hispanic	28.1%	31.7%	31.3%	31.1%	34.3%
Hispanic	25.0%	17.9%	10.8%	22.4%	22.7%
Asian/Pacific Islander	19.7%	21.9%	22.1%	20.2%	24.4%
Overall	27.2%	30.5%	30.1%	30.2%	32.5%

PERCENTAGE OF ENTERING CLASS THAT GRADUATED WITHIN 6 YEARS

YEAR OF ENTRY	<u>1986</u>	<u>1987</u>	<u>1988</u>
African-American	37.1%	43.2%	33.8%
White Non-Hispanic	60.8%	63.0%	63.0%
Hispanic	46.9%	64.1%	48.6%
Asian/Pacific Islander	60.6%	74.0%	59.3%
Overall	59.8%	62.7%	61.6%

IOWA STATE UNIVERSITY

PERCENTAGE OF ENTERING CLASS THAT LEFT WITHIN THE FIRST YEAR

YEAR OF ENTRY	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>
African-American	38.3%	38.0%	28.1%	35.9%	18.3%	14.8%	30.9%	30.9%
White Non-Hispanic	16.4%	16.1%	15.0%	15.7%	18.1%	17.9%	17.3%	17.8%
Hispanic	15.9%	21.4%	13.3%	20.0%	17.9%	23.1%	32.7%	25.0%
Asian/Pacific Islander	13.2%	16.4%	19.6%	13.9%	17.2%	28.4%	21.3%	19.2%
Overall	17.3%	16.9%	15.8%	16.8%	18.4%	18.6%	18.2%	18.9%

PERCENTAGE OF ENTERING CLASS THAT GRADUATED WITHIN 4 YEARS

YEAR OF ENTRY	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>
African-American	6.8%	5.6%	5.2%	6.6%	9.2%
White Non-Hispanic	22.9%	22.0%	22.4%	21.3%	19.6%
Hispanic	6.8%	14.3%	11.1%	18.2%	17.9%
Asian/Pacific Islander	15.8%	13.1%	10.7%	15.3%	8.6%
Overall	22.0%	21.1%	21.5%	20.3%	19.0%

PERCENTAGE OF ENTERING CLASS THAT GRADUATED WITHIN 6 YEARS

YEAR OF ENTRY	<u>1986</u>	<u>1987</u>	<u>1988</u>
African-American	26.3%	20.4%	37.8%
White Non-Hispanic	64.8%	64.5%	65.2%
Hispanic	43.2%	53.6%	46.7%
Asian/Pacific Islander	65.8%	62.3%	58.9%
Overall	62.9%	62.8%	63.6%

UNIVERSITY OF NORTHERN IOWA

PERCENTAGE OF ENTERING CLASS THAT LEFT WITHIN THE FIRST YEAR

YEAR OF ENTRY	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>
African-American	42.9%	33.3%	12.0%	31.6%	36.8%	27.6%	34.4%	34.4%
White Non-Hispanic	21.0%	16.8%	19.8%	17.4%	17.1%	18.2%	18.3%	19.0%
Overall	21.4%	17.4%	20.2%	17.9%	17.5%	18.4%	18.7%	20.0%

PERCENTAGE OF ENTERING CLASS THAT GRADUATED WITHIN 4 YEARS

YEAR OF ENTRY	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>
African-American	7.1%	0.0%	0.0%	2.6%	5.3%
White Non-Hispanic	31.3%	32.6%	29.3%	26.0%	25.0%
Overall	31.1%	31.8%	28.2%	25.2%	24.6%

PERCENTAGE OF ENTERING CLASS THAT GRADUATED WITHIN 6 YEARS

YEAR OF ENTRY	<u>1986</u>	<u>1987</u>	<u>1988</u>
African-American	35.7%	13.3%	12.0%
White Non-Hispanic	61.2%	63.0%	62.5%
Overall	60.7%	62.1%	61.0%

The complete student persistence report is on file in the Board of Regents Office.

Provost Nathan stated that University of Iowa officials were enormously gratified that the percentage of students graduating in four years is increasing. There was an astounding increase in a single year. He said the data was a reflection of the university's ability to offer a full curriculum to entering students so students are able to get the courses they need. University of Iowa officials are aware of the fact that minority persistence and graduation rates are a bit stronger than at the other two universities; yet, the numbers did not approximate the level to which they aspire.

Provost Nathan mentioned the references in newspapers during the last few days concerning the university's development of an innovative program for students at risk called the Bridge Program. The program is being integrated into the regular academic structure utilizing existing staff. University of Iowa officials are hopeful that this additional program will help increase retention and graduation rates at the University of Iowa.

President Berenstein asked that those seated at the press table stand and introduce themselves, which they did.

Regent Tyrrell referred to a table which indicated that the University of Iowa's six-year graduation rates were below the means and medians. He asked for an explanation. Provost Nathan responded that the University of Iowa accepts a broader range of students than does any other Big Ten institution and more than most of the AAU institutions. Students come to the university with credentials that may be not quite as

strong as others'. He said there is a very high correlation between credentials students bring and persistence and graduation rates.

President Berenstein asked that University of Iowa officials take a few minutes to expound on the Bridge Program. He said he did not want it misconstrued that the program was only for athletes because the newspaper article was on the sports page.

Provost Nathan stated that University of Iowa officials have felt for a long time that the university needed a comprehensive support program for students at risk. Students at risk include some minority students, some student athletes, and some students recruited from high schools which offer less preparation for the rigors of the University of Iowa's curriculum. Instead of separating the Bridge Program from the regular student support services, the program is to be located in undergraduate academic advising. The liberal arts faculty were involved in developing the Bridge Program. The faculty have taken ownership of the program in a way which they had not previously been able to take ownership. The program will encompass the full range of students who could be at some risk. The program will call on the services of the office of disabilities to deal with the increasing number of students entering the university with diagnosed learning disabilities.

Regent Tyrrell asked if rather than compromising standards university officials were widening students' opportunities. Provost Nathan said that was correct.

President Berenstein stated that the university has to have facilities available to facilitate students who need the help. They have to make time, space and people available to implement the program.

Provost Nathan noted that university officials have reallocated to support this program.

Regent Furgerson expressed appreciation for Provost Nathan's comments. She said some individuals think that students at risk are of color. She noted that there also were no national curriculum standards for high schools. Students come to college with all different levels of ability.

Provost Nathan stated that the University of Iowa has 58 new Opportunity at Iowa scholars enrolled this fall, none of whom are at risk.

President Jischke addressed the issue of student retention and graduation rates at Iowa State University. He said the highest priority on the campus this year is retention. The university is more successful than it has been. They are focusing more on students at risk, particularly in the freshman year. The university has initiated a couple

of efforts to deal with freshman retention. He said the data shows that four-year retention rates are slightly down although Iowa State University is above its peer group nationally for the six-year graduation rate. He would like see both those numbers increase.

President Jischke stated that Iowa State University has initiated a number of efforts this year. One such program is the early alert project. He said supplemental instruction outside of the regular class has been expanded. Minority academic advisors are housed in each of the colleges at Iowa State University in an effort to enhance minority retention rates. There is an early success program for minority students as well as a number of other approaches.

With regard to access and opportunity, President Jischke stated that Iowa State University is a land-grant university and was created to offer access. Although he believes there should be academic standards for admission, the university should keep its doors open. Iowa State University is a public institution and should be admitting some students who are at risk. President Jischke said they also need to think more carefully about what has happened to financial aid programs in this country. There have been massive shifts from grants to loans. The economics of financing an education have changed. Three-fourths of Iowa State University students are working. If students want to work and maintain good grades, it may take a little longer to graduate.

Regent Pellett asked whether the report from the committee, chaired by Regent Collins, reviewing students' ability to graduate in four years, would contain some of this type of information. President Jischke responded that he hoped it would.

President Berenstein pointed out that in 1980 the country issued \$7 billion in grants and loans for higher education; in 1992 the amount was \$32 billion. He said that with the restructuring of Congress and the cutting of entitlements, he was troubled because education has not been included in any of the political jargon in the last 3 to 4 weeks. He was concerned about the amount of money that will be available.

President Jischke stated that the United States has had an astonishingly successful history in the provision of higher education to its people. This country is educating more of its people in the best educational system. They need to talk about that success. There has been a shift from grants to loans occasioned by the view that the beneficiaries are the students. He stressed that land-grant universities were created because society benefits by investing in education. They must be careful to not lose sight of the nature of public higher education. They collectively benefit by investing in the future of our state and nation.

President Berenstein noted that they all have opportunities to talk to nationally-elected Congress people to encourage them to continue this investment in the future. He suggested that it could be helpful to start new dialogue encouraging our legislative leaders to help the Regents continue what has been started. Each of them, Regents and institutional officials, has an obligation and duty to do so. He said they need to express their thoughts to those in the House and Senate; otherwise, they will have no one to blame but themselves.

Regent Dorr stated that at no time in the discussion that morning about costs to students had there been discussion of the issue of cutting costs. He said many large corporate entities did not address cost cutting until it almost broke them. He acknowledged that institutional officials have been doing some cost cutting for some time but probably not as aggressively as they will have to. There has been some discussion about where the loan moneys go to the public sector. He said the tremendous increase in cash flow is an artificial stimulation very similar to what happened in agriculture when corn loan rates increased from \$1.50 per bushel to \$3 per bushel which subsequently drove up the price of land which nearly broke agriculture. He suspected that has also been driving some of the cost structure in higher education.

Regent Dorr stated that at some point they have to address the uniqueness of public universities. There is a need to differentiate between being a research and development company versus a teaching university. He suggested there were perhaps more external efforts to turn the universities into research and development and not teaching, in response to demands of the time.

President Jischke said he agreed completely with Regent Dorr's comment regarding containing costs; however, he had a different view of the financial question. When public universities grew in the time of the civil war and the land grant movement began, the increase in funding for public higher education was astronomical and was exactly the right thing to do. He felt that putting more money into financing the education of students, even though it was a large increase, was a good investment. With regard to Regent Dorr's comment regarding the role of teaching, he said he agreed with him and believed that has begun. University officials are paying more attention to teaching. He recently said to faculty that the effectiveness with which they teach students is the most important of their tasks. He noted that was not a comment that research is unimportant.

Vice President Follon stated that the University of Northern Iowa's six-year graduation rates are above the mean and median of comparable universities. The persistence of its students is at 62 percent which is among the highest of their peer group. She said

University of Northern Iowa officials were invited to participate in a national retention project last spring. They have attended a regional conference with 35 institutions where University of Northern Iowa officials were asked to act as a mentor in sharing their strategies to assist other institutions in improving their overall persistence and graduation rates. She said a university committee involves individuals from across the university in dealing with strategies to assist in retention and graduation efforts. However, those activities are more data driven.

University of Northern Iowa officials are receiving more information that will help them make better decisions. Vice President Follon said the persistence studies that have been done have helped to determine when university officials will intervene. Persistence studies have been done every year by the university. The rates of retention and persistence identify students by specific groups, colleges, departments and majors. The university committee is assisting with the national retention project. One group is looking specifically at students at risk with considerable assistance of the Faculty Senate. The group has identified 90 faculty who are interested in being trained to mentor students at risk.

MOTION:

Regent Furgerson moved to (1) receive the report and (2) continue to affirm that increasing the persistence and graduation of all students, especially African-American, Hispanic, and American Indian students, is a high priority strategic planning goal of the Regent universities. Regent Tyrrell seconded the motion.

Regent Furgerson stated that one of the reasons the Affirmative Action Priority Study Group is interested in persistence is because the group that is most at risk is minorities. She said she hoped they would all take into consideration her following comments. She expressed concern about students being so dependent on loans for financial aid. Students graduate with a large amount of debt and because of job discrimination they might not make enough money to repay those loans.

Regent Furgerson said there is also the issue of campus climate. She was born in Iowa and attended predominantly white colleges except for two years. When she was living at home she had a community where she was always able to go for comfort, to reaffirm herself as a person. Some of minority students' campus experiences may be negative. She asked university officials to think about, for instance, the kind of plays being done on campus. Are they doing any by black dramatists? Those are the types of "climate" activities that university officials need to look at. She was fortunate in the way she was brought up that she was encouraged. Some minority students have not

had a lot of experience in predominantly white communities and schools. University officials need to think about different reasons this may be true. Increasingly the population of this country will be non-white. Many of those people have a lot of genius and make great contributions to society.

VOTE ON THE MOTION: Motion carried unanimously.

REPORT OF THE BANKING COMMITTEE. The Board Office recommended the Board accept the report of the Banking Committee including recommended approval of the resolutions for the sale and issuance of up to \$15,060,894 Academic Building Revenue Bonds (Iowa College Savings Bond Program), Series U.N.I. 1994.

Regent Hendricks stated that the first matter taken up by the Banking Committee that morning was the sale and issuance of up to \$15,060,894 of academic building revenue bonds. Because of certain economic occurrences in the last week the plans for the sale had to be revised. She asked that Mr. Anderson speak to that matter.

Mr. Anderson stated that the bond market, particularly the municipal bond market, has been in some turmoil. When the bond advisors began pricing the bonds at the beginning of this week, they were told by the underwriting team that had been selected in August that to sell the full \$15 million in bonds would require that interest rates be raised approximately 25 to 30 basis points higher than the adjusted agreed-upon rates. Rather than do that, the decision of the Regents' financing team was to hold to the interest rates that were specified by the original proposal as adjusted by the market index, to sell as many of the bonds as possible at this time, and then to follow up later in the spring with a second issue for the University of Northern Iowa. He said that doing so would not create a cash flow problem for the university.

Mr. Anderson stated that the amount of bonds for which orders had been received and which the underwriters had agreed to purchase totaled a principal amount of \$9,201,460.76, which represented just over 60 percent of the original planned issuance. He reminded the Regents that these were college savings bonds structured as zero-coupon bonds. The average net true interest cost will be approximately 6.05 percent.

MOTION: Regent Hendricks moved to (1) Adopt a Resolution providing for the sale and award of \$9,201,460.76 Academic Building Revenue Bonds (Iowa College Savings Program), Series U.N.I. 1994, and approving and authorizing the agreement of such sale and award. (2) Adopt a

Resolution authorizing and providing for the issuance and securing the payment of \$9,201,460.76 in aggregate principal amount of Academic Building Revenue Bonds (Iowa College Savings Program), Series U.N.I. 1994, for the purpose of defraying all or a portion of the cost of constructing, equipping and improving the Wellness Center and the Price Laboratory School Gymnasium to be located on the campus of the University of Northern Iowa, and completing fire safety and deferred maintenance projects and making a deposit to the Bond Reserve Fund, and paying certain costs of issuing the bonds. Regent Newlin seconded the motion.

President Berenstein asked at what rate the bonds would be on the market if the cost to the Regents was 6 percent. Mr. Anderson responded that the interest rates would range from 5 percent to 6.40 percent in the latest maturity. He noted that the bonds were also double tax exempt to the bond holders.

President Berenstein asked if Mr. Anderson was comfortable that the rate the Regents received was a good rate even though this was not a competitive bid sale. Mr. Anderson responded that he was comfortable. He noted that the major underwriters were Piper Jaffray and Securities Corp.

President Berenstein said he was aware of comments by at least two underwriters in the state who were not pleased with the process. He wanted to make sure that Messrs. Anderson and Haynie were comfortable with the process.

Mr. Anderson responded that without knowing the nature of the complaint, he suspected it may have been because those firms were not selected. Some firms that were excluded from the management group in August were included in November.

President Berenstein asked for a listing of some of those firms. Mr. Anderson responded that the firms included Dain Bosworth, Kirkpatrick Pettis, Merrill Lynch, Ruan Securities Corporation, A. G. Edwards, Edward D. Jones, Brenton Brokerage, Chiles Heider, Norwest Investments, Kemper Securities and Raymond James. The spread was rather inclusive because of the nature of the legislation which encourages sales of bonds throughout the state.

Regent Newlin asked for the average length of maturity of a bond that receives 6.05 percent interest. Mr. Anderson responded that it would be approximately 11 to 12 years.

Mr. Richey noted that in August the managing underwriter was chosen strictly on the low bid for the bonds and the perceived ability to market the bonds.

VOTE ON THE MOTION: The motion carried with Regents Collins, Dorr and Johnson-Matthews absent.

Regent Hendricks stated that the Banking Committee received a report on financing of the Center for University Advancement at the University of Iowa. University officials proposed the issuance of January bonds. Since there will need to be another bond issuance for the University of Northern Iowa for the remaining \$5.8 million that did not get issued this month, bond advisors will study whether or not the bonds for the University of Iowa should be issued in January. The two bond issuances will also be reviewed to determine how they fit into the proposed bond issuance schedule for the rest of Spring 1995.

The Banking Committee reviewed tuition replacement estimates which were forwarded to the Legislative Fiscal Bureau. Mr. Richey said the Board Office gave legislative staff the Regents' best estimate yesterday morning with the understanding that the figures would be recalculated and refined. The Legislative Fiscal Bureau was also given the future bond schedule for the remainder of fiscal year 1995.

Regent Hendricks stated that the Banking Committee received a report on fixed income securities in the endowment portfolio. Invesco representatives requested that the firm be permitted to hold fixed income securities with maturities that exceed 10 years. She proposed a telephone conference with Invesco for any Regent who would like to investigate this proposal.

President Berenstein suggested that the matter be included on the docket for next month's Banking Committee meeting at which time Invesco representatives could answer questions. Regent Hendricks responded that she would not be present at next month's Banking Committee meeting and she would like to hear the presentation.

President Berenstein suggested that Regent Hendricks have a telephone conversation with Invesco representatives and that the rest of the Regents could ask questions at next month's Banking Committee meeting.

Regent Hendricks stated that the Banking Committee deferred consideration of items 6 through 10 on its agenda, due to time constraints. She said she talked with Mr. Richey about the need at times for more than one hour for Banking Committee meetings.

President Berenstein asked that staff plan to have Invesco representatives at the December Banking Committee meeting.

Regent Hendricks stated that there had been contacts by the international fund manager regarding beginning attempts to invest the portfolio. She said it might be interesting at the February Banking Committee meeting to invite Walter Scott representatives to discuss the process and how they are proceeding.

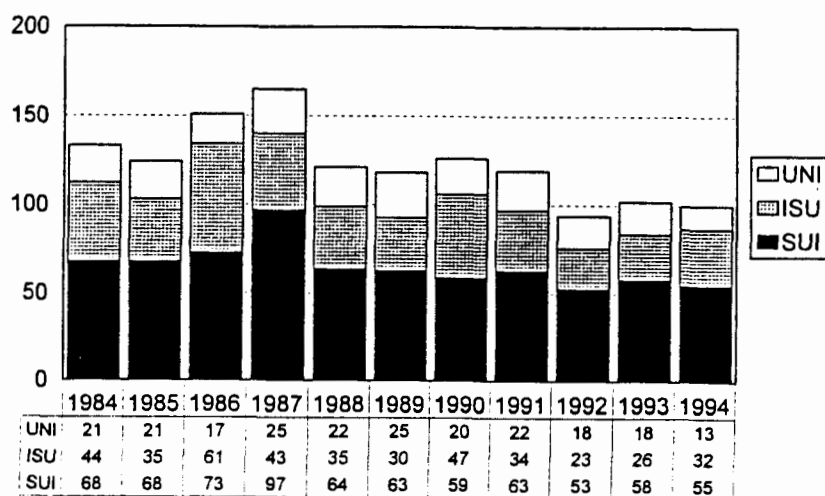
ACTION: President Berenstein stated the Board received the report of the Banking Committee, by general consent.

ANNUAL REPORT ON FACULTY RESIGNATIONS. The Board Office recommended the Board (1) accept the Annual Report on Faculty Resignations for the period July 1, 1993, to June 30, 1994, and (2) continue to request information on faculty mentoring programs as part of the Annual Report on Faculty Resignations.

Resignations from the three Regent universities for 1993-1994 totaled 100, which was a decrease from 102 in 1992-1993. This was the second lowest number of resignations in the last decade.

The University of Northern Iowa reported its lowest number of resignations in the last decade. The University of Iowa reported its second lowest number of resignations of the decade.

Figure 1
Regent Universities Resignations
for Years Ending June 30



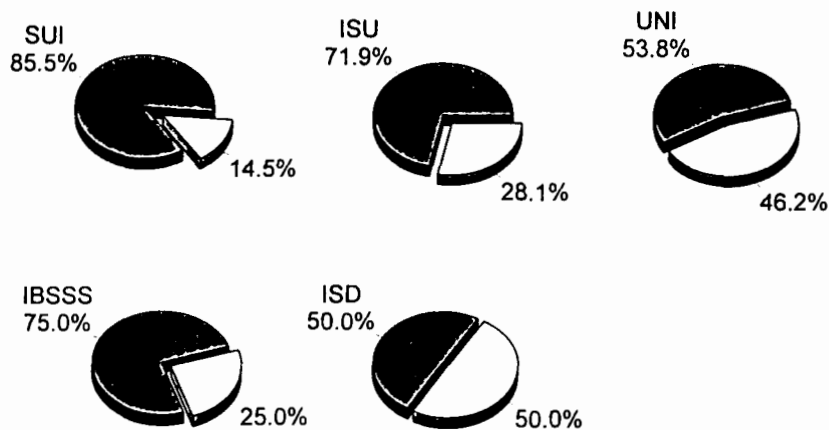
The percentage of faculty resigning to total faculty in 1993-1994 ranged from 2 percent to 3 percent. The percentage of female resignations to female faculty and percentage of male resignations to male faculty were similar.

Table 1
Resignations as a Percent of Faculty

Institution	Whole Faculty	Female Faculty	Male Faculty
SUI (369 F + 1387 M)	3.08%	2.17%	3.39%
ISU (306 F + 1151 M)	2.21%	2.94%	2.00%
UNI (250 F + 439 M)	1.89%	2.40%	1.59%

Overall, women represented 24 percent of the resignations at the five institutions. Women represented between 14.5 percent and 46.2 percent of the resignations at the universities. Women represented 25 percent and 50 percent of the resignations at the special schools.

Figure 2
Resignations by Gender
at the 5 Regent Institutions



Dark Slice - Male Light Slice - Female

At the universities, 76 percent of those resigning left the state of Iowa, while 10 percent remained within the state. Of those resigning, 56 percent took positions in other colleges and universities. Another 22 percent entered government service and the private sector. Twenty percent gave other reasons for the resignations. There were similar findings when accounting for gender.

Figure 3
Destinations of Those Resigning
Three Universities

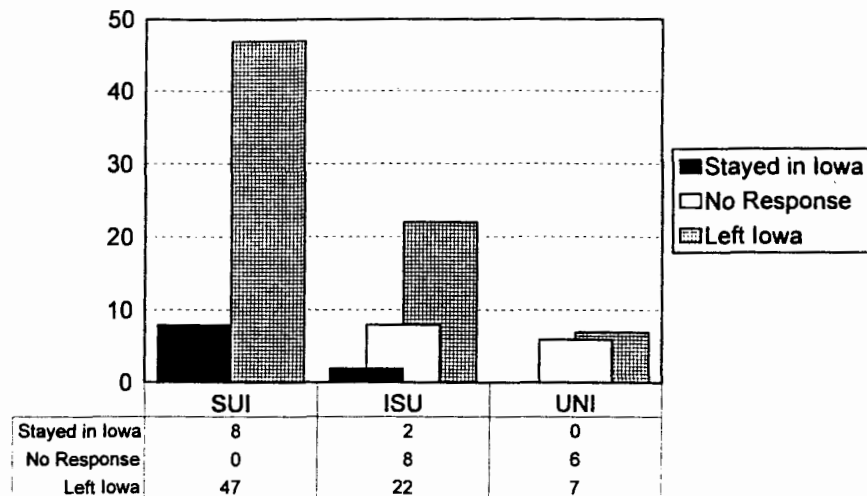
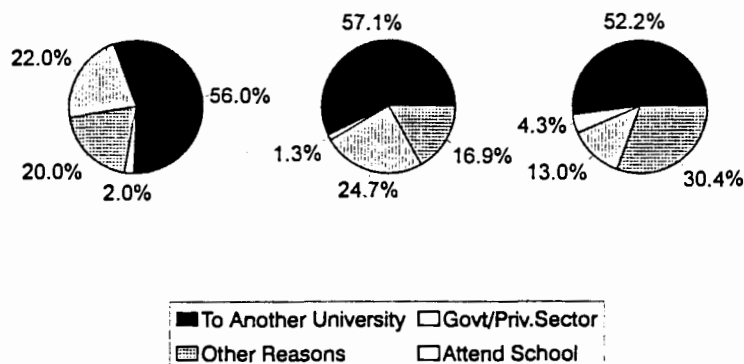


Figure 4
Reasons for Resigning
All Resignations, Male, Female



Each university performs an exit interview and/or exit questionnaire to track reasons for faculty resignations. Since 1990, the universities have used similar exit questionnaires and procedures for exit interviews. As a result of these interviews and questionnaires,

each university has developed a faculty mentoring program to alleviate concerns identified as potential problem areas in faculty retention.

Provost Nathan stated that the University of Iowa is experiencing low levels of resignation. Although there is not an overabundance of faculty positions in the market, university officials chose to believe the low number of resignations was because the University of Iowa provides a wonderful, congenial working environment. He noted that only 14.5 percent of the resignations were from women. University officials have taken a number of steps to address the problem of campus climate for women in order to enhance the quality of life for women at the University of Iowa. They have developed a successful faculty mentoring program throughout the university and are continuing the program of brown bag lunches with new faculty. There are orientation programs and new opportunities for faculty.

Provost Kozak stated that faculty resignations at Iowa State University were up slightly from last year. University officials are paying particular attention to factors that allow faculty members to succeed including mentoring programs and departmental executive officers programs. University officials are utilizing exit interviews. The two main factors in resignations are 1) that faculty are taking advantage of professional opportunities elsewhere and 2) for personal reasons.

Provost Marlin stated that the faculty resignation rate at the University of Northern Iowa is the lowest it has been in a decade. Thirteen faculty at the junior level and two at the senior level resigned. Exit interviews identified spousal accommodation issues more often. University officials try to create a nurturing environment from the moment faculty step on campus. Initiatives include the Center for Enhancement of Teaching seminars, faculty dinners after their first week of teaching as well as ongoing mentoring. Faculty attend an end-of-year breakfast with Provost Marlin.

Superintendent Thurman stated that the Iowa Braille and Sight Saving School experienced a reduction in force of three faculty members in addition to one resignation.

Superintendent Johnson stated that at the Iowa School for the Deaf most of the faculty who left in the last five years did so because of early retirements. There were two to three career changes. School officials will continue to monitor the resignations to make sure there does not become a trend of career changes.

MOTION:

Regent Furgerson moved to (1) accept the Annual Report on Faculty Resignations for the period July 1, 1993, to June 30, 1994, and (2) continue to

request information on faculty mentoring programs as part of the Annual Report on Faculty Resignations. Regent Tyrrell seconded the motion. MOTION CARRIED UNANIMOUSLY.

ANNUAL REPORT ON SALARIES. The Board Office recommended that the Board receive the annual salary report.

This report is presented to the Board each fall after the salaries for the current fiscal year are established.

Regents Merit System employees both in AFSCME bargaining units and nonorganized supervisory employees received two percent in July 1994 and will receive an additional two percent increase in January 1995.

- o Regents Merit System employees received a \$650 (\$350 for employees working less than 32 hours/per week) nonrecurring bonus in fiscal year 1994. The bonus was paid in equal installments throughout the year.
- o In addition, eligible employees will receive merit step increases.

Average nine-month faculty salaries for the Regent universities for 1994-95 are:

	SUI	ISU	UNI
Overall Average	\$83,352	\$55,532	\$46,605
Average excluding professional colleges*	\$57,859	\$55,219	\$46,605

*(excludes Medicine, Dentistry, Law at SUI; Veterinary Medicine and Research and Extension faculty associated with the Agricultural Experiment Station and the Cooperative Extension Service at ISU)

Average faculty salary increases granted by comparison institutions ranged from zero to 7.20 percent.

Institutions receiving no general increases were all in the University of Northern Iowa comparison group -- California State, Central Michigan, and University of North Texas. Central Michigan and University of North Texas were also in the group of no increases last year.

The average increase at the University of Iowa was 3.02 percent; at Iowa State University, 2.92 percent; and at the University of Northern Iowa, 4.0 percent (a net of 3 percent after adjusting for elimination of the bonus).

Rankings of overall average faculty salaries within the comparison groups for last year and estimated rankings for the current year are:

	1993-94	1994-95
SUI	5th	7th
ISU	8th	10th
UNI	4th	6th

Iowa State University average faculty salary went from first place in the Big Eight to second place, changing positions with the University of Colorado. The difference in the average salaries between Colorado and ISU was \$100. The University of Iowa went from third place to fifth place in the Big 10.

Rankings of faculty 1993-94 by rank based on averages published in Academe is as follows:

	SUI Comparison Group	SUI Big 10	ISU Comparison Group	ISU Big 8	UNI Comparison Group
Professor	4th	4th	3rd	1st	5th
Associate	3rd	2nd	1st	1st	3rd
Assistant	3rd	3rd	9th	4th	3rd

Without correcting for experience and academic discipline, average salaries for females are less than those for males. This gap between male and female salaries is closing each year especially at the assistant professor rank. Each university gave a slightly greater increase on average to female faculty.

The universities gave increases greater than average to female faculty. Average faculty salary increases are as follows:

	SUI	ISU	UNI
Overall Average	3.02%	2.92%	4.0%
Average - Male	2.95%	2.81%	3.9%
Average - Female	3.47%	3.27%	4.4%

Average salary increases for professional and scientific staff were:

University of Iowa - 3.20 percent
Iowa State University - 2.80 percent
University of Northern Iowa, 4.00 percent
Iowa School for the Deaf - 3.05 percent
Iowa Braille and Sight Saving School - 4.0 percent

The universities gave slightly greater increases to female professional and scientific staff than to male staff.

Average professional and scientific salaries are:

University of Iowa - \$35,232
Iowa State University - \$39,258
University of Northern Iowa - \$38,647

Professional and scientific employees include classifications such as administrative assistants, research assistants, registered nurses, engineers, athletic directors and coaches, and at the University of Northern Iowa and Iowa State University student health center physicians.

Stipends for half-time appointments for teaching and research assistants for 1994-95 range from \$9,600 to \$13,500 at the University of Iowa; \$7,650 to \$15,300 at Iowa State University; and from \$6,000 to \$9,000 at the University of Northern Iowa.

Minimum salaries were increased 1.1 percent at the University of Iowa and 3.03 percent at Iowa State University. Maximums were increased 3.8 percent at the University of Iowa and 9.68 percent at Iowa State University.

There were no increases to the teaching and research assistant salary ranges at the University of Northern Iowa.

The overall average faculty salaries at the special schools for 1994-95 were:

Iowa School for the Deaf - \$36,465
Iowa Braille and Saving School - \$34,376

Average salaries for the employees of the Regents Merit System are:

University of Iowa - \$21,851
Iowa State University - \$23,070
University of Northern Iowa - \$22,981
Iowa School for the Deaf - \$22,173
Iowa Braille and Saving School - \$21,528

Regent Dorr asked whether the overall averages for salary increases were inclusive of all merit step increases and bonuses. Mr. Richey said that would be true for faculty and professional and scientific staff. For merit staff where the total salaries are shown it would be inclusive.

Regent Dorr asked that in the future the salary information be provided to the Regents in the form of longer-term bar graphs. He found it interesting that the reports on faculty resignations and salaries indicate they have made significant strides in retention primarily due to the fact there was money with which to address faculty salaries as well as the strong administrative leadership efforts. If this is the beginning of a trend, he said it would be nice to see the trends laid out over a longer period of time.

Mr. Richey said the data is available. The Board Office would only have to chart it.

Regent Hendricks stated it was totally erroneous to report a 3 percent increase in compensation when they were not taking into account the increase in costs for health care premiums, retirement benefits, and workers compensation for the employee. If they took those additional costs into account she said it would be more of a 7 percent increase.

Mr. Richey responded that the retirement increases for Regent employees increase directly proportional to salary. The major variable would be health insurance premium costs. That information is available and could be included in the information provided to the Regents. With regard to the current year, he said those figures would have been a depressor on the rate of increase except at the University of Iowa.

President Berenstein stated that Regent Hendricks' point was well taken. The information should be in the report, set out with cash and with fringes.

Mr. Richey noted that the compensation rate of increase would not vary. Only if they were going from cash salary to a compensation increase would it vary.

Regent Hendricks said she would like to see the percentage of overall cash outlay increase including social security differences.

President Jischke stated that total compensation probably has not increased as much as salary. He said the advancements in salary that Iowa State University has been able to make in the last 5 years was largely attributable to efforts for nationally comparable salaries. The universities need the Board's support in maintaining those initiatives. He said the faculty and staff do all the "important" work.

Regent Pellett asked if the listing of average salaries with which the Regents were provided included benefits. Mr. Richey responded that it did not. Other information with which the Regents are provided at a different time does include AAU compensation data.

President Berenstein stated that last month the Regents discussed tuition increases and keeping the cost of tuition down. They were now discussing remaining competitive in salaries. He noted the increase in money was not just to increase faculty salaries but salaries of all the employees.

Regent Newlin asked Mr. Richey if he would be able to provide the Regents with five-year comparisons. Mr. Richey said the Board Office could provide the Regents with more years than that. A 10-year figure would chart major changes in the policies of the Board.

President Berenstein suggested that a 10-year comparison, from 1985, would be good.

ACTION:	President Berenstein stated that the Board received the annual salary report, by general consent.
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ANNUAL REPORT ON INSURANCE AND RETIREMENT PROGRAMS. The Board Office recommended the Board receive the annual governance report of insurance and retirement programs for fiscal year 1994.

Total employer cost of insurance and retirement programs at the five Regent institutions and the Board Office was \$207 million (all funds) for fiscal year 1994. This was an increase of 8.2 percent over the preceding fiscal year.

Total employer costs for specific programs for fiscal year 1994 were as follows:

Retirement Plans:	
Social Security	\$ 56,285,120
TIAA/CREF	\$ 74,417,331
Substitute Plans	\$ 368,447
IPERS	\$ 1,899,326
Federal	\$ 1,327,352
TIAA/CREF Waiver of Premium	\$ 1,575,236
Unemployment Compensation	\$ 648,711
Workers Compensation	\$ 1,640,523
Health Insurance	\$ 58,277,455
Life Insurance	\$ 4,899,115
Long-term Disability Insurance	\$ 5,344,518
Accidental Death and Dismemberment	\$ 3,259,489
Dental Insurance	\$ 3,259,489
TOTAL	\$210,308,946
Less interest received on cash reserves maintained by carriers	\$ 2,974,564
TOTAL	\$207,334,382

Costs for major components of insurance and retirement programs were:

Retirement programs -- \$134.5 million

Life Insurance, Long-Term Disability, and
Accidental Death, TIAA/CREF waiver -- \$15.1 million

Unemployment Insurance and Workers Compensation -- \$2.3 million

Health and dental insurance costs are significant expenditures with both employer and the employee paying a share of the premiums. Employer and employee costs for health and dental insurance for fiscal year 1994 were:

	HEALTH	DENTAL
Employer	\$58.3 million	\$3.3 million
Employee	\$14.8 million	\$1.8 million
Total cost	\$73.1 million	\$5.1 million

Employer costs of insurance and retirement programs at the three universities ranged from 25.34 percent to 27.16 percent of nonstudent payroll for fiscal year 1994. These

figures have stayed relatively constant over the years and continue to be similar to percentages at comparable institutions as reported for comparison institutions by the AAUP.

Employer cost of insurance and retirement programs was 28.05 percent of payroll at the Iowa School for the Deaf and 27.99 percent at the Iowa Braille and Sight Saving School for fiscal year 1994. The percent of payroll spent on insurance and retirement programs at the special schools has remained fairly constant throughout the years.

Board Office cost for insurance and retirement programs for the fiscal year was 21.89 percent of payroll. The Board Office costs, as a percent of payroll, have remained constant since an increase was seen when most employees changed from IPERS to TIAA-CREF.

The cost, as a percent of applicable payroll, of health insurance premiums for the plans administered by the universities is approximately 4.43 percent of applicable payroll at the University of Iowa; 4.9 percent at Iowa State University; and 5.43 percent at the University of Northern Iowa..

The cost to the universities for employees in the State plan is approximately 10-13 percent of applicable payroll.

All permanent employees (faculty, professional and scientific, and Regent Merit System staff) of the three State universities and the Board Office with a budgeted annual salary of at least \$7,800 are eligible to participate in the Teachers Insurance and Annuity Association--College Retirement Equities Fund (TIAA-CREF).

Eligible employees may choose between TIAA-CREF, an approved substitute plan, or IPERS.

The total contribution by employer and employee to TIAA-CREF is 10 percent of the first \$4,800 of salary for staff members with less than five years of service and 15 percent on all additional salary.

The contribution for employees with more than five years of service is 15 percent of all salary. The employer pays two-thirds of the contribution. The employee pays one-third.

As of January 1, 1994, the requirement for mandatory retirement of faculty at age 70 was eliminated. Currently, there are nine faculty members at the University of Iowa

who are age 70 or greater; 13 at Iowa State University and one at the University of Northern Iowa.

The percentage of total faculty aged 60 and older at the universities currently is 15 percent at the University of Iowa; 13.9 percent at Iowa State University and 10.7 percent at the University of Northern Iowa.

Employees of the special schools participate in the Iowa Public Employees Retirement System (IPERS).

Current salary limitation for social security contributions is \$60,600. The contribution rate for both employer and employee is 6.2 percent. The Medicare contribution rate is 1.45 percent applied to all salary with no maximum.

University-based health and dental insurance programs cover faculty, professional and scientific employees and supervisory employees in the Regents Merit System.

University employees in AFSCME bargaining units are covered by the State health and dental programs.

The universities each offer different health and dental programs with comparable benefits.

The University of Iowa and the University of Northern Iowa carrier is Blue Cross/Blue Shield of Iowa. The insurance coverage at Iowa State University is provided by the Principal Financial Group.

Employees of the Board Office, Iowa School for the Deaf, Iowa Braille and Sight Saving School and the Regents Merit System employees in AFSCME bargaining units at the three universities are covered by the State of Iowa health insurance program. Blue Cross/Blue Shield is the carrier for the State programs. Employees covered by the State plans may also choose from a number of HMOs.

There are 12,039 (5,011 single and 7,028 family) employees at the universities who participate in the health insurance plans offered by the universities.

	SINGLE	FAMILY
SUI	3,101	4,201
ISU	1,403	2,181
UNI	507	646

There are 7,041 merit employees at the universities and special schools who participate in State health insurance plans. Another 268 employees have coverage in state HMOs.

Premium costs for health insurance at Iowa State University and the University of Northern Iowa will not increase in fiscal year 1995.

The rates for the various University of Iowa Comprehensive Health Insurance Programs (CHIP I, II, and III) will increase an average of 10 percent beginning January 1, 1995.

Currently, 75 percent of eligible employees are enrolled in CHIP I. Due to increased premium costs and no additional funding from State appropriations to cover the increase, beginning January 1, 1995, employees with single coverage will pay a portion of the premium.

The University of Iowa is offering two new health plans which will be effective January 1, 1995. These plans were approved by the Board in July. Until the health insurance enrollment change period concludes at the end of November, interest by employees in the new plans is not known.

The new plans are a care manager plan (UI CARE) and a point of service plan (UI SELECT).

Rates for the statewide Blue Cross/Blue Shield programs covering employees in statewide AFSCME bargaining units and Board Office and special school employees decreased approximately five percent due to favorable experience and a surplus of reserves.

The State health insurance plans include a cost containment program requiring pre-certification of all non-emergency inpatient admissions, continued inpatient stay review, individual case management, and payment reductions for program noncompliance.

The health insurance plans offered by the universities include managed care features such as limitations on mental health treatment, mandatory outpatient treatments, pre-certification requirements, utilization review and selected deductibles and co-insurance requirements.

Each of the universities offers faculty and professional and scientific employees variations of flexible benefit programs as well as opportunities for employees to pay their share of benefit costs on a pre-tax basis and establish dependent care and medical expense pre-tax spending accounts.

Pursuant to the State AFSCME Master Agreement, pre-tax payment of health, life and dental insurance is offered to bargaining unit employees at the five Regent institutions. Additionally AFSCME-covered employees at Regent institutions may elect to make pre-tax reductions in wages which will be paid to an account from which allowable dependent care expenses will be reimbursed.

Every other year Ohio State University publishes a comparison of benefit programs in the Big Ten and other similar institutions. Based on this survey Regent institutions continue to offer benefit packages comparable to those provided at peer institutions.

In the next few months, several topics concerning retirement will be studied. Among these topics are the impact of the removal of mandatory retirement for faculty; TIAA/CREF contribution rates; review of retirement options offered by comparable institutions; compare benefits of retirement with TIAA/CREF with benefits of retirement with IPERS; review the Board's policy on TIAA/CREF cashability and transferability.

Regent Hendricks stated that the Regents had received letters in the past regarding the limitation on the amount of money in employees' TIAA-CREF accounts that could be rolled over into another qualified retirement account. She asked if it would be possible to refer this issue back to the institutions for discussion regarding whether the limit should be maintained.

Mr. Richey responded that the issue was broader than just the amount that can be rolled over. The issue includes whether employees can take the money and do whatever with it. He noted that these issues were reviewed a couple of years ago. There was significant concern about maintaining the retirement program and not converting it to a deferred compensation type of program. This matter will be brought back in a couple of months.

Regent Hendricks asked that since each institution has a campus committee that deals with retirement issues, could this be referred to them for review? Mr. Richey agreed.

ACTION:	President Berenstein stated the Board received the annual governance report of insurance and retirement programs for fiscal year 1994, by general consent.
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ANNUAL REPORT ON FIRE AND ENVIRONMENTAL SAFETY. The Board Office recommended the Board receive the annual report on fire and environmental safety.

Fire and environmental safety projects are the highest capital project priorities of the Board of Regents and have been for the last nine years.

This report covered fire and environmental safety issues in general education facilities and utility systems. Information on issues related to the residence system will be included in the annual residence system report.

Changing safety standards, aging buildings and changes in building usage require continuing capital commitments for fire and environmental safety. More than \$10 million in deficiencies have been identified.

To address these deficiencies, the Board's Five-year Capital Program (FY 1996 - FY 2000) includes \$10.4 million for fire and environmental safety projects. Full funding of this program will significantly reduce the deficiencies.

Of the \$10.4 million included in the five-year plan, the sums of \$2.1 million and \$2.2 million respectively are included the Board's FY 1996 and FY 1997 general fund capital budget requests.

In addition to correction of specifically identified fire and environmental safety projects, major remodeling projects also include within their scopes the correction of fire and environmental deficiencies.

Over the past few years, each institution has committed proceeds from the sale of Academic Building Revenue Bonds, building repair funds, and other funds to complete fire and environmental safety-related capital projects.

The 1990 legislature authorized the issuance of Academic Building Revenue Bonds in the amount of \$6 million to complete fire and environmental safety projects at the three universities. The 74th General Assembly provided \$20 million in bonding authorization for the universities' FY 1992 capital program for deferred maintenance, fire and environmental safety, equipment and utility projects. Most of the improvements to be undertaken with these bond issues have been completed or will be during the first quarter of FY 1995.

During FY 1994 the institutions completed fire and environmental safety-related projects totaling \$1.7 million.

The 1994 General Assembly provided \$2,004,901 in bonding authorization for the universities for fire and environmental safety and deferred maintenance. Projects totaling \$3.1 million are planned for FY 1995.

Each Regent institution cooperates with the State Fire Marshal in establishing fire safety priorities, and each institution has a systematic method for determining the priority of fire safety improvements to be undertaken. Maintenance and operating deficiencies noted in the State Fire Marshal's reports are addressed as quickly as possible after notification of the deficiency; many of these deficiencies are items which department users can correct.

Projects involving expenditures of capital funds are prioritized. The University of Iowa has proposed an approach (the National Fire Protection Association's Fire Safety Evaluation System - [FSES]) that prioritizes projects in terms of each building's overall fire safety rather on the basis of each individual deficiency within each building.

This approach is proactive, identifying comprehensive building fire safety issues, rather than reactive to specific violations. Under this approach, fire safety in existing buildings is assessed to determine the best way to provide protection equivalent to current code requirements (an equivalent level of life safety).

While the State Fire Marshal has endorsed the concept of the use of FSES, the specifics of its use are still being negotiated. The Board Office and institutions continue to work with the Fire Marshal to identify and prioritize necessary facility modifications to ensure that buildings are made as safe as possible in a cost effective manner.

Environmental safety issues addressed in the institutional reports include asbestos, lead, underground storage tanks, polychlorinated biphenyl's (PCB's), radon, and chlorofluorocarbons (CFCs). Requirements for all these, except lead, have been in place for a number of years and the institutions have processes in place to mitigate the hazards.

In May 1993 the Occupational Safety and Health Administration (OSHA) issued new lead safety standards addressing workplace activities and practices that involve potential employee exposure to lead. Many remodeling and renovation projects of old buildings will involve the potential for lead paint removal; these require compliance with new OSHA lead abatement regulations.

In August 1994 OSHA promulgated new regulations covering asbestos abatement activities; the new standards, which are currently being challenged by several interest groups, will increase restrictions on construction activities, abatement actions and require identification signage on asbestos-containing building materials.

Regent Hendricks stated that the institutions had made significant progress in the last several years in addressing fire and environmental safety issues. The situation was looking much more promising.

ACTION: President Berenstein stated the Board received the annual report on fire and environmental safety, by general consent.

ANNUAL REPORT ON DEFERRED MAINTENANCE. The Board Office recommended the Board receive the annual report on deferred maintenance.

This report covered deferred maintenance in general education facilities and utility systems. A report on deferred maintenance in the residence system will be included in the annual residence system report.

The estimated amount of deferred maintenance on the campuses is \$82.5 million as summarized below:

Deferred Maintenance
(\$ thousands)

	<u>SUI</u>	<u>ISU</u>	<u>UNI</u>	<u>ISD</u>	<u>IBSSS</u>	<u>Total</u>
Buildings	\$12,914.0	\$24,273.0	\$15,513.0	\$1,193.0	\$381.5	\$54,274.5
Utilities	<u>10,050.0</u>	<u>17,134.5</u>	<u>580.0</u>	<u>405.0</u>	<u>68.0</u>	<u>\$28,237.5</u>
Total	\$22,964.0	\$41,407.5	\$16,093.0	\$1,598.0	\$ 449.5	\$82,512.0

More than three-fourths of this need will be corrected through funding of the Board's Five-Year Capital Program which includes \$64 million for correction of deferred maintenance. Of this amount, the sum of \$11.8 million is included in the Board's FY 1996 capital request and \$13.3 million is included in its FY 1997 request.

The institutional totals above do not include resolution of deferred maintenance which will be incorporated into major remodeling projects included in the Board's approved capital program, FY 1996 - FY 2000.

Some of the major remodeling projects included in the plan which will incorporate correction of deferred maintenance are:

<u>Project / Institution</u>	<u>Total Project Cost (\$ millions)</u>
Biological Sciences Renovation / Replacement (SUI)	\$15.0
Chemistry Building Remodel (SUI)	7.2
Gilman Hall Addition - System Upgrade (ISU)	6.9
Auditorium Remodel (UNI)	9.7
Physics Building Remodel (UNI)	3.6

The capital plan is one part of a two-pronged program to address deferred maintenance. The other component is the Board's operating budget request for an increase in building repair funds; the FY 1996 request includes an additional \$2.7 million for this purpose.

The FY 1996 operating budget request represents the first year of a five-year program to bring building repair funding up to the minimal level needed to avoid adding to the list of deferred maintenance.

Though limited by the availability of funding, the institutions have taken significant steps to reduce deferred maintenance during the last few years. The universities have used the proceeds from the sale of Academic Building Revenue Bonds, operating budget building renewal (repair) funds, and other funds to complete deferred maintenance projects.

The 74th General Assembly provided \$20 million in bonding authorization for the universities' FY 1992 capital program for deferred maintenance, fire and environmental safety, equipment and utility projects. These funds were authorized as follows:

University of Iowa	\$8,038,600
Iowa State University	\$8,058,400
University of Northern Iowa	\$3,903,000

Most of the projects to be undertaken with these funds have been completed.

The 1994 General Assembly provided \$2,004,901 in bonding authorization for the universities for deferred maintenance and fire and environmental safety.

During FY 1995 projects to correct deferred maintenance totaling \$11.3 million are planned.

Sixty-six roofs need to be replaced at an estimated cost of \$9.9 million. The estimated costs of replacing windows and modifying heating, ventilating and air conditioning systems are estimated at \$9.4 million and \$8.6 million respectively.

Mr. Richey noted that the Board Office distributed supplemental data that included other sources of funding.

President Berenstein asked if the legislature was aware of the magnitude of the deferred maintenance problem. Mr. Richey responded that it was. He noted that deferred maintenance had been a major item for the last several years. He said legislators were thoroughly briefed within the last week at Iowa State University concerning the deferred maintenance needs on that campus.

President Berenstein asked if legislators have been to the University of Iowa and the University of Northern Iowa to see the needs on those campuses. Director Yanecek responded that the Legislative Fiscal Committee was in Iowa City last year.

ACTION: President Berenstein stated the Board received the annual report on deferred maintenance, by general consent.

EXECUTIVE SESSION. President Berenstein requested the Board convene in closed session pursuant to the Code of Iowa section 20.17(3) to conduct a strategy meeting of a public employer for collective bargaining.

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

MOTION CARRIED.

The Board having voted at least two-thirds majority resolved to meet in closed session beginning at 11:32 a.m. on Wednesday, November 16, 1994, and adjourned therefrom at 12:00 p.m. on that same date.

PROPOSALS FOR LEGISLATIVE PROGRAM. The Board Office recommended the Board (1) give preliminary consideration to the items noted below for inclusion in the

Board of Regents legislative program and (2) request that any other suggestions for inclusion in the legislative program be provided to the Board Office so that they can be included in the legislative memo for the December Board meeting.

The two special schools were not included in legislation passed last session to be a part of Part III of the development of the Iowa Communications Network. It was recommended that the two schools be specifically added to the list of institutions and organizations eligible to be included in Part III of the ICN. If included as a Part III site the schools would be responsible for providing the classroom and hook-up costs, and the State would be responsible for providing the necessary equipment and cable to the designated classroom site.

The two special schools wish to seek statutory exemption from a law that requires anyone providing transportation of a student to have a valid chauffeurs license. Specific exemptions are provided to other entities including the Commission for the Blind. The two special schools would like to be included among those who are exempted. This requirement provides no additional protections for students and is burdensome for staff who may provide such transportation only once or twice a year.

The University of Iowa is seeking legislation that would provide steady funding for educationally-related costs associated with the University of Iowa Hospital & Clinics.

The University of Iowa is seeking amendment of the FY 1997 State appropriation funding request for the National Advanced Driving Simulator (NADS) project to \$3,010,500. The FY 1997 funding recommended by the Board in September of \$618,000 was based on the FY 1996 funding level plus inflationary increases. The University of Iowa reported during the discussion of the FY 1996 and FY 1997 operating budgets at the September 1994 Board meeting, that the Board would be requested to amend the FY 1997 request to reflect the actual amount after receiving the results of the Congressional Conference Committee on the NADS project and the latest estimated costs for building construction.

President Rawlings introduced Derek Willard who represents the University of Iowa in Washington, D.C., to address some issues including the driving simulator.

Associate Vice President Willard provided the Regents with information about the appropriations session that just ended and the future and status of the driving simulator. He said the University of Iowa is about midway in the 32-point acquisition process that the U.S. Department of Transportation has set out. During the last congressional session the university was given additional conditions that predicate further Federal appropriations for the coming year. A group from the National Highway

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Traffic Safety Administration including the director of the group and the associate director for research in the NADs project office was on the University of Iowa campus this past week. The administrator was quite supportive of the project.

One of the conditions that the latest congress has set forth is that the National Highway Traffic Safety Administration has to make sure the cost of the project is going to come in as it was indicated it would during this current year. Congress also asked that the University of Iowa ensure it has about \$11 million of matching funds for the project. Associate Vice President Willard said this was not a change; it was always part of the agreement. The \$11 million represents about one-third of the project cost. A condition of the Transportation Research Board is that the instrument would be used to 80 percent of its capacity within two years after it comes on line. The Government Accounting Office is going to have to certify that the match is in place and that the conditions have been met. In discussing the projections for the future, university officials believe that the conditions can be met.

Associate Vice President Willard said the question came to him about how the change in elections would affect the project in the congress. He said this project has enjoyed good bipartisan support on the part of Iowa's delegation. Senator Harkin has been quite visible in terms of the role he plays on the Transportation Appropriation Subcommittee. There has also been great support from Jim Ross Lightfoot who is also on an appropriations committee. He has been involved with this project since its inception. Although some of the faces will change in the Congress, there is good bipartisan support by the Iowa delegation. He believes the project will not change much in terms of its progress.

President Berenstein noted that there was some concern that if the Regents make a commitment for \$3 million in State funds and the university does not get the project that the \$3 million in State funds may be lost. Is the \$3 million in State appropriations contingent upon the university receiving the Federal grant funds?

Associate Vice President Willard stated that he would like to include language that the \$3 million in State funds is contingent upon having the instrument delivered to the University of Iowa. He noted that there had been an indication from the National Highway Transportation Safety Administration that the instrument is on track.

President Berenstein asked for confirmation that there is no commitment for the State funds until the absolute commitment is made for the Federal funds. Mr. Willard said that was correct.

President Berenstein asked if a Regents' resolution could be drafted by Mr. Willard for inclusion in the Minutes of this meeting. Mr. Willard responded that he would like to do that.

President Berenstein stated that he would feel more comfortable if one of the conditions is that no State funds be expended unless the university has the Federal funds in hand. He then asked for a motion to have that language drafted by Associate Vice President Willard.

MOTION: Regent Tyrrell moved that Associate Vice President Willard draft language specifically stating that the \$3 million in State funds is contingent upon the University of Iowa receiving the Federal grant funds. Regent Hendricks seconded the motion. **MOTION CARRIED UNANIMOUSLY.**

Mr. Richey stated that the Board's action would be transmitted immediately to the Governor and the Department of Management for inclusion in the fiscal year 1997 budget.

President Rawlings stated that Associate Vice President Willard had done a superb job on this project. It has been an extremely complex process and he has seen it through very well.

President Berenstein thanked Mr. Willard for all of his assistance.

Associate Vice President Willard thanked the Board of Regents and President Rawlings for their support.

ACTION: President Berenstein stated the Board, by general consent, (1) gave preliminary consideration to the items noted below for inclusion in the Board of Regents legislative program and (2) requested that any other suggestions for inclusion in the legislative program be provided to the Board Office so that they can be included in the legislative memo for the December Board meeting.

APPROVAL OF DWIGHT D. EISENHOWER GRANTS FOR 1994-95. The Board Office recommended the Board approve the Dwight D. Eisenhower Grants for 1994-95.

This year grant requests totaling \$1,097,105 were received from colleges and universities in Iowa. Funds totaling \$585,488 were available to fund such projects (including \$543,580 in new funds and \$41,908 in unused funds in the previous grant year).

The Dwight D. Eisenhower Advisory Committee consisting of unpaid volunteers from the various colleges and universities in the state, elementary math and science teachers, and a school administrator reviewed the grant requests based on the Federal criteria and recommended funding for the following projects:

Institution: University of Northern Iowa

Title: Modeling Curriculum and Instruction in Middle Grades Mathematics
(MCI-MGM)

Proposed Funding: \$98,872.00

Institution: Luther College

Title: Modeling Science Education Reform in Northeast and Northwest Iowa

Proposed Funding: \$88,113.00

Institution: University of Northern Iowa

Title: Modeling Integrated Mathematics and Science

Proposed Funding: \$110,339.00

Institution: University of Northern Iowa

Title: Science and Mathematics Integration: A Thematic Approach

Proposed Funding: \$130,863.00

Institution: Iowa State University

Title: Elementary Math and Science: Teaching for Inclusion

Proposed Funding: \$323,621.00

Adjustments may be needed in these amounts to meet Federal guidelines.

Director Barak noted that this was the last year of this particular Dwight D. Eisenhower program. He presented the recommendation of the advisory committee for the distribution of \$585,488 in grant funds.

Regent Hendricks asked for a breakdown of the various groups represented on the advisory committee. Director Barak responded that there were three representatives from the community colleges, three representatives from the Regent universities, three from the private colleges, two from the Iowa Department of Education, two elementary and secondary school teachers, and one K-12 school administrator. The balance is mandated by regulations. He noted that this was a higher education program not a K-12 program.

MOTION: Regent Furgerson moved to approve the Dwight D. Eisenhower Grants for 1994-95, as presented. Regent Pellett seconded the motion. MOTION CARRIED UNANIMOUSLY.

VENDOR WITH POTENTIAL CONFLICT OF INTEREST. The Board Office recommended the Board approve the request of Iowa State University to add Molecular Express, Inc., to the list of approved vendors with a potential conflict of interest.

Molecular Express, Inc., will sell small laboratory items including gloves, pipet tips, microcentrifuge tubes, centrifuge tubes, transfer pipets, tube racks and small plastic boxes. The owners of the firm are both university employees. While one of the owners serves in an administrative role in the Department of Biochemistry and Biophysics, no purchases from this vendor will be made by the department in order to avoid any appearance of conflict of interest.

President Berenstein asked for further information on the principals. Vice President Madden responded that the principals are two university faculty members. Hamilton is the last name.

MOTION: Regent Tyrrell moved to approve the request of Iowa State University to add Molecular Express, Inc., to the list of approved vendors with a potential conflict of interest. Regent Pellett seconded the motion, and upon the roll being called, the following voted:
AYE: Berenstein, Dorr, Furgerson, Hendricks, Newlin, Pellett, Tyrrell.
NAY: None.
ABSENT: Collins, Johnson-Matthews.

MOTION CARRIED.

BOARD OFFICE PERSONNEL TRANSACTIONS. The Board Office recommended the Board approve the personnel register, which included the following transactions:

Approve the establishment of a new position in the professional and scientific classification system. The position is Information Technology Specialist in pay grade 2 (salary range \$28,833 to \$43,017).

Reclassification. Gaye Pack from Secretary IV to Information Technology Specialist at an annual salary of \$34,320 effective November 18, 1994.

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

STATUS REPORT ON BOARD OFFICE BUDGET FOR FISCAL YEAR 1995. The Board Office recommended the Board receive the report.

Estimated expenditures for the Board Office budget through June 30, 1995, are projected to increase to \$1,207,343 because of additional moving expenses for new employees.

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

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

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December 14-15, 1994	Marriott	Des Moines
January 18, 1995	Telephonic or ICN	
February 15-16	University of Northern Iowa	Cedar Falls
March 15-16	Iowa State University	Ames
April 19-20	University of Iowa	Iowa City
May 17-18	Iowa School for the Deaf	Council Bluffs
June 21-22	University of Northern Iowa	Cedar Falls
July 19-20	Iowa State University	Ames
September 20-21	University of Iowa	Iowa City
October 18-19	University of Northern Iowa	Cedar Falls
November 15-16	Iowa State University	Ames
December 13-14	To be determined	Des Moines
January 17, 1996	Telephonic or ICN	
February 21-22	University of Iowa	Iowa City
March 20-21	University of Northern Iowa	Cedar Falls
April 17-18	Iowa State University	Ames
May 15-16	IBSSS/University of Iowa	Vinton/Iowa City
June 19-20	University of Northern Iowa	Cedar Falls
July 17-18	Iowa State University	Ames

The Board meeting dates were extended through July of 1996 utilizing the customary third Wednesday/Thursday of each month. The January 1995 and 1996 meetings were scheduled via telephone or the Iowa Communications Network. Scheduling the Iowa Communications Network for the January 1995 meeting was not known at this time.

Mr. Richey stated that he has been discussing with the Director of the Iowa Department of Education the possibility of holding a joint meeting of the two boards. Members of the Board of Regents have indicated a desire to do so. They have also been encouraged to do so by the Governor's Office and the legislature. The joint meeting is scheduled to be held on March 15, 1995, which would be the second day of the Regents' March Board meeting. The last time a joint meeting was held between the two boards, the Board of Education members came to the location of the Regents' meeting. Mr. Richey indicated to Dr. Ramirez that the Regents would be agreeable to reversing that for this next meeting.

President Berenstein asked for an explicit agenda for the joint meeting.

Regent Hendricks asked about the arrangements for the Regents' meeting in January 1995. Mr. Richey responded that scheduling on the ICN for next year is just now being done. He did not know whether the Regents would be able to schedule their January meeting on the ICN. As soon as he knows he will inform the Regents.

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ACTION: President Berenstein stated the Board approved the Board Meetings Schedule, by general consent.

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

STATE UNIVERSITY OF IOWA

The following business pertaining to the State University of Iowa was transacted on Wednesday, November 16, 1994.

REGISTER OF PERSONNEL CHANGES. The Board Office recommended the Board approve personnel transactions, as follows:

Register of Personnel Changes for September 1994

In accordance with the Board of Regents Procedural Guide, Section 4.22, approve the commissioning of Lawrence M. Langley as special security officer. Mr. Langley has successfully completed training at the Iowa Law Enforcement Academy.

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

DISCONTINUE ADMISSION TO DEGREE PROGRAM. The Board Office recommended the Board approve the discontinuance of admissions to the Master's degree program in Industrial Relations and Human Resources.

This proposal was in response to University of Iowa strategic planning and review initiatives. The review initiative along with two external reviews resulted in recommendations that admission to the program be discontinued.

Students currently enrolled in the program will be allowed to continue to complete their program consistent with Board policy. Options for other students wanting this content area are available within the College of Business Administration.

The program will continue to be an alternative for students who are unable to complete the Ph.D. program in Industrial Relations and Human Resources.

There will be no significant savings as a result of the discontinuance of this program.

ACTION: This matter was approved by consent.

NAME CHANGE. The Board Office recommended the Board refer the university's request to the Interinstitutional Committee on Educational Coordination and the Board Office for review and recommendation.

University of Iowa officials proposed to change the name of the Institute of Agricultural Medicine and Occupational Health to the Institute for Rural and Environmental Health. This change was proposed to more accurately represent the Institute's programs, improve recruitment of graduate students and postdoctoral fellows, and enhance the Institute's opportunities to compete successfully for rural health and environmental grants.

The mission of the unit is rural health and environmental health graduate research and community service. The unit is financed from grants from various federal and state agencies and private sector contracts.

This name change will not result in any organizational or financial aspects of the Institute other than it may enhance the Institute's capacity to attract grants.

ACTION: This matter was referred by consent.

INFORMATION ON GERONTOLOGICAL NURSING INTERVENTION RESEARCH CENTER. The Board Office recommended the Board receive the report on the proposed Gerontological Nursing Intervention Research Center at the University of Iowa.

The University of Iowa College of Nursing has received a \$1.5 million, 5-year grant from the National Institute of Nursing Research.

The broad objective of the proposed Center is to provide an environment that will strengthen and expand intervention-focused research in nursing and related disciplines regarding the health of elders in a variety of care settings.

The Center will integrate two types of investigations: (1) those dealing with the structure of nursing knowledge; and (2) those focused on a specific clinical content area: gerontological nursing.

The Center builds on the research strengths of the faculty in the College of Nursing.

There are no commitments of institutional funds involved. The term "center" is informal and creates no continuing institutional or Regental commitment.

Vice President Manasse stated that University of Iowa officials take pride in the College of Nursing being awarded recognition as a gerontological nursing center. The University of Iowa College of Nursing will be one of six subcenters addressing aging and nursing care functions.

ACTION: President Berenstein stated the Board received the report on the proposed Gerontological Nursing Intervention Research Center at the University of Iowa, by general consent.

EDUCATIONALLY RELATED COSTS OF UIHC. The Board Office recommended the Board receive the report on educationally related costs at the University of Iowa Hospitals and Clinics.

Clinical education programs at the University of Iowa Hospital and Clinics are under a serious threat as third party payers have expressed an unwillingness to pay for "educationally related costs."

These costs have two components: (1) Direct Medical Education - - - expenditures which are paid "directly" by the hospital for graduate medical and other health science education; and (2) Indirect Medical Education - - - - or "societal costs", clinical teaching overhead, transmission of new knowledge, costs related to the economically disadvantaged, and provision of intensive/expensive patient care services,

In 1986 the Governor established a Blue Ribbon Commission to review funding of medical education and other health services education that identified these educationally related costs (in 1994-95 dollars) as over \$86 million or 23 percent of UIHC costs.

Educationally related costs have historically been imbedded in patient care costs and paid through patient care reimbursement, a practice that is precluded in a managed care environment.

Health care reform plans under consideration do not provide a clear definition as to how this cost may be addressed in the future. Potential options for resolution of this problem include the recommendation of the Blue Ribbon Commission for State support for maintaining the present UIHC \$25 million appropriation for indigent care. As

patients are absorbed into Iowa's medical needy program, this UIHC appropriation should be converted to a general subsidy for educationally related costs.

The Board has previously endorsed the Blue Ribbon Commission recommendation to provide State support to the University of Iowa Hospitals and Clinics for educationally related costs. In December the Regents will be asked to consider a proposal for enacting the Blue Ribbon Commission's recommendation as a part of the Board's legislative program.

President Rawlings distributed a copy of an editorial from the previous day's Iowa City Press Citizen which commented favorably on the collaboration between University of Iowa Hospitals and Clinics and Mercy Hospital of Iowa City. He said the collaboration came about through the efforts of the university's new health science team and marked a real hallmark in their relationships. This was precisely the kind of public reaction University of Iowa officials would like to have to their programs. He added that Associate Vice President Small had played a major role in bringing this collaboration to a successful conclusion. The effort was quite complex and took a lot of time and work. He then asked Vice President Manasse to introduce the topic for discussion.

Vice President Manasse stated that University of Iowa officials are positioning the university's health sciences center to adjust to the changes in the health care marketplace through a number of initiatives. In September they began the formation of a regional health care delivery program. The Board allowed a restructuring of the practice plans. The university has begun to offer employees some insurance options under the managed care framework.

Vice President Manasse said that at this meeting university officials would address the health sciences center's societal contributions and its educationally related costs. Clinical education costs are embedded in the UIHC's price structure. Payers of all sorts have been quite willing to reimburse for those costs; however, market forces are now placing that funding stream in jeopardy. Teaching hospitals have no choice but to be price competitive. The notion of passing educational costs onto third party payers is beginning to dwindle. He noted that Director Howell is providing some national leadership on this issue.

Vice President Manasse stated it was with great foresight that in 1986 the Governor and University of Iowa officials put the issue squarely on the table. In 1986 the Governor appointed a Blue Ribbon Commission which delivered some options for future financing of educationally related costs. He said those findings and recommendations still hold true today. Mr. Howell would review some of those recommendations at this meeting. It is a national issue. Medicare no longer wants to

continue to pay for those kinds of costs. Fifty percent (50%) of health care expenditures in the U.S. come from Medicare and Medicaid. He then introduced Director Howell.

Director Howell stated that he continues to be impressed with the quality he sees at the University of Iowa Hospitals and Clinics. He is also struck by how fast the health care environment in Iowa is changing. He said he would 1) briefly review the UIHC's transition of service for the state of Iowa, 2) define what constitutes educationally related costs, 3) identify the issues he feels are of importance, and 4) review the recommendations of the Governor's Blue Ribbon Commission, the Regents' support of those recommendations, and what he feels is needed at this point.

Director Howell reviewed the history of University of Iowa Hospitals and Clinics as a statewide resource. He said it has fulfilled its three-fold mission of patient care, teaching and research. He reviewed the patient history by aggregate patients served by county; by gross charges for indigent patients, Medicaid contractual adjustments, bad debts and charity by county; and by patient care outreach to Iowa communities.

Director Howell discussed the indigent patient appropriation versus value of total services provided for fiscal year 1994. He said that while UIHC received \$28 million in funding for indigent patient care, the value of hospital care rendered, including physicians' fees which were waived for these patients, exceeded this amount by \$35 million. The UIHC is very grateful for the support it receives from the State; however, the UIHC has been able historically to provide care to the economically disadvantaged and support the cost of education through cost shifting. He said that with the growth of managed care, the ability to cost shift will be extremely limited.

Director Howell addressed the UIHC's mission of teaching. He said it currently has 35 programs with 2,547 students. With regard to outreach, UIHC has 215 programs reaching 93 communities with 31,538 total participants in 1993-94. He discussed the research mission of the University of Iowa Hospitals and Clinics. It fulfills a valuable role in its indirect support of research. Last year, this support exceeded \$3.3 million.

With regard to the aggregate impact on Iowa's economy of the 1994-95 \$28 million State appropriation investment in the University of Iowa Hospitals and Clinics, Director Howell stated that the \$28 million in State appropriations can be translated into \$387 million in UIHC expenditures within Iowa, which results in a \$700 million total economic impact.

Director Howell stated that changes in the way health care is funded threaten the tradition of educationally-related costs of teaching hospitals. Payers increasingly

express an unwillingness to pay for those costs in their reimbursement for patient care services. He said those costs are real, represent the societal contributions of teaching hospitals, and have a major impact on the total costs of delivering care. He proceeded to describe what constitutes educationally-related costs which included graduate medical education, direct medical education and indirect medical education. He stated that indirect costs are societal costs.

In 1986 Governor Branstad established a Blue Ribbon Commission to assess the financing of graduate medical, dental and other health science education programs at the UIHC. When updated to 1994-95 dollars, this study indicates that UIHC has over \$86 million in educationally-related costs. Director Howell noted that since the study focused on UIHC, it did not include expenses from the other areas of the health sciences campus. He said that while the number may seem somewhat large, it is only 23 percent of UIHC costs compared to 31 percent nationally. Currently, educationally-related costs are being paid by the Federal government through Medicare, State and Federal government through Medicaid, and third-party payers, most commonly Blue Cross/Blue Shield.

Director Howell stated that wide, sweeping reform of the health care system at the national level has not occurred. There is growing evidence that reform will occur from a market-driven model which is fueled by the growth of managed care. He said that health care organizations which wait until advanced stages of market development for addressing competitive forces will find it very difficult to survive in the marketplace. Educationally-related costs have historically been embedded in patient care costs and paid through patient care reimbursement. Under a market-driven model, teaching hospitals cannot include educationally-related costs in patient charges and remain price competitive. The environment in which a teaching hospital operates is quite uncertain and is characterized by a mix of competition and regulation which is being projected to occur incrementally.

Director Howell stated that for all these reasons, the University of Iowa Hospitals and Clinics needs thoughtful mechanisms to support its educationally-related costs. The Governor's Blue Ribbon Commission recommended that educationally-related costs should be borne at least in part by the State, and that the State should maintain its support for educationally-related costs by broadening the purpose of UIHC's indigent patient care program to include support for educationally-related costs.

Director Howell said he believes the recommendations of the Governor's Blue Ribbon Commission and the Board's endorsement of them remain valid today, especially in light of market-driven health care reform. Next month the Board of Regents, as the Board of Trustees of the University of Iowa Hospitals and Clinics, will be asked to

endorse proposed legislative language to implement the Blue Ribbon Commission's recommendations to assure that the UIHC will continue to serve as a valued resource for Iowans for generations to come.

Regent Tyrrell asked if there are any sources other than State appropriations which currently reimburse for educationally-related costs. Director Howell responded that the Federal government continues to fund those costs as do third party payers. However, as market reform continues, there may be a reluctance for third party payers to reimburse for those costs.

President Berenstein stated that Mr. Howell indicated the value of indigent patient services is \$63 million, and that \$19 million in fees is waived by doctors, which would equal \$44 million. The allocation from the legislature as recommended by the Blue Ribbon Commission is \$28 million. Who pays the other \$16 million?

Director Howell responded that this was related primarily to indigent patient care. University officials have been successful thus far in dealing with "cost shifting". If payers are reluctant to allow any more cost shifting, the UIHC will need assistance in gaining that additional \$16 million for indigent care. Additionally, the appropriation does not now support educationally-related costs. University officials were asking for authorization to use alternative sources of funds to support education. He said they also need to ensure they are cost effective, price competitive, and as efficient as possible.

Mr. Richey said it was his understanding that the UIHC had been absorbing the cost difference between the \$28 million funding and \$44 million cost, and that they intended to continue to do so. They carry that cost and once they reach the threshold they start transferring from indigent patient care to educationally-related costs. It was Mr. Richey's understanding that they were not requesting an additional \$16 million at this time.

Director Howell responded that university officials were not requesting an additional \$16 million. All they were asking for was language.

President Berenstein asked Sue Lerdal, Legislative Fiscal Bureau, is she was comfortable with the presentation concerning the \$28 million. Was she prepared at this time to discuss the matter or would she wait until the next meeting where this matter would again be discussed? Ms. Lerdal responded that she would wait.

Regent Hendricks asked if university officials would continue to shift costs as long as costs can be shifted. Director Howell responded that they would, and continue their responsibility to provide indigent care through cost shifting and improving efficiencies.

Regent Hendricks asked if the educationally-related costs would "kick in" in FY 1997. Director Howell responded that the requested action authorizes university officials to respond to a rapidly changing market. They do not know at what point the third party payers or the Federal government would back away from paying educationally-related costs. It may be 1997, it may take much longer, or they may never back away from it. In the event they do, the proposed language enables university officials to shift some of this money to support educationally-related costs.

Regent Hendricks asked if the university would get the educationally-related moneys even if third-party payers did not back away from paying those costs. Director Howell responded that they would not. The proposed language retains the appropriation for indigent care but also expands it in the event that other sources of revenue come along for indigent care or if third party payers discontinue paying the educationally-related costs.

Mr. Richey asked how university officials would handle a situation where Blue Cross/Blue Shield discontinued its subsidy of educationally-related costs and the State had an indigent patient load that exceeded \$28 million. Director Howell said it was quite conceivable that university officials would request additional assistance for educationally-related costs.

Mr. Richey questioned whether as long as UIHC has an indigent patient demand that exceeds whatever the appropriation is university officials would not intend to shift costs. Director Howell said that was correct, they would not.

Mr. Richey said that has to be clearly understood by the General Assembly.

President Berenstein stated that the Regents sit with two "hats" -- one as the Board of Regents and the other as the UIHC Board of Trustees. He stated that University of Iowa officials have to clarify their proposals to the Board because these are complicated matters. They have to explain exactly what they are talking about. He suggested that in the future university officials make sure they do not lose the Board of Regents, the Board of Trustees, the media and the legislature. They need to present their requests in a simplified manner so that everyone understands. The health law area needs much explanation and as they move into the area of managed care it becomes even more complicated. He stressed that university officials need to take extra steps to ensure that these simple questions are answered sufficiently. When he

thinks back to the deliberations of the Governor's Blue Ribbon Commission, now 7 to 8 years later, he said it is incredible the foresight of John Colloton about what was needed to get the job done.

Regent Hendricks stated that she did not want this action to be viewed by competitive managed care organizations as a State subsidy to allow University of Iowa Hospitals and Clinics to undercut its rates to be more competitive.

President Berenstein informed Director Howell that he had done a very nice job with his first presentation to the Board.

ACTION: President Berenstein stated the Board received the report on educationally related costs at the University of Iowa Hospitals and Clinics, by general consent.

NAMING OF CENTER FOR ADVANCED STUDY. The Board Office recommended the Board approve the request from the University of Iowa to name the Center for Advanced Studies in honor of Dr. and Mrs. Esco Obermann.

Dr. Obermann is a distinguished alumni and a former faculty member at the university.

One of the most significant contributions of Dr. Obermann is his work with the Center for Advanced Studies, formerly known as University House which provided an opportunity for scholars from different disciplines and institutions to work together on research problems, using multidisciplinary approaches.

The naming of the Center in honor of Dr. and Mrs. Obermann is in recognition of their contributions in the Center and their inspiring philanthropy.

President Rawlings stated that the University of Iowa was very fortunate to have a donor who for many years has supported the university in many ways.

MOTION: Regent Furgerson moved to approve the request from the University of Iowa to name the Center for Advanced Studies in honor of Dr. and Mrs. Esco Obermann. Regent Tyrrell seconded the motion.
MOTION CARRIED UNANIMOUSLY.

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

PROJECT DESCRIPTIONS AND BUDGETS

University officials presented two revised project budgets and one amended project budget for Board approval.

University Hospitals and Clinics--General Hospital Elevator Replacement--
Phase II

Source of Funds: University Hospital Building Usage Funds

Original Budget \$575,000
Revised Budget \$599,236

Project Budget

	Original Budget <u>Jan. 1989</u>	Revised Budget <u>Nov. 1994</u>
Construction	\$ 460,000	\$ 523,836
Architectural and Engineering	46,000	26,500
Planning and Supervision	23,000	18,400
Contingency	<u>46,000</u>	<u>30,500</u>
TOTAL	<u>\$ 575,000</u>	<u>\$ 599,236</u>

University officials requested approval of a revised project budget in the amount of \$599,236, an increase of \$24,236, to allow award of the construction contract.

Two bids which were received on June 29, 1994, exceeded the engineering estimate by at least 15 percent. The bids were within 1.3 percent of each other and were competitive with the bids received for Phase I of the project. The project engineer indicated the project cannot be re-designed to achieve a significant cost reduction and would not be functional with a reduced project scope.

STATE UNIVERSITY OF IOWA
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Kinnick Stadium--Press Box Improvements

Source of Funds: Designated Gifts to the Men's Athletic Department

Original Budget \$1,756,950

Revised Budget \$1,982,400

Project Budget

	Original Budget <u>April 1994</u>	Revised Budget <u>Nov. 1994</u>
Construction	\$ 1,427,900	\$ 1,702,390
Design, Inspection and Administration		
Consultants	127,100	131,700
Architectural/Engineering Services	59,150	63,210
Contingencies	<u>142,800</u>	<u>85,100</u>
TOTAL	<u>\$ 1,756,950</u>	<u>\$ 1,982,400</u>

University officials requested approval of a revised project budget in the amount of \$1,982,400, an increase of \$225,450, to allow award of Alternate #6 to the construction contract.

The project includes the addition of 3,800 square feet of space to the Press Box roof and 1,500 square feet of space at the stadium level. The construction contract for this project was awarded by the Executive Director in September 1994 for the low base bid of \$1,410,191. The base bid included construction of the roof addition only. The project budget was not adequate to allow award of Alternate #6 for the stadium level addition.

Alternate #6 was developed with the re-design of the project prior to the August bid opening. The initial bid opening in May 1994 resulted in the receipt of bids which exceeded the project budget. The project was redesigned in an effort to keep the construction contract within the project budget. As a result, the base bid included the roof addition only with the stadium level work included as Alternate #6.

STATE UNIVERSITY OF IOWA
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West Campus Parking Ramp Expansion

Original Budget \$10,390,000
Amended Budget \$10,390,000

Preliminary Budget

	Original Budget May 1994	Amended Budget Nov. 1994
Design, Inspection and Administration	\$ 1,115,000	\$ 1,115,000
Construction	8,835,000	8,835,000
Contingency	<u>440,000</u>	<u>440,000</u>
TOTAL	<u>\$ 10,390,000</u>	<u>\$ 10,390,000</u>

Source of Funds:

Parking System Improvement and Replacement Fund	To Be	\$ 7,290,000
University Hospitals Building Usage Fund	<u>Determined</u>	<u>3,100,000</u>
TOTAL	<u>\$ 10,390,000</u>	<u>\$ 10,390,000</u>

University officials presented an amended project budget which reflected the distribution of the fund sources.

University officials reported four new projects with budgets of less than \$250,000. The titles, source of funds and estimated budgets for the projects were listed in the register prepared by the university. Included was a project for the President's Residence, Soil Stabilization--Phase 3--Hillside North of the President's Residence in the amount of \$54,000.

ARCHITECT/ENGINEER AGREEMENTS

Amendments:

<u>University Hospitals and Clinics--Development of an Eye Institute</u>	<u>\$45,782.20</u>
Shive-Hattery Engineers and Architects, Iowa City, Iowa	

University officials requested approval of Amendment #1 in the amount of \$45,782.20 to the agreement with Shive-Hattery Engineers and Architects for construction materials testing services beyond the original agreement. The 1992-1993 wet weather conditions caused 292 days of extended construction time on the project.

Amendment No. 1 will not result in an increase in the total project budget.

University Hospitals and Clinics--Development of an Audio and Video
Production Center and Staff Offices in the Pappajohn Pavilion \$6,500
Hansen Lind Meyer, Inc., Iowa City, Iowa

University Hospitals and Clinics--Southwing and Radiation Oncology
Chiller Replacement \$2,200
ZBA, Inc., Iowa City, Iowa

University Hospitals and Clinics--General Hospital Sprinkler Installation--
Phase A \$1,000
Design Engineers, Cedar Rapids, Iowa

CONSTRUCTION CONTRACTS

University Hospitals and Clinics--General Hospital Elevator
Replacement--Phase II \$523,836
McComas-Lacina Construction Company, Inc., Iowa City, Iowa

Two bids were received for this project on June 29, 1994. Both bids exceeded the engineering estimate by at least 15 percent. University officials requested award of the contract to McComas-Lacina Construction Company, the low bidder for the base bid plus the selected alternate, as follows:

Base Bid of \$365,947, plus Alternate #2 in the amount of \$157,889 =

TOTAL AWARD OF: \$523,836

Kinnick Stadium--Press Box Improvements Alternate #6 of \$257,839
Denis Della Vedova, Inc., Albia Iowa

University officials requested approval to award Alternate #6 to the construction contract with Denis Della Vedova. Award of the alternate will allow construction of the stadium level addition. The total amount of the construction contract will be as follows:

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Base Bid of \$1,410,191, plus Alternate #6 of \$257,839 =

TOTAL AWARD OF: \$1,668,030

(2 bids received)

Kinnick Stadium--Press Box Improvements \$1,410,191

Award to: Denis Della Vedova, Inc., Albia, Iowa
(2 bids received)

Bowen Science Building--Microbiology Laboratory Remodeling--
Cores 3-400 and 3-500 \$1,013,300

Award to: Selzer-Werderitsch Construction Company, Inc., Iowa City, Iowa
(6 bids received)

Medical Laboratories--HVAC and Building Upgrade--Phase III--
Mechanical Room Equipment \$580,100

Award to: Bowker Mechanical Contractors, Inc., Cedar Rapids, Iowa
(4 bids received)

Lower Finkbine--Repair Flood Damage \$547,867

Award to: L. L. Pelling Company, Inc., Iowa City, Iowa
(1 bid received)

West Campus Parking Ramp Expansion--Lot 41 Modifications \$105,860

Award to: McComas-Lacina Construction Company, Inc., Iowa City, Iowa
(1 bid received)

Institutional Roads--UIHC Emergency Drive--South Main Entrance Drive \$99,838

Award to: Wolf Construction, Inc., Iowa City, Iowa
(2 bids received)

Water Plant--Sludge Dewatering Improvements
Reject Bids

Three bids were received for this project on May 25, 1994. All of the bids exceeded the engineering estimate by at least 34 percent. On October 14, 1994, the Executive Director authorized the university to reject all bids and reevaluate and re-bid the project at a future date.

President Berenstein stated that he wished Regent Dorr was in the room to hear university officials inform the Regents that they had rejected bids because they were too expensive.

CHANGE ORDERS TO CONSTRUCTION CONTRACTS

Recreation Building--Athletic Facilities Improvement Program Add \$56,640
Mid-America Construction Company of Iowa, Iowa City, Iowa

University officials requested approval of a change order in the amount of \$56,640 to the agreement with Mid-America Construction Company for additional excavation costs related to re-design of the sub-grade.

After excavation was completed, the contractor began work on the concrete caisson caps and establishment of granular sub-grade. However, because of the high water table, the subsoil was too wet and unstable to receive the specified granular material and to permit operation of construction equipment. This condition could not have been reasonably anticipated as the water table can fluctuate in the area. The project required the re-design of the sub-base or a delay of three to six months.

A re-design, which required the contractor to excavate the sub-grade an additional foot within the entire building envelope and apply a layer of sand and rock, was completed. These changes provided an acceptable base to receive the specified granular material.

This change order provides for the additional excavation, materials and hauling costs. The project budget will not require adjustment due to this change order.

Phillips Hall Remodeling Deduct \$37,000
McComas-Lacina Construction Company, Inc., Iowa City, Iowa

University officials requested approval of Change Order #4 which will deduct \$37,000 from the agreement with McComas-Lacina Construction Company for the Phillips Hall Remodeling project.

The change order reflects the deletion of Alternate No. 1, which included an audiovisual carrel, audio carrel and computer workstation. The user group has stated its preference for a modular type of equipment rather than the equipment included in Alternate No. 1.

Pharmacy Building Addition

Deduct \$31,918

Mid-America Construction Company of Iowa, Iowa City, Iowa

University officials requested approval of Change Order #5 to the agreement with Mid-America Construction Company for the Pharmacy Building Addition. The change order will deduct \$31,918 from the contract.

This change order reflects modification of the exterior finish of the building by deleting the colored concrete and plastic form lining and replacing it with a Plyform liner. University officials determined that the replacement would provide an acceptable finish consistent with project design objectives and would result in substantial savings to the project.

ACCEPTANCE OF COMPLETED CONSTRUCTION CONTRACTS

Medical Laboratories--Construct Fire Stairs, East Wing

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

Laser Laboratory Building--Phase 3--Custom Sheet Metal and Roof Enclosures

Curran V. Nielsen Company, Inc., Minneapolis, MN

Medical Laboratories--HVAC and Building Upgrade--Phase III--Mechanical Room

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

University Hospitals and Clinics--Colloton Pavilion West Entrance and Lobby Development

Merit Construction Company, Cedar Rapids, Iowa

MOTION:

Regent Hendricks moved to approve the university's capital register. Regent Furgerson seconded the motion. **MOTION CARRIED UNANIMOUSLY.**

APPROVAL OF LEASES. The Board Office recommended the Board approve leases, as presented.

University officials requested approval to renew its lease as lessee with Spencer Municipal Hospital, Spencer, Iowa, for the university's use of 176 square feet of office space at the rate of \$50 per month (\$3.41 per square foot, \$600 per year), for a two-year period.

University officials requested approval to renew its lease as lessee with Elsie Barker for the university's use of 5,320 square feet of warehouse space located in Iowa City at the rate of \$750 per month (\$1.69 per square foot, \$9,000 per year), for a two-year period.

University officials requested approval to renew its lease as lessee with Creston Greater Community Hospital, Creston, Iowa, for the university's use of 430 square feet of office and general access space at the rate of \$300 per month (\$8.37 per square foot, \$3,600 per year), for a four-year period.

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

MOTION CARRIED.

President Berenstein then asked Board members and institutional officials if there were additional items for discussion pertaining to the University of Iowa.

President Rawlings provided the Regents with an update on the research park. He said there would be an announcement today in Iowa City about a new privately-owned multi-unit facility to be built at the University of Iowa Research Park. It will be the start of a \$3.8 million 45,000 square foot planned unit development. The project is being announced by the research park and Myriad Development. One of the units will become the corporate headquarters for Urosurge which is outgrowing its space in the business incubator.

President Berenstein thanked President Rawlings for the great news.

IOWA STATE UNIVERSITY

The following business pertaining to Iowa State University was transacted on Wednesday, November 16, 1994.

REGISTER OF PERSONNEL CHANGES. The Board Office recommended the Board approve the Register of Personnel Changes for October 1994 which included three requests for early retirement.

MOTION: Regent Furgerson moved to approve the Personnel Register, as presented. Regent Tyrrell seconded the motion. **MOTION CARRIED UNANIMOUSLY.**

REGISTER OF CAPITAL IMPROVEMENT BUSINESS TRANSACTIONS. The Board Office recommended the Board approve Iowa State University's capital register, as presented.

APPROVAL OF PROGRAM STATEMENTS AND DESIGN DOCUMENTS

Intensive Livestock Research and Instruction Facilities

This project will include construction of an addition to Kildee Hall, completion of the addition to the Meats Laboratory, and construction of the Livestock Infectious Disease Isolation Facility. These facilities will help the university to serve better the Iowa livestock industry through more efficient research, teaching, and technology transfer efforts and will allow for increased collaboration between university departments and colleges and the U.S. Department of Agriculture Laboratories in the Ames area. The improvements will also help the university meet current and future animal care guidelines.

For administrative purposes the project was divided into two parts, the Kildee/Meats Lab Addition and the Livestock Infectious Disease Isolation Facility. The total programmed areas for each are as follows:

	<u>Net Assignable Sq. Ft.</u>	<u>Gross Sq. Ft.</u>	<u>Net-to- Gross Ratio</u>
Kildee/Meats Lab Addition	59,228	89,278	66%
Livestock Infectious Disease Isolation Facility	<u>19,575</u>	<u>32,614</u>	<u>60%</u>
TOTAL	78,803	121,892	64%

Student Health Center

The following is a summary of the building program.

The building program is the result of a review of existing program studies, and a series of open meetings with Student Health Center administration, medical staff, nursing and technical department personnel and students. These groups provided basic information and feedback on functional and space requirements. Utilizing their regional and national experiences, the architects applied this information to develop the space requirements. State and Federal regulations and standards, such as "Guidelines for Construction and Equipment of Hospitals and Medical Facilities," (American Institute of Architects Press, 1993) were also used to formulate the room requirements and their corresponding support areas.

Building Components

The Student Health Center will consist of approximately 17,700 net assignable square feet and 29,500 gross square feet of space (net-to-gross ratio equals 60 percent). The components provided in the building will accommodate the continuation of existing services. The base driver for the programming of the components is the total number of examination rooms required. Historical information related to the number of visits to the Center and industry standards related to the number of exam rooms needed per physician resulted in a program for 20 examination rooms.

Regent Hendricks asked if the Regents were being asked to approve this amount now. Vice President Madden responded that the base would be the project budget which is consistent with what the Board approved earlier for proceeding with the project.

Regent Hendricks asked if the Regents would have a say in the timing of the issuance of the bonds. Vice President Madden said there would be some flexibility in the timing of the bond sale because other funds are also being used for this project.

PROJECT DESCRIPTIONS AND BUDGETS

University officials submitted three new projects for Board approval.

Intensive Livestock Research and Instruction Facilities \$27,540,000

Preliminary Budget

Contracts	\$ 21,186,484
Design Services	2,799,351
Construction Administration	330,000
University Services	20,000
Miscellaneous	50,000
Landscaping	100,000
Utility Extensions	300,000
Movable Equipment	265,000
Art Work	137,700
Building Automation	400,000
Telecommunications	200,000
Project Reserve	1,613,765
Bond Issuance	<u>137,700</u>

TOTAL \$ 27,540,000

Source of Funds:

FY 1995 Bonding Authorization	\$ 2,000,000
Future Bonds or State Appropriations	<u>25,540,000</u>

TOTAL \$ 27,540,000

The project will be funded by the September 1994 sale of Academic Building Revenue Bonds plus future bonding authorization or State appropriations.

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Student Health Center

\$5,975,000

Preliminary Budget

Contracts	\$ 4,227,600
Design Services	505,300
Construction Administration	137,450
University Services	21,000
Miscellaneous	10,000
Landscaping	80,000
Movable Equipment	330,000
Art Work	32,000
Building Automation	85,000
Telecommunications	20,000
Project Reserve	<u>526,650</u>
TOTAL	<u>\$ 5,975,000</u>

Source of Funds:

Student Health Center Revenue Bonds	\$ 5,000,000
Student Health Center Reserve	<u>975,000</u>

TOTAL \$ 5,975,000

The project will be funded with Student Health Center Revenue Bonds (with an anticipated sale date of June 1995) and Student Health Center reserves.

Parks Library--Room 430--Conservation and Restoration Laboratory

\$291,000

Preliminary Budget

Contracts	\$ 208,000
Design Services	30,425
Construction Administration	11,145
University Services	1,900
Miscellaneous	1,900
Movable Equipment	5,250
Building Automation	5,000
Telecommunications	104
Project Reserve	<u>27,276</u>
TOTAL	<u>\$ 291,000</u>

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Source of Funds:

ISU Foundation	\$ 140,000
Library Conservation Preservation Lab	<u>151,000</u>
 TOTAL	 <u>\$ 291,000</u>

University officials requested approval of a project description and budget to remodel the existing book stack area in Room 430 of the Parks Library. The space will be remodeled to house the Conservation and Restoration Laboratory Department, which is presently housed in a number of locations throughout the library.

In addition to the remodeling of space to house the laboratory, the project will also include the upgrade of mechanical and electrical systems, and the construction and installation of new fixed equipment.

University officials presented a revised budget on the following project.

West Campus--Construct Parking Lots

Original Budget \$445,000
Revised Budget \$620,000

Project Budget

	Original Budget <u>June 1994</u>	Revised Budget <u>Nov. 1994</u>
Construction	\$ 331,000	\$ 464,000
Design Services	54,000	65,800
Construction Administration	18,860	29,500
University Services	3,000	6,000
Miscellaneous	2,500	3,000
Landscaping	0	8,000
Utility Extensions	8,000	13,000
Project Reserve	<u>27,640</u>	<u>30,700</u>
 TOTAL	 <u>\$ 445,000</u>	 <u>\$ 620,000</u>

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	<u>Original Budget June 1994</u>	<u>Revised Budget Nov. 1994</u>
Source of Funds:		
FY 1995 Parking System Reserves	\$ 280,000	\$ 195,000
FY 1996 Parking System Reserves	165,000	
Student Health Center Reserves	<u> </u>	<u>425,000</u>
TOTAL	<u>\$ 445,000</u>	<u>\$ 620,000</u>

University officials requested approval of a revised project budget in the amount of \$620,000, an increase of \$175,000, to reflect a revision and increase in the project scope. In June 1994 the project was to expand the number of parking spaces by 150 stalls. The revised project (216 stalls) includes the addition of 68 parking spaces and the replacement of 148 spaces that will be displaced with construction of the new Student Health Center. University officials revised the source of funds to reflect the inclusion of Student Health Center reserves as a funding source based on the 148 stalls that will be displaced.

University officials reported three new projects with budgets of less than \$250,000. The titles, source of funds and estimated budgets for the projects were listed in the register prepared by the university.

ARCHITECT/ENGINEER AGREEMENTS

<u>Utilities--Northwest Campus 13,800 Volt Feeder</u>	<u>\$39,900</u>
Farris Engineering Consulting Engineers, Omaha, NE	

The scope of work will include design of a raceway system including underground vaults and equipment foundations for the switchgear. The agreement provides for a fee of \$39,900, including reimbursables.

<u>Institutional Roads Projects--Special Maintenance 1995</u>	<u>\$43,600</u>
Snyder and Associates, Inc., Ankeny, Iowa	

University officials requested approval to enter into an agreement with Snyder and Associates to provide design services through completion of the project. The agreement provides for a fee of \$43,600, including reimbursables.

West Campus--Construct Parking Lots \$51,800
Kirkham Michael and Associates, Urbandale, Iowa

University officials requested approval to enter into an agreement with Kirkham Michael and Associates to provide engineering services through completion of the project. The agreement provides for a fee of \$51,800, including reimbursables.

General Campus Water and Wind Damage 1993 \$41,900
Brown Engineering Company, West Des Moines, Iowa

University officials requested approval to enter into a second agreement with Brown Engineering Company for design services to continue the replacement of the line from Hilton Coliseum to South 16th Street. Brown Engineering Company provided the original design services for the condensate line. The agreement provides for a fee of \$41,900, including reimbursables.

Maple-Willow-Larch and Commons Facilities--1993 Flood Damage \$83,100
Mitigation
Snyder and Associates, Inc., Ankeny, Iowa

University officials requested approval to enter into an agreement with Snyder and Associates to provide design services for the project. The agreement provides for a fee of \$83,100, including reimbursables.

Student Health Center \$437,200
Baldwin White Architects, Des Moines, Iowa

University officials requested approval to enter into an agreement with Baldwin White Architects to provide architectural design services for the schematic design through construction phases of the project. The firm also provided the pre-design services for the project. The agreement provides for a fee of \$437,200, including reimbursables.

ACCEPTANCE OF COMPLETED CONSTRUCTION CONTRACTS

Utilities--Increased Chilled Water Capacity--Phase I--Cooling Tower No. 8
Psychrometric Systems, Inc., Lakewood, CO

Dairy Industry--Addition and Renovation--Phase 2, Part C

Harold Pike Construction Company, Inc., Ames, Iowa

Gilman Hall--Partial Third Floor Remodeling--Phase I

Harold Pike Construction Company, Inc., Ames, Iowa

MOTION: Regent Newlin moved to approve Iowa State University's capital register, as presented. Regent Furgerson seconded the motion. **MOTION CARRIED UNANIMOUSLY.**

APPROVAL OF LEASES. The Board Office recommended the Board approve leases, as presented.

University officials requested approval to enter into a lease agreement as lessor with InfoStructure Services and Technologies, Inc., for its use of 110 square feet of business incubator space at the ISU Research park at the rate of \$170 per month (\$18.55 per square foot, \$2,040 per year) for a six-month period.

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

MOTION CARRIED.

TELECOMMUNICATIONS SURPLUS FUND TRANSFER. The Board Office recommended the Board approve the transfer of \$700,000 from the Telecommunications Surplus Fund to the Improvement and Extension Fund.

In 1985, the Board authorized the sale of \$11,000,000 Telecommunications Facilities Revenue Bonds for the purpose of defraying the cost of constructing, equipping and furnishing certain telecommunications facilities on the campus of Iowa State University. The remaining principal outstanding on the bonds as of July 1, 1994, was \$1.6 million; the bond issue will be fully paid on July 1, 1995.

Funds remaining after all required deposits have been made to the Sinking, Reserve and Improvement Funds are deposited to the Surplus Fund.

The cash balance in the Surplus Fund as of October 31, 1994, was \$1.3 million. The 1985 bond resolution provides that moneys credited to the Surplus Fund may be used for any lawful purpose, as determined by the Board of Regents, to include paying the costs of constructing, acquiring, repairing, maintaining and improving the Telecommunications System.

The bond resolution requires Board approval of uses of the Surplus Fund.

Iowa State University officials requested the transfer to address the university's expanding voice, data, and video telecommunications needs. The funds will purchase additional data network upgrades and cable plant additions.

MOTION: Regent Newlin moved to approve the transfer of \$700,000 from the Telecommunications Surplus Fund to the Improvement and Extension Fund. Regent Pellett seconded the motion, and upon the roll being called, the following voted:
AYE: Berenstein, Furgerson, Hendricks, Newlin, Pellett, Tyrrell.
NAY: None.
ABSENT: Collins, Dorr, Johnson-Matthews.

MOTION CARRIED.

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

UNIVERSITY OF NORTHERN IOWA

The following business pertaining to the University of Northern Iowa was transacted on Wednesday, November 16, 1994.

RATIFICATION OF PERSONNEL TRANSACTIONS. The Board Office recommended the Board approve the university's personnel transactions, as follows:

Register of Personnel Changes for October 1994.

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

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

PROJECT DESCRIPTIONS AND BUDGETS

University officials reported one new project with a budget of less than \$250,000. The title, source of funds and estimated budget for the project was listed in the register prepared by the university.

CONSTRUCTION CONTRACTS

<u>Residence Facility--Art Work</u>	<u>\$35,000</u>
Robert Perless, Greenwich, CT	

ACCEPTANCE OF COMPLETED CONSTRUCTION CONTRACTS

<u>Electrical Distribution System--Nebraska and 27th Street Loops--Cable</u>	<u>\$40,180</u>
Terry Durin Company, Cedar Rapids, Iowa	

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MOTION: Regent Furgerson moved to approve the university's capital register, as presented. Regent Newlin seconded the motion. **MOTION CARRIED UNANIMOUSLY.**

APPROVAL OF LEASES. The Board Office recommended the Board approve leases, as follows:

University officials requested approval to extend its lease agreement as lessee with Northern Natural Gas Company for the university's use of a tract of land located in Black Hawk County, Iowa, as a transmitter site for KHKE-FM, at the rate of \$550 per year for a three-year period.

University officials requested approval to extend its lease agreement as lessee with Coronet Communication Company for the university's use of a portion of a communication tower located in Rock Island, Illinois, as a transmitter site for KUNI-FM, at the rate of \$337.71 per month for a one-year period. The previous extension for this lease was not submitted to the Board for approval.

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

MOTION CARRIED.

SALE OF COLLEGE SAVINGS BONDS. The Board Office recommended the Board adopt the following resolutions:

- (1) A Resolution providing for the sale and award of up to \$15,060,894 Academic Building Revenue Bonds (Iowa College Savings Program), Series U.N.I. 1994, and approving and authorizing the agreement of such sale and award.
- (2) A Resolution authorizing and providing for the issuance and securing the payment of up to \$15,060,894 in aggregate principal amount of Academic Building Revenue Bonds (Iowa College Savings Program), Series U.N.I. 1994, for the purpose of defraying all or a portion of the cost of constructing, equipping

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and improving the Wellness Center and the Price Laboratory School Gymnasium to be located on the campus of the University of Northern Iowa, and completing fire safety and deferred maintenance projects and making a deposit to the Bond Reserve Fund, and paying certain costs of issuing the bonds.

The maximum issue amount, per the legislation, is \$15,060,894. As per the report of the Banking Committee, the actual amount of the sale was \$9,201,460.76 and the resolutions were modified and adjusted accordingly (see page 444 of these Minutes for full discussion).

The bonds and the projects to be funded with the proceeds were authorized by the General Assembly in 1994.

Final pricing based on orders for the bonds is expected to occur prior to the November Banking Committee meeting.

The bonds were scheduled to mature in each year from 1998 through 2014. The maximum issue amount was to fund the following capital projects at the University of Northern Iowa (project amounts rounded to nearest thousand):

Price Lab Fieldhouse	\$ 2,500
Wellness/Recreation Center	11,500
Fire Safety/Deferred Maintenance	113
Maximum Reserve Deposit	<u>947</u>
Total	\$15,060

The reserve deposit could have been less than the maximum indicated above because the capital appreciation bond structure for this issue may result in a lower level of maximum annual debt service than a conventional current interest bond structure, and the maximum debt service determines the reserve requirement.

MOTION: The motion for this item can be found under the Report of the Banking Committee, page 444 of these Minutes.

President Berenstein then asked Board members and institutional officials if there were additional items for discussion pertaining to the University of Northern Iowa. There were none.

IOWA SCHOOL FOR THE DEAF

The following business pertaining to the Iowa School for the Deaf was transacted on Wednesday, November 16, 1994.

REGISTER OF PERSONNEL CHANGES. The Board Office recommended the Board approve the school's Register of Personnel Changes for October 1994.

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

REQUEST FOR APPROVAL OF 1995-1996 HOLIDAY CALENDAR. The Board Office recommended the Board approve the proposed Iowa School for the Deaf holiday calendar.

Iowa School for the Deaf officials proposed the following schedule of holidays for 1995.

New Year's Day	January 2, 1995
President's Day	February 20, 1995
Memorial Day	May 29, 1995
Independence Day	July 3, 1995
Labor Day	September 4, 1995
Thanksgiving Day	November 23, 1995
Day after Thanksgiving	November 24, 1995
Winter Break Holiday	December 22, 1995
Christmas Day	December 25, 1995

The schedule was consistent with past practice and the holidays provided in statute.

MOTION: Regent Pellett moved to approve the proposed Iowa School for the Deaf holiday calendar, as presented. Regent Tyrrell seconded the motion. **MOTION CARRIED UNANIMOUSLY.**

REGISTER OF CAPITAL IMPROVEMENT BUSINESS TRANSACTIONS. The Board Office reported that there were no transactions on the Iowa School for the Deaf Capital Register this month.

APPROVAL OF VOCATIONAL EDUCATION AND REGIONAL PLANNING CONSORTIUM AGREEMENT. The Board Office recommended the Board approve the resolution allowing the Iowa School for the Deaf to enter into an agreement with the Iowa Western Community College to participate in the Area XIII Vocational Education & Regional Planning Consortium.

Iowa School for the Deaf officials requested Board of Regents approval of a resolution allowing the school to participate in a regional consortia. The consortia was established under legislation developed to assist the school in gaining access to funding for various Federal programs including the Carl Perkins Vocational Education Act, the Tech Prep Act and the School to Work Act to local school districts.

In order to participate in this funding Iowa School for the Deaf needs to be a member of the consortia.

The agreement was reviewed by the Attorney General's Office.

MOTION: Regent Hendricks moved to approve the resolution allowing the Iowa School for the Deaf to enter into an agreement with the Iowa Western Community College to participate in the Area XIII Vocational Education & Regional Planning Consortium. Regent Furgerson seconded the motion. **MOTION CARRIED UNANIMOUSLY.**

President Berenstein then asked Board members and institutional officials if there were additional items for discussion pertaining to Iowa 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, November 16, 1994.

REGISTER OF PERSONNEL CHANGES. The Board Office recommended the Board approve personnel transactions, as follows:

Register of Personnel Changes for the period September 25 to October 22, 1994.

MOTION:

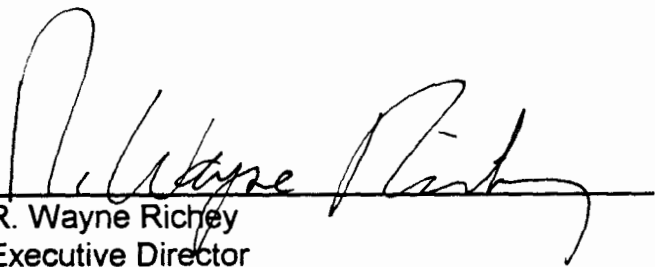
Regent Furgerson moved to approve personnel transactions, as presented. Regent Tyrrell seconded the motion. **MOTION CARRIED UNANIMOUSLY.**

REGISTER OF CAPITAL IMPROVEMENT BUSINESS TRANSACTIONS. The Board Office reported there were no transactions on the school's capital register.

President Berenstein then asked Board members and institutional officials if there were additional items for discussion pertaining to Iowa Braille and Sight Saving School. There were none.

ADJOURNMENT.

The meeting of the State Board of Regents adjourned at 2:34 p.m. on Wednesday, November 19, 1994.


R. Wayne Richey
Executive Director