

The State Board of Regents met at the Iowa School for the Deaf on Wednesday, November 20, 1985. Those present were:

Members of the State Board of Regents

Mr. McDonald, President	All sessions
Dr. Harris	All sessions
Mrs. Anderson	All sessions
Mr. Duchen	All sessions
Mrs. Murphy	Excused
Mr. VanGilst	All sessions
Mr. Greig	All sessions
Mr. Tyler	Excused
Miss VanEkeren	All sessions

Office of the State Board of Regents

Executive Secretary Richey	All sessions
Director Barak	All sessions
Director True	All sessions
Director Wright	All sessions
Assoc. Dir. Runner	All sessions
Assoc. Dir. Stanley	All sessions
Asst. Dir. Peters	All sessions

State University of Iowa

President Freedman	All sessions
Vice President Ellis	All sessions
Vice President Remington	All sessions
Associate Vice President Mahon	All sessions
Associate Vice President Small	All sessions
Assistant to President Mears	All sessions
Director Stork	All sessions
Director Jensen	All sessions

Iowa State University

President Parks	All sessions
Vice President Christensen	All sessions
Vice President Madden	All sessions
Vice President Moore	All sessions
Assistant to President Crawford	All sessions
Director Lendt	All sessions

University of Northern Iowa

President Curris	All sessions
Provost Martin	All sessions
Vice President Conner	All sessions
Director Kelly	All sessions
Director Stinchfield	All sessions

Iowa School for the Deaf

Superintendent Giangreco	All sessions
Business Manager Kuehnhold	All sessions

Iowa Braille and Sight Saving School

Superintendent DeMott	All sessions
Business Manager Berry	All sessions

GENERAL

The following business pertaining to general or miscellaneous items was transacted on Wednesday, November 20, 1985.

President McDonald stated that Regent Murphy and Regent Tyler were excused from the meeting.

APPROVAL OF MINUTES. President McDonald stated that the minutes of the October 17 and 18, 1985, meeting were approved by general consent of the board.

PRESIDENTIAL SEARCH, IOWA STATE UNIVERSITY. President McDonald stated that the board had completed its evaluation of the prospects for the presidency of Iowa State University. He noted that it had been a long and serious process, and a fine decision had been made. He went on to say that on behalf of the board he had offered the position to an outstanding person and that the offer had been accepted.

MOTION:

Mr. Duchon moved that Gordon P. Eaton be elected president of Iowa State University effective July 1, 1986, at a salary of \$112,500 per year plus usual fringe benefits, with the understanding that he is required in the performance of his official duties to live in the residence provided for the president on the campus of Iowa State University. Mr. Greig seconded the motion, and it passed unanimously.

President McDonald stated that Regent Murphy and Regent Tyler requested that the record show they supported the motion and would have voted aye had they been present.

FALL 1985 ENROLLMENT REPORT, PART II. The Board Office recommended the board receive the report and approve the enrollment projections for all five Regent institutions.

Director Barak explained that the report the following contained seven special reports:

- Report on Regent university enrollments by collegiate units - Fall 1985.
- Report on the admission of freshmen who graduated in the lower half of graduating class - Fall 1985.
- Report on enrollments by race, sex, and handicap category - Fall 1985.
- Report on Regent university enrollments of foreign students - Fall 1985.
- Report on enrollments by residency status - Fall 1985.
- Report on Regent university enrollments of transfer students - Fall 1985.
- Report on institutional enrollment projections 1986-1995.

The Board Office summary noted the following highlights of the enrollment report:

- * Nationally it had been predicted colleges and universities in the coming year would have about 78,000 fewer students than in 1984-85, with enrollments expected to drop to 12.2 million students. About 9.6 million would attend public institutions and 2.7 million would enroll in private colleges and universities.
- * Nationally the number of public and private high school graduates this year would fall short of last year's 2.65 million; the class of 1986 is expected to be 2.66 million members strong. The peak year for high school graduates was 1977, when about 3.2 million students earned their diplomas.
- * Total enrollment in Iowa postsecondary education increased by 0.6 percent from Fall 1984. Increases in enrollment were noted by the Regent universities (0.7 percent) and private colleges and universities (2.0 percent).
- * Total fall headcount enrollment for the Regent universities increased from 67,194 in Fall 1984 to 67,694 in Fall 1985, an overall increase of 0.7 percent.
- * In looking at data on admission of freshmen who graduated in the lower half of their high school graduating class, SUI reported that freshmen lower half admissions represented 10.6 percent of the total new freshmen in Fall 1985 (down from 11.9 percent in Fall 1984). At ISU lower half admissions represented 12.5 percent of total new freshmen in Fall 1985 (down from 13.4 percent in Fall 1984). At UNI lower half admissions represented 19.0 percent of total new freshmen in Fall 1984 and 1985.
- * Regent-wide, foreign student enrollment had increased each year since 1980. Iowa State University had the largest number of foreign students, at 2,146, representing 8.1 percent of the total fall enrollment for 1985. The University of Iowa had the second largest enrollment of foreign students at the Regent universities, with 1,661 enrolled in Fall 1985. At the University of Northern Iowa, there were 110 foreign students enrolled in Fall 1985.
- * Enrollment peaks were anticipated in 1984 by the University of Iowa, in 1988 by Iowa State University, and in 1985 by the University of Northern Iowa. Subsequent declines are expected to reduce the total Regent enrollment by about 9.8 percent in 1995, compared to 1985.
- * For Fall 1985, there was a slight decrease (-0.1 percent) Regent-wide for nonresident enrollments. The University of Iowa reported 30.4 percent, up 0.7 percent from Fall 1984. Iowa State University reported 29.8 percent nonresident enrollment, a drop of 0.7 percent from Fall 1984. The percentage of nonresident students at the University of Northern Iowa

- had been historically lower. The University of Northern Iowa reported 4.1 percent nonresident enrollment for Fall 1984 and Fall 1985.
- * For the three institutions combined, more than one-third of the undergraduate transfer students came from Iowa public two-year institutions, ranging from 34 percent in 1981 to 40.5 percent in 1984. For 1985, 39.8 percent of new undergraduate transfer students came from Iowa public two-year institutions.
 - * The total enrollment of minority students showed its first decrease (0.2 percent) since 1981, with minorities constituting 4.08 percent of the total enrollment in the Fall 1985 term. The percentage of minority undergraduates increased slightly since 1982 at the University of Iowa and, after substantial increases at Iowa State University, decreased in 1984 and again this year. This percentage increased slightly at UNI for the third year in a row.
 - * At the Regent universities, the total percentage of women students decreased in 1982, 1983, and 1984. In 1985 the trend was broken; all Regent universities reported increased women enrollment. The percentage of female undergraduates at the University of Iowa was stable at around 50.4 percent from 1981 through 1984, but increased this year to 50.8 percent. Lower percentages of females were reported at Iowa State University, where the proportion of women undergraduates declined slightly from 1975 to 1983 and increased slightly in 1984 and 1985. Currently, 38.0 percent of undergraduates were female. Women accounted for a larger percentage of the total enrollment at the University of Northern Iowa. The percentage of female undergraduates (54.9 percent) increased in 1985 after declining in each of the past three years.

Ten-year enrollment projections for the Regent institutions are outlined in the following tables:

	<u>UNIVERSITY OF IOWA</u>		<u>IOWA STATE UNIVERSITY</u>		<u>UNIVERSITY OF NORTHERN IOWA</u>	
	Fall		Fall		Fall	
	<u>Headcount</u>	<u>Fall FTE</u>	<u>Headcount</u>	<u>Fall FTE</u>	<u>Headcount</u>	<u>Fall FTE</u>
Actual 1985	29,651	24,832	26,529	24,672	11,514	9,692
1986	29,076	24,276	26,564	24,625	11,354	9,545
1987	28,257	23,554	26,590	24,569	11,220	9,365
1988	27,397	22,825	26,610	24,508	11,199	9,394
1989	26,664	22,225	26,456	24,366	11,039	9,251
1990	26,112	21,758	26,020	23,964	10,779	9,022
1991	25,358	21,189	25,267	23,271	10,448	8,736
1992	24,623	20,542	24,468	22,535	10,159	8,483
1993	24,070	20,030	23,925	22,035	9,972	8,315
1994	23,691	19,728	23,496	21,640	9,852	8,204
1995	23,707	19,746	23,481	21,626	9,877	8,217

	<u>ISD</u>	<u>IBSSS</u>
Actual 1985	163	63
1986	211	62
1987	217	68
1988	115	63
1989	234	68
1990	234	64
1991	240	68
1992	242	61
1993	237	61
1994	230	61
1995	213	67

Regent Anderson noted that the women in the College of Engineering at the University of Iowa were 20 percent of the total enrollment whereas at Iowa State women constituted less than 10 percent. She asked if the difference was due to the nature of the program at the University of Iowa or if Iowa State was encouraging women to enter the engineering field.

Vice President Christensen stated that the number of women in engineering had gone from zero to 10 percent in practically no time and that they hoped the increase would continue.

The full enrollment report is on file in the Board Office.

ACTION: President McDonald stated that the board received Part II of the enrollment report and approved the enrollment projections as outlined above by general consent.

IOWA COORDINATING COUNCIL FOR POST-HIGH SCHOOL EDUCATION. The Board Office recommended the board receive the report of the November meeting of the Coordinating Council.

The Board Office provided the following summary of the meeting.

The council approved procedures for a Summer Institute program as mandated by legislation passed in the 71st General Assembly (House File 225). The Summer Institute was designed to improve the quality of instruction in critical teaching areas, as defined by the Department of Public Instruction. The program will be carried out at one or more of Iowa's postsecondary education institutions over an eight-week period during the summer. Subject areas for the 1986 Summer Institute include mathematics, science, foreign language, English language arts, and special education. In other agenda items, the council heard preliminary reports on the Forgivable Loan Program and the status of the Proposed Policy Statement on Intra- and Intersector Cooperation in Program Planning as well as a report from the Iowa College Aid Commission on the impact of the 3.85 percent reversion mandated by the Governor on its various grant programs.

President McDonald asked Regent VanGilst who had also attended the meeting for additional comments.

Regent VanGilst stated he felt that the Coordinating Council was doing exactly what it had been organized to do--to discuss concerns for higher education in both the public and private sectors in Iowa. He noted that he felt there might be concern on the part of other council members that the presidents of the Regent universities did not really recognize the importance of the council since they rarely attended the meetings of the council. He also noted that, at the recent annual meeting of the Iowa College Presidents Association, a motion was passed expressing concern about the absence of the presidents of the Regent universities.

President McDonald stated that at a prior meeting he had encouraged the presidents of the institutions to attend the council meetings. He noted there had been a long history of good relations between the public and private sectors of postsecondary education in the state and that showing interest in the council was a good way of continuing that good relationship. He again encouraged the university presidents to make special efforts to attend future council meetings.

ACTION: President McDonald stated the report of the November meeting of the Iowa Coordinating Council for Post-High School Education was received by general consent of the board.

IOWA COLLEGE AID COMMISSION. The Board Office recommended the board receive the report of the November meeting of the commission.

Mr. Richey stated that the commission adopted the proposed policy goals for the private college Tuition Grant Program which had previously been presented to the board for its review. The goals indicate that it would be the policy of the Iowa College Aid Commission to promote funding for the Iowa Tuition Grant to the estimated number of eligible enrolled students at a maximum level equivalent to the difference between the unit cost at Regent universities and the average undergraduate Regent tuition.

Regent Anderson asked if the commission was going to request the full amount in state appropriations as noted in the policy statement.

Mr. Richey stated there was no commitment to ask for the full amount and that pragmatism and economic conditions would have to be injected into the request but that the commission would be working toward the goal of the policy.

ACTION: President McDonald stated the board received the report of the November meeting of the Iowa College Aid Commission by general consent.

ACCREDITATION REPORT. The Board Office recommended the board receive the report on the accreditation of the Engineering Science, Industrial Engineering, Mechanical Engineering, and Metallurgical Engineering programs at Iowa State University.

The Board Office summary noted that the board had received a report in May 1984 on accreditation by the Accreditation Board for Engineering and Technology, Inc. (ABET) in which several deficiencies were identified in the engineering programs at Iowa State and that this report was a follow-up on those items of concern.

Engineering Science. The concerns relative to curriculum balance in this department were addressed forthrightly and with apparent success. The engineering design element in the curriculum appeared to have been improved considerably. The Board Office summary noted that these areas should be continually monitored.

Industrial Engineering. This department took immediate action to address the deficiencies in engineering design and in humanities/social sciences. The long-range curriculum development undertaken for the 1985-87 period, the addition of two new faculty members in human factors and reliability, and the addition of space for human factors instruction and research reflect quite favorably on the program.

Mechanical Engineering. The curriculum in this department appeared to meet the ABET engineering criteria for content in humanities/social sciences. Progress has been made in the strengthening of oral and written communications in the curriculum. The Board Office recommended that the faculty of the department should be encouraged to review ABET criteria and to seek additional opportunities for development enhancement of written and oral communication skills within the curriculum.

Metallurgical Engineering. The faculty in this department has responded effectively to the concerns identified. The requirement in chemistry has been increased and laboratories added to the two required physics courses. In addition, the computer programming course has been increased and computer usage is required in two other engineering courses.

President McDonald stated that the university should be commended for achieving accreditation of these programs.

The entire accreditation report is on file in the Board Office.

MOTION:

Miss VanEkeren moved that the board accept the accreditation report of the engineering programs. Dr. Harris seconded the motion, and it passed unanimously.

LEGISLATIVE REPORT. The Board Office recommended that the board (1) approve positions taken on study bills and bills introduced in the last session; (2) approve two proposals for legislation; and (3) instruct institutional and Board Office staff to continue studying proposed legislation and to report recommendations to the board.

The following sections in the Code of Iowa were identified where the Board Office felt legislation was required to correct problems.

Section 625.9 -- this section presently provides that a person seeking judicial review of an agency decision can recover legal fees and expenses if the person prevails. The state cannot recover fees and expenses if the state prevails. For the Board of Regents, this would mean that in cases of judicial review of employee appeals the employee potentially could recover legal fees and expenses and the board could not.

Section 235A.15 -- this section provides for access to child abuse information for a very narrowly defined group of persons of which Regents are not a part. It was recommended that, for the purpose of maintaining a safe and secure environment at ISD and IBSSS, this agency should have knowledge of founded child abuse reports against individuals either working or being considered for work at the special schools. The Department of Human Services, Ombudsman and the ISD parent organization have indicated they will support such a legislative change.

The subject of liability exposure of the board, its members, and institutional officers had been discussed at Banking Committee meetings. These issues have been explored with the Attorney General's Office and will be evaluated and presented to the board for consideration in December.

MOTION: Dr. Harris moved that the board approve the actions as recommended above. Mr. Duchon seconded the motion, and it passed unanimously.

COMPARABLE WORTH. The Board Office recommended the board receive the progress report on the review of the implementation of comparable worth.

Director Wright stated the memorandum of understanding with AFSCME regarding comparable worth required that a progress evaluation report be prepared by the Regents. In order to accomplish the required evaluation, it was determined that the Iowa State University Statistical Laboratory would provide the statistical analysis of the data provided by the institutions.

As authorized by the board in September, President McDonald appointed a Comparable Worth Review Committee to review the comparable worth adjustments on female-dominated classes in the Regents Merit System. The board also directed the institutions to establish similar mechanisms for review of the board-approved institutional professional-scientific systems.

Director Wright stated that the final report of the review would be available to the board at its meeting in December 1985 and that the report, as approved, would be transmitted to the Governor and legislature on or about December 31.

ACTION: President McDonald stated the report of the comparable worth review was received by general consent of the board.

FIVE-YEAR INSTITUTIONAL ROADS PROGRAM. The Board Office made the following recommendations: (1) approval of the recommended 1986 program totaling \$792,000 for construction and engineering, and \$200,000 for maintenance costs; (2) approval of the recommended Five-Year Institutional Roads Program for 1987-91 totaling \$5,246,000; and (3) receive the list of identified unmet needs at the institutions totaling \$10,050,000 and direct that these reports be forwarded to the Iowa Department of Transportation.

Associate Director Runner explained that the Regents institutional road program was in two segments. They are accomplishments scheduled for the next construction year and the five-year program for 1987-1991. The program is designed to maintain the 55 miles of roads under the control of the Regents and to provide for needed construction. The projects contained on the unmet institutional roads list are recognized as current needs at the Regent institutions

1986 Accomplishment Program. The 1986 Construction Program includes eight new projects. The first is reconstruction of an access road to the English-Philosophy Building and Library at the University of Iowa. This project will provide improved vehicular and pedestrian access to these structure and is necessary because of the construction of the Communications Facility.

The second project involves reconstruction of roads at two areas of Iowa State University--the veterinary medicine complex south of the campus and student apartment roads north of campus. These roads were severely damaged during winter storms.

The third project is construction of a new access road to the Law Building at the University of Iowa. Other road construction projects scheduled for initiation at the University of Iowa are reconstruction of the loading dock road to University Hospitals and reconstruction of Water Plant Drive.

The 1986 institutional road program also includes reconstruction of roads adjacent to the Biology Research Complex and the first phase of reconstruction of Wisconsin Street, both on the campus of the University of Northern Iowa.

The program includes the first phase of a resurfacing program of selected campus streets at Iowa State.

In addition to the new construction projects, the 1986 program includes the fourth loan payment on Hawkins Drive and the repayment of the Newton Road Relocation/Improvement project that was initiated in 1985 at the University of Iowa.

1987-91 Institutional Roads Program

The Iowa Department of Transportation allocated \$5,256,000 to the Board of Regents for its 1987-91 Institutional Roads Program for construction and maintenance. The allocation will be used for construction and maintenance projects at the three Regent universities. The two special schools have not identified any needs during that period.

The following table is a summary of the 1985-91 Institutional Roads Program:

<u>Year</u>	<u>No. of Construction Projects</u>	<u>Estimated Construction Program</u>	<u>Estimated Maintenance</u>	<u>Estimated Total Available</u>
1985	2	\$ 749,473	\$ 199,727	\$ 949,200
1986	8	792,000	200,000	992,000
1987	4	826,000	200,000	1,026,000
1988	4	841,000	200,000	1,041,000
1989	5	841,000	200,000	1,041,000
1990	2	854,000	200,000	1,054,000
1991	3	884,000	200,000	1,084,000
TOTAL	28	\$5,787,473	\$1,399,727	\$7,187,200

The following table compares the institutional road needs to the available funds:

<u>Institution</u>	<u>Programmed 1985-1991</u>	<u>Unmet Needs</u>	<u>Total Construction Needs</u>	<u>% of Needs Programmed</u>
University of Iowa	\$2,527,000	\$ 975,000	\$3,502,000	72.0%
Iowa State University	2,010,473	7,585,000	9,595,473	21.0%
University of Northern Iowa	1,250,000	1,490,000	2,740,000	45.6%
Iowa School for the Deaf	--	--	--	--
Iowa Braille and Sight School	--	--	--	--
TOTAL	\$5,787,473	\$10,050,000	\$15,837,473	36.5%

Regent VanGilst asked for an explanation of the difference in the levels of funding at the three universities.

Associate Director Runner explained that the committee discussed each project and level of funding at individual institutions reflected the urgency of the projects.

MOTION: Mr. VanGilst moved that the board approve the actions as recommended above. Mr. Duchon seconded the motion, and it passed unanimously.

EDUCATION FOR ECONOMIC SECURITY ACT OF 1984, HIGHER EDUCATION GRANTS. The Board Office recommended approval of the grants as outlined below:

I. Cooperative Grants Proposals

Southwestern Community College	\$ 4,186.00
University of Northern Iowa	12,974.00
Drake University	14,084.00
University of Iowa	32,836.00
Total funds recommended	<u>\$64,080.00</u>

II. Competitive Grant Proposals

Luther College	\$ 24,869.00
Iowa State University	41,653.00
Central University of Iowa	30,762.00
University of Northern Iowa	52,963.00
University of Northern Iowa	4,400.00
Drake University	18,404.00
University of Iowa	27,630.00
University of Iowa	26,445.00
Iowa State University	13,174.00
Total funds recommended	<u>\$240,300.00</u>

Last year Governor Branstad designated the Board of Regents as the "higher education agency" responsible for the administration of the Education for Economic Security Act of 1984, Title II, Higher Education Grants, in Iowa. At the same time, Governor Branstad also designated the Iowa Department of Public Instruction as the agency responsible for the administration of the elementary/secondary grants under this same act. The Board of Regents subsequently approved a recommendation to establish an advisory committee composed of three persons from each of the major sectors of postsecondary education in Iowa (i.e., area schools, independent colleges, and the public universities). The committee drafted an application for funds, and a total of \$319,843 was granted to the board for redistribution to higher education institutions in the state under regulations developed and/or approved by the U.S. Department of Education.

In August the Board Office distributed a request for proposals for grants under this act to all eligible institutions in the state of Iowa. Consistent with the federal law, two types of grants were possible: (1) competitive grants in which \$240,300 in grants were available; and (2) cooperative grants in which \$64,080 was available. 1985. The Board Office received five grant proposals, totaling \$75,444, under the cooperative grant program; and twenty proposals under the competitive grant program, totaling \$645,700 from all sectors of postsecondary education.

Consistent with the regulations approved by the U.S. Department of Education, each proposal received a three-level review (i.e., two in the Board Office and a final review by the advisory committee). The grants recommended for approval were selected on the basis of rating scores ranging from the highest score to the point on the range of scores where the funds for each grant program were exhausted. The advisory committee recommended that the funding for two proposals be reduced so that all remaining funds would be spent (if this had not been done, the money would have to be returned to the U.S. Department of Education).

The programs under this years' grant must be completed by August 30, 1986. It is quite likely that a second year of funding will be available that will require a repeat of the grant process this coming year.

MOTION:

Mr. Duchon moved that the board approve the grants as identified above. Mr. Greig seconded the motion, and it passed unanimously.

PROPOSED PROJECTS FOR LOTTERY FUND SUPPORT. The Board Office recommended the following actions: (1) approval of the proposals for submission to the Iowa Development Commission for economic development and research and development purposes in the amount of \$10 million for Priority I projects and \$5,135,000 in Priority II projects; and (2) refer to the Committee on Educational Coordination for review and further study the project at the University of Iowa relating to international economic development, the projects at Iowa State University proposing a center for market analysis and international business, an endowed chair in agricultural business, and the project at the University of Northern Iowa to establish a foreign trade institute.

The Board Office summary noted that House File 225, the act authorizing the Iowa lottery, provided that \$10 million was to be allocated to the Iowa Development Commission for distribution "for economic development and research and development purposes at an institution of higher education under the control of the State Board of Regents or at an independent college or university of the state." The act also provided that the proposals of the universities under the Board of Regents are to be presented to the board and the board "shall, for institutions under its control, determine the specific

proposals for which it requests funding and submit them to the Iowa Development Commission."

The proposals that may be funded through allocation of lottery moneys by the Iowa Development Commission are very broadly stated. They range from endowing faculty chairs, conducting research, establishing centers, purchasing equipment, and constructing facilities. Specific areas of science are mentioned such as genetics, molecular biology, laser science and engineering, biotechnology, and third crop development. All funds received from the lottery under this act require matching funds on a dollar-for-dollar basis. The current legislation restricts the allocation to \$10 million, but there is a strong probability that the act may be amended during the upcoming session of the General Assembly. It is possible, for example, that some of the funds originally scheduled for the world trade center may be allocated to other purposes including those for economic development and research and development purposes at institutions of higher education. It should be kept in mind, however, that some of the \$10 million could be allocated for projects submitted by the independent colleges or universities.

Several criteria were used in determining the projects to be recommended. The excellence of the program at the university and the need for the improvement in a particular area of significant potential for economic development were important factors. The degree to which the proposal was geared to potential economic development in Iowa was a major consideration. The fields of science and technology and agriculture were given very high priority. The buildings or facilities were included only when they appeared to be essential to the proposal and the proposal appeared to have great merit.

During the review of the proposals of the three institutions in the area of international business, it became clear that there was a substantial amount of overlap. Therefore, the Board Office recommended that the four proposals in this area be referred to the Interinstitutional Committee on Educational Coordination for study. The projects include the endowment of a new faculty position in international economic development at the University of Iowa, the proposals for a center for market analysis and international business at Iowa State University, an endowed chair in agricultural business, and the establishment of a foreign trade institute at the University of Northern Iowa to access high growth export markets.

The projects proposed are outlined on the following pages.

MOTION:

Dr. Harris moved that the board approve the actions as recommended. Mr. Greig seconded the motion, and it passed unanimously.

PROPOSED PROJECTS FOR LOTTERY FUND SUPPORT
FY 1985-86

Institution and Project	[----- R e c o m m e n d e d -----]			Not Included
	Priority I	Priority II	Total	
UNIVERSITY OF IOWA				
Development of the Interdisciplinary Laser Science & Engineering Program	\$2,000,000		\$2,000,000	
Endow a New Interdisciplinary Faculty Posi- in Biocatalysis	500,000		500,000	
Endow a New Interdisciplinary Faculty Posi- tion in Immunology	500,000		500,000	
Create a Manufacturing Productivity Center		\$700,000	700,000	
Endow Faculty Position for Economic Development Related to Hydraulic Research	500,000	125,000	625,000	
Establish a Biomedical Engineering Institute	625,000		625,000	
Establish Center for Design of Very Large Scale Integrated Circuits		675,000	675,000	
Endow a New Interdisciplinary Faculty Posi- tion in Biochemical Engineering		500,000	500,000	
Further Extend the University's Capabilities in Plant Molecular Genetics				\$1,000,000
Endow a New Faculty Position in International Economic Development				500,000
Endow a New Faculty Position in Japanese Language-Teaching Methodology		500,000	500,000	
Subtotal - University of Iowa	\$4,125,000	\$2,500,000	\$6,625,000	\$1,500,000

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PROPOSED PROJECTS FOR LOTTERY FUND SUPPORT
FY 1985-86

[----- R e c o m m e n d e d -----]

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Institution and Project

Priority
I

Priority
II

Total

Not
Included

IOWA STATE UNIVERSITY

Support for Biotechnology Related to Modern
Agriculture

Endowment for Biotechnology Program

\$500,000

\$500,000

Endow Chair in Corn Microbiology

500,000

500,000

Endow Chair in Agricultural Business
Improved Instrumentation

500,000

500,000

\$500,000

Support for Physical Sciences & Engineering

Microelectronics Research Center

Endowment for Program

500,000

500,000

Equipment

155,000

\$345,000

500,000

National Materials Reliability Center

Construct First Section of Building
for the Materials Reliability Center

1,500,000

1,000,000

2,500,000

Endow Materials Reliability Program

500,000

500,000

Design & Development of New Instruments

Program Endowment for Analytical
Instrumentation Useful to Industry

500,000

500,000

Endow Chair in Chemistry

500,000

500,000

Incubator Space for Starting New Industry

750,000

Center for Market Analysis and International
Business

500,000

Subtotal - Iowa State University

\$4,655,000

\$1,845,000

\$6,500,000

\$1,750,000

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PROPOSED PROJECTS FOR LOTTERY FUND SUPPORT
FY 1985-86

[----- R e c o m m e n d e d -----]

Institution and Project

Priority
I

Priority
II

Total

Not
Included

Institution and Project	Priority I	Priority II	Total	Not Included
UNIVERSITY OF NORTHERN IOWA				
Institute for Decision Science - First Year	\$838,000		\$838,000	
-Second Year	382,000		382,000	
Endow Chair of Entrepreneurial Studies		\$500,000	500,000	
Access High Growth Export Markets Through Establishment of Foreign Trade Institute				\$461,000
Factors Determining Business Location in Iowa		115,000	115,000	
Model for Economic Development in Iowa: Three-Year Plan				719,000
Develop and Implement Outdoor Historical Drama on the Mississippi River				493,000
Expand Small Business Development Center		175,000	175,000	
Subtotal - University of Northern Iowa	\$1,220,000	\$790,000	\$2,010,000	\$1,673,000
***** TOTAL ***** REGENT UNIVERSITIES	\$10,000,000	\$5,135,000	\$15,135,000	\$4,923,000

GENERAL
November 20, 1985

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SUPPLEMENTAL FY 1986 APPROPRIATIONS REQUEST AND FY 1987 APPROPRIATIONS REQUEST. The Board Office made the following recommendations:

1. That the board request supplemental FY 1986 appropriations of \$2.1 million to replace the current shortfall in tuition replacement appropriations.
2. That the board adopt an FY 1987 institutional operating appropriations request of \$375.915 million.
3. That the board direct the preparation of a special report to the Governor and the General Assembly on the condition of faculty salaries at the Regent universities and that a special hearing be requested before the Governor in December to present information on this subject, and further that a similar request be made for a hearing on the subject before the appropriations committees and joint subcommittee on educational appropriations in January 1986.
4. That the board request that FY 1987 funding for comparable worth adjustments be continued at the original FY 1986 level.
5. That the board request special purpose appropriations of \$1.489 million as detailed in this memorandum.
6. That the board request FY 1987 tuition replacement appropriations of \$20.868 million.
7. That the board hear an oral report on a proposed review of operations and programs.

The board received the initial institutional requests and board office recommendations for FY 1987 operating appropriations at its October 1985 meeting. Action on the requests was deferred in order to allow time for further deliberation.

One year ago, the board approved a biennial budget with a request for both FY 1986 and FY 1987. The Governor subsequently made recommendations for each year of the biennium. The Governor's recommendations were later reduced by one percent. The legislature approved appropriations only for the first year of the biennium with the exception of the salary bill. The salary bill included both years of the biennium and salary adjustment funds have been appropriated for both FY 1986 and FY 1987.

In September 1985, FY 1986 appropriations were reduced by 3.85 percent (\$13.965 million for the Regent institutions). At the end of October 1985, the State Comptroller advised that as a result of current economic conditions, FY 1987 budgets could be expected to be funded only at the current level (FY 1986 appropriations as reduced by 3.85 percent), supplemented by previously appropriated salary adjustments. It is the stated intent of the Comptroller's Office that there be no supplemental budget

requests for FY 1986 or FY 1987 unless there are "life-sustaining support needs."

The total request recommended is \$375.9 million in institutional operating appropriations, \$2.0 million in Board Office and special purpose appropriations, and \$20.9 million in tuition replacement appropriations.

Supplemental FY 1986 Request

The revised Regent FY 1986 general operating budget, even with increases in institutional income, is less than that of FY 1985.

It is hoped that the required cutbacks in FY 1986 can be accomplished without the imposition of forced layoffs or the elimination of programs, but some program reductions and layoffs might be necessary. In general, FY 1986 savings are anticipated through hiring freezes and the curtailment of expenditures for equipment, supplies and building repairs.

A major shortfall, however, remains in the tuition replacement appropriation. Including the 3.85 percent reduction, the appropriation for offsetting debt service payments for academic revenue bonds is approximately \$2.1 million less than the estimated need.

It was recommended that the board request a supplemental FY 1986 appropriation to replace this shortfall of \$2.1 million in tuition replacement appropriations. If the state fails to maintain its past practice of fully funding tuition replacement needs through appropriations, it will be necessary for the institutions to make necessary debt service payments from tuition and fee income, placing a further strain on already restricted operating budgets for FY 1986. An even more serious impact could be an adverse reaction of the bond market toward future bond issues, jeopardizing the board's historical high standing with rating agencies and bond buyers.

FY 1987 Requests

The institutions requested operating budget increases of \$87.5 million over the revised FY 1986 budgets, including the salary adjustment funds already appropriated. The Board Office recommended budget increases of \$62.1 million. After the deduction of projected increases in institutional income, the Board Office recommendation was for an increase in institutional operating appropriations of \$46.170 million over the revised FY 1986 appropriations. This includes restoration of the 3.85 percent reduction in FY 1986 appropriations.

Additional increases recommended for the Board Office and special purpose appropriations result in a total operating appropriation request of \$377.903 million. With the addition of tuition replacement needs, the total appropriations request recommended by the Board Office for FY 1987 is \$398.771 million. The total institutional operating budget for FY 1987 would be \$659.812 million. This budget would be supported in part by estimated

increases in tuition income of \$6.089 million and increases in Sales and Services and Other Income of \$9.857 million.

The Board Office appropriations request recommendation includes the following:

1. Restoration of 3.85 percent reduction in FY 1986 appropriations;
2. Salary adjustments;
3. Inflation;
4. Improving Educational Quality;
5. Opening New Buildings;
6. Board Office and Special Purpose Appropriations;
7. Tuition Replacement.

The salary adjustment bill approved in 1985 (Senate File 578) provided for average salary increases for the second year of the biennium of 5.5 percent for faculty and Professional and Scientific (P&S) staff and 4 percent (effective January 1, 1987) plus merit increases or their equivalent for general service staff. Funds were appropriated for salary adjustments for each year of the biennium, but the appropriated funds support only about 85 percent of the mandated salary increases.

The Regents' share of salary adjustment appropriations is expected to be \$18.4 million in FY 1987. The institutions estimate that mandated increases and annualization will require almost \$8 million in addition to the appropriation. Of this, \$4.7 million will be supported by Hospitals' income. The remainder of \$3.245 million is requested in additional appropriations for FY 1987.

The institutions requested an additional 5.0 percent increase for faculty and P&S for an aggregate increase of 10.5 percent. The universities emphasized the need for improvements in faculty salaries, pointing out that the two percent salary increase in the current year was the lowest among comparable institutions.

The institutions requested a total of \$17.1 million to fund the additional 5 percent in faculty and P&S salary increases. Of this, the appropriation share is \$14.7 million. Hospitals' income would account for \$2.4 million.

It was recommended that the board direct the preparation of a special report for the Governor and the General Assembly on the condition of faculty salaries at the Regent universities. Special hearings should be requested before the Governor in December on this subject, and hearings before the full appropriations committees and the joint subcommittees on educational appropriations should be requested early in the 1986 session for this same purpose. It would be expected that the hearings would serve as a means to notify the Governor and General Assembly that a substantial salary improvement request for the next biennium will be the highest priority of the board during the 1987 session of the General Assembly.

Increases for comparable worth have been included in FY 1986 salaries and are recommended to be carried forward into FY 1987.

The institutions had previously estimated needs for fuel and purchased electricity for each year of the biennium. Requests for fuel and purchased electricity for FY 1987 are the same as those presented in the Regents' biennial budget request last year. The institutions have requested a total increase over original FY 1986 budgets of \$2,406,000. The Board Office concurred with the request.

In other expenditure categories, the increases requested for FY 1987 have been limited to inflationary increases of four percent for supplies and services, equipment, and building repairs, and nine percent for library books. The requests were limited to inflationary increases despite the fact that significantly greater needs can be demonstrated.

The Board of Regents' 1985-87 biennial budget request, as presented to the legislature last year, included requests for Improving Educational Quality of \$11.8 million for FY 1986 and \$12.1 million for FY 1987. With levels of funding in FY 1986 actually below FY 1985, these items were deleted. After a review of the Regents' original requests and some relatively minor readjustments, the institutions have requested \$21.957 million for Improving Educational Quality in FY 1987 which represented approximately five percent of the original FY 1986 operating budgets.

The Board Office recommended a total of \$13,810,000 in Improving Educational Quality requests.

The Board Office recommendations, in most cases, followed those approved by the board a year ago. Variations reflect changes in the priorities of the institutions and the Board Office. Consideration of the Improving Educational Quality requests was done in conjunction with consideration of capitals and lottery fund requests from the institutions. Emphasis was given to the areas where educational and research excellence must be maintained or achieved.

A total of \$6.150 million is recommended for Improving Educational Quality at the University of Iowa, \$5.910 million at Iowa State University, and \$1.750 million at the University of Northern Iowa.

Requests for opening of new buildings provide for essential fuel and purchased electricity, other utility, and custodial and maintenance needs for facilities to be opened during the budget year. The board had previously requested a total of \$2,415,000 for Opening New Buildings in FY 1986 and \$831,000 in FY 1987. Despite limitations in funding in FY 1986, new facilities have been opened on schedule with funds provided through reallocation to the extent possible. The institutional requests for FY 1987 for specific buildings are thus generally consistent with the original FY 1987 requests.

The total institutional request for FY 1987 for Opening New Buildings is \$1.772 million. The Board Office recommended a total of \$1.602 million.

The requested increases in institutional operating budgets are supported both by appropriated funds and by increases in institutional income. Unless additional appropriation funds are made available, it will be necessary to use \$3.2 million of this income to support even mandated salary increases.

The board approved a 6.5 percent increase in tuition rates, effective with the 1986 summer session. The board also approved appropriate increases in the student aid set-aside. Assuming enrollments comparable to those originally budgeted for Fall 1985, it can be calculated that this tuition increase would generate net student fee income to the general fund (after a 6.5 percent increase in the student aid set-aside) of approximately \$6.089 million. The actual tuition income to the general fund may exceed this estimate if current enrollment levels are maintained.

Increases in Sales and Services income for the University Hospitals and Psychiatric Hospital have been estimated to total \$9.856 million, an increase of approximately 7.7 percent over the original FY 1986 budget. A small increase has been projected in Other Income and a slight decrease is anticipated in Federal Funds. These estimates will be refined prior to the preparation of final budgets for FY 1987.

The board approved a preliminary FY 1987 budget for the Board Office at its October meeting. The preliminary budget of \$833,897 called for appropriations of \$498,682. The proposed increase in appropriations is \$42,822 over the revised FY 1986 appropriation or \$24,569 over the original FY 1986 level.

Special purpose appropriations include several standing appropriations and appropriations for the Water Resources Research Institute, Fire Service Education, and CIRAS-Small Business Development Centers.

The Livestock Disease Research Fund is supported by a standing appropriation of \$300,000 (Iowa Code 267.8) to support work in areas recommended by the Iowa Livestock Health Advisory Council to help the state of Iowa solve some of the disease problems in food-producing animals. The university requested and the Board Office recommended, an inflationary increase of four percent or a total FY 1987 appropriation of \$312,000.

Standing unlimited appropriations provide for clothing and transportation for indigent students at ISD and IBSSS and for tuition and transportation reimbursement to local school districts for students residing on land owned by the state and under the control of the Board of Regents. The special schools indicated that the original FY 1986 appropriation levels would be sufficient to provide for needs in FY 1987. These appropriations currently amount to a total of \$10,000 per year.

The total appropriation recommended for special purpose appropriations is \$1,488,900.

The institutions have estimated FY 1987 tuition replacement needs of \$20.868 million.

The Governor's revised recommendation for tuition replacement appropriations for FY 1987 was \$19.618 million.

It was recommended that the board request an FY 1987 tuition replacement appropriation of \$20.868 million to fully offset payments for academic revenue bond debt service.

GENERAL
November 20, 1985

The budget and appropriation requests of the institutions and recommendations of the Board Office are summarized in the tables on the following pages.

STATE BOARD OF REGENTS

Summary of Budgets and Appropriations

FY 1985 - FY 1986

		Revised FY 1985	Original FY 1986	Less 3.85%	Revised FY 1986
Budgets:	Institutional Operating Budgets	\$598,159,049	\$610,898,500	\$13,203,491	\$597,695,011
Appropriations:	Institutional Operating Approp.	\$336,640,678	\$342,947,778	\$13,203,491	\$329,744,287
	Total Regent General Operating Approp.	338,244,737	344,756,541	13,273,127	331,483,414
	Tuition Replacement Appropriations	15,111,842	17,983,415	692,361	17,291,054
	Capitals Appropriations	725,000			
	Total Regent Appropriations	\$354,081,579	\$362,739,956	\$13,965,488	\$348,774,468

The above institutional figures include SCHS appropriations through the Health Department (Mobile and Regional Clinics, Muscular Dystrophy)

Total Regent Operating appropriations include institutional appropriations and the Board Office, CIRAS, Livestock Disease Research, Fire Service Education (DPI), Water Resources Research Institute, ISD Clothing and Transportation, IBSSS Clothing and Transportation, and ISD Tuition Reimbursement.

Funds to be recovered by the State Comptroller in FY 1986 for new car purchases (\$197,525) are NOT deducted from the totals above. Without these, the revised FY 1986 totals are:

Institutional Operating Appropriations	\$329,546,762
Total Operating Appropriations	\$331,285,889
Total Regent Appropriations	\$348,576,943

FY 1987 INSTITUTIONAL OPERATING BUDGETS AND APPROPRIATIONS REQUESTS

(000s Omitted)

Budget Increases Proposed	Institutional Requests			Board Office Recommendations		
	Approp.	Inst. Income	Total	Approp.	Inst. Income	Total
Restoration of FY 1986 3.85 percent reversion	\$13,203		\$13,203	\$13,203		\$13,203
<u>Salaries</u>						
Salary Adjustment Appropriation	\$18,402		\$18,402	\$18,402		\$18,402
Additional funds needed to fund mandated 5.5%	3,245	4,730	7,975	3,245	4,730	7,975
Institutional requests for additional 5% (Faculty & P&S)	14,688	2,426	\$17,114	0	0	\$0
Subtotal	\$36,335	\$7,156	\$43,491	\$21,647	\$4,730	\$26,377
<u>Inflation</u>						
Fuel			\$2,406			\$2,406
Supplies and Services			3,511			3,511
Equipment			337			337
Library Books			672			672
Building Repairs			198			198
Subtotal			\$7,124			\$7,124
Improving Educational Quality			\$21,957			\$13,810
Opening New Buildings			\$1,772			\$1,602
Total Proposed Institutional Operating Budget Increase Over Revised FY 1986 Budget (after 3.85% Reversion)(1)			\$87,547 (+14.3%)			\$62,116 (+10.4%)
Less Projected Increases in Institutional Income						
Tuition (Net to General Fund)						(\$6,089)
Sales and Services, Other Income						(9,857)
Total Proposed Institutional Operating Appropriations Increase Over Revised FY 1986 Appropriation (2)						46,170 (+14.0%)
Total Operating Appropriations Request for Institutions, FY 1987						\$375,915

(1) Proposed budget increase over original FY 1986:

Institutional request \$74,344 (+12.1%); Board Office recommendation \$48,913 (+8.0%).

(2) Proposed appropriations increase over original FY 1986: \$32,967 (+9.6%).

FY 1987 TOTAL REGENT APPROPRIATIONS REQUEST

(000s Omitted)

	Board Office Recommendations -----
TOTAL OPERATING APPROPRIATIONS REQUEST FOR INSTITUTIONS, FY 1987	\$375,915
Plus Proposed Appropriation Increase Over Revised FY 1986 Appropriations	
Board Office	\$43
Special Purpose Appropriations	206
TOTAL REGENT OPERATING APPROPRIATIONS REQUEST FY 1987	\$377,903
Plus Projected Increases in Tuition Replacement Needs Over Revised FY 1986 Appropriations (1)	\$3,577
GRAND TOTAL PROPOSED APPROPRIATIONS INCREASE OVER REVISED FY 1986 APPROPRIATIONS (2)	\$49,996 (+14.3%)
TOTAL APPROPRIATIONS REQUEST FY 1987	\$398,771 =====
(1) Projected increase in tuition replacement over original FY 1986: \$2,885.	
(2) Grand total proposed appropriations increase over original FY 1986: \$36,031 (+9.9%)	

GENERAL
 November 20, 1985

Mr. Richey stated that the deficit of \$2.1 million in tuition replacement is critical in terms of the institutions' needs. They are faced with an appropriations cutback approaching \$14 million before adding the burden of the tuition replacement deficit. He added that the funding of the tuition replacement deficit was an urgent request and a test of the legislative commitment made in 1969 to fund the debt service on academic revenue bonds.

Regent Anderson stated in the discussions concerning the Governor's downsizing plans, the figure of \$20 million was to be the Regents' share. She asked what was included in that total figure.

Mr. Richey stated the \$20 million included the 3.85 percent reduction in appropriations which amounted to about \$14 million; the \$3 million shortfall for mandated salary increases and the approximate \$3 million shortfall in tuition replacement. He added that it had been strongly urged in terms of the process that the total figure in the Governor's downsizing plans for the Regents be contained at \$17 million. He noted that this was a process based on an assumption of \$15 to \$20 million shortfall, but that there would be a parallel request by the board which does not accept that assumption and includes request for additional appropriations.

Regent VanGilst stated that at the October meeting the institutional officials and faculty representatives had talked about an additional 5 percent increase in salaries.

Mr. Richey stated that the current policy adopted by the General Assembly is for a 5.5 percent salary increase in the second year of the biennium. The institutions have requested an additional 5 percent which was not a part of the recommendation by the Board Office.

Regent Harris stated that the state is obviously in bad financial shape. He went on to say that the state and the board had a great asset in the faculties at the institutions, and he thought it was important that the board let the faculties hear very clearly how the board is in support of giving an increase in excess of what had been mandated.

President McDonald stated that Regent Harris' feelings were fairly representative of the board's feeling on the subject.

Regent Anderson stated that in practical terms if the board believed there was a need for more salary money why would the Governor and the legislature listen to a general statement without a specific focus from the board. She went on to say that the best way to reflect the need would be to have it specifically in the budget request. She noted that the Governor keeps talking about centers of excellence and that the universities were centers of excellence within the state. The universities are major assets to this state, and the board should support that and not tear them down to find centers of excellence within them. She went on to say that the board had cut requests from the presidents each year for many years and had not gone to the legislature with excessive requests. She stated that the board should stand up now and say enough cuts had been made.

Regent Anderson added that the Regents employ half of the personnel in the state and governs with one board and a very small staff whereas the rest of

state government takes care of 63 agencies and 177 boards. The Regents are an efficient and effective operation and should not be a "whipping boy" for the sad state of the economy in the state. She concluded by saying that she strongly supported the request to get back the 3.85 percent reversion and the request for an additional 5 percent salary increase.

President Parks thanked Regent Anderson for her statement and asked that the board support the 10.5 percent salary increase. He went on to say that he did not think a study was necessary to convince the board that the 10.5 percent was a minimal asking to bring the universities into competition and that evidence had been presented that there was need for it.

President Freedman stated that in the last few years they had been dropping in the quality of faculty they were able to recruit. He added that the appropriated salary increases in the past varying from zero to 4 or 5 percent signified a wavering commitment by the state toward quality of education. He went on to say that the lottery fund proposal from the University of Iowa included recommendations for creation of ten faculty positions; and, if approved, the question would be how to attract quality people to those ten positions.

President Curris stated he would endorse the proposal to request from the General Assembly and the Governor not only the restoration of the reversion and nominal increases provided but also the additional amount for salaries. He stated that his endorsement was made with a degree of realism but that he knew it would have a very salutary effect on the campuses. He added everyone knew about the economic difficulties in the state and that the board had undergone reversions to bring the state budget in line.

President Curris went on to say that the state revenues (excluding lottery) after the reversions would be up \$100 million above those of the current year and the Regents would have \$4 million less in operating money. He asked if there was going to be such an increase in revenues, was it realistic to ask the Regents to do with less money.

President McDonald stated he agreed with the opinions of Regent Harris and Regent Anderson and felt the need was real and clear and added that perhaps this was the only way to really satisfy it.

Regent Duchen stated that he really admired his colleagues because they were really speaking for him. He went on to say that he was really disappointed the board had not been able to get increased funding for faculty and if current levels were allowed to continue, a decay in the state's most precious asset would ensue. He added that he would wholeheartedly urge the board to add to the salary recommendation.

MOTION:

Dr. Harris moved that the board approve the actions as recommended with an additional 5 percent increase for faculty and professional-scientific employees. Mrs. Anderson seconded the motion, and it passed unanimously.

STATE BOARD OF REGENTS

Improving Educational Quality Requests: FY 1987

(000s Omitted)

Institutional Request	Revised Institutional Request FY 1987	Previous Regents Request FY 1987 (1)	Original Governor's Recommend. FY 1987 (2)	Revised Board Office Recommend. FY 1987
UNIVERSITY OF IOWA				
1. Meeting Undergraduate Instruction Needs	\$1,750	\$1,150	\$100	\$1,150
2. Strengthening Basic Health Science Educ.	1,250	1,250	0	1,250
3. Providing State-of-the-Art High Technology Equipment	2,500	1,325	300 (3)	2,500
4. Matching Funds for Equipment Grants	600	new		
5. Maintaining the Quality of Medical Educ.	1,500	750	0	750
6. Automating Library Access	500	500	0	250
7. Central Research Facility Support	250	new		250
8. Information Access Capabilities - Faculty Work Stations	1,000	new		
SUI Total	\$9,350	\$4,975	\$400	\$6,150
IOWA STATE UNIVERSITY				
General University				
1. Improving Instructional Programs	\$2,224	\$1,375	\$100	\$1,375
2. Biotechnology & Microelectronics	1,500	1,000	200 (3)	1,000
3. Acquisition of State-of-the-Art Equipment	1,200	650	300 (3)	1,200
4. Support Veterinary Clinics	103	0	0	0
5. Integrated Library Computerization	570	285	0	250
6. Day Care Facility	150	0	0	0
Subtotal	\$5,747	\$3,310	\$600	\$3,825
Agricultural Experiment Station				
1. Meat Export Technology & Policy Research Ctr.	\$500	\$200	\$0	\$500
2. Research in Agricultural Biotechnology	1,500	600	0	1,000
3. Research to Profitability in Iowa Agriculture	250	new		0
4. Agricultural Diversification	85	84	0	85
5. Center for Agricultural & Rural Development	500	new		0
Subtotal	\$2,835	\$884	\$0	\$1,585
Cooperative Extension Service				
1. Restoring Profitability in Agriculture & Rural Communities	\$725	new		\$500
2. Maintain Expanded Food & Nutrition Program	175	new		0
3. Improving Water Quality & Conserving Water Resources	50	new		0
Subtotal	\$950	\$0	\$0	\$500
ISU Total	\$9,532	\$4,194	\$600	\$5,910

(1) 1985-87 Biennial Budget Request; amount added for FY 1987.

(2) Governor's Recommendations January 1985 (before 1 percent reduction); amount added for FY 1987.

(3) With match required.

STATE BOARD OF REGENTS

Improving Educational Quality Requests: FY 1987

(000s Omitted)

Institutional Request	Revised Institutional Request FY 1987	Previous Regents Request FY 1987 (1)	Original Governor's Recommend. FY 1987 (2)	Revised Board Office Recommend. FY 1987
UNIVERSITY OF NORTHERN IOWA				
1. Instructional Support to Relieve Enrollment Pressures	\$1,800	\$450	\$100	\$1,300
2. Instructional Computer Equipment	300	200	0	0
3. High Tech Instructional Equipment	250	200	0	200
4. Curriculum Model for Public Schools	130	50	0	100
5. Library Automation	150	160	0	100
6. Honors Program	50	40	0	50
UNI Total	\$2,680	\$1,100	\$100	\$1,750
IOWA SCHOOL FOR THE DEAF				
1. Alternative Dorm. Prog. Remodeling-Phase I	\$250			\$0
ISD Total	\$250	\$0	\$0	\$0
IOWA BRAILLE & SIGHT SAVING SCHOOL				
1. Work Experience Coordinator	\$20	new		\$0
2. Preschool Liaison Teacher	25	new		0
3. Adaptive Technology Coordinator	23	new		0
4. School Aides-Work Experience Program	19	new		0
5. Simulated Group Home Coordinator	18	new		0
6. Building Renovation-Simulated Group Home	15	new		0
7. Orientation and Mobility Staff	10	new		0
8. Physical Therapist	15	new		0
IBSSS Total	\$145	\$0	\$0	\$0
REGENT TOTAL IMPROVING EDUCATIONAL QUALITY	\$21,957	\$10,269	\$1,100	\$13,810
REGENT TOTAL OPENING NEW BUILDINGS	\$1,772	\$831	\$772	\$1,602
GRAND TOTAL	\$23,729	\$11,100	\$1,872	\$15,412

(1) 1985-87 Biennial Budget Request

(2) Governor's Recommendations January 1985 (before 1 percent reduction).

President Parks stated that Mr. Richey and the Board Office had done an excellent job in weighing the requests from the institutions. He indicated he would ask the board to reconsider the recommendation in two areas in the Improving Educational Quality category. Those would be increasing the recommended amount to that requested by the institution for microbiology and microelectronics and research in agricultural biotechnology. He noted the increase would be a total of \$1 million. He introduced four faculty who were present to answer questions concerning the programs--Walter Fehr, Professor of Agronomy and Chairman of the Biotechnology Council; Pamela White, Assistant Professor of Food and Nutrition; Carol Warner, Professor of Biochemistry; and James Roth, Associate Professor of Veterinary Microbiology.

President Parks went on to say that at the last meeting the board approved the Board Office recommendation to put the genetics building addition on the FY 1987 capital request rather than the request by the institution for industrial technology building remodeling. He added the additional \$1 million would allow for the operating funds to go along with the capital project.

Mr. Richey stated that the recommendation includes \$3.2 million for biotechnology and state-of-the art equipment and the \$3 million for the genetics building capital project. In addition the lottery proposal included approximately \$4 million for projects in the biotechnology area.

President Freedman stated that the budget document was a tribute to Mr. Richey's skills in bringing harmony between the institutions and suggested that in order to continue harmony, he would like to request additions in the Improving Educational Quality category also. The university had requested \$1,750,000 for meeting undergraduate instructional needs and the Board Office recommended \$1,150,000 and \$600,000 for matching funds for equipment grants for which no recommendation was made. He asked that these two areas be restored to the level of the institutional request.

Regent Anderson stated that the board had already taken action on the budget and to consider these proposals would require bringing it to the floor.

Regent Greig stated he would like to see more money put into the biotechnology areas but that the board has to bite the bullet some place and that maybe it was time to take a little cut and really push for the additional salary funds.

FINANCING OF BOILER PLANT IMPROVEMENTS. The Board Office made the following recommendations: (1) receive the report on the underwriter selection process and the timetable for completing financing arrangements; and (2) approve the executive secretary's selection of underwriters to finance power plant improvements at Iowa State University and the University of Iowa.

Director True explained the board had authorized the executive secretary to issue a request for proposals for underwriting services on financing of the boiler plant improvements at the University of Iowa and Iowa State University. In addition, the executive secretary was authorized to proceed with financial planning details and to consult with the Governor's Office and key legislative members.

Through the Board Office and Regent legislative liaisons, the Governor's Office and key legislators were apprised of the anticipated bond issuance size required to complete needed power plant improvements. Following those discussions, the request for proposals was issued; and nine responses for underwriting proposals were received. From the nine underwriters responding, four were selected for personal interviews before the Board Office, both institutions, the board's financial consultant, and the board's bond counsel.

The firms of Bankers Trust, New York, Norwest, R. G. Dickinson, and Dain Bosworth, Inc., selected as the underwriting team.

Director True stated that they will be putting together a financing package which will be brought to the board at the December meeting. It has been recommended by bond counsel that the bond sale be closed before December 31, 1985. Changes in federal statutes governing arbitrage earnings on issues such as this are being considered by Congress. The underwriters believe a substantial risk exists that bond issues sold next year would be unable to use positive arbitrage earnings to offset project costs and debt service.

MOTION: Dr. Harris moved that the board approve the actions as recommended. Mr. VanGilst seconded the motion, and it passed unanimously.

REGENTS AD HOC BANKING COMMITTEE. The Board Office made the following recommendations: (1) receive the committee report of its November meeting; (2) approve the Banking Committee recommendations on rules implementing S.F. 110--South Africa divestiture; and (3) approve the Banking Committee recommendations on protection of Regent deposits in banks.

Director True stated that, under the new statute (S.F. 110), public investments cannot be made in companies doing business in or with the Republic of South Africa. The State Treasurer is required to maintain a list of companies that do business in or with the Republic of South Africa. The Board of Regents as well as the Department of Job Service (Iowa Public Employees Retirement System) are required to adopt rules to implement the new law. The following draft rule have been reviewed by institutional treasurers and the Regent ad hoc Banking Committee.

Ownership of stocks in companies doing business with South Africa.

The treasurers of the institutions under the control of the state board of regents shall not purchase instruments of ownership in companies doing "business with or in" the Republic of South Africa, as defined in S.F. 110. In the event such instruments are received by the institutions, they shall be disposed of in accordance with S.F. 110. The treasurers of the institutions shall not deposit funds in a financial institution doing business "with or in South Africa," as defined in S.F. 110.

Senate File 110 which became law last spring required certain divestiture and reporting actions to be taken by the Board of Regents institutions. This law

required that the Board of Regents shall not deposit cash balances of institutions under its control in any financial institution which had made a loan to the Republic of South Africa after July 1, 1985. Also, Regent institutions shall not invest in any securities or other obligations of a financial institution or any other company "doing business in or with the Republic of South Africa" subsequent to June 30, 1985.

According to the new statute, Regent institutions must divest any existing investments in companies doing business in or with South Africa according to a statutory timetable that requires complete divestment by July 1, 1990. Also, one-fifth of the value of investments requiring divestment must be sold no later than "the year beginning July 1, 1988."

Protection of Regent Bank Deposits. Earlier this year, significant legislation (S.F. 296) changed the way public deposits in banks are to be protected. Institutional treasurers and the Board Office staff met with officials in the State Treasurer's Office and the Attorney General's Office to discuss that legislation. The discussion was to review suggested changes in the pledging agreements. The principal changes suggested were to have collateral pledged to institutional treasurers as well as the State Treasurer and to eliminate language on paying reasonable fees to depository and custodial banks. Reasonable fees were estimated by the State Treasurer's Office as 1/4 to 1/2 percent.

The results from these discussions with the State Treasurer's Office and advice of the Attorney General's Office were shared with the Ad Hoc Banking Committee.

For some time the Board of Regents institutions have protected deposits in banks through escrow agreements. These agreements required depository banks to maintain securities (treasury securities or municipal bonds) pledged to the institution in sufficient amounts to protect against losses. These securities were located in a separate custodial bank. Other portions of government were not protected in this way and instead depended upon a sinking fund concept of protection. The sinking fund was to receive contributions from other Iowa depository banks sufficient to cover any losses of public deposits. Prior to July 1, 1985, the Board of Regents was the only governmental group which had pledged collateral protecting its deposits of public funds.

The reality of bank failures in Iowa and the dissatisfaction of some groups with the sinking fund used to protect public deposits caused changes in the statutes during the last General Assembly session. As a result, S.F. 296 was passed and since July 1, 1985, has had a profound impact on the way public deposits are protected. Because of ambiguities in that statute and because the Board of Regents' deposits have previously and are now protected through escrow agreements, it was unclear how the statute affects Regent institutions.

Director True explained Assistant Attorney General Lynden Lyman indicated his belief that it was the legislative intent that S.F. 296 applied to all governmental and quasi governmental units, including the Board of Regents. Assistant Attorney General Don Senniff added that the procedures under S.F. 296 offer security for depositors not possible otherwise. Lynden

Lyman's and Don Senniff's duties include working with the State Banking Department on problems with failed Iowa banks. Both indicated the aggressive posture of the Federal Deposit Insurance Corporation in capturing all possible funds when a bank does fail. Senniff even indicated that if a Board of Regents depository bank failed, the current escrow agreements with such a bank may be ruled by FDIC as invalid. Participation in the State Treasurer's security program under S.F. 296 would be a protection against such a possibility, according to Senniff.

The critical points of S.F. 296 are as follows:

1. The State Treasurer is required to approve depository banks eligible to hold public funds. Public funds have a very broad definition in the Code, including state agencies, cities, counties, school districts and the Board of Regents. The State Treasurer has approved about 600 banks.
2. The State Treasurer is required to approve custodial banks eligible to hold depository bank collateral. The State Treasurer has approved 13 custodial banks.
3. The State Treasurer is required to operate a system to protect public deposits through the issuance of collateral by depository banks.
4. The market value of collateral must be 110 percent of deposits at all times.
5. Collateral is to be pledged to the State Treasurer, not institutional treasurers. The State Treasurer is essentially the insurer of the deposited public funds and is required to transmit liquidated collateral to the public depositors.
6. If the pledged collateral is insufficient to replace lost deposits of public funds, the State Treasurer is a priority creditor in the disposition of assets of a failed bank. If after the liquidation or sale of the failed bank assets, public deposits have not yet been recovered, sinking fund contributions of Iowa banks would be required to meet remaining obligations of the State Treasurer.

The Banking Committee made the following recommendations:

- Approve participation in the State Treasurer's pledged collateral program established under S.F. 296.
- Approve elimination of existing pledged collateral agreements between Regent treasurers and depository banks.
- Request that the State Superintendent of Banking include analysis of collateral pledged to protect public deposits as a part of bank examinations at state chartered banks.
- Request that the State Treasurer and State Superintendent of Banking encourage federal bank examiners to include analysis of collateral pledged to protect public deposits as a part of bank examinations of

federally chartered banks.

The committee's recommendation was made subject to the following conditions:

- That the Attorney General's Office provide assurance that S.F. 296 required and gave adequate means for the State Treasurer to promptly reimburse a Regent treasurer for loss of public funds deposited at an approved depository bank. Further, the Attorney General's Office is to provide assurance that participation in the State Treasurer's system under S.F. 296 is lawful under Iowa Code, Chapter 262 and other provisions of the Code which pertain to the Regents.
- That the Attorney General's Office provide assurance that Regent institutions may enter into financial agreements with financial institutions to provide that a charge will not be assessed for the handling of deposits of public funds. Agreements with financial institutions may be necessary to be able to obtain daily reports of deposits and pledged collateral, upon demand.
- That the State Treasurer agree to report immediately to the Executive Secretary any problems or irregularities with respect to this program by a depository or custodial bank in which Regent funds are deposited, as well as report any changes in the rules, documents or substantive procedures used to implement S.F. 296.

These assurances were given by Michael Tramontina of the State Treasurer's Office and by Merle Fleming and Lynden Lyman of the Attorney General's Office.

MOTION:

Miss VanEkeren moved that the board approve the actions of the Banking Committee as recommended above. Mr. Duchon seconded the motion, and it passed unanimously.

ANNUAL REPORT ON REGENT PURCHASING OPERATIONS--FY 1985. The Board Office recommended the board receive the annual report.

Highlights from the FY 1985 report are as follows:

- Regent central purchasing operations continue to be the most active in state government. In FY 1985 Regent purchasing operations authorized expenditures for \$232.9 million. This compares to \$221 million in FY 1984 and is an increase of 5.4 percent. This compares to \$46.5 million in purchases through the Department of General Services and \$30 million purchased by the Iowa Department of Transportation's central purchasing function. IDOT's purchases exclude \$303.5 million in primary road fund construction. Regent institutional purchasing figures exclude an estimated \$86.1 million in capital construction outlays and \$7.5 million in library acquisitions.
- The initial Regent institutions report on expanded contract opportunities for Iowa small businesses was encouraging. Purchases

of \$28.6 million were reported for FY 1985 from small businesses. This is 12.3 percent of total central purchases.

- Regent vehicle purchases increased fleet size by 19 or 1.8 percent. For model year 1986, only replacement vehicles have been ordered. If changes in fleet size occur in the future, they are expected to be reductions.
- The number of purchase orders written by Regent institutions in FY 1985 increased approximately 0.2 percent. The average amount per purchase order increased at each Regent institution.
- Cash discounts realized in FY 1985 amounted to \$459,531. Cash discounts realized have been approximately the same for the last three years.
- Expanded applications of the corporate credit card in purchasing transactions could lead to reduced cash flow needs related to travel advances on official business. The Board Office is working with the Department of General Services on this possibility.
- Price inflation on central purchasing items was less than 4 percent according to the Higher Education Price Index, thus reducing the erosion of purchasing power compared to prior years.
- Purchases from Iowa State Industries (prison industries) declined sharply in FY 1985 compared to FY 1984. Regent purchasing directors cite lack of competitive pricing and limited product lines are involved.
- Regent institutional purchases from state of Iowa contracts increased noticeably in FY 1985 to an estimated \$1.5 million compared to \$1.1 million in FY 1984.
- Creative bid development to induce greater price competition at Regent universities continues to produce hundreds of thousands of dollars in savings.
- The University of Iowa Hospitals and Clinics medical and surgical supply bid encourages participation of both independent or small bidders as well as full-line bidders. This resulted in total awards at 2.2 percent less cost than the previous contract. Estimated savings are \$343,000.
- Joining a hospital cooperative purchasing organization has resulted in the University of Iowa receiving an additional discount beyond normal dealer discount. This results in a \$60,000 per year saving on X-ray film. The three-year contract was competitively bid.
- The University of Northern Iowa estimates \$6,000 annual savings through prompt payment discounts associated with the new single vendor travel contract. The contract was competitively bid.

- Iowa State University reports a discount agreement with Zenith Corporation that has resulted in approximately \$200,000 in savings on the purchase of personal computers. This contract is available for use by other state agencies. The Department of Transportation has used the agreement and it resulted in an estimated savings of over \$66,000 when compared to competitive equipment prices outside the contract.

Regent Harris asked why Iowa State Industries were not competitive in those areas where Regent institutions could make purchases.

Director True stated that Prison Industry products were generally not price and quality competitive. He stated that in a meeting with the Director of Prison Industries it was admitted that the Regent institutions were not their primary focus. Director True indicated that it was the intent of the Prison Industries to begin to become more competitive.

ACTION: President McDonald stated that the board received the annual purchasing report by general consent.

PROFESSIONAL-SCIENTIFIC CLASSIFICATION SYSTEM. The Board Office recommended approval of the following new professional-scientific classification for the Board Office: Research Analyst, pay grade 5, salary range \$21,407 - \$31,634 (January 1, 1986).

Director Wright explained that, in view of the state's economic condition and the reduced funding associated with that condition, the creation of the above position was an effort to reduce the Board Office budget on a long-term basis. The present position of Assistant Director, Academic Affairs and Research (P-S pay grade 6) is being vacated on December 12. The position was reviewed and a new position, with less responsibility and a narrower scope, was developed which will result in some loss of service in the Academic Affairs and Research unit.

Director Wright went on to explain that the difference between the salary currently paid and that anticipated was expected to reduce the Board Office expenditures by \$7,000 to \$8,000 annually. The assignment of the new position to pay grade 5 was made by applying the University of Iowa's point count instrument to the job description. The position of Assistant Director, Academic Affairs and Research would not be removed from the Board Office classification system.

MOTION: Mr. Duchon moved that the board approve the position of Research Analyst as outlined above. Miss VanEkeren seconded the motion, and it passed unanimously.

GENERAL
November 20, 1985

NEXT MEETINGS.

January 15, 1986		Des Moines
February 19		Des Moines
March 13	University of Northern Iowa	Cedar Falls
April 23	University of Iowa	Iowa City
April 24	Iowa Braille & Sight Saving School	Vinton
May 21-22	Iowa State University	Ames
June 18-19	University of Northern Iowa	Cedar Falls

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

CONSENT

The following consent items were presented to the board:

GENERAL

APPOINTMENT TO COMMITTEE. It was recommended that the board accept the resignation of June Murphy from the Iowa Coordinating Council for Post-High School Education, effective immediately. In addition, it was recommended that the board approve the appointment of Regent James R. Tyler to the Coordinating Council for the remainder of the term of Regent Murphy which expires July 31, 1986.

BOARD OFFICE PERSONNEL REGISTER. The register contained the following personnel transaction:

Resignation: Deborah A. Hunt, Assistant Director of Research and Academic Affairs, effective December 12, 1985.

STATE UNIVERSITY OF IOWA

REGISTER OF PERSONNEL CHANGES FOR OCTOBER 1985.

POST-AUDIT REVIEW. It was recommended that the Post-Audit Review of Doctor of Pharmacy Program be referred to the Interinstitutional Committee on Educational Coordination and the Board Office for review and recommendation.

PROPOSED COURSE CHANGES. It was recommended that the proposed course changes be referred to the Interinstitutional Committee on Educational Coordination and the Board Office for review and recommendation.

IOWA STATE UNIVERSITY

REGISTER OF PERSONNEL CHANGES FOR OCTOBER 1985.

PHASED RETIREMENT. It was recommended that the board approve the phased retirement request for Professor Clifford E. Smith, effective at the beginning of the spring semester of the 1985-86 school year. Professor Smith proposed to reduce his appointment to 75 percent in January 1986. The ISU phased retirement policy requires that his appointment be reduced to 50 percent in 1990. He plans full retirement in 1991. The university reported funds available as a result of the phased retirement (approximately \$3,716 for FY 85-86) would be used for other instructional purposes.

NAMING OF BUILDING. It was recommended that the Metallurgy Building be named the Harley A. Wilhelm Hall. The university reported that the name of

Wilhelm Hall had been recommended by the department and had been reviewed by the university planning committee. Dr. Wilhelm was a distinguished researcher with the Ames Laboratory and served as its associate director for 19 years. The building was constructed by the federal government and is operated under contract with the Department of Energy as part of the Ames Laboratory. The university indicated that the Department of Energy and the Ames Laboratory concur in the recommendation of naming the building.

UNIVERSITY OF NORTHERN IOWA

REGISTER PERSONNEL CHANGES FOR OCTOBER 1985.

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

PHASED RETIREMENT. It was recommended that the board approve the phased retirement requests of Dr. Max M. Hosier, Professor of Curriculum and Instruction, and Mr. John Zahari, Associate Director of Dining Services Administration, effective January 1, 1986.

Professor Hosier would teach half-time until full retirement in January 1989. Mr. Zahari would work the first six months of 1986 and retire fully at the end of the year. The university reported the net annual savings in the first year, totalling \$16,974. would be used to provide other instructional services and toward the salary of a replacement for Mr. Zahari.

IOWA SCHOOL FOR THE DEAF

REGISTER OF PERSONNEL CHANGES FOR THE MONTH OF OCTOBER 1985.

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

IOWA BRAILLE AND SIGHT SAVING SCHOOL

REGISTER OF PERSONNEL CHANGES FOR SEPTEMBER 22 THROUGH October 19, 1985.

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

MOTION:

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

STATE UNIVERSITY OF IOWA

The following business pertaining to the State University of Iowa was transacted on Wednesday, November 20, 1985.

REGISTER OF CAPITAL IMPROVEMENT BUSINESS TRANSACTIONS. The Board Office recommended approval of the register for the period October 5 through November 8, 1985.

Highlights of the register are as follows:

PERMISSION TO PROCEED WITH PROJECT PLANNING

Grand Avenue Utility Tunnel Restoration

The university requested permission to initiate a project that would replace approximately 800 feet of the utility tunnel that runs along Grand Avenue. The tunnel which contains all the utilities that service the west side of the campus has deteriorated badly. The estimated cost is approximately \$1,393,000. The project would be funded from remaining balances of 69th G.A. Academic Revenue Bonds which were authorized for West Campus Utility Improvements, Building Repairs and Treasurer's Temporary Investments.

15 KV Electrical Loop I Extension

The university requested permission to initiate a project that would extend the existing electrical feeder loop from Burlington Street to a point near the Chemistry-Botany Building. The university indicated that the project would be developed in phases in order to minimize disruption. The estimated cost of the entire project is between \$2 million and \$3.5 million. Partial funding for the project was requested in the Regents capital program for FY 1987. Additional funding would be from Treasurer's Temporary Investments.

APPROVAL OF PROGRAM STATEMENTS

Relocation of West Campus Steam Line

This project will relocate existing portions of an underground steam and condensate line south of University Hospitals. The steam line would be placed in a concrete tunnel below the basement floor level of the hospital. The relocation will permit development of existing basement space in the hospital and eliminate any conflict of the utility line with future campus development in that area. The project includes development of space in the basement. The university requested approval of the project and a preliminary budget of \$1,461,700 and selection of Shive-Hattery for design and construction management services on this project. Fees for these services shall not exceed \$155,000.

PROJECT DESCRIPTIONS AND BUDGETS

University Hospitals--Diagnostic Radiology Completion Phase
Source of funds: University Hospitals Building Usage Funds \$8,998,000

This project would create a centralized diagnostic radiology center in the "shelled-in" space on the third floor of the Colloton Pavilion. The university presented a contract for architectural and construction management services with Hansen Lind Meyer, Iowa City for \$477,227.

Telephone Switching Facility
Source of Funds: Telecommunications Revenue Bonds \$400,000

This project which is part of the university's new telecommunications system would construct a building to accommodate the new telecommunications switch equipment. The building would be constructed under the Chemistry-Botany Building's auditorium wing.

CONSULTANT AGREEMENTS

Relocation of West Campus Steam Line
Shive-Hattery Engineers, Iowa City, Iowa \$155,200

University Hospitals--Diagnostic Radiology Completion Phase
Hansen Lind Meyer, P.C., Iowa City, Iowa \$477,227

Three consultant contacts were presented for approval:

University Hospitals--Ophthalmology Clinic Renovation
Wehner, Pattschull & Pfiffner, P.C., Iowa City, Iowa \$40,800

The university requested approval of an agreement to provide architectural services to remodel an outpatient clinic for the Department of Ophthalmology.

Engineering Building--Third Floor Remodeling
The Durrant Group, Dubuque, Iowa \$31,853.82

The remodeled facility would house a computer-aided instruction laboratory. The construction budget for the project is \$447,095.

Human Biology Research Facility
The Durrant Group, Dubuque, Iowa \$391,183

The University of Iowa requested on behalf of the University of Iowa Facilities Corporation approval of the The Durrant Group as construction contract administrators on the Human Biology Facility. The firm was selected from proposals submitted by four firms.

Recreation Building--Correct Structural Problems
Shoemaker & Haaland, Coralville, Iowa \$51,986

Last month the board approved a project and preliminary budget to correct structural deterioration of the laminated wood beams in the Recreation Building and authorization for the executive secretary to approve the design consulting agreement with Shoemaker & Haaland. The contract was executed by the executive secretary. The consultant found the structure to be unsound and in danger of collapse. The recommendation was based on results of ultrasound studies conducted on the connection points of each laminated beam that holds up the roof. The university has closed the building.

Associate Vice President Mahon stated that the consultant had determined that 16 of the 18 points where the roof beams connect to the buttress of the building had deteriorated. The evacuation and closing the building was even more important because any snow load would create a potential for collapse. After receiving authorization from the executive secretary, the university obtained competitive quotes to get temporary shoring placed in the building prior to the first snowfall. The contract was awarded to Tri-Con for \$93,000, and they are currently installing a pre-fabricated shoring system. She indicated that they hoped to move the basement occupants back into the building as soon as they know adequate shoring has been placed in the building.

She went on to say that in the meantime because of so much deterioration, they felt it was appropriate to ask the university architect and engineer and an independent engineer to ascertain whether or not the building could be repaired or if the entire roof system needed to be replaced. She indicated the university would report to the board as soon as the options have been assessed.

College of Law Building

Gunnar Birkerts & Associates

Increase: \$4,000

The additional interior design services were associated with revisions to the building's audio visual system. The additional fee was an amendment to the original agreement of \$887,205. The new agreement amount, including the current amendment, is \$1,342,964.

CONSTRUCTION CONTRACTS

The university presented four equipment contracts to the board because the projects were funded by academic revenue bond proceeds.

College of Law--Equipment (metal lockers)

Award to: Penco Products, Inc., c/o Storage Engineering, Inc.,
Cedar Rapids, Iowa (3 bids received)

\$31,369

Communication Studies Building--Equipment

Award to: Video Midwest, Davenport, Iowa

\$600.48

University Theatre Addition--Equipment

Award to: J. S. Latta Co., Cedar Rapids, Iowa \$11,750

College of Law Building--Equipment

Award to Steven Braun Consulting, Iowa City, Iowa \$1,650

Awarded by Executive Secretary:

University Hospitals--Dietary Kitchen Renovation--Phase II

Award to: Mid-America Construction Co. of Iowa, Iowa City, Iowa

TOTAL AWARD OF: (3 bids received) \$1,498,200.40

This project will complete the second phase of the renovation of the dietary kitchen in the hospital and includes installation of new equipment and modification of the electrical, mechanical, heating, ventilating, and air conditioning systems.

The Board Office noted that in August the University of Iowa Hospitals and Clinics requested approval to initiate a project to renovate an area of the fourth floor of the General Hospital into a medical/psychiatric inpatient unit. A preliminary budget and project description were developed and submitted to the university administration. Because the estimated \$143,000 budget was under \$250,000, the project appeared on the September capital register by project title and estimated budget only. The project description prepared by University Hospitals staff was not submitted by the university as part of the docket materials. Included in that project description was a request by the University of Iowa Hospitals and Clinics to accomplish a portion of the project with University Hospitals plant operations staff. University Hospitals proceeded to undertake the construction work using, in part, institutional personnel. This action was taken on the presumption that approval of the request to use institutional staff had been obtained at the same time the board and the university had approved proceeding with the project. Representatives of the Sheet Metal Contractors of Iowa called this error to the attention of the Board Office. The University of Iowa had used institutional personnel for the construction project without board approval. The Board Office is implementing additional safeguards including receipt of additional project descriptions to insure that such oversights do not occur in the future and will continue to monitor closely institutional requests to use in-house personnel on construction projects.

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

EASEMENT. The Board Office recommended approval of the easement agreement between the State Board of Regents and Teleconnect Company, Cedar Rapids, Iowa, for the purpose of constructing and operating a fiber optics cable on the property of the State University of Iowa.

The fiber optics cable would transmit data, video, and voice communications and would connect with existing cable that has been constructed along the Crandic Railroad property between Cedar Rapids and Iowa City. In September the board approved a lease between Teleconnect and the university for space in the water plant building. The fiber optics cable would link an existing Teleconnect cable network to Teleconnect equipment located in leased space at the university's water plant building.

The university requested approval of the easement because the fiber optics cable could offer the university an alternative means of transmitting data, voice, and video communication throughout Iowa and the country.

The easement was in the standard form and contained the standard liability clause. No cost of the construction was assessed or charged to the state.

MOTION:

Mrs. Anderson moved that the board approve the easement agreement between the State Board of Regents and Teleconnect Company, Cedar Rapids, Iowa, for the purpose of constructing and operating a fiber optics cable on the property of the University of Iowa. Mr. Greig seconded the motion, and upon the roll being called the following voted:

AYE: Anderson, Duchen, Greig, Harris, McDonald, VanEkeren, VanGilst.

NAY: None.

ABSENT: Murphy, Tyler.

LEASE OF PROPERTY. The Board Office recommended approval of the following leases at the Technology Innovation Center with tenants, as follows:

(1) APPLIED DESIGNS for the use of approximately 264 square feet of office space (Room 119) at a rent of \$132 per month for one year beginning December 1, 1985, and ending November 30, 1986, and

(2) THE TYPESETTING CONNECTION, LTD., for the use of approximately 528 square feet of office space (Rooms 121 and 123) at a rent of \$264 per month for one year beginning December 1, 1985, and ending November 30, 1986, and

(3) PROFILES CORPORATION for the use of approximately 521 square feet of office space (Rooms 201 and 202) at a rent of \$260.50 per month for one year beginning December 1, 1985, and ending November 30, 1986.

The Board Office summary noted that these corporations meet the requirements for assistance in the Technology Innovation Center and that the university would be able to assist the corporations in applied research, product development, and new business marketing. Each of the leases is calculated at the rate of \$6 per square foot per year and include utilities and services.

MOTION:

Mr. Greig moved that the board approve the leases as follows: (1) APPLIED DESIGNS for the use of approximately 264 square feet of office space (Room 119) at a rent of \$132 per month for one year beginning December 1, 1985, and ending November 30, 1986, and (2) THE TYPESETTING CONNECTION, LTD., for the use of approximately 528 square feet of office space (Rooms 121 and 123) at a rent of \$264 per month for one year beginning December 1, 1985, and ending November 30, 1986, and (3) PROFILES CORPORATION for the use of approximately 521 square feet of office space (Rooms 201 and 202) at a rent of \$260.50 per month for one year beginning December 1, 1985, and ending November 30, 1986. Miss VanEkeren seconded the motion, and upon the roll being called, the following voted:

AYE: Anderson, Duchen, Greig, Harris, McDonald, VanEkeren, VanGilst.

NAY: None.

ABSENT: Murphy, Tyler.

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

IOWA STATE UNIVERSITY

The following business pertaining to Iowa State University was transacted on Wednesday, November 20, 1985.

REGISTER OF CAPITAL IMPROVEMENT BUSINESS TRANSACTIONS. The Board Office recommended approval of the register for the period October 18 through November 21, 1985.

Highlights of the register are as follows:

PROJECT DESCRIPTIONS AND BUDGETS

The Board Office noted that last month the university reported to the board on the progress of remodeling a portion of Beardshear Hall and ongoing discussions with the fire marshal's office. Because of concerns expressed by the fire marshal's office regarding the adequacy of fire safety protection in Beardshear Hall, the board's staff requested that the university provide an update to the board. The report indicated that agreements had been reached between the university and representatives of the state fire marshal's office regarding future renovations of Beardshear Hall. The fire marshal's office authorized the university to proceed with the business office remodeling project with the understanding that the university would initiate immediately a project to install a sprinkler system in the central atrium and to upgrade fire and smoke resistance of doors to offices throughout the building. This project was included with the capital register submitted by the university.

Installation of a sprinkler system in the atrium of Beardshear Hall would be the first of three improvements required by the state fire marshal's office. The deficiencies identified include (1) installing a sprinkler system in the atrium; (2) installing a sprinkler system throughout the rest of the building; and (3) constructing new enclosed stairways in various locations in the building. The two additional projects are currently under review by the university because the installation would represent significant additional cost. Funds spent to improve the fire safety condition of Beardshear Hall would need to be diverted from necessary improvements and programs elsewhere at the university.

CONSULTANT AGREEMENTS

College of Home Economics--Planning

Brooks, Borg, and Skiles, Architects, Des Moines, Iowa Increase: \$30,000

The additional design services on this project involve revising the location of the addition to LeBaron Hall. The amendment increased the amount of the consultant agreement to \$150,000 and is the first amendment. The new site plan resulted from a review by a campus committee and would enable the university to preserve two groups of special trees.

CONSTRUCTION PROJECT

The following awards were made by the executive secretary on behalf of the board:

Iowa State Center--Scoreboard and Marquee

Main Scoreboard, Auxiliary Scoreboards and Indoor Message Center
Fairplay Scoreboards, Des Moines, Iowa

TOTAL AWARD OF: (4 bids received) \$493,757

Electrical Construction/Structural Support

Nikkel & Associates, Inc., Ames, Iowa

Base bid of: (1 bid received) \$59,400

This project involves the replacement of the scoreboard in Hilton Coliseum. The scoreboard will be equipped with a color computer graphics message center. The project is funded through the sale of advertising by sponsors and from a \$100,000 Class of 1983 gift.

The third contract on this project was for the installation of two outdoor computerized message centers to promote activities at the Iowa State Center. Bids were received at the same time on that contract. The four bids received did not satisfy the university's requirements for the capability of the computerized boards. The board was asked to reject those bids. The university is carefully reviewing the technical requirements of the message centers and will reconfigure the project to obtain the desired technical capabilities within the available budget.

ACCEPTANCE OF COMPLETED CONSTRUCTION PROJECTS

The university reported acceptance of one construction project--Utilities--Campus Distribution Switchgear--Foundation and Structure.

MOTION: Mr. VanGilst moved that the board approve the Register of Capital Improvement Business Transactions as submitted. Mr. Duchon seconded the motion, and it passed unanimously.

TRANSFER OF PROPERTY--RAILROAD RIGHT-OF-WAY. The Board Office recommended the university be authorized to accept transfer of title of property from the Iowa Crops and Soils Research Foundation and the Committee for Agricultural Development at no cost to the university.

The university requested permission to accept two contiguous tracts of abandoned railroad right-of-way. One of the tracts is in Boone County and the other is in Story County. The university noted that acquisition of the property would permit increased security over the research areas.

The right-of-way is approximately 100 feet wide and bisects the Agronomy Research Center in Boone County and the Agronomy Farm in Story County. The Boone County tract was purchased by the Iowa Crops and Soils Research Foundation and the Story County tract was purchased by the Committee for Agriculture Development. These organizations proposed to transfer ownership to the university without cost. Quit claims deeds for each property have been filed. These two parcels will be used for agronomy research.

MOTION:

Miss VanEkeren moved the board authorize the university to accept transfer of title of property from the Iowa Crops and Soils Research Foundation and the Committee for Agricultural Development at no cost to the university subject to approval of the State Executive Council. Mrs. Anderson seconded the motion, and upon the roll being called, the following voted:

AYE: Anderson, Duchen, Greig, Harris, McDonald, VanEkeren, VanGilst.

NAY: None.

ABSENT: Murphy, Tyler.

FIRM POWER AND ENERGY PURCHASE AGREEMENTS WITH THE CITY OF AMES. President McDonald stated that this item would be deferred by general consent of the board.

TELECOMMUNICATIONS RATE STRUCTURE. The Board Office recommended approval of the telephone rate structure at Iowa State University.

The board previously approved the acquisition of a new telecommunications system at Iowa State University and sold bonds to finance the new system. At the end of November, cut-over from the old to the new system will begin for a part of the campus. The remainder of the campus will begin the cut-over process on December 26, 1985.

The university evaluated costs of the new system and structured a rate of charge system for the voice communication portion. Annual revenue of \$2,434,887 is expected based upon a standard charge of \$17.50 per month for dial tone and \$1.00 per month for basic phone rental. Higher cost phone instruments with additional features would be available at additional cost. The basic telephone service includes touch-tone capability, five-digit dialing on campus, access to discount long distance service, 3-party conferencing, on-campus callback and several other features not now available.

The university indicated that the rates of charge and associated services were developed in conjunction with university students, faculty and staff. The rates and services have been discussed with the staff of the Department of General Services Telecommunications Division and staff of the Iowa Commerce Commission. At both agencies, it was indicated to the Board Office

that Iowa State University students, faculty and staff are getting a considerable bargain for the level of service and features made available to them.

The university indicated that additional rate structures for data services would be presented to the board when they are completed by the university.

MOTION: Mr. VanGilst moved that the board approve the telephone rate structure as proposed by Iowa State University. Mrs. Anderson seconded the motion, and it passed unanimously.

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

UNIVERSITY OF NORTHERN IOWA

The following pertaining to the University of Northern Iowa was transacted on Wednesday, November 20, 1985.

APPOINTMENTS. Approval of the following appointments was recommended:

Dr. Jerry D. Stockdale as Acting Dean of the College of Social and Behavioral Sciences and Professor of Sociology at a salary of \$46,670 on a nine-month basis, effective immediately.

Dr. Ervin A. Dennis, from Professor of Industrial Technology to Professor and Acting Head, Department of Industrial Technology, for the spring semester, 1986, while Dr. Ronald Bro, the current Head, is on leave of absence as a Fulbright Scholar to Egypt. Salary for the semester--\$18,014.

MOTION:

Mrs. Anderson moved that the board approve the appointments as outlined above. Dr. Harris seconded the motion, and it passed unanimously.

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

IOWA SCHOOL FOR THE DEAF

All business of the Iowa School for the Deaf was approved from the consent docket.

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

IOWA BRAILLE AND SIGHT SAVING SCHOOL

All business pertaining to the Iowa Braille and Sight Saving School was approved from the consent docket.

Mr. Greig stated he had had some telephone calls concerning the possibility of consolidating the Iowa School for the Deaf and the Iowa Braille and Sight Saving Schools.

Mr. Richey stated there would be a preliminary report to the board at its December meeting concerning the possibility of such consolidation. He added in the meantime, a task force chaired by Director Barak was formulated to study all aspects of a consolidation. He went on to say that it was difficult to give firm answers at the moment and that the various constituencies of the school--parents, employees, legislators and the community--would be given priority attention by the task force. The specific recommendations to the board in December would relate to educational program implications, physical plant implications and employee implications. There may also be an answer concerning an alternate use of the IBSSS facility available at that time. He indicated that the savings realized from the consolidation would be about \$1 million in operating funds after the first year following the move. Savings in the first year would be minimal because of the expenses involved in the move and the refurbishing of the ISD facility to accommodate blind students.

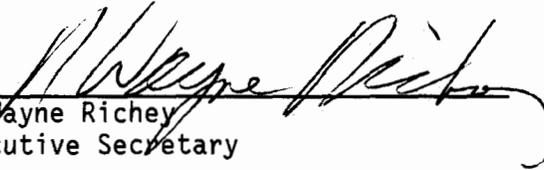
Mr. Richey stated that the recommendation for consolidation of the two schools had been studied by various study groups over the past several years. He added there was a possibility of an alternate use of the facility in that community that would have an equal or greater economic value to that community and also offer significant employment possibilities to many of the employees of IBSSS. He indicated that many of the employees would be transferred with the programs if they would so desire. He stated that the board would be kept informed as the study progressed.

Dr. Harris stated that aside from all the studies and all recommendations, any consolidation of the two schools would require legislative action.

President McDonald asked that both schools cooperate fully with the task force in completing the study.

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

ADJOURNMENT. The meeting of the State Board of Regents adjourned at 3:50 p.m. on Wednesday, November 20, 1985.


R. Wayne Richey
Executive Secretary