

The State Board of Regents met at the University of Northern Iowa, Cedar Falls, Iowa on Thursday and Friday, October 20-21, 1977.

	<u>October 20</u>	<u>October 21</u>
Members of State Board of Regents:		
Mrs. Petersen, President	All Sessions	All Sessions
Mr. Bailey	All Sessions	All Sessions
Mr. Barber	Absent	Absent
Mrs. Belin	Absent	Absent
Mr. Brownlee	Arr. 9:45 a.m.	Absent
Mr. Harris	All Sessions	All Sessions
Mr. Shaw	All Sessions	All Sessions
Mr. Slife	All Sessions	All Sessions
Mr. Wenstrand	All Sessions	All Sessions
Office of State Board of Regents:		
Executive Secretary Richey	All Sessions	All Sessions
Mr. Abel	Exc. 4:00 p.m.	
Mr. Caldwell	Exc. 4:00 p.m.	
Mr. Grant	Arr. Noon	
Mr. McMurray	All Sessions	All Sessions
Mrs. Mininger	All Sessions	All Sessions
Mr. Volm	Arr. Noon	
Pauline K. Van Ryswyk, Secretary	All Sessions	All Sessions
State University of Iowa:		
President Boyd	All Sessions	Exc. 10:15 a.m.
Vice President Brodbeck	All Sessions	Exc. 10:15 a.m.
Vice President Jennings	All Sessions	Exc. 10:15 a.m.
Assistant to President Mahon	All Sessions	Exc. 10:15 a.m.
Assistant Vice President Small	All Sessions	Exc. 10:15 a.m.
Director Hawkins	All Sessions	Exc. 10:15 a.m.
Director Tobin	All Sessions	Exc. 10:15 a.m.
Iowa State University:		
President Parks	All Sessions	Exc. 10:30 a.m.
Vice President Christensen	All Sessions	Exc. 10:30 a.m.
Vice President Hamilton	All Sessions	Exc. 10:30 a.m.
Assistant to President Henry	All Sessions	Exc. 10:30 a.m.
Assistant Vice President Madden	All Sessions	Exc. 10:30 a.m.
University of Northern Iowa:		
President Kamerick	All Sessions	All Sessions
Provost Martin	All Sessions	All Sessions
Vice President Stansbury	All Sessions	All Sessions
Vice President Voldseth	All Sessions	All Sessions
Director Kelly	All Sessions	All Sessions
Iowa School for the Deaf:		
Superintendent Giangreco	All Sessions	
T.M. Szemplenski, Coordinator	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 Thursday, October 20, 1977.

APPROVAL OF MINUTES OF SEPTEMBER 15-16, 1977 MEETING. The minutes of the September 15-16, 1977 Board of Regents meeting were approved as corrected.

COMMITTEE ON EDUCATIONAL COORDINATION. There were no items presented the board by the Committee on Educational Coordination.

REPORT ON ENROLLMENTS, 1977. The board was presented the first of two reports that it will be receiving regarding enrollment at the Regents' institutions in the fall of 1977. The first report contained fall headcount and full-time equivalent enrollment for the three state universities for fall of 1977. Next month the board will receive a report concerning enrollment at the Regents' universities by academic program, a report on the enrollment at the Iowa School for the Deaf and the Iowa Braille and Sight Saving School, and a report on postsecondary education in Iowa.

The Board Office reported that headcount enrollment at all three Regents' universities increased this fall. At the University of Iowa there was an increase of 373 students, at Iowa State University an increase of 972 students, and at the University of Northern Iowa an increase of 643 students. The total number of students enrolled for fall 1977 are 22,766 at the University of Iowa, 22,803 at Iowa State University, and 10,342 at the University of Northern Iowa. The undergraduate enrollment at the University of Iowa increased at all levels except the junior level where there was a 121 student decrease. Graduate enrollment totals, which include law at the University of Iowa, decreased by 48 students, while first professional enrollment increased by 38 students.

Iowa State University's undergraduate enrollment increased at all levels except the junior level where there was a slight decrease of 11 students. Iowa State's graduate and first professional enrollment both increased by 40 and 27 students, respectively.

At the University of Northern Iowa headcount enrollment increased at all levels of undergraduate and graduate enrollment.

The Board Office noted that the largest increase at all three universities occurred at the freshman level. The University of Iowa's freshmen increased by 182 over 1976, Iowa State University's 413, and the University of Northern Iowa's 346 over the previous year's enrollment.

The Board Office reported that full-time equivalent enrollment increased at all three universities. The University of Iowa's full-time equivalent enrollment increased by 195, Iowa State University's increased by 578, and the University of Northern Iowa increased by 487.

Regent Shaw commented with respect to upper and lower division enrollments at the three state universities. He said he noticed that the University of Iowa had about the same number of students in the upper division as in the lower division whereas the University of Northern Iowa had close to 60% more students in the lower division than the upper division. He said it appeared that Iowa State University lower division was 15% larger than the upper division. In response, President Petersen attributed part of that diversion to the fact that the missions of the institutions are different. She provided an example that the University of Iowa figures reflected the preprofessional, professional, and graduate mission in contrast to the University of Northern Iowa. President Kamerick added, however, that it is very difficult to make any kind of generalization of facts through the figures.

In absence of objections, President Petersen accepted the fall enrollment report for 1977 for the board.

ACCREDITATION REPORTS. A. Accreditation of the Doctoral Training Program in Counseling Psychology at Iowa State University. The board was requested to accept a report on accreditation on the Iowa State University doctoral training program in counseling psychology.

The Board Office reported that Iowa State University was notified by the Committee on Accreditation of the American Psychological Association that it has voted to continue the doctoral training program in counseling psychology on a full approval status. It was indicated that this action was taken after review of the 1975-76 annual report on the program and other information submitted in the past.

In absence of objections, President Petersen accepted the report on accreditation on the Iowa State University doctoral training program in counseling psychology.

B. Accreditation of the Doctoral Training Program in Clinical Psychology at the University of Iowa. The board was requested to accept a report on accreditation of the doctoral training program in clinical psychology at the University of Iowa.

The Board Office reported that the American Psychological Association's Committee on Accreditation voted to continue the doctoral training program in clinical psychology at the University of Iowa on a full approval status. The letter received from the association noted that a routine visit to the program is due and will be arranged during the coming year.

In absence of objections, President Petersen accepted the report on accreditation of the doctoral training program in clinical psychology at the University of Iowa.

ANNUAL REPORTS OF AFFILIATED ORGANIZATIONS. Mr. Richey stated that heretofore the board has required the docketing of annual reports of affiliated organizations. Mr. Richey suggested that the annual reports be sent directly to members of the board in the future as they are fairly routine matters. He recommended the respective institutions continue sending such reports to the Board Office which, in turn, will review them and send them on to members of the board. If the Board Office discovered anything unusual in the reports, they would be docketed for the board's discussion instead of being mailed out.

In absence of objections, President Petersen reported that annual reports of affiliated organizations would be routinely mailed from the Board Office to board members unless unusual circumstances provided need for board discussion in which case the reports would be docketed.

IOWA COORDINATING COUNCIL FOR POST-HIGH SCHOOL EDUCATION MEETING. The board was requested to approve the following:

- 1) the proposed legislation for the regulation of in and out-of-state postsecondary education institutions in Iowa, and
- 2) the proposed "Statement of Cooperation" developed by the Iowa Coordinating Council for Post-High School Education with the changes noted below.

The Board Office reported that the October meeting of the Iowa Coordinating Council for Post-High School Education took place on October 6 at the Grimes State Office Building. There were three items of major significance discussed: adoption of the proposed legislation for regulating in and out-of-state institutions for postsecondary education in Iowa, a proposed statement of cooperation between the various segments of postsecondary education in Iowa, and a report on some recent reciprocity discussions including a proposed Midwest Regional Compact.

Proposed Legislation on the Regulation of In and Out-of-State Postsecondary Education Institutions in Iowa. The Board Office reported that at the October meeting the Coordinating Council received a report by one of its committees concerning the regulation of in and out-of-state postsecondary educational institutions in Iowa. After reviewing the problems created by the nonregulation of institutions in Iowa, the committee concluded that the perceived problems could best be solved by state regulation that insured students and the public access to basic information about courses in institutions without attempting to limit, through state regulation, the nature and variety of educational experiences available in Iowa. The board was presented a proposed statute drafted by the committee providing for the registration of institutions with the state and the disclosure of students of basic information about the institution and the course in which the student enrolls. The registration process would require disclosure to the public of information about the institution for the benefit of students and those members of the general public who may wish to learn about an institution.

Regent Shaw expressed dissent with the motion by saying he felt the proposed legislation was attempting to solve everything by legislation and eventually the board is "going to get hooked" with some of these matters itself. He said he would rather see fraud dealt with as fraud. He said he viewed the matter as one which should be dealt with by consumer protection agencies. He said the exemption standards appear to be a type of "patchwork kind of exemption" and suggested all schools under the North Central Association be exempt rather than the four-year institutions which aren't accredited.

In response to Regent Shaw, Regent Harris said he felt the proposed legislation would better inform persons who planned to enroll in certain courses. President Petersen added that it is more difficult to utilize the fraud concept unless disclosure is required. President Parks added that by putting facts in formal writing, "fly-by-night" programs would be inhibited. President Petersen noted that it would minimally interfere with institutions but would still speak in a responsible way to the concern expressed by a variety of institutions.

Regent Bailey reported that Section 713A of the Code is a type of fraud statute. He noted, however, that that section tends to mislead the prospective student in that in order to register with the Secretary of State's Office, it is not required that the institution be accredited. He said the proposed legislation could help the merits of that statute. Regent Bailey said that the proposed legislation requires the Secretary of State to publish a list of registered institutions annually. A student viewing that list is going to give some sense of confirmation to the quality of the courses being provided even though the institution does not have to be accredited to be on the list. Regent Bailey commented that if accreditation is not required, Section 109 of the Code should be revised to require that information regarding accreditation goes out to the prospective student simultaneous with his or her obtaining the registered list.

Another concern expressed by Regent Bailey involved the present non-inclusion of the general public, the consumers, on the advisory committee of the Iowa Coordinating Council for Post-High School Education.

President Boyd said that while he didn't believe that an accredited program is necessarily better than an unaccredited program, that information is relevant information for students. In effect, President Boyd said any unaccredited program would be exempt from the statute and only accredited programs would have to disclose and that would not be as worthwhile as the notion that all programs be required for disclosure.

Regent Bailey stated he was in favor of getting "something on the books" to show that students are getting quality education in the state. Regent Bailey said he wasn't sure, however, that the motion before the board would accomplish that.

The Board Office indicated that the draft statute proposes that schools operating in Iowa register with the Office of the Secretary of State. Only institutions, not courses, are registered. The committee proposed that this registration responsibility be placed in the Office of the Secretary of State for the following reasons: 1) the Secretary of State already registers Iowa corporations and out-of-state corporations doing business in Iowa and already makes certain information about corporations available to the public; 2) placement of that responsibility in the Secretary of State's Office underscores the fact that this legislation contemplates no substantive review of the content of postsecondary educational programs. The discretion given to the Secretary of State is limited to determinations about the accuracy and completeness of information provided in the registration.

The Board Office stated that there have been numerous reports noting the need for this kind of legislation. In 1974, the Federal Trade Commission, prompted by numerous abuses, promulgated rules relating to proprietary vocational and home study schools. The rules were developed to "protect consumers from deceptive practices in the sprawling proprietary school industry," according to the commission's Bureau of Consumer Protection. At the same time, numerous states which had not already provided any licensing/approval activities began to establish regulatory agencies for private and proprietary degree-granting in nondegree-granting institutions. According to a 1976 report, only eight states had no regulation of degree granting institutions and only two states did not regulate non-degree granting institutions. The Board Office said that since this report was issued, it understands that at least half of the eight states not regulating private degree-granting institutions in 1976 have either approved regulatory legislation or are in the process of doing so.

The Board Office noted the following kinds of abuses which prompted all this regulatory activity for postsecondary education institutions taken from a 1976 report by the National Association of Attorneys General:

- A. Trade or Vocational Schools. This category represents 60 percent of the reported fraudulent practices in postsecondary education, with a particularly high number of law suits in the following areas: charm and modeling schools; real estate licensing schools; schools teaching health care skills; and tractor-trailer schools. Of the above, the majority of complaints involved tractor-trailer schools. Bogus trade schools generally induced student enrollment by deceptively advertising attractive facilities and misrepresenting job opportunities for their graduates.
- B. Diploma Mills. Twenty percent of reported law suits pertaining to postsecondary education involved "diploma mill" schemes in which firms sell certificates or degrees signifying academic achievement at educational institutions describes as "state colleges" or "universities." For example, a Kentucky institution was sued because it represented that it offered "high quality education at the lowest possible price." In fact, it offered high school diplomas for \$100; an associate of arts degree for \$150; a master's degree for \$200; and a doctorate for

\$250. A 20 percent discount was provided if an individual applied for more than one degree at the same time. Kentucky's Attorney General successfully enjoined the above practices.

- C. Correspondence Schools. Approximately 14 percent of the educational suits received by the National Association of Attorneys General involved this category which emphasizes a home study approach. Typically, courses are misrepresented as increasing the chances of high scores on civil service examinations. Some companies which offer educational courses use names that falsely suggest government affiliation or sponsorship.
- D. Term Papers. Representing about 6 percent of consumer law suits in postsecondary education, this area seems least troublesome for attorneys general.

It was reported that based upon lawsuits filed by Attorneys General, both trade schools and diploma mills are the most frequently cited problems. The specific types of deceptive practices identified by the Attorneys General Association included false or misleading affiliation or sponsorship, misrepresentation of the agency's status, deceptive advertising, misleading job opportunities, misrepresentation of the high admission and graduation standards of the program, grants-in-aid which actually were loans, not honoring refunds to dissatisfied consumers, and false claims of accreditation.

The Board Office indicated that it appears that the best time for introducing such regulatory legislation is before there have been unfortunate incidents in which unscrupulous persons have deceived Iowa student consumers. It would also seem imperative that the Iowa Coordinating Council for Post-High School Education be the group to propose such minimal regulatory activity. The Coordinating Council's leadership would indicate the concern of responsible postsecondary educational institutions for the rights of student consumers. If the Coordinating Council is not supported in this activity, it is quite likely that other agencies which are anxious to increase their influence and responsibilities for postsecondary education will take over that leadership.

The Board Office strongly approved the adoption of this statute. The legislation proposed by the Coordinating Council seems to provide an effective response to the concerns and abuses noted above. In addition, it is consistent with the guide for fair practices recently adopted by the American Council on Education. The Board Office also felt that the Secretary of State's Office, in cooperation with its advisory committee and/or the Iowa Coordinating Council for Post-High School Education, would be the best vehicle for providing information to parents, prospective students, and others seeking such information in Iowa. This information could be provided in the form of an annual listing of registered postsecondary institutions.

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MOTION:

Mr. Harris moved the board approve the concept of the proposed legislation approach for the regulation of in and out-of-state postsecondary education institutions in Iowa by the disclosure method through the Secretary of State's Office with the concerns expressed by the various board members carried forward for further discussion by the Coordinating Council. Mr. Slife seconded the motion.

Assistant to President Mahon noted that Section 713A of the Code requires a \$50,000 surety bond to be filed for corporations for profit that meet the specific definitions as well as requires the filing of a copy of the catalog. Regent Bailey said he felt the last provision regarding course exemption should be eliminated, not exempting anyone from the provisions of this civil type of statute.

President Boyd noted that Regent Bailey's concerns would be expressed to the Coordinating Council. He noted that the proposed legislation, if the motion passed, would come back to the board from the Coordinating Council in a revised form. Regent Bailey accepted President Boyd's affirmation of the legislation being in draft form and then concurred with the motion. He emphasized that he did not want the Coordinating Council to get the feeling that the board "approved" the proposed legislation as it now stood. He added that the necessary facts must be made known to prospective students.

VOTE ON MOTION:

The motion passed with all members voting aye with the exception of Regent Shaw, who voted nay.

Proposed "Statement of Cooperation." The Board Office reported that the proposed "Statement of Cooperation" was developed by a committee of the Iowa Coordinating Council for Post-High School Education in response to the council's desire to develop a statement which encompassed the feelings of cooperation which exist between the various segments of post-secondary education in Iowa. This statement also expressed the desire that postsecondary education in Iowa be coordinated through the Coordinating Council.

The Board Office stated it felt that the "Statement of Cooperation" with the modifications presented below would be an acceptable statement from the Board of Regents' perspective. It was noted that President Boyd wrote to the chairman of the committee suggesting the following changes:

Page 1, Item 2

President Boyd disagreed with the philosophy in this section because he stated he is so convinced that liberal education is the best career education. He noted the importance to continue to mix liberal and professional studies in that it would be a major mistake to move away from liberal studies at this time.

Page 2, Item 4

President Boyd recommended emphasis of the need for federal concern in the area of institutional grants as well as financial assistance. He commented that while this item pointed out the importance of institutional aid, he questioned whether we have ever really had much institutional aid from the federal government.

Page 2, Item 6

President Boyd suggested the word "bureaucracy" be changed for a better word in view of the thought that sometimes the term "bureaucracy" is sometimes used inappropriately as meaning a criticism. Regent Harris suggested the term "governmental agency" be used. In Line 2, President Boyd recommended the word "management" be deleted with "operations" placed in substitution of same. President Boyd noted that Line 4 makes a very important point and, perhaps, a strong case for governmental regulation of universities since, for too long, we did not address the needs of minorities and women. He wondered if this item should be treated in some other way since the argument was not against governmental efforts in affirmative action, but at excessive regulation of colleges and universities.

Page 3, Item 5, Line 3 and Line 6

President Boyd suggested the word "managers" be stricken as a non-academic term. He also suggested the addition of the word "faculty" in Line 6 so that it would read "faculty and staff dollars." President Boyd also commented that fuel should be indicated as a skyrocketing cost problem.

Page 4 (Voluntary Cooperation), Line 7

President Boyd suggested the words "and serve students" follow the word "problems" in the middle of the sentence.

Page 6

President Boyd indicated that the last paragraph might be stated more elegantly without using cliches such as "super board."

MOTION:

Mr. Harris moved the board approve the proposed "Statement of Cooperation" developed by the Iowa Coordinating Council for Post-High School Education with the changes recommended by President Boyd incorporated. Mr. Shaw seconded the motion.

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President Boyd encouraged the board to return the proposed statement "back to the drawing board," namely, the committee of the Iowa Coordinating Council for Post-High School Education that drew it up originally. He solicited suggestions from the board members.

WITHDRAWAL OF MOTION: Regent Harris and Regent Shaw then withdrew the motion on the floor.

MOTION: Mr. Harris moved the board send the proposed "Statement of Cooperation" back to the Coordinating Council for Post-High School Education for restudy along with the suggestions expressed above. Mr. Shaw seconded the motion.

Regent Harris reiterated President Boyd's concern about the need for general or liberal education. Being more specific, Regent Harris said reading and writing skills are very important. He said that reading and writing skills should have been taught to students earlier than the college stage but unfortunately that is not always the case. Recognizing that those skills have not been properly taught, the Regents' institutions must make up some of those deficits in a short period of time. Regent Shaw reiterated Regent Harris' remarks. Regent Bailey said the most important aspect of a general or liberal type education is to teach a person to analyze, think for himself, etc. He added that colleges shouldn't give college credit for high school level work.

Regent Bailey said he got an indication from the proposed statement that the survival of the institution is the goal rather than the institution serving the need of the citizenry. He said there may be some implications involved there and requested that be studied further.

VOTE ON MOTION: The motion passed unanimously.

HIGHER EDUCATION FACILITIES COMMISSION MEETING. Regent Bailey orally reported on the last Higher Education Facilities Commission meeting of October 10, 1977. He said the commission discussed the Financial Aid Training Program which is a training program for financial aid officers around the state in postsecondary education. Regent Bailey said a contract has been let with the State University of Iowa to develop a program. The first area needing attention is that of need analysis and it is hoped that a packet of instruction for enlightenment of financial aid officers will be soon available.

Regent Bailey reported that another item on the Higher Education Facilities Commission's agenda involved the proposal to change the commission's name to the Iowa Postsecondary Assistance Commission. He noted that the commission agreed on this change in name and the matter will now be left up to the legislature and Governor.

Mr. Richey asked if there is any proposal that the Governor's executive designation of that agency as a 1202 Commission should be a statutory designation. Regent Bailey indicated that there has been no conversation along that line. Mr. Richey suggested that that possibility be watched closely because it could amount to a significant change.

Regent Bailey raised discussion about the Tuition Grant Program by saying tuition grants are really related to the private schools so the board isn't directly involved but the present program calls for a \$500,000 limitation on tuition grants to part-time or half-time students. The recommendation of the Higher Education Facilities Commission staff was to seek elimination of that \$500,000 limitation. Regent Bailey noted, however, that his reaction to that recommendation was that the Higher Education Facilities Commission should not seek removal of that \$500,000 limitation because of the feeling that part-time students should have financial support but that support should not be at the expense of full-time students.

President Petersen said Regent Bailey's vote against the \$500,000 should not be misconstrued to mean Regent Bailey opposed support for the part-time student. Regent Bailey reiterated that the dollars and cents were used in such a way that nowhere near \$500,000 was used this past year. He said he was not in favor of asking for more money while cutting back on the actual grant money.

Regent Bailey commented that another legislative request of the Higher Education Facilities Commission is that scholarship money that is not used be kept available for the next biennium rather than reverting same. By keeping the money it would help the mechanics of handling the program.

Regent Harris asked how information pertaining to grants is disseminated to Iowans. Regent Bailey responded by saying high school counselors and advisers are provided such information. Such information is also sent out to the press and all institutions of higher learning in the state. Regent Bailey noted that it is impossible to transmit the information by mail to every high school senior in the state but interested seniors hopefully obtain such information through other means.

It was noted that a meeting was held on October 5 regarding the life-long learning process. Regent Bailey said that the appointed task force will continue to function during the next year.

President Boyd noted that the Higher Education Facilities Commission has a problem about how to proceed with the mini-grant program without the Coordinating Council taking on the various responsibilities.

Regent Bailey distributed a report on the follow-up of a survey made in 1975 recommending what high school seniors were going to do or thought they were going to be doing as far as graduate education is concerned.

Regent Bailey noted that the board doesn't have an official position with respect to tuition reciprocity. He said that the board may want to take a stand on that matter. He noted it has very significant long-range implications for the board's institutions and the private sector. In response to Regent Bailey's remarks, Mr. Richey said the board has taken a very basic and "no compromise" position with respect to tuition reciprocity arrangements and the board has done it for the financial support of the institutions. He said that in some states institutions have to "swallow the additional cost" that it takes for nonresident students. Iowa finds that unacceptable.

Regent Shaw noted that there are two distinct areas the board must concern itself with in respect to reciprocity arrangements: 1) nonresident reciprocity and 2) the ad hoc type of arrangement with veterinary medicine or optometry, for instance.

Regent Bailey said a Nebraska Senator inquired as to whether or not Iowa would be interested in exchanging seats at Iowa's Veterinary College for seats at Nebraska's Medical School at Omaha. Regent Bailey's response to the senator was that he would check into the matter, but he expressed doubt that Iowa would be interested inasmuch as Iowa does not use the seat purchase concept in connection with out-of-state students in its College of (human) Medicine. Regent Bailey further indicated that he had had no indication of an inclination to go in that direction. Regent Bailey noted that most states have a medical school.

Regent Bailey commented that there is a regional proposal involving the states of Nebraska and South Dakota concerning a veterinary medicine school. He reported that South Dakota is not favoring the proposal because Nebraska wishes to have the school placed in Lincoln. Regent Bailey said he was surprised to learn that over 1100 Iowa students are attending the University of South Dakota compared with 300-400 students attending the University of Nebraska. President Boyd noted that there is great sensitivity to the fact that Iowa students enroll in other state's universities. That sensitivity is particularly great in northwest Iowa. Mr. Richey said the reciprocity issue will be further studied by the Board Office.

Regent Bailey reported that he discussed tuition reciprocity with the Governor and the Governor indicated that he didn't really care where students attend school, just so they get a good education. Regent Bailey noted that the Governor's Office is encouraging a study of the reciprocity issue as it affects the state's fiscal situation. President Petersen said perhaps the appropriate agency to study this matter would be the Coordinating Council. Mr. Richey encouraged this matter be studied this year than next year. He added that the Coordinating Council should very seriously address the issue of the Midwest Compact which will be introduced this legislative session.

MOTION:

Mr. Bailey moved the board recommend to the Coordinating Council for Post-High School Education that it undertake a study of the Midwest Compact and tuition reciprocity. Mr. Wenstrand seconded the motion.

President Petersen reported that the board will be receiving various reports on what's happening in the Coordinating Council with respect to these matters in the future.

VOTE ON MOTION:

The motion passed unanimously.

COMPTROLLER'S PLAN FOR PROGRAM BUDGETING FOR 1979-81 REQUEST. The board was requested to form an interinstitutional task group to work with the Board Office and the State Comptroller to analyze the "modified base budgeting" concept and to devise a practical process for the institutions under the jurisdiction of the Board of Regents.

The Board Office reported that the State Comptroller informed all state department heads by memorandum dated September 6, 1977 that the 1979-81 budget "will be building upon the 'modified base budgeting' concept implemented during the 1977-79 budget process. We will be directing our attention towards improved quality and simplification."

The State Comptroller organized a one-day seminar for department heads and budget managers. Mr. Richey reported that the "modified base budgeting" concept utilizes the "zero base budgeting" process. The "zero base budgeting" process may be carried out for programs above a certain base level, such as 80% or 90% of current budget. This is the "modified base budgeting" process to which the State Comptroller referred.

The Board Office reported that the "zero base budgeting" process is based on a program budgeting concept as distinguished from the incremental budgeting process, as practiced traditionally by the state. The current practice of the board is to accept the present funding level as the base and then increment for: 1) inflation and 2) new or expanded programs. Funds are reallocated within the budget base for each organizational unit for their most effective and efficient utilization.

The Board Office indicated that the "zero base budgeting" consists of the following steps:

1. Define program packages for each cost center. Program packages are to be self-contained and not involve other programs so that a decision to include or exclude can be made. Personnel should not be included partially in other programs.
2. Analyze each program package with regard to short and long-range objectives, measures of accomplishment, benefit-cost relationships, schedule, and possible alternatives. Determine cost with predetermined allowance for inflation.
3. Rank program packages in order of priority.
4. Review by next level of management and merge program packages into a single priority listing for several cost centers.
5. Review by higher management with grouping of program packages to facilitate review and decision to include or exclude program packages.

The Board Office stated that a year ago the board submitted to the State Comptroller the document entitled "Budget Request for Fiscal Years 1977-78 and 1978-79 -- Supplement -- Comptroller's Budget Worksheets." The format for this document was based on the above description of the "zero base budgeting" process as modified to the 90% level of the starting base budget.

It was noted that the State Comptroller intends to continue with the modified base budgeting process and refine it to be more effective. Therefore, the board needs to consider how the process can be used most effectively for the institutions under its jurisdiction.

MOTION:

Mr. Harris moved the board form an inter-institutional task group to work with the Board Office and the State Comptroller to analyze the "modified base budgeting" concept and to devise a practical process for the institutions under the jurisdiction of the Board of Regents. Mr. Slife seconded the motion.

Vice President Jennings said the university business officers would most likely be the appropriate group to work with the Board Office and the State Comptroller on this matter. Mr. Richey said the task group proposed may consist of the business officers but because of the economic aspects involved the institutions may want someone else in the group.

VOTE ON MOTION:

The motion passed unanimously.

ALLOCATION OF APPROPRIATIONS FOR FEDERAL FUNDS LOSSES. The board was requested to approve the following actions:

- 1) That the \$1.3 million appropriation for federal funds losses in 1977-78 for the health colleges be allocated in the amounts of \$1,136,420 and \$163,580 to the University of Iowa and Iowa State University, respectively.
- 2) That the \$1,136,420 for the University of Iowa and \$163,580 for Iowa State University for federal funds losses in 1977-78 for the health colleges be incorporated in the budgets to establish revised budget ceilings of \$95,517,513 and \$79,815,496 for the University of Iowa and Iowa State University, respectively.
- 3) That appropriations of \$356,000 be requested for federal funds losses in 1978-79 for the health colleges.

The Board Office reported that Senate File 301 provides for the following:

Sec. 2. There is appropriated to the state board of regents for the fiscal year beginning July 1, 1977 and ending June 30, 1978, the sum of one million three hundred thousand (1,300,000) dollars, or so much thereof as is necessary, to replace losses of federal funds by the colleges of dentistry, medicine, veterinary medicine, pharmacy, and nursing. The state board of regents shall allocate necessary funds appropriated by this section to the appropriate institution in order to supplement existing appropriations for the loss of federal funds. It is intended that the appropriation made by this section is to

supplement existing funds appropriated which are related to educational and capitation grants and such funds are not to be used for solely sponsored research grants to the institutions.

The Board Office reminded the board that at its July 1 meeting it was decided to delay budgeting the \$1.3 million for federal funds losses to consider funding losses which were incurred in 1976-77 but unfunded for 1977-78. For Iowa State University the actual losses incurred in 1976-77 amounted to \$559,055 which were funded in the amount of \$536,311. However, the funding in the budget base for 1977-78 provided for only \$334,977. Of the actual losses, Iowa State University proposed to budget \$498,580 to be supported by \$335,000 in the budget base and \$163,580 from state appropriations for federal funds losses. The \$163,580 was specified for veterinary medicine capitation losses which occurred in 1976-77. The University of Iowa concurred with Iowa State University in desiring to use the appropriation of \$1.3 million to cover unfunded losses in 1976-77, carrying over into 1977-78.

It was decided to defer consideration of the matter to the October board meeting in order to obtain more accurate estimates of losses for 1977-78 and to further consider the possibility of allocating from the \$1.3 million appropriation to cover unfunded losses from 1976-77.

The Board Office went on to say that the allocations for 1976-77 which were carried forward in the budget base for 1977-78 covered only \$2 million of the \$2,835,352 of actual losses in 1976-77. With additional 1977-78 health college losses of \$683,342 this leaves a balance of \$1,518,694 of unfunded losses before allocating state funds for 1977-78. The Board Office proposed to allocate \$163,580 for Iowa State University as requested by the institution and the remaining \$1,136,420 to the University of Iowa. It was noted that legislation states that funds can not be allocated to the University of Northern Iowa because they are restricted to health college application. Total unfunded losses including non-health college losses would amount to \$237,247, \$176,441 and \$150,491 for the University of Iowa, Iowa State University, and the University of Northern Iowa, respectively, for a total of \$564,179.

In view of the substantial reduction in health college losses from the estimate early in calendar 1977 and the proposed application of the \$1.3 million in appropriations specifically to health colleges, Mr. Richey recommended allocation of the funds in the amount of \$1,136,420 to the University of Iowa and \$163,580 to Iowa State University. This leaves the unfunded losses for both health colleges and non-health colleges reasonably distributed among the three universities.

It was noted by the Board Office that the allocation of state funds to cover the federal funds losses needs to be incorporated in the budgets of the University of Iowa and Iowa State University. The addition of the \$1,136,420 and \$163,580 raises the budgets for the University of Iowa and Iowa State University to \$95,517,513 and \$79,815,496, respectively.

The Board Office reported that the estimated losses for 1978-79 amount to \$356,000 which consist of \$25,000 for the College of Nursing and \$331,000 for the College of Veterinary Medicine for anticipated capitation grant losses. It was understood that the congressional priority

for retaining the capitation programs are lowest among the various health colleges for veterinary medicine and nursing. Accordingly, it was recommended that \$356,000 be requested for appropriations for 1978-79 for the health colleges.

Mr. Richey reminded members of the board that it had losses last year of \$2,835,000 and only \$2 million was included in the base appropriation of the Board of Regents' budget.

Mr. Richey commented that while the estimates of the federal funds losses are fairly firm at this time, the motion should reflect the principle that funds should be reverted into the control account in the case of discontinued programs for the allocation of losses in this year that may not occur.

MOTION:

Mr. Slife moved the board: 1) allocate the \$1.3 million appropriation for federal funds losses in 1977-78 for the health colleges in the amounts of \$1,136,420 and \$163,580 to the University of Iowa and Iowa State University, respectively; and 2) incorporate the \$1,136,420 for the University of Iowa and \$163,580 for Iowa State University for federal funds losses in 1977-78 for the health colleges in the budgets to establish revised budget ceilings of \$95,517,513 and \$79,815,496 for the University of Iowa and Iowa State University, respectively. Mr. Shaw seconded the motion and it passed unanimously.

Mr. Richey said the Board Office recommendation that appropriations of \$356,000 be requested for federal funds losses in 1978-79 for the health colleges would be acted on in another docket item.

REVIEW OF INSTITUTIONAL OPERATING BUDGET REQUESTS FOR 1978-79.

A. Review of Institutional Operating Budget Requests for 1978-79.

The Board Office stated that the State Comptroller issued a memorandum dated September 1, 1977, which set forth 1978-79 supplemental budget procedures. The memorandum states the policies for adjustments that will be transmitted to the General Assembly are:

1. Compensation and benefit provisions for state employees enacted by the 1977 session of the 67th General Assembly.
2. Legislation enacted by the 1977 session of the 67th General Assembly requiring funding, which the Governor did not recommend but subsequently approved and will continue to support in fiscal year 1978-79.

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3. Funding requirements resulting from extraordinary circumstances. (This would be a cost which results from something over which the department has little or no control or for which there might be additional necessary expenses.)

The Board Office added that that memorandum also set forth the supplemental budget work sheets to be used which require the budget information in a program format, similar to the information provided a year ago. It was noted that individual program adjustments are to be relatively small and are to be listed in order of priority. In view of these instructions, the institutions limited their requests to the previous request of the Board of Regents or a portion thereof for each of the traditional budget categories.

The Board Office recommended an even more conservative approach than the institutions after studying the economic conditions including trends in the balance of the state General Fund as estimated for 1978. The balance on June 30, 1976 was \$207 million and was \$130 million on June 30, 1977. It is estimated to be \$40 million on June 30, 1978. Even though the first quarter of fiscal 1978, compared with the first quarter of fiscal 1977, indicates a 9.9% increase in revenue, it is feared that a poor farm economy may contribute to revenues below the earlier prediction of an increase of 7.6%. Accordingly, the Board Office proposed that the increase in appropriations of \$16,826,000 proposed by the institutions be reduced to \$12,449,000. These figures are over that included in the Governor's recommendation of \$211,594,000.

Mr. Richey presented orally the following list of additions to the Governor's recommendation for 1978-79 in the order of priority and the appropriations to support each.

Priorities and Amounts of Appropriation Increases for 1978-79

	<u>Appropriation</u>
1. Annualization of Merit Salary Increases in 1976-77	\$ 1,845,000
2. Other Salary Adjustments	1,503,000
Subtotal - Salary Base Adjustments	\$ 3,348,000
3. Federal Funds Losses (Maintain Base)	1,300,000
4. Base Adjustment for Iowa State University	1,000,000
5. Transfer of Standing Appropriation to Psychiatric Hospital (Mental Health Research Fund)	75,000
6. Enrollment Increase Costs	1,987,000
7. General Expense	903,000
8. Equipment	282,000
9. RR&A	363,000
10. Library Books	99,000
11. Special Needs - Opening New Buildings	60,000
Subtotal - Items #1 through #11	\$ 9,417,000
12. Special Needs - Computer Operations	1,144,000
13. Special Needs - Other	1,532,000
14. Federal Funds Losses - 1978-79	356,000
Total	\$ 12,449,000

B. Expectation of Economic Conditions. The Board Office reported that an attempt was made to review current information on the economic outlook as it may affect the budget for the board's institutions for 1978-79. That review included a review of the state revenue projections and collections as prepared by the State Comptroller's Office. Projected inflationary expectations through July 1979 were provided as estimates of the Wholesale Price Index and the Consumer Price Index.

The following summary of conditions was presented the board:

State Revenue: Projected increase estimated at 7.6%
 for 1977-79 biennium (subject to revision).

Consumer Price Index and Wholesale Price Index 1977-78 and 1978-79:
 Projected estimates of 6.5% and 6.0% for
 1977-78 and 7.0% and 6.5% for 1978-79.

Wholesale Price Index - Industrial Commodities less fuel - 1977-78
and 1978-79:
 Projected estimates of 5.5% and 6.0%.

Mr. Richey reported that the budgeting procedures this year are exceedingly complex. He said a lot of things have happened since the biennial request was made by the Regents. The salary policy has been determined for the second year of the biennium and the money provided, in part, to implement those policies in terms of increases required. However, the board doesn't have a base appropriation for the second year of the biennium. He added that the board's situation was complicated by the fact that money provided in House File 634 for salaries for the second year of the biennium is several million dollars short of implementing those policies.

Mr. Richey said that the first quarter's actual receipts to the State General Fund were 10% greater in revenue than the first quarter last year. However, farm prices are down and farm production is hurt because of the drought. These factors are causing concern as to the effect of state revenues for this year and next year. Recent estimates of revenues by the State Comptroller reflect anticipated growth of about 7%.

Mr. Richey reported that the board has unusual needs that cannot be met within a 7% growth rate. He said \$1.3 million for federal fund losses, not provided in the Governor's recommendation, will have to be provided to maintain the current year's level. He said the board has before it a proposal to increase the Governor's recommendation by \$12,449,000 in appropriations which would be in addition to what the Governor has already recommended. That represents a 14.8% increase over appropriations for the current year including the \$1.3 million for federal funds losses. That's about twice the anticipated rate of growth in the state's revenue for the period. That figure cuts the institutional request by \$4.8 million. Mr. Richey expressed concern that the size of growth in state appropriations that's implicit in the Board Office's recommendation.

Regent Bailey asked if the Governor is going to hold budget hearings as it has in the past. Mr. Richey said he didn't know.

Mr. Richey pointed out that the figures the institutions proposed for the second year of the biennium were quite close to what the board authorized as a request for the second year of the biennium. Mr. Richey called the consideration now being given the budget for the second year of the biennium a review of the board's current request. He said it should not be construed as a new request. Mr. Richey recommended the board revise its request in light of what happened last legislative session and in terms of the Governor's action on some of the board's requests.

Mr. Richey said the "quality improvement" factor in terms of the Board Office's recommendation amounted to 1% of the increase. He noted it was primarily in the computer areas and upgrading of academic programs. Regent Shaw expressed concern about the quality of education without adequate funds.

President Parks said he was in sympathy with Mr. Richey's description of economic circumstances but said the informal group which worked on institutional askings provided very conservative institutional requests to the board. Mr. Richey agreed, saying that last year an increase of 10% to 12% was requested for general expense the second year of the biennium to overcome a 15% loss in purchasing power. The institutions have cut that request to 6%. He noted that the legislature cut the RR&A formula recommended by the board significantly, also. He said that the institutions were not, in any way, requesting anything other than very serious needs.

President Parks commented that the interinstitutional group aimed at maintaining a budget rather than increasing it with the exception of a few items in special needs. President Parks said the Board Office's

suggested inflation figure of 6% on library books was understated, according to the institutional librarians, although the universities also recommended 6%.

C. Supplemental Budget Request for Salaries and Benefits for 1978-79.

The board was requested to approve the institutional request for salaries and benefits for 1978-79 to be supported by additional appropriations of \$3,348,000 over the Governor's recommendation and House File 634.

The Board Office reported that during the last session of the General Assembly appropriations and policy for salary increases were determined in the special session of the legislature for both years of the biennium. Adjustment included mandated cost-of-living increases, merit raises, increases in state contribution to health insurance programs, and other specific benefits. The increases in salaries and benefits and related funding thereto were contained in House File 634, as applied to the various employee groups. The base budget for salaries was not considered in the 1977 session.

It was noted that a supplemental budget request for salaries and benefits was necessary to cover omissions in House File 634 to fund increases in health insurance program costs, annualization of merit step increases, anticipated increases in Social Security contributions, salary increases for employees receiving salaries derived from special needs, and increased costs arising from changes in the wage base since analyzed for the appropriation request.

House File 634 contained \$800,000 for annualization of the 1976-77 merit step increases into 1977-78, but did not continue an appropriation to maintain the budget for the same costs in 1978-79. Similarly, House File 634 did not contain any funds for annualization of 1977-78 merit step increases into 1978-79. Based on institutional calculations, this will require an additional \$997,000 for 1978-79. The \$800,000 included in House File 634 covered only part of the 1976-77 annualization cost. Excluded were \$181,281 for IPERS increases in 1977-78, \$272,963 for FICA increases in 1977-78, and an additional \$74,415 in merit increase funding. During 1977-78 the institutions have absorbed the cost of these increases above the \$800,000 provided in House File 634.

The state contribution to health insurance programs was raised in House File 634. Subsequently, Iowa State University was notified of increases substantially larger than provided in House File 634. In order to adjust to the increased cost level, an additional \$868,000* is required. The Board Office reported that the health insurance increase will be analyzed to ensure that it accurately reflects increased cost.

The Board Office reported that it is anticipated that the federal government will mandate an increase in the contributions to Social Security and the wage base on which it is calculated on January 1, 1978. Funding of \$511,000 is required to cover the additional cost of the increased contribution, based on present law, according to institutional requests.

* Following the board meeting, this figure was found to be in error.

The Board Office reported that salary increases for employees paid by funds derived from special needs approved in 1977-78 were not provided in House File 634 for 1978-79. In order for the institutions to treat these employees the same as other Regents employees, an additional \$186,000 is required for 1978-79.

Mr. Richey noted that the total of the institutional request for increases in salary and benefit related items requires \$3,410,000 in additional appropriations above the Governor's recommendation for 1978-79. It was recommended that the funding for the total institutional increase be supported by \$62,000 in institutional income and the remaining \$3,348,000 by appropriations. The \$62,000 in institutional income is to be used to offset the amount requested for the employer's contribution to FICA.

Mr. Richey called to the board's attention the \$6 million in base adjustment required next year from non-appropriated funds. He noted that is mostly needed for University Hospitals and is financed by private patient income. He noted that this request came to the board at various times last year to increase the budget due to inflation or increased levels of services which were offset by institutional income. He added that the board is always behind with respect to having the University Hospitals reflected in the current budget.

MOTION:

Mr. Slife moved that the board approve the institutional request for salaries and benefits for 1978-79 to be supported by additional appropriations of \$3,348,000 over the Governor's recommendation and House File 634. Mr. Brownlee seconded the motion and it passed unanimously.

D. Fuel and Purchased Electricity Budget Request for 1978-79. The board was requested to approve the fuel and purchased electricity budget request for 1978-79 at the level recommended by the Governor.

The Board Office reported that the budget for fuel and purchased electricity is based on a cost "pass through" concept approved by the legislature. Under the "pass through" concept the expenditure budget for the Regents institutions is established at the appropriation level.

It was noted that based on relative fuel consumption patterns at the Regents institutions, only a very modest amount of gas, about 4% of expenditures, is projected to be burned in 1978-79 at the State University of Iowa. The shift from a relatively inexpensive energy source, principally natural gas, to a more expensive source, largely coal, has contributed to projected increases in the institutional expenditure budgets.

Mr. Richey explained that the Board Office was requesting the board to approve the level recommended by the Governor. Vice President Jennings agreed with the Board Office's recommendation but said it is important that the "pass through" concept be retained. He noted that this recommendation was well below the institutional estimates. He said the University of Iowa will likely come back to the board in the spring of 1979 to ask for more money.

Regent Shaw asked if the board might want to explore some means of implementing something to discover how much savings is actually obtained by using the "pass through" concept. Mr. Richey said this matter will come back to the board again in November with some suggestions on this request.

MOTION: Mr. Shaw moved the board approve the fuel and purchased electricity budget request for 1978-79 at the level recommended by the Governor. Mr. Bailey seconded the motion and it passed unanimously.

E. Supplemental Budget Request General Expense - Other for 1978-79.
The board was requested to approve a supplemental budget increase for General Expense - Other of \$2,633,000 or a 6.0% increase for 1978-79. The 1978-79 budget level requires a \$2,093,000 increase in appropriations after adjusting University Hospitals to account for the private paying patients.

It was noted that the original Board Office recommendation for the 1977-79 biennium called for an increase of 12% for 1977-78 and 10% for 1978-79. The size of the increase was related to an attempt to recoup lost purchasing power during the 1974-75 period of rapid rising prices and to recover the current rate of inflation. The Governor's recommendation, which was funded by the General Assembly, provided for a 5.9% increase in 1977-78. This represented an increase at about what the board anticipated the current rate of inflation to be. It did not, however, allow recovery for any of the previous price erosion.

The 1978-79 Governor's recommendation included an increase of 2.8% as compared to the 10% previously requested by the board. The level of increase recommended by the Governor will not keep pace with present growth in prices forecast for 1978-79. The impact of increasing appropriations at 5% per year while inflation in 1973-74 and 1974-75 raised prices by 16.5% and 9.7%, respectively, as measured by the Wholesale Price Index - Industrial Commodities less fuel index, remains with the institutions. The recommended increase of 2.8% by the Governor will not maintain purchasing power in the face of a currently projected 6% to 7% rate of inflation.

In view of the institutional need for adequate general expense funding to support current operations, it was recommended that the board accept the 6.0% increase sought by the institutions. The 3.2% addition to the Governor's recommendation was stressed to be essential if the institutions are to maintain their purchasing power for general expense.

MOTION: Mr. Brownlee moved the board approve a supplemental budget increase for General Expense - Other of \$2,633,000 or a 6.0% increase for 1978-79 as opposed to the original request of 10% for 1978-79. The 1978-79 budget level requires a \$2,093,000 increase in appropriations after adjusting University Hospitals to account for the private paying patients. Mr. Wenstrand seconded the motion and it passed unanimously.

F. Equipment Budget Request for 1978-79. The board was requested to approve the following actions recommended:

- 1) That equipment budgets for all organizational units other than the Iowa School for the Deaf and Iowa Braille and Sight Saving School be increased 7% for 1978-79.
- 2) That Iowa School for the Deaf and Iowa Braille and Sight Saving School be budgeted at the same amounts for 1978-79 as for 1977-78.
- 3) That a supplement to the Governor's recommendation in the amount of \$310,000 be requested.

The Board Office proposed a supplement of \$310,000 to the Governor's recommendation to offset the small reduction for the second year of the biennium and include a small increment toward meeting one of the most serious needs for support of instructional programs. The proposed supplement amounted to an increase of \$194,000 (6.8%) over the current budget.

The previous request was based on a formula for equipment budgets of 5% of inventory value as of June 30, 1975. The formula recognizes an equipment life of ten years which would mean a replacement rate of 10% per year, but funding of approximately half of equipment purchases from other sources of funds reduces the formula from 10% to 5% of inventory value as derived from budgets for general program operations. Because of a concern for equipment needs, the Board of Regents adopted a budget increase of 81.5% for 1977-78 and an additional 24.1% for 1978-79.

Due to the large increase required for full formula funding for several organizational units, the board adopted a policy for phasing in at three-fourths of formula for 1977-78 and full formula for 1978-79 those organizational units including General University, Psychiatric Hospital, and State Hygienic Laboratory at the University of Iowa, and General University and Experiment Station at Iowa State University. Accordingly, the board requested \$4,447,000 for 1977-78 and \$5,520,000 for 1978-79. The revised institutional requests for 1978-79 were based on a three-year phase-in to full funds. The institutional supplemental requests amounted to \$1,023,000 over 1978-79. To phase-in the Governor's recommendations for one-half the deficit from full formula for the general universities alone would require \$1,225,000.

The Governor's funding recommendation was reduced from the proposed phase-in program to an average increase of 12.8% for 1977-78. The Governor's recommendation for 1978-79 was 0.7% lower than his 1977-78 recommendation. The increases for equipment in the Governor's recommendation were not related uniformly to the Regents' requests for the various organizational units because the Governor's recommendation attempted to reflect program needs.

Mr. Richey noted that he has considered the desirability of the institutions conducting a survey on each campus to list equipment needed to replace worn-out equipment and to modernize equipment for instructional programs only. However, the institutions did not feel that the timing was right to conduct such a survey as yet, considering the detailed effort required to conduct such a survey.

The Board Office reported that the equipment budgets for the Iowa School for the Deaf and the Iowa Braille and Sight Saving School were held at the 1977-78 levels which exceed the formula level. It was noted that "soft" federal money may not continue and reduction of budgets for the formula level would penalize these institutions.

The Board Office indicated that the proposed increases of 7% for all organizational units except Iowa School for the Deaf and the Iowa Braille and Sight Saving School would provide little more than the current inflation rate of 5.3% toward meeting the serious needs expressed by the college deans. Mr. Richey recommended a policy of basing budget requests on a growth rate rather than an inventory replacement formula until a detailed study is conducted on each campus and significant improvement in credibility of the request can be accomplished.

Mr. Richey stated that the institutions recommended continuation of the present formula for a three-year period. In view of the state revenue picture, he suggested the formula be dropped for one year for some more detailed study. He said if that were done, the board's 1979-81 request could be more effective. The risk in that approach is that the formula presently has some recognition. He noted, however, that there is no question but that there is a very serious need of the institutions for equipment, particularly at the University of Northern Iowa, as it doesn't have external sources of funds for project claims, etc. as the other two universities have. In summary, he proposed that the board simply maintain its purchasing power for equipment this year due to the many urgent priorities in the budget elsewhere, with the understanding that the equipment formula would be studied.

President Parks spoke in objection to Mr. Richey's proposal. He said he opposed changing the process for which equipment needs are not calculated. He noted that it has taken years to come up with some sort of an equitable formula and did not feel it should be thrown out. He suggested that the board stay with the present formula, but ask for a special adjustment for the University of Northern Iowa.

President Boyd supported President Parks' statement by saying the University of Northern Iowa should receive some special adjustment but said by saying the present formula is not basically "valid" would undercut the years of work that went into its formulation.

In response, Mr. Richey said he was not casting doubt on the basic formula. He reminded members of the board that the equipment formula is based on one-half from general funds and one-half from other funds. He suggested that the full formula, 10% replacement or ten-year life of equipment, half of which come from general funds and half from non-general funds, would be basically sound if the institution were able to come up with the other half of the funds, the non-general portion. He stated that was the only aspect of the formula that he was questioning. President Boyd said the faculty should put forth effort to bring in the other half of the money. He said he would be worried if the slightest shadow would be cast on the present formula. He reiterated how much work it took to convince the State Comptroller and the legislature of the value of the present formula.

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Mr. Richey said he was concerned as to whether the formula could be financed at all three universities in an equitable manner.

Vice President Jennings said the budget request for equipment may be understated for the following reasons: 1) the inventory value is based on original cost, rather than replacement cost; and 2) a formula based on equipment on hand may not reflect adequately equipment need when modernization, program revision and enrollment shifts are considered.

President Parks noted that there are differences between the universities with respect to equipment needs. He reported that Iowa State University can fund more for its equipment needs than the University of Northern Iowa because historically Iowa State is more of a research institution.

Regent Shaw said he would prefer applying a 5% formula to Iowa State and the University of Iowa and a 7.5% factor on the University of Northern Iowa than to change the formula for equipment.

Assistant Vice President Martin realized the difficult matter of equity involved but said budget strategy is also involved in that enrollment increase funds could be jeopardized in the process. He said he would rather have funds go to staff even though equipment funds may be lessened than to have equipment funds without appropriate staffing.

President Boyd noted that he was speaking to the long-term rationale behind the equipment formula. He said there are equipment problems at all three universities. He reiterated that he did not want the board to go off the formula because it had doubts about it.

Mr. Richey stated that a factor involved in the equipment formula is the "drying up" of capital appropriations since the formula was first implemented.

Vice President Stansbury noted that four to five years ago the equipment formula was initiated. Unfortunately, the University of Northern Iowa got caught in a situation where the formula is now very inadequate to suit the university's need. A year before implementation, the university made a conscious effort to upgrade its equipment budget. Because of that fact, the university has never really been able to show significant increases in equipment needs. He stressed the fact that the present equipment formula is inadequate for the university to maintain its equipment.

Mr. Richey said that Iowa State University has made budget adjustments with respect to RR&A and said perhaps the same thing should be done in the case of the University of Northern Iowa. He suggested requesting approximately \$280,000 to maintain the equipment formula with the understanding that the formula would be studied further.

Regent Shaw stated that there have been several references to the inadequacy of the equipment formula which were certainly true. He pointed out, however, that the board was not limited to the equipment formula as a means of acquiring equipment. He said the board has acquired some equipment through direct capital appropriations and building bonds.

President Petersen said that application of the equipment formula generates such large figures that the board is not willing to put them in the budget, no matter how conservative the formula is. She reported that that does not, however, lessen the dreadful fact that the board is in need of modern up-to-date equipment.

President Parks added to President Petersen's statement by saying the equipment formula provides for a "ridiculously, unbelievably low" amount for equipment. He commented, however, that to this point it's been the best the board has been able to provide to try to accommodate the institutional needs.

Mr. Richey said it was obvious that the Board Office's recommendation for \$282,000 simply maintains the current purchasing power of the institutions. He said that unless another \$100,000 would be added to that figure, the formula would not be "maintained."

MOTION:

Mr. Slife moved the board: 1) increase equipment budgets for all organizational units other than the Iowa School for the Deaf and the Iowa Braille and Sight Saving School by 7% for 1978-79; and 2) budget the same amounts for 1978-79 as for 1977-78 for the Iowa School for the Deaf and the Iowa Braille and Sight Saving School; and 3) request \$382,000 by raising the appropriation to support this from \$282,000 as recommended by the Board Office to \$382,000 with the additional \$100,000 to be allocated by the universities' fiscal officers and the Board Office staff. Mr. Wenstrand seconded the motion.

President Petersen noted that the motion before the board would include the concept of the equipment formula now used with recognition of limiting that request to \$382,000 with the understanding that no institution would get less than the inflation factor necessary to maintain current purchasing power.

VOTE ON MOTION:

The motion passed unanimously.

G. Repairs, Replacements and Alterations Budget Request for 1978-79. The board was requested to:

1. Reaffirm the use of the life-of-building approach or formula for calculating the repairs, replacements and alterations budget request for the five primary institutional units and provide equity for the three university units at the 16.6¢ per square foot level as the initiation of a four-year program to fully fund the life-of-building formula based on current construction costs. For the two special schools, continue to budget non-state funding to the extent needed to meet institutional requirements over and beyond that funding granted by the state.
2. Continue the approach whereby an inflation increase is requested for the University Hospital units at the same inflator used for construction on the capital request which is approximately 7% per year.

3. Continue initiation of an RR&A base for the Iowa State University Agriculture Experiment Station through an increase to \$57,000 for 1978-79 which is the same level in the Governor's recommendation for the period. This represents an increase of \$47,000 over the \$10,000 used to initiate this base during the current year.

The Board Office reported that the Board of Regents' universities and special schools maintain almost 12 million gross square feet of space from RR&A funds. During the past biennium, the RR&A request for these units began to be based on a formula called the life-of-building approach.

The Board Office recommendation would do the following:

1. The Board Office recommendation would, since the University of Iowa is furthest along toward meeting the life-of-building goal of the universities, take that University of Iowa figure and provide equity at that level for the other two universities. Iowa State University and the University of Iowa would each require about the same level of increase in the Governor's recommendation for 1978-79, about \$118,000 each.
2. The Board Office would continue its policy with respect to the Iowa School for the Deaf and the Iowa Braille and Sight Saving School in that the two special schools have been able to supplement their state funds for RR&A by use of other funds accruing to the school. That policy would continue so long as those funds are available to the institutions.

In summary, the Board Office recommended an increase over the 1977-78 budgets for the five primary units of \$317,000, or a 12% increase. This would require the Governor to adjust his recommendations by \$378,000.

The Board Office recommended that strong emphasis be given to full implementation of the life-of-building formula for these units over the next few years. It expressed regret for the necessity to slow down the process of full funding for RR&A; however, it planned on giving strong emphasis to attainment of the goal for 1978-79, that being equity for the three universities and some progress toward the full funding goal.

The Board Office noted two other RR&A elements upon which recommendations were made. The first was the four University Hospital units at Iowa City. The Board Office recommended that these units, which are not under the life-of-building formula, receive an inflation increase only, at the same inflator used for construction on the capital request, which is 7%. The Board Office concurred with the institutional recommendations for all but the Oakdale Campus unit. This unit had its starting base reduced from \$90,000 to \$55,000 in the current year, primarily because of the change in use of that space and the transfer of some of the funding for that campus to the University Hospitals budget. Eventually that space on the Oakdale Campus, which is part of the General University, will be added to the General University RR&A base and receive funding from that source, and the space which is part of the University Hospitals should be added into that budget. Since the situation as to use of space was still a flexible situation, it was not possible to accomplish those transfers in this budgetary cycle. The Board Office expressed hope that such transfers would be possible in future years, eliminating the RR&A component of the Oakdale Campus budget.

The second element was continuation of the RR&A base initiated for the Iowa State University Agriculture Experiment Station. The board originally requested this biennium that the life-of-building formula be initiated for the Agriculture Experiment Station at 15¢ per square foot level for 1977-78 and then increased to 20¢ per square foot for 1978-79 and each year thereafter, based upon a building cost of replacement of \$30 per square foot. The board's request for 1977-78 for this purpose was still \$111,730. Approximately \$10,000 was eventually budgeted for this purpose for 1977-78. The Governor's recommendation for 1978-79 increased this amount to \$37,000. The Board Office recommended that the Governor's recommendation be retained as it represents substantial improvement in the RR&A base for the Agriculture Experiment Station, although not as much improvement as the institution desired.

In summary, it was noted that the institutions requested a \$809,000 increase in RR&A funds for 1978-79 whereas the Board Office recommended an increase of \$373,000. This would require an increase in the Governor's recommendation of \$363,000.

MOTION:

Mr. Slife moved the board: 1) Reaffirm the use of the life-of-building approach for calculating the repairs, replacements and alterations budget request for the five primary institutional units and provide equity for the three university units at the 16.6¢ per square foot level as the initiation of a four-year program to fully fund the life-of-building formula based on current construction costs. For the two special schools, it was moved that they continue to budget non-state funding to the extent needed to meet institutional requirements over and beyond that funding granted by the state. 2) Continue the approach whereby an inflation increase is requested for the University Hospital units at the same inflator used for construction on the capital request which is approximately 7% per year. 3) Continue the RR&A base initiated for the Iowa State University Agriculture Experiment Station through an increase to \$57,000 for 1978-79 which is the same level in the Governor's recommendation for the period. This represents an increase of \$47,000 over the \$10,000 used to initiate this base during the current year. Mr. Bailey seconded the motion and it passed unanimously.

H. Supplemental Budget Request for Library Books for 1978-79. The board was requested to approve a supplemental budget request for library books of \$229,000 for 1978-79. This represents a \$99,000 or 2.3% increase over the Governor's recommendation of \$130,000 or 3.2% for 1978-79.

The Board Office reported that the recommended supplemental request for library book budget expenditures represented a conservative 6.0% increase over the budget for 1977-78 as compared with the 10% increase originally

requested. The basis for the revised request was the marked decline in the price indexes measuring price changes for library materials.

The Board Office noted that from the standpoint of academic or program impact, the resources available in the respective university libraries tend to affect all programs. Reduced purchasing power through inflation and in the face of proliferation of library materials can undercut the academic standards. The library's director must attempt to purchase an expanded quantity of materials with inflated dollars reduced in purchasing power. To accomplish that goal, they are linked with networks to share some resource materials so that all institutions are not required to make the same purchases.

MOTION:

Mr. Brownlee moved the board approve a supplemental budget increase for library books of \$229,000 for 1978-79. It was noted that this increase represented a \$99,000 increase over the Governor's recommendation of \$130,000 for 1978-79. This represents a reduction from the board's previous 10% request to a 6% request. Mr. Bailey seconded the motion.

Mr. Richey said the recommendation of the board reflected the marked decline in the price indexes measuring price changes for library materials.

VOTE ON MOTION:

The motion passed unanimously.

I. Special Needs. The board was requested to: 1) request an additional amount of \$3,221,000 for special needs for the institutions in addition to the \$842,000 included in the Governor's recommendation for 1978-79; and 2) request an additional amount of \$155,000 for continuing education for 1978-79 which is \$245,000 less than the Governor's recommendation of \$500,000, considering the \$100,000 already appropriated.

The Board Office reported that the Governor's recommendation for 1978-79 included \$842,000 of which \$409,000 would be supported by income from private patients. The remaining \$433,000 would fund operation of new buildings and facilities in amounts of \$314,000, \$95,000 and \$24,000 for the University of Iowa, Iowa State University, and the University of Northern Iowa, respectively. The Governor's recommendation of \$3,673,000 budget (\$2,761,000 appropriations) for 1977-78 was appropriated and included partial funding for opening new buildings, full funding for student aid and Oakdale Campus, and an added item for the Price Laboratory School.

The institutional request amounted to \$5,541,000 which, with minor exceptions, restated the unfunded amounts contained in the Board of Regents' request for both 1977-78 and 1978-79.

It was noted that the declining surplus in the state treasury and uncertain revenues caused the Board Office recommendation for special needs for the institutions to be reduced from \$5,541,000 to \$4,063,000.

Mr. Richey reminded members of the board that the board requested \$900,000 last session for off-campus educational programs. The Governor recommended \$500,000 for 1978-79 but the legislature cut that by \$400,000 to \$100,000. The institutions reduced their request to \$255,000 for the second year of the biennium, which would be \$150,000 below the \$500,000 recommended by the Governor. The Board Office evaluated that figure because of the fiscal outlook and recommended it be reduced another \$100,000.

Opening New Buildings and Facilities

	<u>Bd. Office Recommendation</u>	<u>Present Gov. Recommendation</u>
<u>University of Iowa</u>		
General University	\$114,305	\$154,000
University Hospitals	569,000	569,000
<u>Iowa State University</u>	159,000	95,000
<u>University of Northern Iowa</u>	60,000	24,000
TOTAL	\$902,305	\$842,000

Mr. Richey reported that the Board Office's recommendation was similar to that of the institution except the Board Office shifted fuel over into the fuel category. The only difference between the Board Office's recommendation and the Governor's request is reflected in the timing of opening the buildings.

Assistant Vice President Madden reminded the board that fuel money has been shifted out of this area into the fuel budget. He expressed concern that the board understand that because the Design Center will have a substantial fuel bill. President Petersen noted that when the fuel needs of the institutions are discussed, the institutions should outline estimates of needs for opening new buildings. Mr. Richey responded to President Petersen's recommendation that that information was found in the tables presented the board for fuel and purchased electricity.

Student Aid

The Board Office reported that the board's request for student aid was funded in full for 1977-78 and no additional request was included for 1978-79.

Improved Computer Capability

The Board Office noted that the University of Iowa has expressed a need to increase funding for operation of the academic computer center and terminals related thereto during recent years. The university now has four mini-computers providing computer-aided instruction on a time-sharing basis. The funded needed for these operations amount to \$499,545.

The Board Office reported that the University of Iowa is operating a computer approximately ten years old which should be replaced at the very least with a more modern IBM model 370 or equivalent, but preferably with the next generation of IBM equipment model 3033 which was announced last spring. The new machine (model 3033) including peripheral equipment would

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cost \$1,132,000 per year on a lease/purchase basis. The facility would be important in attracting research grants in the most advanced fields which require large computer capability. The computer should be regarded as available to programs at all three universities by means of the telephone-communications link currently in operation between them.

Iowa State University needs \$385,000 to expand computer operations to more effectively support instructional programs. Iowa State University has been able to obtain current models of equipment and provide computer services to both the University of Iowa and the University of Northern Iowa.

The Board Office went on to report that the University of Northern Iowa needs an additional \$260,000 to expand computer capability for both administrative and instructional services.

Mr. Richey reported that although the preliminary report on academic computers indicated a rapidly growing demand for their use for instructional purposes, completion of the report to treat the matter of facilities, personnel, software development, and so on should be done. The report has been delayed due to additional institutional studies of the subject, but should be completed by winter of 1978.

The Board Office recommendation for improved computer capability totalled \$2,276,000. It was noted that the present Governor's recommendation does not include funding for this purpose.

Mr. Richey reported that last year the University of Iowa proposed to purchase a computer outright in the amount of \$5.5 million. The Board Office considered that the computer might become obsolete pretty fast and recommended that a computer be leased, instead of purchased.

Vice President Jennings said the University of Iowa feels that it has an excellent computer program on its campus but the program is now becoming more and more limited by the fact that its equipment represents 1964 technology.

President Petersen noted that the board has never been able to "sell" the legislature that computers are important teaching and research tools for the institutions. She said computers are not "luxuries."

Mr. Richey reported that in terms of the expectations of changing technology and changing computer systems, the request before the board would be an ongoing one, amounting to \$1,132,000 each year.

Assistant Vice President Madden said Iowa State University was supportive of the University of Iowa's needs. He reported that the Ames Laboratory contributed to the cost needs of the Iowa State computer system.

MOTION: Mr. Slife moved the board approve the Board Office's recommendation for \$2,276,000 for improved computer capability at the Regents' universities. Mr. Harris seconded the motion.

Regent Harris stressed the fact that the Regents' institutions can not have quality education without the improved computer capability.

VOTE ON MOTION: The motion passed unanimously.

Other Special Needs

University of Iowa

The following "other special needs programs" were presented for board approval:

Improving Quality of Existing Programs

The Board Office recommended \$154,000 for this purpose although the present Governor's recommendation provided no funds. It was noted that the institution regards the priority for meeting accreditation requirements at a cost of \$187,000 and enriching instruction through interdisciplinary programs at a cost of \$54,000 for a total of \$241,000 at a priority above that of the lease/purchase of a more modern computer. The Board Office concurred that the commitment to provide quality education for previously approved programs by complying fully with accreditation requirements was a commitment that should be met. However, it was recommended that the request be \$154,000 as a first step toward full funding of this program.

Enhancing and Maintaining University Vitality

The Board Office recommended \$100,000 for this purpose. The present Governor's recommendation provided no funds. This request involved the need for faculty and staff development and for additional library personnel recognition. Partial funding of the institutional request was recommended as a first stage toward full funding of this program.

The Board Office reported that although the following programs are needed and have been previously approved by the Board of Regents, they were not included in the Board Office recommendation due to funding constraints. The Board Office recommended that the amount for extending service to Iowans by means of the external degree Bachelor of Liberal Studies Program should be covered by a separate request for the board for continuing education.

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The Board of Regents originally requested \$50,000 for extending the service to Iowans and \$68,900 for improving accountability.

Another program not recommended by the Board Office involved the Rubella Serology Program in the State Hygienic Laboratory for a total of \$54,000. It was noted that this program has been continued by the State Hygienic Laboratory even though it was not included in the Governor's recommendation for either 1977-78 or 1978-79 or funded by the legislature. The Iowa State Department of Health is providing about 60% of the necessary operating funds. The Board Office recommended the University of Iowa consider this funding requirement when reassessing its fee structure for the State Hygienic Laboratory.

In discussion, Mr. Richey noted that the Board Office's recommendation pertaining to improving the quality of existing programs was \$87,000 less than the institutional request. President Petersen noted the Board Office was recommending \$317,600 less than the institutional request with respect to enhancing and maintaining university vitality.

Vice President Brodbeck stressed the need for funds requested for improving the quality of existing programs and funds for enhancing and maintaining university vitality. She said that faculty and staff development would be a very difficult item to "cut" and to do so would be like doing nothing at all. She stressed the need for automation in the library. She said the university must begin long-deferred automation activities replacing its manual circulation control system. The university is far behind other institutions in this respect. The computer processing of library resources would enable the university to gain better internal control and to participate in the sharing of regional and national resources. The funds requested in the amount of \$50,000 would enable the university to make a start on these automation activities. Vice President Brodbeck asked for more flexibility with respect to the Board Office's recommendation.

In view of Vice President Brodbeck's request, Mr. Richey suggested the Board Office's recommendation of \$154,000 for improving the quality of existing programs and \$100,000 for enhancing and maintaining university vitality be combined into a total request for \$254,000 with the understanding that the university could distribute the funds where needed.

President Petersen requested that the proposed allocation of the funds be subject to board approval.

Iowa State University

The following "other special needs programs" were presented for board approval:

World Food Institute

The Board Office recommended \$150,000 be granted Iowa State University to extend the findings of the World Food Conference and to study other ways in which alternative methods of food production can be explored and implemented. The funding is to provide seed money that would encourage broad-based participation by all who are concerned with any facet of the world food problem. No funds were recommended by the Governor.

Iowa State Center Operations

The Board Office recommended \$190,000 for Iowa State Center operations whereas the Governor recommended no funds for this purpose. It was noted that although no tax funds were involved in the construction of the Iowa State Center at a cost of \$19 million, operating funds are needed to enable users to take full advantage of the facilities.

The following programs were not included in the Board Office recommendation due to constraints of funds available from the state treasury. The Veterinary Diagnostic Laboratory needs may be supplemented by adjustment of fees for services, which has been implemented as of July 1977. It may be necessary to raise the fees still further to meet the needs in part of this request.

Veterinary Diagnostic Needs	\$139,596
Mandated Federal and State Social Legislation	65,000
Media Resources	100,000
Agriculture Experiment Station - Protection of Agricultural Production	150,000
Cooperative Extension Service - Nutrition Aid Program	<u>93,000</u>
	\$547,596

President Parks said that Iowa State University has not had an approved special need request for the Ames Experiment Station and the Extension Service for the past three biennia. He noted, however, that he could not seriously disagree with the Board Office's recommendation in view of the budget restraints.

University of Northern Iowa

The Board Office presented the following recommendations to the board pertaining to "other special needs programs" at the University of Northern Iowa:

Business School Accreditation

The Board Office noted that the School of Business enrollment increased from 2,927 students in 1970 to a headcount of 4,399 in 1975. Accordingly, the institution needs to increase faculty to provide instruction to the additional students and needs to upgrade the qualifications of the faculty. Moreover, the addition of critically-needed faculty would enable accreditation by the American Assembly of Collegiate Schools of Business. Furthermore, the recently implemented MBA program in the School of Business, which was estimated to cost \$18,000 per year, has placed an additional load on the faculty. Funding at 50% of the institutional request was recommended as an initial step. No funds were recommended by the Governor.

Personnel Operations and Management

The Board Office recognized a need for improved administrative systems for both operational control and reporting. It recommended \$40,000 be requested although the institution requested \$65,000. It was noted that no funds were recommended by the Governor.

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Facilities Operation and Management

The Board Office recommended \$150,000 be provided to operate and maintain the UNI-Dome similar to that for the Iowa State Center for which funds have been appropriated. Moreover, funds are needed to develop and operate the playfields surrounding Physical Education Center I and the Biological Preserve areas. Full funding of the institutional request was recommended for this program.

President Kamerick expressed no disagreement with the Board Office recommendations.

Iowa School for the Deaf

It was reported that even though the following programs are needed and were previously approved by the board, the Board Office deleted them from its earlier recommendation for a supplement to the Governor's recommendation for 1978-79. The institution is receiving more federal funds which allow increased budgets for equipment and RR&A. The Board Office recommended that the Iowa School for the Deaf consider reallocation of these funds for some of the following programs:

Speech Therapist	\$ 15,000
Classroom Aids	20,000
Physical Therapy	15,000
Special Parent Meeting Expenses	10,000
Pupil Transportation	<u>41,000</u>
	\$101,000

Mr. Richey noted that an evaluation of the school is now underway which will be out in the next month or so which may substantiate some of the special needs request which could cause the board to reallocate some of the funds now in RR&A and equipment.

Superintendent Giangreco reported that the problem with the "windfall" of money from the federal government is that the money is already spent on equipment and RR&A. He said the institution has been cautioned against hiring personnel under federal money. He noted, however, that the transportation problem has been taken care of. In response, Mr. Richey said he was referring to a shift of funds from RR&A and equipment to future years with discussions with state authorities. Mr. Richey noted that there is a very real possibility that enrollment will drop over the next few years. He noted the uncertainty of that, however, in that it is not known what the new area education agencies may do in discovery and referral of students to the school.

Iowa Braille and Sight Saving School

The Board Office reported that no supplemental request was submitted by the Iowa Braille and Sight Saving School. The board's request included \$28,350 for 1977-78 for an extended school year which was not funded.

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MOTION:

Mr. Slife moved that: 1) an additional amount of \$3,221,000 be requested for special needs for the institutions in addition to the \$842,000 included in the Governor's recommendation for 1978-79; and 2) an additional amount of \$155,000 be requested for continuing education for 1978-79 which is \$245,000 less than the Governor's recommendation of \$500,000 considering the \$100,000 already appropriated. It was noted that the University of Iowa's recommended amount of \$254,000 for special needs would be allocated between improving the quality of existing programs and enhancing and maintaining university vitality. Mr. Bailey seconded the motion and it passed unanimously.

President Petersen raised discussion pertaining to the continuing education request of the institutions. President Petersen noted that to make the recently approved Bachelor of Liberal Studies degree program a reality, it is essential the appropriate courses for Bachelor of Liberal Studies degree candidates be developed and delivered throughout the state. Course development for off-campus delivery requires considerable time, faculty effort, and expense. She noted that she feels the board has obligated itself to support this program as it previously was included in the biennial request at \$255,000. President Petersen suggested another \$100,000 be added to the recommendation before the board to back the board's original commitment. President Parks endorsed the recommendation for the additional \$100,000.

President Parks said there is great interinstitutional cooperation with respect to continuing education around the state. Mr. Richey commented that he supports continuing education but added that he wanted to stay under 15% in terms of the appropriation growth for next year. Mr. Richey commented, however, that some of the salary figures are "soft" and it may be possible to squeeze \$100,000 out of that area.

MOTION:

Mr. Bailey moved the board request an increase of \$255,000 for 1978-79 for continuing education needs around the state. Mr. Harris seconded the motion and it passed unanimously.

Mr. Richey noted that the \$75,000 for the Mental Health Research Fund base adjustment seemed to be noncontroversial. He asked if there were any comments. President Parks asked if there was any way of including that \$75,000 in the base where it clearly belongs without showing it as an additional item in the base. Mr. Richey said the reason this had to be identified was because it was a \$75,000 increase over the recommendation of the Governor.

MOTION:

Mr. Bailey moved the board approve the Board Office recommendation to place the \$75,000 base adjustment for the Mental Health Research Fund into the appropriation base. Mr. Harris seconded the motion and it passed unanimously.

Mr. Richey discussed federal funds losses and veterinary medicine capitation of \$331,000 and \$25,000 at the University of Iowa School of Nursing that are presently anticipated to occur in 1978-79. He said that they are consonant with existing state policy of replacing health science college instructional losses and could be requested and dropped out if the funds should become available for 1978-79. Assistant Vice President Madden said it now appeared that funds would be available for veterinary medicine. President Parks agreed that it now appears that funds will be available for such losses. In response, Mr. Richey said those items would then be left out of the board's request with the understanding that if it looked like there would be a need in December or January, that an emergency request would be submitted to the legislature for such losses.

President Boyd said the University of Iowa may be forced not to accept capitation in the case of medicine if it is tied to another increase in enrollment in the medical school. He noted that was what the foreign medical issue is all about. He stressed the importance of keeping capitation at the same level for the same level of students.

Mr. Richey recommended \$356,000 be requested of the Governor and legislature for federal funds losses for 1978-79.

MOTION:

Mr. Brownlee moved the board approve the request for \$356,000 for federal funds losses in 1978-79 to be incorporated in the board's request as an increase over the Governor's recommendation for 1978-79. Mr. Bailey seconded the motion and it passed unanimously.

The base adjustment proposed in the amount of \$1 million for Iowa State University was then discussed. Mr. Richey noted that the recommendation relied heavily on previous information presented to the board on this subject in terms of its justification. In summary, it was noted that Iowa State University continues to experience substantial enrollment increases which recently reached an all-time high of 22,803 students. The actual and projected growth of enrollment at Iowa State in recent years has placed a severe strain on the university teaching programs. Cost calculations demonstrate that additional support for Iowa State University of more than \$2 million can be justified. In recognition of the low support during this growth period, the Board Office recommended an adjustment to Iowa State University's base, for partial support of instructional services for these additional students.

President Parks said the adjustment of \$1 million would greatly assist Iowa State in meeting its instructional program costs. He noted that support per student used to be higher at Iowa State University than at the other two state universities which is expected due to a greater portion of expensive laboratory programs for science and technology-oriented instruction. In 1974-75, the last year for which a complete cost study was completed, support was lower for Iowa State University than either the University of Iowa or the University of Northern Iowa. The number of undergraduate students at Iowa State has continued to increase more rapidly than at the other Regents institutions. This fact causes the budget base for Iowa State University to yield fewer and fewer dollars per full-time equivalent student. He said the base adjustment would bring Iowa State University closer to interinstitutional equity in this regard.

Regent Bailey expressed 100% support for bringing the base of Iowa State University up by \$1 million. He emphasized that the increase in the base should be classified as a "catch up" amount on enrollment increase rather than the basic concept of comparing costs at the programs at the respective institutions. President Parks said the Iowa State University educational fund is deteriorating and needs help.

Presidents Boyd and Kamerick expressed support for President Parks' request.

MOTION:

Mr. Bailey moved the board approve the \$1 million base adjustment request to the base of Iowa State University's budget for 1978-79. Mr. Wenstrand seconded the motion and it passed unanimously.

J. Enrollment Increase Cost. The board was requested to approve a budget request for enrollment increase for the University of Iowa, Iowa State University and the University of Northern Iowa in the amount of \$212,000, \$954,000 and \$821,000, respectively.

The Board Office reported that no additional state appropriations have been requested since 1975-76 for increased enrollment due to the uncertainty with respect to the trend of enrollment projections. The board adopted the policy of not requesting any enrollment increase funds for 1977-78 and to review the matter of making the budget request for 1978-79.

It was noted that enrollment increases have persisted, despite some slowing in the magnitude of increase. This continuing enrollment increase serves to stress already sorely taxed resources in the academic program. The only funding available to the institutions to offset these costs related to increasing enrollment arises from the increased tuition income related to increased numbers of students.

MOTION:

Mr. Brownlee moved the board approve a budget request for enrollment increase for the University of Iowa, Iowa State University and the University of Northern Iowa in the amount of \$212,000, \$954,000 and \$821,000, respectively. Mr. Harris seconded the motion.

Mr. Richey said this matter must be a very high priority item of the board.

VOTE ON MOTION: The motion passed unanimously.

President Petersen reported that before the board turned to its priority listing, it had a request from Robert E. Claus, Professor, Sociology, Anthropology and Social Work, University of Northern Iowa to speak on conditions of faculty members. President Petersen, before recognizing Mr. Claus, indicated the conditions under which he was recognized. She noted that Mr. Claus was being recognized under his rights of the Constitution's First Amendment, speaking as an individual.

Mr. Claus presented the board with an oral and written report explaining a perspective of faculty conditions at the University of Northern Iowa. He strongly urged the board to advocate funding for a salary floor where rank and years of service have a meaning. He also stressed that merit and excellence in teaching should be recognized and rewarded at higher salary levels.

President Petersen returned the board to consideration of priorities in the Regents' budget request for 1978-79.

MOTION: Mr. Slife moved the board approve the priority listing of the Board of Regents' operating budget request for 1978-79 as shown earlier in these minutes with the understanding that \$100,000 would come from salary monies for the additional \$100,000 to go to continuing education and \$100,000 would be added to the equipment budget for a total appropriations increase of \$12,549,000. Mr. Bailey seconded the motion and it passed unanimously.

K. Institutional Income. The board was requested to approve the institutional income projections for 1978-79 as follows:

1. Tuition fee income based on projected full-time equivalent enrollments for 1977-78 and current tuition rates.
2. Federal Funds and Other Income as estimated by the institutions for 1978-79.
3. Sales and Services as estimated by the institutions with the exception of University Hospital and Psychiatric Hospital which are reduced to \$50,424,000 and \$1,260,000, respectively, because of recommended reductions in budget requests.

The Board Office reported that the Board Office did not recommend any change in the institutional income estimates.

Vice President Jennings reported concerning a table presented the board by the Board Office on student fee income and enrollments. The table reported that including enrollment, student fees amounted to an estimated amount of \$134,000 for 1977-78. Vice President Jennings said that amount was in error as the summer session's 10% increase did not apply at that time.

President Boyd said that to increase the amount of funds to contribute to the operating budget from institutional income budgets places a very substantial burden on the institutional faculties. He said the board must come to grips with a way of handling grants apart from external sources.

President Petersen recommended the board approve the institutional income projections with the understanding that enrollment cost estimates of income will be reviewed again.

President Kamerick noted that in the Board Office's table on student fee income and enrollments an inaccurate estimate was provided for the University of Northern Iowa's full-time equivalent enrollment for 1978-79. It was recorded as 10,225 whereas it should be 10,342.

MOTION:

Mr. Bailey moved the board approve the institutional income projections for 1978-79 (with the understanding that they will be reviewed again) as follows:

- 1) Tuition fee income based on projected full-time equivalent enrollments for 1977-78 and current tuition rates.
- 2) Federal Funds and Other Income as estimated by the institutions for 1978-79.
- 3) Sales and Services as estimated by the institutions with the exception of University Hospital and Psychiatric Hospital which are reduced to \$50,424,000 and \$1,260,000, respectively, because of recommended reductions in budget requests. Mr. Wenstrand seconded the motion and it passed unanimously.

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ISSUANCE OF REPORT ON PROGRAM EXPENDITURES BY DEPARTMENT FOR 1976-77.

The board was requested to compile program expenditures for 1976-77 for each instructional department by level of instruction for submission with the budget request for the 1979-81 biennium.

The Board Office reported that at its July meeting the board considered the desirability of preparing a document to set forth program expenditures by instructional department. The legislative mandate for program information was stated and the pilot project document discussed. Reservations were expressed by the institutions which resulted in this matter coming back to the board this month.

Assistant Vice President Madden noted that the Committee of Nine reviewed procedures and guidelines for preparing departmental statements and arrived at procedures that would permit completing the document sometime shortly after the first of the year. He noted that the committee still, however, had reservations regarding the project and usefulness of the information.

Mr. Richey noted that while he was sympathetic to the institutional concerns regarding the accuracy of cost information due to omission of some direct costs and costs of support programs and the heavy workload that would be imposed on the institutions in exploring new budgeting methods, he felt that a report of this type would be a minimum requirement as a statement of performance of the instructional activity.

In discussion, Mr. Richey said he has informed the State Comptroller of the institutional concerns and the State Comptroller responded that the program expenditures need not be provided his office until the second year of the biennium.

In absence of objections, President Petersen noted that the board will compile program expenditures for 1976-77 for each instructional department by level of instruction for submission with the budget request for the 1979-81 biennium.

REVIEW OF CAPITAL IMPROVEMENT PROGRAM FOR 1978 LEGISLATIVE SESSION. The board was requested to: 1) submit to the Governor and legislature a capital request of the board for 1978 which totals \$12,500,000 and 2) address the question of use of academic revenue bond financing for needed projects if state appropriations are not available for this purpose.

The Board Office reported that the capital request made to the 1977 legislature was for the biennium 1977-79. The total request as revised was for \$50,585,000. The legislative response was to fund through direct appropriations and academic bonding authority the amount of \$24,210,000 of this request. These figures do not include the handicapped accessibility program which was funded at the level of \$935,000.

It was noted that the institutions submitted projects totalling \$29,600,000, when an inflation factor was added, for consideration for the 1978 request. The Board Office's recommendation was to submit a capital request totalling \$12,500,000 to the Governor and the legislature.

The Board Office reported that maximum utilization of academic revenue bonding for the 1978 request would mean the sale of \$11,840,000 in bonds and a direct appropriation of \$775,000. There would be two bond sales. The first would be for the University of Iowa and would have these components:

Lindquist Center Equipment	\$ 535,000
Macbride Hall Remodeling	880,000
Chemistry/Botany and North Hall Remodeling	845,000
Old Armory Planning	200,000
Subtotal	<u>\$2,460,000</u>
Administrative Charges	25,000
Total	<u>\$2,485,000</u>

The Iowa State University issue would have these components:

Music Building Construction	\$3,620,000
Veterinary Quadrangle Remodeling	3,885,000
Library Planning	365,000
Beardshear Hall Remodeling	645,000
Curtiss Hall Remodeling	750,000
Subtotal	<u>\$9,265,000</u>
Administrative Charges	90,000
Total	<u>\$9,355,000</u>

The direct appropriations would consist of these components:

UNI - Institutional Costs Associated with Hudson Road Improvement	\$ 170,000
Speech/Art Complex - Final Phase Planning	170,000
ISD - Vocational Building Addition	<u>435,000</u>
Total	<u>\$ 775,000</u>

It was noted by the Board Office that prior to the July and September bond sales, the principal outstanding was \$25,850,000. When those sales are added to the old issues, the principal outstanding as of July 1, 1978 will be \$39,625,000. If the bonds were sold as indicated above, the principal outstanding as of July 1, 1979 would be \$49,745,000. It would peak at \$54,120,000 as of July 1, 1980, assuming that the board continued its policy of bonding for utility needs of the institutions. The utility needs for the 1979-81 period, at this point, appear to be in the neighborhood of \$7.2 million. The maximum principal outstanding, up to this point, has been \$34.8 million. This figure would be increased by about \$20 million in 1977, 1978 and 1979.

The Board Office has assumed that 1978 sales would yield a net interest rate of 5%, would have first principal payments on June 30, 1980, and the cash flow from bond proceeds would yield earnings of 5.5%. The board would continue to use 20-year bonds. The sale of bonds in 1978 would occur in July and September.

It was estimated that additional tuition replacement of \$205,000 in 1978-79 for these new issues would be required.

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The 1979 utility sales totalling \$7,245,000 would involve three sales:

University of Iowa	\$1,450,000
Iowa State University	3,120,000
University of Northern Iowa	2,675,000

These sales would be scheduled in July and September of 1979. The same assumptions as above are involved, that is, the 5% bond interest and an earnings rate of 5.5% utilizing 20-year bonds with the first principal payment being July of 1981. These utility bonds would require a first tuition replacement payment of \$52,000 for 1979-80.

It was further noted that the maximum tuition replacement requirement would come in 1980-81 when \$6.6 million would be needed for this purpose. This would decline eventually to \$5.2 million in 1986-87 as the tuition replacement requirements for all sales shown therein decline at the rate of \$255,000 per year.

President Petersen reminded members of the board that the basic board policy agreed to by the institutions in advance regarding submission of the capital request for 1978 was that only projects which appeared on the board's 1977 asking and which were unfunded at the end of that session would be eligible for resubmission and consideration for inclusion in the 1978 request.

Mr. Richey reported that the Board Office has worked with the institutions since the September board meeting and has worked out most of the concerns that arose during that board meeting. He noted that the only significant remaining difference of opinion involves the equipment on Lindquist Center-Phase II.

Several issues were brought up at the September meeting and were discussed.

Inflation Factor

The Board Office noted that it assumed, in its September recommendations, a 7% inflation factor to bring construction costs up to July 1978 costs. This figure has been confirmed by the Engineering News Record. The Board Office indicated that it felt comfortable at this time with the 7% figure, but will continue to monitor that figure. It could change depending upon availability of materials, which might be needed for energy conservation, retrofitting, etc. Those material costs could increase faster than others and could impact on the remodeling aspects of the Board of Regents' capital request. The Board Office applied a 7% uniform inflation factor to all projects submitted by the institutions.

Assistant Vice President Madden said Iowa State University feels that the 7% inflation factor is conservative. He said the university reviewed various indices which indicated an inflation rate of closer to 9% than 7%. He expressed particular concern with the need for adequate funding for the Music Building at Iowa State University. In response, Mr. McMurray noted that finite figures are not available on any capital projects. He noted, however, that continual monitoring of the inflation factor will be done. A 9% inflation factor would require an increase of \$225,000 in the Board Office recommendation.

Funding Level for Lindquist Center - University of Iowa - Equipment. The Board Office suggested at the September meeting that since the Lindquist Center construction bids were quite favorable that possibly the equipment asking could be reduced by \$100,000. The University of Iowa reported that after bids were taken there remains a contingency of \$261,000 on this project, in addition to a budget surplus of \$262,045. After the proposed university contribution to this project of \$140,000 is deducted, a net surplus of \$122,045 remains. (University funds of \$140,000 were initially included when the appropriation for construction was reduced from that requested originally by the Board of Regents.)

The University of Iowa listed three items which need to be accomplished to make this a complete project. These are:

Parking	\$ 60,000
Loading Dock Relocation	15,000
Site Development	<u>50,000</u>
	\$125,000

The Board Office expressed reservation concerning funding of the parking lot from appropriated funds for Lindquist Center. It recommended that the parking lot be funded from contingency funds to the extent that those funds permit such construction after the project itself is completed.

The Board Office suggested that the equipment asking for Lindquist Center be reduced by \$70,000, leaving the request at \$535,000. The Board Office stated that reduction of this equipment asking through partial funding from the savings on construction demonstrates the board's good faith with the legislature. The Board Office also noted that the university should be able to fund the loading dock relocation and most of the site development from the remaining funds saved through the bidding process and, at the same time, be able to make decisions at the proper time as to the use of the contingency funds on the project.

Vice President Jennings noted that ordinarily parking lots are funded out of parking revenues at the University of Iowa. He commented, however, that this parking lot is required because the Lindquist Center is built on a parking lot, therefore, eliminating one. He said parking revenues are not available to accommodate that particular type of situation. He commented, however, that the university would agree with the Board Office's recommendation in this respect due to the circumstances involved.

Regent Bailey asked if less money could be reverted to equipment from the parking lot request of \$60,000. He suggested a lesser amount of money be requested for parking.

MOTION:

Mr. Bailey moved the board request \$35,000 of the legislature for parking due to the Lindquist Center's special situation rather than the \$60,000 requested by the university or the zero amount suggested by the Board Office. The motion died for lack of second.

Revised Justification for Replacement of Old Armory at the University of Iowa. The Board Office recommended that approximately \$200,000 be requested to plan replacement of Old Armory through the design development phase. The revised information of the university showed that it is feasible to divide replacement of Old Armory into at least two phases. Old Armory itself now contains approximately 58,000 gross square feet. First phase replacement would be to construct something like 62,100 gross square feet which would house broadcasting and film, speech program from Jessup Hall, a central video and service facility and support classroom space. This would probably cost in the neighborhood of \$4.6 million. The Board Office noted that the institution needs to look at providing expansion space for journalism, expansion space for the computer center, and relocation of the central campus audio-visual service. It was noted that whether or not this should go into the first phase of the Old Armory needed to be determined. It would require an additional 55,000 gross square feet, which would cost about \$4 million.

The final phase of the Old Armory program would be an addition to University Theater to house the dramatic arts program housed in Old Armory and which would result in consolidation of the dramatic arts program on the fine arts campus. In addition, the fine arts campus does not presently contain the dance program of the university. Since the University Theater is seen as the last major facility required to complete the Iowa Center for the Arts, such an addition should probably contain the dance program. These two programs would require an addition to the theater of about 41,000 gross square feet, which would cost about \$3 million. There is the potential for an \$11.6 million overall project which could be developed in from one to three phases.

Vice President Jennings concurred with the Board Office's recommendations.

Suggestion Made to Combine the Planning Requests into One Asking. The Board Office noted that it considered the proposal to combine the requests for planning but felt that the Library Addition at Iowa State University has a higher priority than the replacement of the Old Armory or the final phase of the Speech/Art Complex at the University of Northern Iowa. Thus, in the Board Office's priority recommendation, the Library Addition was quite a bit higher on the priority listing than the planning funds for the other facilities.

Music Building at Iowa State University. It was noted that at the September board meeting Vice President Moore indicated that the architects had earlier reported a \$253,000 shortfall in the estimate submitted for this project to the 1977 legislature. The Board Office added a 7% inflation factor to these costs to bring construction costs to July 1978 bidding. This added \$235,000 to the project. Iowa State University executives stated this would provide adequate funding for this project.

Deferral of Projects to a Later Year. The Board Office noted that when the board made its 1977-79 biennial request, that request was broken down into three funding years: deficiency appropriation for 1976, 1977 appropriation needs, and 1978 appropriation needs. It was assumed that if the planning funds were provided for new construction in 1977, the construction funds would be requested for 1978. Planning funds were not provided for any projects in the 1977 legislative session.

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The Board Office included in the 1978 recommended request planning funds for three of those projects. It seemed logical that the planning funds and the construction funds not be requested in the same year. Therefore, the Board Office recommended that the construction funds be requested in 1979 assuming that the planning funds are provided in the coming year. The only other deferral projects involved a small remodeling project at the University of Iowa for which adequate compensation has been made by the inclusion of the more important remodeling priorities of the university in the recommended request; the deferral of a decision on the second phase of the remodeling of the space vacated by Veterinary Medicine until a determination is made of legislative intent to fund the first phase of remodeling and until the university looks at the continued viability of remodeling that Old Veterinary Clinic area; and the deferral of additional funds for Iowa Braille and Sight Saving School until plans are formulated to utilize the remodeling funds appropriated by the 1977 session. Delay will also give the new superintendent time to assess the needs of the school for facilities.

It was reported that the institutions requested \$29,600,000 in projects. The Board Office recommended that approximately \$15,240,000 of that request be deferred to a later biennium. The Board Office stated that if the \$12,500,000 request would be fully funded, the board would have a \$37 million capital program for the 1977-79 biennium.

Highest Priority Capital Needs and Asking. Vice President Madden noted that the Board Office recommendation for \$12,500,000 included \$365,000 for planning for Iowa State University Library Additions. For the first addition, the Board Office recommended funds to enable plans to be developed to bid stage by taking 80% of 5% of estimated Phase I cost of \$6,455,000 or \$255,000. For future additions, it was recommended that funds be appropriated to enable plans to go through the design development phase or 35% of 5% of estimated Phase II cost of \$6,420,000 or \$110,000.

Assistant Vice President Madden said that because of the complexities of this project and upon the advice of the university architect, a more realistic figure to use would be 7%, rather than the 5% recommended above, to determine the cost factor. Mr. Richey suggested a 6% figure be used rather than 7%. President Petersen noted that the board did not want to recommend such high planning costs so that the legislature doesn't even consider the request. After further discussion, Mr. Richey recommended \$400,000 be requested for Library Additions planning for Iowa State University in view of the complexity of the project.

Mr. McMurray said that the Board Office recommended funds to enable plans to be developed to bid stage or 80% of 5% of estimated total construction cost for the Speech/Art Complex - Final Phase should be sufficient. Vice President Stansbury concurred with the Board Office recommendation concerning planning funds for the Speech/Art Complex.

Vice President Stansbury expressed pleasure with the Board Office's priority order to place institutional costs associated with the Hudson

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Road Improvement Project as a no. 1 priority. That project will be under construction in May of 1978. He said the university's cost estimate may be somewhat low.

MOTION:

Mr. Slife moved the board approve the following capital request priority list which includes the recommended change in Library Additions for Iowa State University. Mr. Harris seconded the motion and it passed unanimously.

CAPITAL REQUEST OF
STATE BOARD OF REGENTS FOR 1978

<u>Board Priority</u>	<u>Institution*</u>	(\$000) <u>Project</u>	<u>Project Request</u> ¹
1	SUI	Lindquist Center for Measurement - Phase II - Equipment	\$ 535
1	UNI	Institutional Costs Associated with Hudson Road Improvement	170
1	ISU	Music Building Construction	3,620
1	ISU	Renovation of Old Veterinary Quadrangle for use by College of Education and Department of Psychology	3,885
2	ISU	Library Additions Planning a. For first addition, funds to enable plans to be developed to Bid Stage or 80% of 5½% of estimated Phase I cost of \$6,455,000 = <u>\$290,000</u> b. For future addition, funds to enable plans to go through Design Development Phase or 35% of 5% of estimated Phase II cost of \$6,420,000 = <u>\$110,000</u>	400
3	SUI, ISU	Major Remodeling and Renovations a. SUI - Macbride Hall - <u>\$880</u> b. ISU - Beardshear Hall - <u>\$645</u> c. SUI - Chemistry/Botany and North Hall - Chemistry Laboratories and Fire Escapes - <u>\$845</u> d. ISU - Curtiss Hall - <u>\$750</u>	3,120

4	ISD	Vocational Building Addition	435
5	SUI,UNI	Major Facility Planning	370
		a. <u>SUI - Replacement of Old Armory --</u> Funds to enable plans to go through Design Development Phase or 35% of 5% of estimated total construction cost of \$11,900,000 = <u>\$200,000</u>	
		b. <u>UNI - Speech/Art Complex-Final Phase --</u> Funds to enable plans to be developed to Bid Stage or 80% of 5% of estimated total construction cost of \$4,180,000 <u>\$170,000</u>	
		TOTAL CAPITAL REQUEST	<u>\$12,535</u>

All costs are expressed in 1978 dollars after application, when appropriate, of a 7% inflation factor to 1977 request.

- SUI - University of Iowa
- ISU - Iowa State University
- UNI - University of Northern Iowa
- ISD - Iowa School for the Deaf

Regent Bailey said he did not like the principle of altering a board request which had previously gone to the legislature. He said he felt that if the board was to be honest with itself and the legislature, it needed to stand by its original askings with respect to capital.

MOTION: Mr. Bailey moved the board approve the capital budget request requested a year ago for 1978-79 with the exception of the Old Veterinary Clinic Remodeling and Renovation Project and the Miscellaneous Remodeling and Renovations Project at the Iowa Braille and Sight Saving School. Regent Bailey moved the board add to the \$12,535,000 capital request approved above the following projects which were on the capital request approved last year: Eastlawn Remodeling, University of Iowa (\$520,000) Music Building Equipment, Iowa State University (\$350,000) Library Addition - Phase I - Construction, Iowa State University (\$6,455,000) Speech/Art Complex - Final Phase Construction, University of Northern Iowa (\$4,180,000) That would increase the board's capital request to \$24,040,000. The motion failed for lack of second.

Financing of Request. The Board Office reported that it sold \$34.8 million in academic revenue bonds other than those issued in July and September of 1977. Principal outstanding on those bonds as of July 1, 1978 will be \$24.1 million. The recently sold \$15.5 million in bonds yields a total principal outstanding as of July 1, 1978 of \$39.6 million. It appears at this point that the capital needs of the institutions for utilities for the 1979-81 biennium will be about \$6 million. If the board were to continue its position of bonding for utility needs, the board would have on July 1, 1981 principal outstanding of only \$38.9 million because of the rapid retirement of these bonds. It was reported that utility needs fall mainly in the category of recurring plant upkeep.

The board will retire approximately \$1.7 million of existing debt service annually and, beginning in 1981, will be retiring an additional \$875,000 in new academic revenue bonds annually. Therefore, the board has some room in which to sell additional bonds for utilities, especially if the recurring level of utility needs for each of the next four biennia is about \$6 million as the ten-year building program indicates.

The Board Office stated that the board may wish to keep open the option of funding up to \$12 million of the 1978 request from academic revenue bonds, if appropriations are not available.

Mr. McMurray reported that he was informed that there may be a need for additional boilers earlier than the Board Office originally anticipated. He said that Brown Engineering has indicated that the University of Northern Iowa may require an additional boiler within the next seven to eight years. Also, the University of Iowa indicates a need for new boiler capacity toward the end of ten years.

Regent Shaw commented that the board should be taking a serious look at whether it should be putting up any new buildings due to the fact that it has not received any substantial money for same for quite some time.

Regent Wenstrand said he did not have hesitation for bonding, per se, particularly in times of inflation, but said he did not want the board to lose its flexibility either. He said the board has to be careful in its bonding recommendations with respect to future capital requests.

MOTION:

Mr. Brownlee moved the board submit to the Governor and legislature a capital request for 1978 which totals \$12,535,000. He also moved the board, if necessary, explore the possibility of bonding and the impact it may have on future appropriations. Mr. Slife seconded the motion and it passed unanimously.

MERIT SYSTEM CLASSIFICATION AND PAY PLAN REVISIONS. The board was requested to approve :

- 1) Establishment of the following new classes:
 - a) Radiation Therapy Technician, pay grade 109 (\$9,854 - \$13,832)
 - b) Dental Dispensary Assistant, pay grade (\$6,812 - \$9,412)
 - c) Patient Transport Coordinator, pay grade 112 (\$11,310 - \$15,834)
- 2) Changes in class descriptions and pay grade assignments for the following classes:
 - a) Cytotechnologist I from grade 108 to 109
 - b) Cytotechnologist II from grade 110 to 112
 - c) Compositor from grade 206 to 207
- 3) Revisions in class descriptions with no change in pay grade assignment for Storekeepers I and II, and the deletion of the Draftsman-Inker and Television Producer-Director classes.

Mr. Volm reported that all of the proposed pay grade assignments were the result of the application or reapplication (in cases where the duties and responsibilities of existing classes have changed) of the board's point count evaluation instrument.

Mr. Volm said the Radiation Therapy Technician class was needed to properly recognize radiation therapy services performed by technicians in a new division of the University Hospitals Department of Radiology. He noted that the proposed Dental Dispensary Assistant classification class was the result of a system-wide study of the duties performed by all employees classified as Storekeepers, which showed that the duties performed by employees in dental dispensary units were not typical of duties performed by other employees classified as Storekeepers. The Patient Transport Coordinator class was needed to resolve a classification problem which recently came to the Regents Merit Office's attention.

Changes in the pay grade assignments of Cytotechnologists I and II and the Compositor classes were proposed as the result of increased duties and responsibilities.

The Board Office reported there are no incumbents in, nor is future need anticipated for, the classes of Draftsman-Inker and Television Producer-Director.

Mr. Volm reported that all the recommended revisions were reviewed with appropriate institutional administrators and affected employees. The State Director of Employment Relations and representatives of the State Merit Employment Department were also consulted regarding the proposals.

MOTION:

Mr. Harris moved the board: 1) approve establishment of the new classes of Radiation Therapy Technician, Dental Dispensary Assistant, and Patient Transport Driver as described above; 2) approve changes in class descriptions and pay grade assignments Cytotechnologist I, Cytotechnologist II, and Compositor as shown above; and 3) approve revisions in class descriptions with no change in pay grade assignment for Storekeepers I and II and approve the deletion of the Draftsman-Inker and Television Producer-Director class. Mr. Bailey seconded the motion and it passed unanimously.

EXECUTIVE SESSION. President Petersen reported that there were several matters to be discussed in executive session: strategy in regard to collective bargaining, a personnel matter at the University of Iowa, a property matter at the University of Iowa, and a personnel matter for consideration by the board only.

On roll call vote as to whether to enter into executive session, the following voted:

AYE: Bailey, Harris, Shaw, Slife, Wenstrand, Petersen.
NAY: None.
ABSENT: Barber, Belin, Brownlee.

The board, having voted in the affirmative by at least a two-thirds majority, resolved to meet in executive session at 4:20 p.m. and arose therefrom at 6:30 p.m.

The following business pertaining to general and miscellaneous items was transacted on Friday, October 21, 1977.

FAMILY PRACTICE REPORT. The board was presented a family practice report which was presented to the Joint Subcommittee of Budget for Education by Dr. Paul M. Seebohm, Executive Associate Dean, University of Iowa College of Medicine.

President Petersen called the board's attention to the fact that a \$1,166,400 base appropriation was being requested for 1978-79, as compared with the Governor's recommendation of \$985,000 and the \$900,000 appropriated for 1977-78. She noted that while this was not a direct request of the board, the board needed to be informed because it is an interrelated program of the board.

Regent Harris reported that the vast majority of the cost of this program is paid from non-state funds. Only 15% of the cost of this program is from state appropriations, 48% from local hospitals, 15% from federal grants, and the remaining 22% from family practice earnings. It was noted that in terms of the state's involvement, the state provides just enough "seed money" to encourage the program.

Mr. Richey noted that the increase in the request merely reflects the growth in enrollment.

In absence of objections, President Petersen accepted the report on behalf of the board.

REVIEW OF TUITION REPLACEMENT REQUESTS FOR 1978-79. The board was recommended to request a tuition replacement appropriation to pay debt service on bonds currently outstanding of \$3,560,000 for fiscal year 1978-79. This compares with the Governor's recommendation for 1978-79 of \$3,355,000, or an increase of \$205,000 on that recommendation. In addition, should the board determine that the majority of the 1978 capital request be funded by academic revenue bonds, the board would need to request an additional \$205,000 for fiscal year 1978-79 to pay debt service on those bonds that year. This would make the total requirement for tuition replacement for 1978-79 \$3,765,000.

The Board Office reported that the legislature appropriated \$3,180,000 for fiscal year 1977-78. The Board Office's review of the needs of the institutions showed that that amount will be sufficient to pay the debt service on both the existing bonds and 1977 sales. The Board Office estimated that during 1977-78 there will be total debt service of \$4,188,000 of which \$1,730,000 will be principal payments. This \$4,188,000 is funded by a tuition replacement appropriation of \$3,180,000 and institutional earnings on investment of bond proceeds until needed for construction and from the investment of the reserve fund of \$1,008,000. This tuition replacement request is always net of earnings on investment of bond proceeds and receipt from federal interest subsidy grants.

It was indicated by the Board Office that the requirement for 1978-79 for existing bonds and for 1977 sales is \$3,560,000. This is based upon

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a total debt service need of \$4,180,000 of which \$1,730,000 is in principal payments. The institutions estimate earnings of \$620,000 for the year which, when combined with the tuition replacement requirement of \$3,560,000, matches the debt service needs of \$4,180,000.

The Governor made a recommendation last year for 1978-79 totalling \$3,355,000. This was based upon a need of \$3,055,000 for existing bonds and \$300,000 for bonds for the utility needs of the universities. The tuition replacement need for 1978-79 is approximately \$205,000 greater than the Governor recommended. This increase is primarily due to the decision to sell all bonds as quickly as possible in the fiscal year to take advantage of the bond market. The Governor's recommendation made last year had the bond sales spread out over a longer period of time. It was noted that while such a schedule could have probably saved money in the short range, as far as tuition replacement requirements were concerned for 1978-79, it would undoubtedly cost the state a great deal more over the life of the bonds.

The Board Office estimated that if the board agreed to fund the majority of the 1978 capital requests from academic revenue bonds totalling \$11,840,000 with sales in July and September of 1978, an additional tuition replacement appropriation of \$205,000 for fiscal year 1978-79 would be needed. This is based upon a 5% interest rate and earnings by the institutions of 5.5%. The Board Office estimated the debt service payments for 1978-79 from these new issues would be \$629,000. It was noted that the institutions should be able to earn about \$424,000 of this amount, leaving a tuition replacement need of \$205,000.

MOTION:

Mr. Harris moved the board request a tuition replacement appropriation to pay debt service on bonds currently outstanding of \$3,560,000 for fiscal year 1978-79. This compares with the Governor's recommendation for 1978-79 of \$3,355,000, or an increase of \$205,000 on that recommendation. Mr. Slife seconded the motion and it passed unanimously.

REVIEW OF BOARD OFFICE BUDGET REQUEST FOR 1978-79. The board was requested to approve a budget request of \$505,259 for operation of the Board Office during 1978-79 and indicate its position on the salary of the executive secretary for 1978-79.

The Board Office reported that its budget for 1977-78 is \$466,281, of which \$284,059 is from state appropriations. The request of \$505,259 for operation of the office in 1978-79 would involve state appropriations of \$309,481.

It was noted that a portion of the budget for salaries for 1978-79 was provided by House File 634. That appropriation was to cover annual pay adjustment and related fringe benefits of employees under the central payroll system who are not covered by a collective bargaining agreement. Thus, it includes employees of the Board Office.

The Governor's budget recommendation to the 1977 General Assembly covered both years of the 1977-79 biennium. His recommendation, together with the appropriations made for the second year of the biennium in House File 634, would provide a budget of \$497,884 for operation of the Board Office in 1978-79. This figure assumes reimbursement by the institutions in the operation of the merit system, employment relations, and equal employment opportunity based on the salary policy approved in House File 634 and on operating expenditures as recommended by the Governor. It also assumes that the State Comptroller will allocate funds for salary increases as provided in House File 634 and recognize the board's authority to establish the salaries of professional employees for the office, consistent with appropriations. The allocations from House File 634 to the Board Office in 1977-78 amounted to \$16,759. It will be necessary for that amount to be continued into 1978-79 and for an additional amount of \$16,951 to be allocated in 1978-79 for additional salary increases consistent with the policy established in House File 634.

The board was reminded that the General Assembly did not act on the Governor's recommendations for 1978-79 except for salary increases as contained in House File 634.

The Board Office reported that the only items in the request for 1978-79 that represent a departure from the policies already approved was the requested addition of \$7,375 for equipment. That amount includes \$5,515 for dictating equipment to provide the merit unit and the equal employment opportunity unit with access to the central dictating tanks in the office. It was noted that the Regents Merit Division is expected to be moved into quarters adjacent to the Board Office proper late in 1977-78, which will allow the use of a central dictating system.

The Board Office's request for equipment also included \$1,860 for installation of a computer terminal in the Board Office to be connected to the computer of the State Comptroller. The primary reason for this need is to have access to the state's computerized system of maintaining a record on all bills introduced in the General Assembly together with the current status of every bill. Use of this information that is already available from the state computer would be of major assistance to the office in keeping track of bills and in preparing timely reports to the board and to others during legislative sessions.

It was noted that the budget request for other operating expenditures, based on the Governor's recommendations now standing before the General Assembly for the second year, showed practically no growth to offset the effects of inflation, increased workload, or other factors.

Mrs. Petersen said that under current legislation, the salary of the executive secretary is set at a maximum of \$33,600. Governor Ray established the salary of the executive secretary at \$33,000 on July 1, 1977. The board has customarily stated its position with respect to the salary of the executive secretary, since it has more direct knowledge as to the extent of the responsibilities of the position as well as the performance of the incumbent.

President Petersen said she felt the salary of the board's executive secretary needed to be increased to more properly compensate for the responsibilities of that position. She suggested the board make a recommendation to the Governor to that effect.

MOTION: Mr. Bailey moved that: 1) the salary of the executive secretary be moved immediately to the top of the range of \$33,600, and 2) the range be increased during the 1978 session of the legislature to no less than \$39,000 per year. Mr. Harris seconded the motion and it passed unanimously.

MOTION: Mr. Slife moved the board express its strong feeling to the legislature that it give the board authority to set the salary of its executive secretary. Mr. Bailey seconded the motion.

Regent Harris said he felt Regent Slife's motion should be vigorously supported. President Petersen noted that Regent Slife's recommended motion has been part of the board's legislative program for some time but the board has had no success.

VOTE ON MOTION: The motion passed unanimously.

MOTION: Mr. Bailey moved that the Board of Regents approve a budget request of \$505,259 for operation of the Board Office during 1978-79. Mr. Slife seconded the motion and it passed unanimously.

REPORT ON INSTITUTIONAL VISITS BY LEGISLATIVE SUBCOMMITTEE ON EDUCATIONAL APPROPRIATIONS. The board was presented with oral reports concerning the legislative subcommittee meetings held on the institutional campuses.

President Petersen reported that the legislative subcommittee report for the Iowa School for the Deaf was presented at the time the board discussed the Iowa School for the Deaf docket yesterday.

President Boyd said the legislative subcommittee meeting held at the State University of Iowa focused on several matters, one of which involved the matter of budget askings. He noted that appropriations by the legislature of all federal funds was discussed, also. He reported that the Board Office, with the institutions, must spend a considerable amount of time with respect to the federal funds matter.

President Boyd commented that the "layering" of levels in the Regents' system makes it difficult to get the askings the institutions desire. He noted there are benefits to having a central administration handling the five institutions as well as difficulties. He said the legislators seemed to be sympathetic to his comments in that respect. President Boyd said he is hopeful that a couple of representatives, particularly one from the health area, will better portray the university's individual needs to the legislature.

REPORT OF LEGISLATIVE INTERIM STUDY COMMITTEES. The Board Office noted that members of legislative study committees are working on various subjects during the legislative interim. Representatives of the Board Office and of the institutions attended a meeting on October 13 of the committee studying proposals that would require the appropriation of all federal receipts before such funds could be utilized by state agencies and institutions. The Legislative Study Committee on Collective Bargaining met on October 14th and representatives of the Board Office attended, at the request of the committee, to discuss proposals that had been made to put all Regents' Merit System employees and the presently exempt professional and scientific employees under the State Merit Employment Department. The State Director of Employment Relations recommended such legislation to the committee.

Mr. Richey noted that at the meeting on appropriation of federal receipts, he expressed strong objection to inclusion of the Board of Regents and the reasons therefor. He said his testimony was consistent with the previous policy of opposition to such action by the Board of Regents. With respect to the issue of abolishing the Regents' Merit System and transferring its responsibilities to the State Merit Employment Department and the removal of the present exemption from the merit system of all professional and scientific employees, he expressed strong objections for the board. Mr. Richey reminded members of the board that any employees who are transferred to the merit system would automatically come under the Office of the Governor for collective bargaining purposes. Mr. Richey noted there is cooperation between the Board of Regents and the State Merit System.

Mr. Richey said the instructional portion of the board's federal receipts is probably the area it will have to fight for the hardest to maintain flexibility. President Petersen said one of the greatest dangers with respect to legislative matters such as this is lack of understanding on the part of the legislature in saying "no" to instructional or research grant requests.

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REVISION OF CONTRACT WITH BOND FINANCE CONSULTANT. The board was requested to approve a new agreement with Paul D. Speer and Associates, Inc., Chicago, Illinois, as bond finance consultant with agreement to run from October 1977 to June 30, 1981, and thereafter until cancelled upon the Board of Regents giving six months written notice to Paul D. Speer and Associates, Inc., and that either party may reopen the provisions for compensation on or after June 30, 1979.

The Board Office reported that the board has had a contract with Paul D. Speer and Associates since July 1, 1962, to provide professional services in the financing of all facilities from revenue bonds. The terms of the agreement have been modified from time to time. Mr. Speer made a proposal to the board this past summer regarding his contract. The board appointed a committee consisting of Regents Barber, Brownlee and Shaw at its September meeting to work with the executive secretary, Board Office staff, and Mr. Speer on a proposal.

A copy of the negotiated contract presented the board showed the following major changes:

1. Currently, the firm is paid the sum of \$5,000 plus 1/20th of 1% of the face value of all bonds sold from each bond sale of one type of each institution. The new contract would raise the base fee from \$5,000 to \$7,500. This was done in recognition of the fact that the compensation to Mr. Speer has not changed since 1969 and, in fact, was reduced during the interim, when in 1973 the \$10,000 annual retainer was dropped from the contract.
2. The current agreement has no provision for compensation to Mr. Speer for special services rendered by him outside of those services directly provided on a specific bond issue. The firm has always been most cooperative with the institutions and the Board Office whenever any assistance is requested of the firm. The new contract provides that the fees quoted therein for bond issues shall not apply to special services rendered to any institution such as bond tenders and local financing, each of which shall be the subject of negotiation between the institution and Paul D. Speer and Associates, Inc., subject to the approval of the executive secretary. The Board Office noted that it was not certain what special services will be required over the life of this contract. Those special needs will be monitored and activities will be coordinated as needed. The Board Office said it would keep open the option of entering into a separate contract with Mr. Speer to cover such special services until such time as the nature and extent of those services is known. It was noted that the board will be kept fully informed.

Except for those two major changes, the new contract negotiated was almost identical in language to the current contract with Paul D. Speer and Associates, Inc. The contract retains the ceiling of \$12,500 for maximum amount, which would be payable for any single issue.

It was noted that the new fees do not apply to any of the three recent bond issues and would come into effect only on future issues of the Board of Regents.

Mr. Richey reported that Mr. Speer requested 1/2 of 1% of the face value of the issue or a maximum of \$15,000 per bond issue, whichever was less, instead of the basic \$5,000 plus 1/20th of 1% with a maximum of \$12,500. Mr. Richey said the committee offered Mr. Speer an increase in his basic fee from \$5,000 to \$7,500 to recognize inflation that had taken place over the last six to seven years but held to the 1/20th of 1% and the present maximum. Mr. Speer agreed to that with the understanding that some of the rather extensive services he provides now without pay for certain work would be negotiated separately on a project by project basis. The committee agreed to that with the provision that it would be subject to the approval of the executive secretary. Mr. Richey said when those extra service financial requests come to him if they need board discussion, they will be called to the board's attention.

Regent Shaw said he felt that the proposed increase in base fee for Mr. Speer from \$5,000 to \$7,500 was quite justified.

MOTION:

Mr. Bailey moved the board approve a new agreement with Paul D. Speer and Associates, Inc., Chicago, Illinois, as bond finance consultant with agreement to run from October 1977 to June 30, 1981 and thereafter until cancelled by the Board of Regents giving six months written notice to Paul D. Speer and Associates, Inc., and that either party may reopen the provisions for compensation on or after June 30, 1979. Mr. Wenstrand seconded the motion and it passed unanimously.

INFORMATION ITEMS. The board was presented information pertaining to the following: 1) security unit, 2) technical unit, 3) ISEA petition for declaratory ruling, and 4) miscellaneous.

Mr. Richey reported that he has held extensive conversations with Mr. Larry Pope, chief negotiator in collective bargaining at the University of Northern Iowa, the Attorney General, and members of the Herrick, Langdon, Belin et al firm on the subject of payment to Mr. Pope for services he has rendered and is still rendering as chief negotiator in collective bargaining with the faculty at the University of Northern Iowa. Mr. Richey noted that Mr. Pope is a professor of law at Drake University and also associated with the Des Moines law firm.

Mr. Richey reported that the Attorney General has held that Mr. Pope's services were legal services and that payment to him is prohibited unless the board utilized the procedures of Section 13.7 of the Code of Iowa. Section 13.7 prohibits compensation "to any person for services as an attorney or counselor to any executive department of the state government" but authorizes the Executive Council to employ legal assistance "in any pending action or proceeding" to protect the interest of the state, "but only upon a sufficient showing, in writing, made by the attorney general, that the department of justice cannot for reasons stated by the attorney general perform said service...." Section 13.7 goes on to state that:

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When the attorney general determines that the department of justice cannot perform legal service in an action or proceeding, the executive council shall request the department involved in the action or proceeding to recommend legal counsel to represent the department.

Mr. Richey said that it has been decided that litigation on this matter before the board is necessary to determine whether the board is or is not subject to that section of the Code. He said there is an honest difference of opinion between him and the Attorney General on this matter and said it should be resolved by litigation in a "friendly suit."

MOTION:

Mr. Bailey moved the board direct its executive secretary to take any acts necessary to arrange and make payment to Mr. Pope through his firm including bringing or defending an action in the courts of Iowa seeking a judicial determination of the propriety of the board's payment, and also moved the board direct the executive secretary to seek approval from the Executive Council of the State of Iowa of the appointment of independent counsel to represent the board in any such proceeding. Mr. Harris seconded the motion and it passed unanimously.

REPORT ON TRUSTEE WORKSHOP ASSOCIATION OF GOVERNING BOARDS OF COLLEGES AND UNIVERSITIES. The board was presented a written report presented by President Petersen of a workshop she attended of the Association of Governing Boards. She noted that Regent Barber and Mr. Richey also attended the meeting. Regent Barber also presented written information to the board pertaining to the meeting. They are on file at the Board Office.

President Petersen reported that there is a 24 hour seminar going to be held in Florida on December 5-6, 1977 for trustees of public colleges and universities. She encouraged members of the board to attend this seminar.

BOARD OFFICE PERSONNEL REGISTER. The board was requested to approve the Board Office Personnel Register as follows:

Appointment:

Effective on or before November 18, 1977, Janet N. Bacon, Research and Information Analyst, at \$16,016 annually plus usual fringe benefits including household moving expenses of 10,000 lbs. maximum.

Appointment:

Darlene Weidner, secretary, temporary-emergency, September 27 through October 14 at \$3.98 per hour.

In absence of objections, President Petersen ratified and approved the actions reported in the Board Office Register of Personnel Changes as shown above.

NEXT MEETINGS.

November 18	Iowa School for the Deaf	Council Bluffs
December 15-16	Iowa State University	Ames
January 19-20, 1978	University of Iowa	Iowa City
February 16-17	Iowa State University	Ames
March 16-17		Des Moines
April 20-21	University of Northern Iowa Iowa Braille and Sight Saving School	Cedar Falls Vinton
May 18-19	University of Iowa	Iowa City
June 15-16	Iowa State University	Ames
July 20-21	University of Northern Iowa	Cedar Falls

President Petersen called board members' attention to the fact that the November meeting will be held on one day only, beginning at 8:30 a.m.

APPOINTMENT OF A REGENTS' REPRESENTATIVE TO THE STATE ADVISORY COMMITTEE ON SPECIAL EDUCATION. The board was requested to approve the nomination of Robert Barak to represent the Board of Regents on the Board of Public Instruction's State Advisory Committee on Special Education.

The Board Office noted that the Board of Public Instruction, in compliance with the provisions of the Education of the Handicapped Act, is in the process of appointing a State Advisory Panel on Special Education. The Board of Regents was asked to submit the name of one nominee for consideration by the Board of Public Instruction at its November meeting. Mr. Richey proposed that due to the type of individual being sought from the Board of Regents and certain other agencies, that the board nominate Mr. Barak of the Board Office.

MOTION: Mr. Bailey moved the board approve the nomination of Robert Barak to represent the Board of Regents on the Board of Public Instruction's State Advisory Committee on Special Education. Mr. Slife seconded the motion.

Mr. Richey noted that in carrying out the function of representing the Board of Regents, the board's nominee will be working in very close consultation and coordination with institutional personnel.

VOTE ON MOTION: The motion passed unanimously.

It was noted that the Board of Regents has previously established a Special Education Advisory Committee to advise the Board Office on

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matters related to special education. The Regents' Special Education Committee consists of the following persons:

Dr. Lee Courtnage, Professor, University of Northern Iowa
Ms. Shirley Karas, Assistant Professor, Iowa State University
Dr. Raymond Rembolt, Director, University Hospital School, University of Iowa
Dr. Clifford Howe, Professor, University of Iowa
Dr. C. Joseph Giangreco, Superintendent, Iowa School for the Deaf
Dr. Richard DeMott, Superintendent, Iowa Braille and Sight Saving School
Dr. Robert Barak, Board Office

Mr. Richey reported that the board may wish to add some additional individuals to the composition of this committee in view of the appointment of Mr. Barak to the Department of Public Instruction's State Advisory Committee on Special Education. He recommended a person representing the administration of the colleges of education. Regent Harris said he would recommend such a person to Mr. Richey.

Vice President Brodbeck recommended that Associate Professor Alfred Healy of the University of Iowa replace Dr. Raymond Rembolt of the University of Iowa on this committee as Dr. Rembolt has recently retired from his position at the university.

MOTION:

Mr. Slife moved the board appoint Associate Professor Alfred Healy of the University of Iowa to the Regents' Special Education Committee in place of Dr. Raymond Rembolt of the University of Iowa. Mr. Bailey seconded the motion and it passed unanimously.

President Petersen asked board members and institutional executives if there were additional matters to be raised for discussion pertaining to general or miscellaneous items. There were no additional matters raised for discussion.

STATE UNIVERSITY OF IOWA

The following business pertaining to the State University of Iowa was transacted on Thursday, October 20, 1977.

CAPITAL PROJECT HEARING - MEDICAL RESEARCH CENTER. The board was requested to hold a public hearing on proposed plans, specifications and form of contract for the project Medical Research Center - Electrical Renovations.

President Petersen called the meeting to order at 11:00 a.m., Central Daylight Time, October 20, 1977, and the roll being called, there were present Mary Louise Petersen, president, in the chair, and the following named board members: Bailey, Brownlee, Harris, Shaw, Slife, Wenstrand, Petersen. Absent: Barber, Belin.

The president then stated that this was the day, time and place set for a hearing on the proposed plans, specifications and form of contract for the following project: Medical Research Center - Electrical Renovations.

President Petersen asked whether there were any present who desired to register objections concerning either the proposed plans and specifications or proposed form of contract on the project. No objections were filed.

The president then inquired whether the executive secretary had received any written objections to the project. The executive secretary stated that he had not received any such objections. There being no objections, the president declared the public hearing closed.

The following business pertaining to the State University of Iowa was transacted on Friday, October 21, 1977.

REGISTER OF PERSONNEL CHANGES. The actions reported in the Register of Personnel Changes for the month of September were ratified by the board.

NAME CHANGE - DEPARTMENT OF DERMATOLOGY. The board was requested to approve changing the name of the Department of Dermatology and Syphilology to the "Department of Dermatology."

The request noted that recent changes in the care of venereal diseases have resulted in a reduced role for dermatologists in the care and treatment of these diseases. As a result of this change in health care delivery, the University of Iowa requested that the board formally change the department name by dropping the words "and Syphilology" from the department name. It was noted that this change seems warranted based on recent changes in the field and the number of venereal diseases treated by this department.

MOTION:

Mr. Bailey moved the board approve changing the name of the Department of Dermatology and Syphilology to the "Department of Dermatology." Mr. Harris seconded the motion and it passed unanimously.

PROPOSED CHANGE IN THE IOWA ADMINISTRATIVE CODE. The board was requested to approve the change in the Iowa Administrative Code for the University of Iowa to permit minors to attend events when accompanied by a parent.

The Board Office reported that the current policy for concerts held in the University of Iowa field house indicates that these events are not made available to minors who are not University of Iowa students. The University of Iowa Student Senate has recently requested a minor modification in this policy which would permit minors accompanied by parents to attend concerts. The University of Iowa has approved this proposal and requested that the board approve an amendment to the Iowa Administrative Code so that the policy would read as follows:

Tickets for concerts scheduled primarily for the entertainment of university students held in the field house are not to be made available to minors who are not University of Iowa students, unless such nonstudent minors are accompanied by their parents.

The Board Office indicated its feeling that adoption of this policy would seem to be in the best interests of the university community.

President Boyd introduced Vice President for Student Services Philip Hubbard and Douglas Siglin, President of the University of Iowa Student Association Senate to the board.

Mr. Siglin expressed appreciation for the university administration's support of a needed change in the Code but said he felt the administration unintentionally misunderstood the students' intent. He then read Student Senate Resolution 77-39 in which it stated:

Whereas: There exists a policy of age discrimination at the University of Iowa Fieldhouse concerts;

Therefore Be it Resolved:
That the University of Iowa Student Association Senate requests the Board of Regents to change the age policy to allow minors accompanied by a guardian to attend University of Iowa Fieldhouse concerts; and

Be It Further Resolved:
That the President of the Student Senate take the appropriate action necessary in bringing this matter to the attention of the Board of Regents.

Mr. Siglin said the Student Senate favors a policy which would allow minors to attend university field house events with any adult who would take responsibility for that minor. He noted that the resolution would not restrict a minor to be accompanied by a parent or legal guardian. Mr. Siglin said that some parents might not be willing to take children to a rock and roll concert, for an example. He noted that in the instance of a rock and roll concert, a "big brother" or "big sister" would more likely take a minor to the concert.

Mr. Siglin presented the board with alternatives to the Student Senate's recommendation: 1) incorporate the idea of a teacher/parent or other responsible adult into Regents (720) Chapter 12, Section 12.7(10) of the Iowa Administrative Code or 2) eliminate Regents (720) Chapter 12, Section 12.7(10) altogether and include the university field house as a recreational facility. Mr. Siglin said the second alternative would make the university field house rules more consistent with university policy. The second alternative would also be consistent with the university and the board's goal to have the facilities available to students and the public, as a public service.

MOTION: Mr. Harris moved the board approve changes in the Iowa Administrative Code to allow minors to attend university field house events if they are accompanied by an adult ("adult" defined as an 18-year-old). Mr. Shaw seconded the motion.

Vice President Hubbard said the university field house has activities that are different from those offered at other university facilities. He

indicated that he was not referring to the make-up of the people but, instead, to the fact that the field house holds rock concerts at which attendees behave differently than if they were going to Hancher Auditorium or a basketball game. The university recommended minors be accompanied by a parent in the event youngsters "get out of line." Vice President Hubbard reported that a teacher, for example, might not be able to control a large group of people in the field house since there is not fixed seating arrangements such as in Hancher Auditorium.

Regent Wenstrand said he could appreciate the potential problems involved with minors but said problems aren't necessarily restricted to minors. He added that while he agreed that minors should be accompanied by someone, he didn't feel that person should be limited to parent(s). He expressed an interest in learning what other universities' policies are in this regard. President Parks said Iowa State University doesn't have any specific regulations on this issue.

Regent Slife suggested the motion on the floor be amended to include the word "responsible" adult. He said by adding that word it would make the motion clear that someone would be responsible. In response to Regent Slife, Regent Harris said a teacher, then, of a group of 20, for example, would fit the description of a "responsible adult." He added that university field house entertainment should be available to minors. While the board does not wish to have the university overwhelmed with such problems, Regent Harris said he did not feel such problems would be of any magnitude. He noted that the field house does have security guards on duty during activities held there.

Regent Bailey commented that the main responsibility of the Board of Regents and the main responsibility of the University of Iowa is in the area of higher education. He said he felt the university administration would be in a better position to judge who should or should not attend university-sponsored events. Regent Harris said the fact, however, that this matter was brought to the board's attention means that the board should act with the same kind of deliberation as it does on academic matters.

Regent Harris reported that he had been to concerts with his youngsters where his greatest concern has not been the activities of other minors, but the activities of what is being done by the university student population. Vice President Hubbard added that the university has the same concerns, from the other perspective. First, the minors might contribute to improper behavior, and second, if minors are exposed to improper conduct by students, the community may subject the university to criticism.

WITHDRAWAL OF MOTION:

Regent Harris and Regent Shaw then withdrew the motion on the floor.

MOTION:

Mr. Harris moved the board approve the change in the Iowa Administrative Code to permit minors to attend field house events when accompanied by a parent. Mr. Slife seconded the motion.

Regent Harris said he still felt the motion was too restrictive. Regent Bailey said he was sympathetic to the concept that there maybe should be some expansion here and said he would go along with the Student Senate's recommendation of accompaniment by "a guardian." Regent Harris responded by saying "a guardian" would not include teachers. In view of the above, Regent Harris asked to amend his motion.

AMENDMENT TO MOTION: Mr. Harris moved the words "when accompanied by a parent" be changed to "when accompanied by a parent or an adult." Mr. Wenstrand seconded the motion.

Regent Harris noted that it might be implied that if a minor attended a concert at the field house that he or she would have the consent of his or her parent(s).

Mr. Siglin said students' behavior at concerts has changed since the early 1970's. He emphasized that the board should not pass a judgment on what students may have done in the past in this instance. The kinds of groups now using the field house have changed as well as the audience response.

President Boyd reported that his basic feeling is that the university should serve the student body. He noted that the university does not underwrite these concerts.

Regent Shaw commented that the University of Iowa, however, kind of "pre-empts" the market in Iowa City for the type of activity presented in the field house. When similar groups would perform in Davenport, for instance, minors would be able to attend with no problem. He admitted that Iowa City high school students don't have the same type of opportunity in that respect as other students because the university sponsors most of these activities. President Boyd said he did not consider concerts held at the field house to be university-sponsored events.

Regent Bailey noted that Iowa City and eastern Iowa should be thankful for the benefits of the university as northwest Iowa doesn't have the same opportunities.

VOTE ON AMENDMENT TO MOTION: The motion failed with Regents Bailey, Slife and Petersen voting nay. Those voting aye were Regents Harris, Shaw, and Wenstrand.

VOTE ON MOTION: The motion passed unanimously.

REGISTER OF CAPITAL IMPROVEMENT BUSINESS TRANSACTIONS. Executive Secretary Richey reported the Register of Capital Improvement Business Transactions for the period of October 1977 had been received by him, was in order, and recommended approval.

Several actions were recommended by the Board Office:

- 1) Approve the register.

- 2) Waive the irregularity in bids submitted by Knutson Construction Co. and AAA Mechanical Contractors for those bidders' failure to acknowledge the receipt of Addendum #3 when they submitted bid forms for the Cardiovascular Research Addition to the Medical Research Center, and award contracts to these two low bidders (as shown below). In so doing the board should formally reject the complaints submitted by higher bidders on these two contracts.
- 3) Approve an agreement with Stanley Consultants, Inc. of Muscatine, Iowa to provide engineering services on four of the academic revenue bond funded utility projects for which bonds were sold at the September meeting, subject to certain revisions being made in the agreement submitted by Stanley Consultants so that the executed agreement more closely resembles the language contained in the draft document entitled "Standard Agreement between Owner and Engineer," especially as regards ownership of documents.
- 4) Grant authority to the university to proceed with the construction of the King Parasitology Laboratory Addition, Iowa Lakeside Laboratories by soliciting quotations from contractors in the vicinity of the Lakeside Laboratory. This action follows public advertisement of bids in September, but when bids were scheduled to be opened on October 6, none were received.

The following construction contracts were recommended for ratification after award by executive secretary:

University Hospitals - Ophthalmology Clinic Remodeling

Award to:

<u>General</u> : Burger Construction Company, Iowa City, Iowa	<u>\$87,060.00</u>
<u>Mechanical</u> : George Kondora Plumbing & Heating, Iowa City, Iowa	<u>\$45,350.00</u>
<u>Electrical</u> : Midwest Electrical Contractors, Inc., Iowa City, Iowa	<u>\$23,850.00</u>

Oakdale Campus Heating Plant Environmental Deficiencies --

Contract #4 -- General Construction \$399,420.00

The Board Office reported that this is the last of the series of the contracts to be let on this environmental project. The university indicated to the Board Office a potential shortfall in the funding for this project in that some contingency funds had to be utilized to award this final contract. The Board Office stated that the university should continue to closely monitor the project as to financial difficulty and the Board Office will try to find the additional funding through balances in other 66th G.A. projects.

University Hospitals -- Third and Fourth Floor Addition to West Wing

\$421,100.00

Award to: O.F. Paulson Construction Co., Cedar Rapids, Iowa

The following contract awards were recommended for approval:

University Hospitals -- Patient Registration and Visitor Support Services

Award recommended to: Burger Construction Co., Inc., Iowa City, Iowa \$268,665.00

Parking Lot Expansion -- Lot #4

Award recommended to: Iowa Road Builders Co., Des Moines, \$31,631.60
Iowa

The Board Office reported that this was a single bid although three firms did check out plans and specifications.

Cardiovascular Research Addition -- Medical Research Center
and Medical Research Center -- Electrical Renovations

Awards recommended to:

<u>General:</u> Knutson Construction Co., Iowa City, Iowa	<u>\$715,000.00</u>
<u>Mechanical:</u> AAA Mechanical Contractors, Inc., Iowa	<u>\$190,080.00</u>
<u>Electrical:</u> Shay Electrical Service, Inc., Iowa City, Iowa (\$178,203 for electrical renovations portion and \$29,925 on Cardiovascular Research Addition portion)	<u>\$208,128.00</u>

The Board Office reported complaints were received from one of the general contractors and from a mechanical contractor protesting that the low bidders on both general and mechanical contracts failed to acknowledge receipt of Addendum No. 3 on the bid form. This addendum stated that essentially that payment for temporary heating and electricity will be a contractor responsibility. The addendum was telephoned to all prospective bidders prior to the bid opening and the telephone log of the architects showed that both contractors received this telephone communication.

The following special contract matters were brought to the board's attention:

The board was asked to approve a contract with Stanley Consultants, Inc. of Muscatine, Iowa, for engineering services on four academic revenue bond funded utility projects. The contract specifies a maximum fee of \$235,000 for those services. This figures out to a maximum fee based on hourly rates of 11% of the total actual construction cost. The University of Iowa noted that although this is somewhat more than suggested by the Iowa Engineering Society fee schedule for work of normal complexity, this work on these projects does entail much more detail than normal and the amount of work to be done cannot be known until later. The university concluded that the maximum fee as stated was reasonable.

The Board Office recommended that this contract be referred back to the university for further negotiation relative to format in that the contract submitted to the Board Office is the standard form of Stanley Consultants and does not reflect in any way the work of the interinstitutional committee in development of a standard agreement between owner and engineer. The Board Office stated that the contract with Stanley Consultants on this important series of projects should more adequately reflect the efforts of the interinstitutional committee. The Board Office recommended approval of the contract as to compensation and method of fee but believes that the contract could be improved by putting in standard boiler plate of the Board of Regents' standard agreement.

One other special contract matter was called to the board's attention. The King Parasitology Laboratory Addition, Iowa Lakeside Laboratories Project, approved by the board in June, is intended to construct a one-story wing to the existing laboratory with a roofed breezeway. Project cost is \$45,000 funded by a National Science Foundation grant. The

university widely advertised its intent to take bids, but no bids were received. In view of this fact, the university recommended that the board approve soliciting quotations from qualified bidders in the area.

The following new projects were recommended for approval:

Parking Lot Expansion -- Lot #4

Source of Funds: Parking Operation Revenues -	\$34,500	
University RR&A	<u>5,900</u>	
		<u>\$40,400.00</u>

This project consists of constructing a new 34-space parking lot on the corner of Capitol and Market Streets, along with adequate lighting.

Communications Center -- Reading and Resource Center

Source of Funds: University RR&A		<u>\$15,590.00</u>
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East Hall -- Animal Quarters Air Conditioning Replacement

Source of Funds: University RR&A		<u>\$45,500.00</u>
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Pharmacy Building -- Volatile Storage Facility Safety Improvements

Source of Funds: University RR&A		<u>\$16,800.00</u>
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Oakdale Hospital -- Auditorium Roof Replacement

Source of Funds: Oakdale RR&A		<u>\$20,000.00</u>
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It was noted that the following projects are four of the five projects for which bonds were sold at the September board meeting:

Renovation of West Campus High Pressure Steam Line \$555,000.00

Source of Funds: Academic Revenue Bonds, 1977

Reconstruction of Boiler #8

Source of Funds: Academic Revenue Bonds, 1977		<u>\$625,000.00</u>
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Controls and Instruments -- Boilers #5 and #6 \$120,000.00

Source of Funds: Academic Revenue Bonds, 1977

University Hospital Electrical Substations

Source of Funds: Academic Revenue Bonds, 1977		<u>\$1,500,000.00</u>
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Mr. McMurray discussed the request of the board to approve a contract with Stanley Consultants, Inc. for engineering services on four academic revenue bond funded utility projects. He said the agreement should be modified to more adequately reflect the "Standard Agreement between Owner and Engineer" that the interinstitutional committee has been working on. That has been done as far as the ownership of documents portion is concerned and the Board Office is satisfied at this point, as far as the Stanley contract is concerned.

The following revised project budgets were presented for approval:

University Hospitals -- Patient Registration and Visitor

Support Services

Source of Funds: University Hospital Building Usage Funds \$280,000.00
(Original budget was \$214,500.)

The Board Office reported that this project was rebid in that a single bid was received on June 23, 1977. The project was redefined to simplify the phasing of the project and to eliminate additional labor costs resulting from night and weekend work. While the redefinition and rebidding was successful in reducing the low bid for construction cost, it was not sufficient to bring it within the preliminary budget, which was conservative.

Cardiovascular Research Addition -- Medical Research Center
and Medical Research Center -- Electrical Renovations

\$1,068,805.00

Source of Funds:

(Original budget was \$995,000.)

The Board Office reported that the preliminary construction budget did not include a cooling tower or chiller. It was recognized that before the building is completed, it will be necessary to provide proper cooling. Therefore, alternates for the cooling tower and chiller were taken at this time.

In general discussion, the board's attention was called to the Cardiovascular Research Addition Project. President Petersen noted that the board was being asked to waive an irregularity to a bid submitted by Knutson Construction Company and there has been objection filed to that. The objection to a waiver came in form of a letter to Mr. Richey from the Burger Construction Company of Iowa City, Iowa. Mr. Mike Burger of Burger Construction Company was present, representing the firm, to discuss the objection.

It was reported that Burger Construction Company was seeking the elimination of Knutson Company's bid and the substitution of its proposal as the low bid for the purposes of the award of the general contract. The Burger Construction Company reported that on September 29, 1977 bids for the Iowa Cardiovascular Center Addition were taken and publicly opened and read. After the reading of the general construction work base bids, it was apparent that Knutson Construction was the low bidder at \$715,000 and Burger Construction's bid was second at \$735,250. However, it was also apparent from the reading that the Knutson Construction Company had failed to acknowledge the receipt of Addendum No. 3 on the face of its bid form, whereas Burger Construction and the other two bidders had acknowledged this third addendum. Because of this omission, Burger Construction protested award of this contract to the Knutson Construction Company.

It was noted that on the day of the bid letting a telephonic addendum was transmitted to all bidders. This addendum changed the responsibility for the cost of heating and ventilating, lighting and temporary electrical service, among other things, from the mechanical and electrical contractors bidding separately, to the general contractors. This change the Knutson Construction Company failed to acknowledge on the face of its proposal. The Burger Construction Company claimed that this failure could be indicative of two actions. First, the firm could have deliberately

left off the acknowledgement for several reasons. The addendum was transmitted on the day of the letting, leaving little time for thoughtful deliberation as to the proper amount to be included in its bid.

Instead of a guess inclusion and risk a mistake with either too low a figure and be stuck with a loss, or too high a figure a risk losing the bid, it may have decided to ignore the addendum. By proper contract law of offer and acceptance, it could not be held to have included this work in its proposal. With this advantage the firm would be reasonably sure to have the low bid. The firm could then hope the board would accept the proposal as is, and negotiate these costs after the fact. The Knutson firm could also argue that it was not bound by this addendum and that it was to the detriment of the other bidders that it did not closely read the specifications.

Mr. Burger urged the board throw out the bid of the Knutson Construction Company because its position is incapable of exact definition in relation to the face of the bid proposal. He said he felt the firm's failure to acknowledge the receipt of addendum #3 was too great an error to overlook. To overlook same would be to deny the formality of the competitive bidding procedure by allowing one contractor the opportunity to study his/her bid and take a course of action determined by him/her after having seen the bid in relation to those of the other bidders. Mr. Burger requested the board award the contract to his firm as the Burger bid is in strict accordance with the invitation.

The Knutson Construction Company sent a letter to the University of Iowa which indicated that the firm did receive the telephonic addenda no. 3 during the noon hour on the date of the bidding on the Iowa Cardiovascular Center Addition. The related costs for that addenda were included in the firm's bid proposal submitted to the University Architect's Office on September 29, 1977. However, during the process of recapping the bid and transferring the bid amount to the proposal form, the Knutson firm neglected to add Addenda No. 3 to the proposal form as an addenda received.

The Board Office reported that Jones Plumbing & Heating, Inc. protested the submittal of the mechanical bid of AAA Mechanical Contractors, Inc. for the Iowa Cardiovascular Center Addition. Jones Plumbing & Heating felt that the bid was improperly submitted. It was noted that Addendum #3 was not acknowledged as having been received, which was of significant enough additional cost as to necessitate a responsive acknowledgement of its contents. The interpretation of items numbers 6, 7, and 10 could alter considerably the price of the bid on this project and would allow the bidder that did not acknowledge receipt of addendum #3 to ask for additional compensation for the inclusion of the addendum. This would constitute an unfair advantage to that bidder. Again, in view of these circumstances, it was noted that imposition of better bidding procedures should be forthwith.

Business Manager Mossman, University of Iowa, reported that neither Knutson Construction Company nor AAA Mechanical Contractors, Inc., the low bidders on the Cardiovascular Research Addition for general and mechanical construction, respectively, acknowledged receipt of Addendum #3 on their bid forms. He noted that it was not indicated from both firms that they are willing to accept Addendum #3 at the price quoted (after having

received telephone communication). Under the circumstances, Mr. Mossman felt that the board should exercise its prerogative and waive this irregularity for both low bidders.

AAA Mechanical Contractors, Inc. reported that its bid of \$145,270.00 for the mechanical work included Addendum #3 per the telephone conversation held on the subject.

President Petersen said she understood the concerns expressed with regard to the handling of the details of this special matter. She noted, however, that the board has the responsibility to weigh the matter in the best interest of the institution. She reported that in this case she felt it would be in the university's best interest to waive the irregularity in the Knutson bid.

MOTION:

Mr. Harris moved the board waive the irregularity in the bid submitted by both the Knutson Construction Company and AAA Mechanical Contractors, Inc. for failure to acknowledge the receipt of Addendum #3 when they submitted bid forms for the Cardiovascular Research Addition to the Research Center, and also moved the board award contract to the low bidder in each instance. In doing this the board was formally rejecting the complaint submitted by the higher bidder on these contracts. Mr. Harris also moved that procedures be implemented that would improve the bidding process in this regard. Mr. Slife seconded the motion and it passed unanimously.

MOTION:

Mr. Slife moved the board approve an agreement with Stanley Consultants, Inc. of Muscatine, Iowa to provide engineering services on four of the academic revenue bond funded utility projects for which bonds were sold at the September meeting, subject to certain revisions being made in the agreement submitted by Stanley Consultants so that the executed agreement more closely resembles the language contained in the draft document entitled "Standard Agreement between Owner and Engineer," especially regarding ownership of documents; grant authority to the university to proceed with the construction of the King Parasitology Laboratory Addition, Iowa Lakeside Laboratories by soliciting quotations from contractors in the vicinity of the Lakeside Laboratory; approve the construction contract awards recommended for ratification and approval; approve the new projects; approve the revised project budgets; and authorize the executive secretary to sign all necessary documents. Mr. Harris seconded the motion and it passed unanimously.

JOHN F. MURRAY FUND. The board was requested to accept the changes in the John F. Murray investment portfolio for the quarter ending September 30, 1977.

In absence of objections, President Petersen accepted the report of the John F. Murray Fund and ratified the changes therein.

RENEWAL OF UNIVERSITY OF IOWA FARM LEASES. The board was requested to approve the farm leases for March 1, 1977 to March 1, 1978 at the University of Iowa for the Hawkeye Area Farm, a hog buying facility, and the Oakdale Area Farm as recommended by the Board Office.

The Board Office reported that the farms at the University of Iowa are leased basically on a shared crop return and expense basis. Cash rent is paid for hay and rotation pasture acreage. The management of the Hawkeye Area Farm and Oakdale Area Farm is contracted out to Merchants National Bank of Cedar Rapids, which acts as agent for the university.

The Board Office reported that the combined leased crop acreage at the University of Iowa is approximately 580 acres. The average breakdown by farm for the proposed leases were as follows:

Hawkeye Area Farm

<u>Acreage</u>	<u>Rental Basis</u>
200 acres	Share crop basis
57 acres	Case rental of \$60 per acre
<u>257 acres</u>	(\$10.00 per acre increase over previous rent)

Oakdale Area Farm

<u>Acreage</u>	<u>Rental Basis</u>
201 acres	Share crop basis
50 acres	Cash rental \$50.00 per acre
<u>69 acres</u>	Cash rental \$20.00 per acre (permanent pasture)
320 acres	

The hog buying facility would be leased on a cash rental basis of \$600, due in one payment on November 1, 1978.

Regent Bailey commended the Board Office for providing the board with detailed information regarding these leases. He also noted that the rental charge was quite reasonable.

MOTION:

Mr. Bailey moved the board approve the farm leases for March 1, 1977 to March 1, 1978 at the University of Iowa for the Hawkeye Area Farm, a hog buying facility, and the Oakdale Area Farm. Mr. Slife seconded the motion and on roll call the following voted:

AYE: Bailey, Harris, Shaw, Slife, Wenstrand,
Petersen.

NAY: None.

ABSENT: Barber, Belin, Brownlee.

The motion carried.

LEASE OF PROPERTY. The board was requested to approve the lease of 4,812 square feet of space at Mayflower Apartments for storage of law library books from October 1, 1977 to September 30, 1978.

The Board Office noted that the university requested approval of a lease arrangement to acquire 4,812 square feet of space for storage of excess law library books. The terms of the agreement call for the payment of a rental of \$12,000 at the rate of \$1,000 per month over the period of the lease. The lessor agrees to assume all utilities. The rental charge represents a cost of approximately \$2.50 per square foot which the university considered reasonable for the space and utilities provided.

According to the terms of the agreement, the University of Iowa will be granted the option to extend the lease for an additional year. The terms and conditions would remain the same with the exception of adjustment in rent to reflect any increases in utilities, sewer use fees and taxes. The option may be exercised only by giving three months notice prior to expiration of the original lease.

Vice President Jennings reported that the lease would be a temporary arrangement until space is freed on the Oakdale Campus for such storage. He said he hoped that space would be available by next summer or fall.

MOTION:

Mr. Bailey moved the board approve the lease of 4,812 square feet of space at Mayflower Apartments for storage of law library books from October 1, 1977 to September 30, 1978. Mr. Harris seconded the motion and on roll call the following voted:
AYE: Bailey, Harris, Shaw, Slife, Wenstrand,
Petersen.

NAY: None.

ABSENT: Barber, Belin, Brownlee.

The motion carried.

PURCHASE OF PROPERTY. The board was requested to approve a purchase of property located at 119 W. Park Road, Iowa City, Iowa from Ernest P. Kuhl for a purchase price of \$118,000.

The Board Office reported that in September of 1973 and again in September of 1974 the board received reports from the University of Iowa relative to its land acquisition policy. Within those reports, the university listed all properties within university general boundaries not owned by the university. One of those parcels included property located at 119 W. Park Road.

The university requested approval of purchase of this property for a purchase price of \$118,000 subject to approval of the State Executive Council. Funds for this purchase are available from unexpended balances of income from Treasurer's Temporary Investments. Failure to purchase the property at this time could result in its sale and development as a multi-unit dwelling in accordance with R-3A zoning which would undoubtedly result in an increase in future acquisition cost. It was further noted that the acquisition of the property completes university ownership of the parcel bordered by Riverside Drive, Park Road, Ferson Avenue and Grove Street. Acquisition of this parcel falls well within the board-reviewed University of Iowa land acquisition policy.

MOTION:

Mr. Bailey moved the board approve the purchase of property located at 119 W. Park Road, Iowa City, Iowa from Ernest P. Kuhl for a purchase price of \$118,000. Mr. Harris seconded the motion and on roll call the following voted:
AYE: Bailey, Harris, Shaw, Slife, Wenstrand, Petersen.
NAY: None.
ABSENT: Barber, Belin, Brownlee.
The motion carried.

President Petersen asked board members and institutional executives if there were additional matters to be discussed pertaining to the State University of Iowa. There were no additional matters raised for discussion.

IOWA STATE UNIVERSITY

The following business pertaining to Iowa State University was transacted on Friday, October 21, 1977.

REGISTER OF PERSONNEL CHANGES. The actions reported in the Register of Personnel Changes for the month of September 1977 were ratified by the board.

APPOINTMENT OF UNIVERSITY ADMINISTRATOR. The board was requested to approve the following appointment:

Jon C. Dalton as Dean of Student Life and Adjunct Assistant Professor in the Department of Professional Studies. This appointment of Dean of Student Life is to be effective November 1, 1977. Salary \$27,500, twelve months' basis, plus annuity.

MOTION:

Mr. Bailey moved the board approve the appointment of Jon C. Dalton as shown above. Mr. Slife seconded the motion and it passed unanimously.

Regent Wenstrand asked if the position of Dean of Student Life is the same as Dean of Students. President Parks reported that the there is only a minor difference between the two and essentially it is the same position.

APPROVAL OF THE FORMATION OF A COLLEGE OF DESIGN AT IOWA STATE UNIVERSITY. The board was requested to refer the proposal for formation of a College of Design at Iowa State University, consisting of the following major components: a Department of Applied Art, Department of Architecture, Department of Community and Regional Planning, Department of Landscape Architecture, and other major college components, to the Interinstitutional Committee on Educational Coordination for review and recommendation and that the cost implications of the proposal be presented.

The Board Office reported that over the past several years the board has approved in concept the formation of a College of Design at Iowa State University. The university indicated that discussions among faculty and administrative personnel in the various design-related departments concerning the development of a College of Design have taken place for more than a decade. A proposal calling for a school of design was developed by three departments in the 1963-64 academic year. The initial step towards the development of a college was taken in 1967 when the board authorized the Iowa State University Design Center for the purpose of coordinating common functions and responsibilities among the three departments.

The university reported that the educational mission of the College of Design will be as follows:

1. To provide an organization for direct interaction among students, faculty, and professionals involved in all aspects of the visual arts, design and the planning of structures, communities, and environments.
2. To improve educational opportunities for the increasing number of young people entering programs in the design professions.
3. To provide opportunities for all students in the university to undertake studies in art, design, and the built environment.
4. To foster creative thought, scholarship, and research on an interdisciplinary basis as well as on an individual basis.
5. To serve as a design resource for the university, the community and the state.

Vice President Christensen reported that the university administration feels that the College of Design will greatly enhance the services which are provided to students at the university.

Vice President Martin noted that Iowa State University has kept the other two state universities well informed of its intentions with respect to the College of Design proposal.

President Parks said the university had no objection to having this proposal being referred to the Interinstitutional Committee on Educational Coordination.

MOTION:

Mr. Bailey moved the board refer the proposal for formation of a College of Design at Iowa State University, consisting of the following major components: a Department of Applied Art, Department of Architecture, Department of Community and Regional Planning, Department of Landscape Architecture, and other major college components, to the Interinstitutional Committee on Educational Coordination for review and recommendation and that the cost implications of the proposal be presented. Mr. Wenstrand seconded the motion and it passed unanimously.

REVISION IN ACADEMIC CALENDAR. The board was requested to approve the revision to the 1977-78 and 1978-79 Iowa State University academic calendar.

The Board Office reported that the revision in the 1977-78 and 1978-79 academic calendar at Iowa State University was undertaken by the university to reflect holiday schedule changes needed to conform with the board's recently adopted policies and collective bargaining agreements.

MOTION:

Mr. Bailey moved the board approve the revision to the 1977-78 and 1978-79 Iowa State University academic calendar. Mr. Harris seconded the motion and it passed unanimously.

FRILEY HALL RENOVATIONS. The board was requested to approve an agreement for architectural services for Friley Hall Renovations with Brooks, Borg and Skiles, Architects and Engineers of Des Moines, Iowa with compensation to be computed on the basis of a multiple of direct personnel expense with a fixed maximum of \$36,000.

The Board Office noted that the board, at its September meeting, approved a \$500,000 project to begin the first of six to eight phases to continue upgrading the units of Friley Hall. This followed completion of a feasibility study carried out by Brooks, Borg and Skiles, Des Moines, Iowa.

The board also granted authority to Iowa State University to enter into an agreement with that firm for architectural services on the project and then to proceed with design and preparation of contract documents. The university has negotiated a contract and requested approval of same. Compensation would be computed on the basis of a multiple of direct personnel expense with a fixed maximum of \$36,000. This translates to be 8.7% of an estimated cost of construction of \$416,000 or 7.2% of the total project cost of \$500,000. The Board Office noted that this is somewhat lower than normal for remodeling. However, the feasibility study prepared by the architects under a separate agreement adequately described the overall design and scope of the work. As a result, the schematic phase has been deleted from the basic services to be performed. Work will commence with the design development phase.

MOTION:

Mr. Bailey moved the board approve an agreement for architectural services for Friley Hall Renovations with Brooks, Borg and Skiles, Architects and Engineers of Des Moines, Iowa, with compensation to be computed on the basis of a multiple of direct personnel expense with a fixed maximum of \$36,000. Mr. Harris seconded the motion and it passed unanimously.

QUADRANGLE REMODELING - AMENDMENT TO ARCHITECTURAL SERVICES AGREEMENT.

The board was requested to approve an amendment to the agreement for architectural services with Frevert-Ramsey-Drey, Architects-Engineers, Des Moines, to provide for compensation for the balance of architectural services to completion of the project. Phases included in this amendment would be construction document, bidding and construction.

The Board Office reported that the 1976 legislature appropriated \$125,000 to Iowa State University to plan the first phase renovation of the space vacated by Veterinary Medicine when it moved to its new building. In November of 1976 an agreement was reached with Frevert-Ramsey-Drey, Architects-Engineers, Inc., of Des Moines, to provide services for this project through the schematic design and development phases. Compensation for those phases was set at \$68,500. That agreement stated that for the remaining three phases of the project an amendment to this agreement would be issued prior to starting those phases. That amendment was now before the board for approval.

The amendment provided that compensation through completion of project will be an additional \$192,000. It also provided that compensation through

development of construction documents will be \$185,300 of a total compensation of \$260,500. Originally, the request made to the legislature for planning funds for this project was based upon 5% of a much smaller construction cost than is now involved. The board was reminded that the Phase I project was originally intended to remodel 85,000 gross square feet but that the architects, in their presentation at the July board meeting, have now indicated that a more feasible plan would be total remodeling of the so-called Quadrangle space which involves 110,000 gross square feet.

The institution reported that the available funds will carry the work half-way through the construction documents phase. The university indicated that it will run out of existing funding in about January or February of 1978. The agreement has a stop clause in it should it be necessary to discontinue the project at that time. If, however, the indication is that the legislature intends to fund construction of the project in 1978, it is highly likely that the university could provide temporary funding to carry the project up to the completion of construction documents, recapturing funds needed for that purpose from the eventual appropriation or bond issue for the project.

The Board Office reported that the capital asking to the 1978 session for this project is \$3,885,000. An additional appropriation of \$125,000 was made, as stated earlier, in 1976 making a total project cost without equipment considerations of \$4,010,000. The total negotiated fee of \$260,000 figures out to be 6.5% of the project cost. The Board Office indicated that is quite reasonable for the type of work involved. In addition, it was noted that the board should expect to see some increase in architects' fees in the future because of the many new Code requirements with which architects and engineers now have to deal. These include energy, Building Code, fire safety, elevator, and handicapped accessibility. A good target figure in the past used to be that the architect's fees would be 5% of the cost of the project. This is probably somewhat understated at the present time.

The Board Office reported that the contract contains a clause that should the project be stopped for more than six months, the architect's compensation shall be subject to renegotiation. It appears that if this project is to remain viable without such a stoppage, that legislative intent needs to be determined as early as possible in the 1978 session. It was also noted that this project could be ready to go to bid about May of 1978.

MOTION:

Mr. Slife moved the board approve an amendment to the agreement for architectural services with Frevert-Ramsey-Drey, Architects-Engineers, Des Moines, to provide for compensation for the balance of architectural services to completion of the project. Phases included in this amendment would be construction document, bidding and construction. Mr. Bailey seconded the motion and it passed unanimously.

OWNER/ARCHITECT AGREEMENT FOR HORTICULTURE ADDITION AND REMODELING. The board was requested to approve an agreement for architectural services on the Horticulture Addition and Remodeling Project with Brooks, Borg and Skiles, Architects and Engineers, Des Moines, with compensation to be on the basis of a fixed fee of \$143,300.

The Board Office reported that the 1977 legislature appropriated \$2,460,000 to Iowa State University for an addition to the Horticulture Building and remodeling of the existing facilities. The board, at its June meeting, authorized Iowa State to negotiate for architectural services on this project. The university recommended selection of the firm of Brooks, Borg and Skiles, Architects and Engineers of Des Moines. This firm did the feasibility study of the integration of proposed new construction with existing horticulture facilities last year. The firm also has a history of being the architects of record for the existing horticulture facilities.

It was noted by the Board Office that the agreement negotiated utilizes the Standard Agreement between Owner and Architect. Compensation is on the basis of a fixed fee of \$143,300. Additional services would be on the basis of hourly compensation. This fixed fee translates to approximately 6.7% of the estimated total construction cost or 5.8% of the total project cost. This fee comes out a little higher than the normal fee for new construction, which is due to the necessity to integrate the new construction with an existing building and to undertake extensive remodeling of the existing facilities.

The Board Office reported that the architect, within the fixed fee, will retain a professional consultant for cost estimating during the schematic design phase.

President Petersen asked if any other architectural firms were considered during the selection process. Assistant Vice President Madden reported that over the last 12 months 31 firms were interested in this project and interviews were held with 14 of the firms.

Regent Bailey asked what determines the need for additional services for the project. Mr. McMurray said that what constitutes additional services are clearly set out in the Standard Agreement between Owner and Architect.

MOTION:

Mr. Bailey moved the board approve an agreement for architectural services on the Horticulture Addition and Remodeling Project with Brooks, Borg and Skiles, Architects and Engineers, Des Moines, with compensation to be on the basis of a fixed fee of \$143,300. Mr. Harris seconded the motion and it passed unanimously.

REGISTER OF CAPITAL IMPROVEMENT BUSINESS TRANSACTIONS. Executive Secretary Richey reported the Register of Capital Improvement Business Transactions for the period of September 17 through October 21, 1977 had been received by him, was in order, and recommended approval.

MOTION:

Mr. Harris moved the board approve the Register of Capital Improvement Business Transactions for the period of September 17 through October 21, 1977; ratify the contracts awarded by the executive secretary; approve the amended project budgets; and authorize the executive secretary to sign all necessary documents. Mr. Wenstrand seconded the motion and it passed unanimously.

President Petersen asked board members and institutional executives if there were additional matters to be discussed pertaining to Iowa State University. There were no additional matters raised for discussion.

UNIVERSITY OF NORTHERN IOWA

The following business pertaining to the University of Northern Iowa was transacted on Friday, October 21, 1977.

REGISTER OF PERSONNEL CHANGES. The actions reported in the Register of Personnel Changes for the month of September 1977 were ratified by the board.

ACADEMIC CALENDAR 1979-80 and 1980-81. The board was requested to approve the academic calendar for the University of Northern Iowa for the years 1979-80 and 1980-81.

The Board Office noted that the university's proposed calendar appeared to be consistent with the board's recently adopted policy on holidays and with respect to existing collective bargaining agreements. The proposed calendar did not represent any major changes over previously adopted calendars.

MOTION: Mr. Bailey moved the board approve the academic calendar for the University of Northern Iowa for the years 1979-80 and 1980-81. Mr. Slife seconded the motion and it passed unanimously.

REGISTER OF CAPITAL IMPROVEMENT BUSINESS TRANACTIONS. Executive Secretary Richey reported the Register of Capital Improvement Business Transactions for the period of September 3 to October 19, 1977 had been received by him, was in order, and recommended approval.

The board was requested to take several specific actions: 1) approve the register; 2) reject all bids received for the Window and Door Painting of the Gymnasium No. 1- Exterior Renovations Project and proceed to accomplish said work through the quote and purchase order method; 3) award Contract 1 for the Steam Generator No. 3 and Auxiliaries at Plant No. 2 Project to Babcock and Wilcox Company, Chicago, Illinois, waiving irregularities in submittal of bid in that the bid bond was not signed by an Iowa resident agent and bidder failed to submit proper equal employment opportunity information with his bid. Both irregularities have now been resolved. Contract award is in the amount of \$2,396,012.

The following construction contracts were recommended for approval:

Gymnasium No. 1 - Exterior Renovation

Tuckpointing

Award to: D.C. Taylor Company, Cedar Rapids, Iowa \$ 52,101

Window Replacement

Award to: Zephyr Aluminum Products, Inc., Dubuque, Iowa \$116,709

The university also took bids on reroofing for this project but no bids were received. The reason no bids were received was that the specifications included a completion date of December 15, which caused concern for potential bidders. It was now understood that insulation cannot be obtained until January 15, 1978. The weather will also impact upon the roofing job. The university requested approval to accept bids for reroofing work in the near future specifying a June 1978 completion date.

The fourth bid on this project involved the window and door painting. Three bids were received; however, all three bids had serious irregularities and all bids were less than \$10,000. It was recommended by the Board Office that all paint bids be rejected and said paint work be accomplished through the quotation and purchase order method.

Steam Generator No. 3 and Auxiliaries at Plant No. 2

Award recommended to: Babcock and Wilcox Company, \$2,396,012
Chicago, Illinois

The Board Office reported that four bids were received on this project. Bids were received on September 6 and have been reviewed in detail by the project engineer, Brown Engineering Company, and by representatives of the university. Each of the four bidders took significant exceptions to the original plans and specifications. Because of the volume of proposed materials that required reviewing to insure the proposals met specifications, only the low bidders' proposals were analyzed completely. The low bidder was determined to be Babcock and Wilcox. The Board Office noted that it would be necessary to waive two irregularities in the Babcock bid in that the firm did not include an equal employment opportunity form and the bid bond was not signed by an Iowa resident agent. Both these irregularities have now been cleared.

Vice President Stansbury introduced Mr. Thomas Paulson, Director of the University Physical Plant, and Mr. Milton McDonald from Brown Engineering.

Mr. Paulson noted that the bidding irregularities of the lowest two bidders (Babcock & Wilcox and Zurn) were corrected immediately and the university now had properly signed bid bonds and equal employment opportunity forms from all bidders.

Mr. Paulson pointed out some very general areas of objection taken by the Babcock & Wilcox firm to the plans and specifications put forth by the university:

- 1) The firm objects to the university's exercising any control over its shop fabrication processes.
- 2) Babcock & Wilcox has specifically insisted that if it is held up because of acts or failure to act by the owner or the owner's separate contractors, then Babcock & Wilcox shall be reimbursed for substantiated additional costs due to that delay.
- 3) The general conditions call for many corrective actions to be initiated within seven days of notification by the owner. Babcock & Wilcox insisted on 30 days grace because it felt it would take them that long to respond properly because of the complexity of the design/fabrication process.

- 4) Babcock & Wilcox insisted that any additional costs due to overtime worked at the convenience of the owner be paid for over and above the contract amount.
- 5) Babcock & Wilcox insisted that it not be held accountable for any costs due to lack of use of the plant if the boiler is not ready to use on the date specified.
- 6) Babcock & Wilcox took exception to the numerous warranty and guarantee clauses in the general conditions and gave one performance warranty on the unit it proposed to furnish.
- 7) Babcock & Wilcox insisted that the university pick up added costs for erection delays caused by strikes.
- 8) Babcock & Wilcox insisted that the university accept the risks due to loss or damage of materials after they have been received at the site.

Mr. Paulson said the above general areas of objection have been discussed with the University of Northern Iowa's attorney, the Board Office, the project engineer, and have been generally accepted.

Mr. Paulson called the board's specific attention to the major possible problem area. He noted that the board was furnished a copy of a letter from Zurn Industries stating that it felt it is the low bidder and should be awarded the work. Zurn Industries recommended the work be rebid.

The bids, as received, indicated that Babcock & Wilcox was the low bidder by some \$18,988.00. Babcock & Wilcox's bid did not and still does not include sales tax. This item, approximately \$44,000, would make the Babcock & Wilcox bid higher than the Zurn bid, if Zurn's bid did include the sales tax, as now claimed by Zurn. Mr. Paulson noted that Zurn Industries wished for a readvertisement for bids. He reported, however, that readvertising because one bidder either made an error or was trying to frustrate the bidding process would not be proper.

Mr. McDonald concurred with Mr. Paulson's recommendation to the board to award the contract to the firm of Babcock & Wilcox. Mr. McDonald said that all proposals except that of Zurn Industries Energy Division were very explicit as to content and scope of offerings. Philosophically, technical specifications are minimum acceptable standards and bidders should do more than merely indicate that they are meeting the standards. Such inclusions as equipment descriptions, listing of all equipment, limits of construction, exceptions, clarifications, etc. are a normal part of a bidder's proposals.

Mr. McDonald said the exceptions and clarifications to the technical specifications of the Babcock & Wilcox proposal fell into five areas:

- 1) The governing code for boiler construction is a national code. This has been adopted by the state of Iowa. The standards suggested are almost in complete agreement with the ones requested.
- 2) Guarantees are based on overall performance rather than component by component performance.

- 3) Equipment changes in design are enumerated and acceptable.
- 4) The proposal offered by Babcock & Wilcox is more definitive of the equipment offered and exceptions taken. The Zurn proposal consisted of the minimum requirements of the specifications and offered little description of equipment actually being furnished.
- 5) Services and utilities are acceptable.

Mr. McDonald said that based upon the analysis of proposals, the Brown Engineering Company recommended the contract be awarded to the Babcock & Wilcox Company for the following reasons:

- 1) It is the apparent low bid received as adjusted for supplementary conditions included with the proposals, and for performance data.
- 2) It is the evaluated low bid by \$10,163.00.
- 3) It is still in strong contention (high by only \$3,337.00) after considering post bid opening date offers that would reduce the Zurn bid by \$44,500.00, and remove the \$16,000 advance payment assessment from the Babcock & Wilcox proposal.
- 4) It offers a more conservative furnace design, more mill capacity, and wider mill operating range.
- 5) It offers more unit responsibility since mills are of the bidder's manufacture.
- 6) It offers greater experience in burning of pulverized coal.

Mr. McMurray reported that the Board Office felt that the firm of Babcock & Wilcox would better serve the needs of the university with respect to this bid. He noted that the university, through Mr. Paulson, did a complete analysis of the situation. Mr. McMurray commended Mr. Paulson for his efforts on this matter.

MOTION:

Mr. Slife moved the board award Contract No. 1 for the Steam Generator No. 3 and Auxiliaries at Plant No. 2 Project to Babcock & Wilcox Company, Chicago, Illinois, waiving irregularities in submittal of bid in that the bid bond was not signed by an Iowa resident agent and bidder failed to submit proper equal employment opportunity information with his bid. Both irregularities have now been resolved. It was noted that contract award is in the amount of \$2,396,012. Mr. Bailey seconded the motion.

Regent Bailey asked for clarification with respect to sales tax and how that is handled in the bidding process. Mr. Paulson reported that the bidder is normally asked to include sales tax payments in the bid. In this instance, however, documentation furnished by Zurn clearly led the university to believe sales tax was excluded from the bid.

VOTE ON MOTION: The motion passed unanimously.

MOTION: Mr. Slife moved the board approve the Register of Capital Improvement Business Transactions for the period of September 3 to October 19, 1977; reject all bids received for the Window and Door Painting of the Gymnasium No. 1 - Exterior Renovation Project and proceed to accomplish said work through the quote and purchase order method; approve the construction contracts recommended for award; and authorize the executive secretary to sign all necessary documents. Mr. Harris seconded the motion.

Regent Bailey asked what is involved with the Gymnasium No. 1 - Exterior Renovation Project. He noted the \$5,000 for the architect's fees. Vice President Stansbury reported that architect's services are needed to coordinate activities of the various contractors.

VOTE ON MOTION: The motion passed unanimously.

IOWA PUBLIC INTEREST RESEARCH GROUP (IaPIRG) AGREEMENT. The University of Northern Iowa requested board authorization to enter into an agreement with the University of Northern Iowa chapter of the Iowa Public Interest Research Group for collection of a special student fee of one and fifty one-hundredths dollars (\$1.50) per academic year semester with the stipulation that fees be collected through an: 1) opt-out funding method or b) opt-in funding method.

The Board Office reported that according to a resolution adopted by the University of Northern Iowa Student Association, the association supports the opt-out funding method. The current method of funding for IaPIRG at the University of Northern Iowa is the opt-out method. In this method, students are required to make a formal request during the course of registration for not contributing to this organization. It was noted that Iowa State University also uses the opt-out method of funding for IaPIRG. The University of Iowa utilizes the opt-in funding method where students contribute to the organization only if they initiate formal action to do so.

Vice President Stansbury introduced Tom Romanin, Assistant Vice President for Student Services; Janet Callahan, President of the University of Northern Iowa Student Association; and Roger Piwowarski, Regional Director of the University of Northern Iowa's Public Interest Research Group to the board.

Regent Shaw said he has always felt that an opt-in funding method is preferable to the opt-out funding basis. He noted that when the opt-out funding method was approved for Iowa State, it was approved with the understanding that if less than half the students were contributing to the organization, that would be substantial indication that that privilege should not be offered on that campus. Regent Shaw said he would much prefer to have the funding method on a basis that if a student wants to make a contribution, a collection will be made.

Regent Harris asked if the university administration had a preference toward opt-in funding or opt-out funding. Vice President Stansbury said the university is currently using the opt-out method but reported that the university was willing to do whatever the board desired.

Regent Harris said he did not see any disagreement between the university's recommendation and that of the student association and therefore supported the opt-out funding method. He noted that the Iowa Public Interest Research Group now has a financial problem due to new leadership and added that the opt-out method of funding may help the situation.

MOTION:

Mr. Harris moved the board authorize the University of Northern Iowa to enter into an agreement with the University of Northern Iowa's chapter of the Iowa Public Interest Research Group for collection of a special student fee of one and fifty one-hundredths dollars (\$.50) per academic year semester with the stipulation that fees be collected through an opt-out funding method. Mr. Bailey seconded the motion.

Regent Slife asked if the funding method adopted would be reviewed after a period of time. Ms. Callahan said it will be evaluated through the IaPIRG administration petition drive of students. All University of Northern Iowa students would be contacted as to their position on opt-out funding. She said that 50% support would be desired. She noted that with advance registration it would be difficult to tally the number of students participating in the opt-out method at present and said it would be best to study continued participation in 1978-79.

Vice President Voldseth noted that the signing of petitions is inexpensive while the actual payment of funds toward a cause is a more valid basis for determining student interest in the organization.

Regent Shaw said he didn't see much of a point in conducting a referendum on the matter when 75% of the student population at the University of Northern Iowa has already indicated they don't want to contribute to the organization. He said a referendum would be deceiving in that there would be people, possibly, who would say "yes" but would not be willing to put down money to support the organization.

IOWA SCHOOL FOR THE DEAF

The following business pertaining to the Iowa School for the Deaf was transacted on Friday, October 20, 1977.

REGISTER OF PERSONNEL CHANGES. The actions reported in the Register of Personnel Changes for the month of September 1977 were ratified by the board.

FACULTY RESIGNATIONS. The board was requested to accept the Iowa School for the Deaf report on resignations at the close of the 1976-77 school year.

The Board Office reported that the resignation report included two retirements, one person seeking employment with the Sioux City Area Education Agency, and two persons resigning for personal reasons.

MOTION: Mr. Brownlee moved the board accept the Iowa School for the Deaf report on resignations at the close of the 1976-77 school year. Mr. Harris seconded the motion and it passed unanimously.

REGISTER OF CAPITAL IMPROVEMENT BUSINESS TRANSACTIONS. Executive Secretary Richey reported the Register of Capital Improvement Business Transactions for the month of September had been received by him, was in order, and recommended approval.

The Board Office reported that the capital register contained two change orders, numbers 6 and 7 on the Kitchen Addition Project. It was noted that these change orders should complete that project and involve site grading and additional concrete for the loading dock. Total amount for these two change orders is \$792.

MOTION: Mr. Harris moved the board approve the Register of Capital Improvement Business Transactions for the month of September 1977 and authorized the executive secretary to sign all necessary documents. Mr. Shaw seconded the motion and it passed unanimously.

President Petersen asked Superintendent Giangreco if he had additional matters to discuss.

LEGISLATIVE SUBCOMMITTEE VISITATION. Superintendent Giangreco reported that legislative subcommittee members visited the Iowa School for the Deaf last Thursday and toured the new kitchen facility and expressed

pleasure with it. He noted that Regents Petersen and Wenstrand also came to the school at the time of the visitation. Regent Wenstrand noted that it was his first visit to the school and said he was enlightened by the experience.

Superintendent Giangreco noted that the Department of Public Instruction evaluated the school last week. A final report on that evaluation should be forthcoming shortly.

IOWA BRAILLE AND SIGHT SAVING SCHOOL

The following business pertaining to the Iowa Braille and Sight Saving School was transacted on Thursday, October 20, 1977.

REGISTER OF PERSONNEL CHANGES. The actions reported in the Register of Personnel Changes for the month of September 1977 were ratified by the board.

REGISTER OF CAPITAL IMPROVEMENT BUSINESS TRANSACTIONS. Executive Secretary Richey reported the Register of Capital Improvement Business Transactions for the month of September 1977 had been received by him, was in order, and recommended approval.

The Board Office reported that the major items on the register included acceptance of completed construction contracts for the Feedwater Heater in the Heating Plant and for the removal of the Old Water Tower. Two final change orders on the Feedwater Heater were also included.

Two new projects were on the capital register which are covered separately in these minutes.

MOTION:

Mr. Bailey moved the board approve the Register of Capital Improvement Business Transactions for the month of September 1977 and authorized the executive secretary to sign all necessary documents. Mr. Harris seconded the motion and it passed unanimously.

FIRE SAFETY PROJECT - PHASE I. The board was requested to approve the preliminary plans and specifications and authorize the school to take bids and to put the project on a school on a schedule that would cause minimum interference with the normal functions of the school.

The Board Office reported that the Deputy State Fire Marshal conducted an inspection of the school on December 8, 1976. He pointed out certain deficiencies and in February of 1977 the board allocated \$100,088 to the school to meet the most serious of these deficiencies. These funds came from capital balances. In March, an architect's agreement with the firm of Brown Healey Bock of Cedar Rapids was approved.

The Board Office indicated that all of the work specified to be completed within Phase I is in the planned specifications for this project. A bid date needs to be set as soon as practical. In addition, a schedule needs to be worked out for this project which causes a minimum of interference with the school's activities.

It was reported that the 1977 legislature appropriated \$150,000 to the school to complete the Fire Safety Project along with an appropriation for \$240,000 for general remodeling and renovation of existing facilities.

The Board Office will be working with the school over the next 30-60 days to come up with a plan for expenditure of those funds. Basically, the expenditure of funds will follow that outlined in the Master Facilities Plan of the school which was conducted three years ago by Brown Healey Bock. Finally, a plan needs to be worked out to qualify the school for compliance with federal 504 requirements which relate to handicapped accessibility. The handicapped accessibility needs of the school will be considered along with the Master Plan requirements.

MOTION:

Mr. Harris moved the board approve the preliminary plans and specifications and authorize the school to take bids and to put the project on a schedule that would cause minimum interference with the normal functions of the school. Mr. Brownlee seconded the motion and it passed unanimously.

CAPITAL PROJECT -- RENOVATION OF BASEMENT IN SUPERINTENDENT'S RESIDENCE. The board was requested to approve preliminary plans and a budget of \$5,000 funded by 1977-78 RR&A for this project.

The Board Office noted that at the board's September meeting the board approved architectural services being secured for a project to renovate the basement of the superintendent's residence to provide for an additional bedroom. Preliminary plans have now been completed.

The institution reported that the preliminary plans call for moving the washer and dryer facilities to a location that is more accessible to the stairs, enclosing the existing lavatory and shower and completing the bathroom. Renovation of the remaining portion of the room includes providing for ceiling lighting, electrical wiring of switches and outlets, insulation of exterior walls, and floor covering. Individual storage cabinets are to be constructed so as to provide movable wall dividers occupying the space between sleeping areas and the recreation area.

MOTION:

Mr. Brownlee moved the board approve preliminary plans and a preliminary budget of \$5,000 funded by 1977-78 RR&A for this project. Mr. Harris seconded the motion.

USE OF FACILITIES BY THE VINTON AQUATIC CLUB. The board was requested to 1) ratify the executive secretary's action to extend the previous year's contract with the Vinton Aquatic Club for specific use of the swimming pool on one September and two October dates; and 2) approve an agreement with the Vinton Aquatic Club for the 1977-78 school year.

The Board Office reported that for a number of years the Vinton Aquatic Club has used the Iowa Braille and Sight Saving School's swimming pool and locker room areas one evening per week during the school year and for some competitive meets on Saturday afternoons. In September of 1976 the board approved a contract for the club to use the pool at a rate of \$380 for the year. At the request of the Iowa Braille and Sight Saving School, the executive secretary granted approval to extend this contract for three dates into the 1977 school year. These three dates fell

between board meetings and prior to the institution being able to bring forth a new agreement for 1977-78.

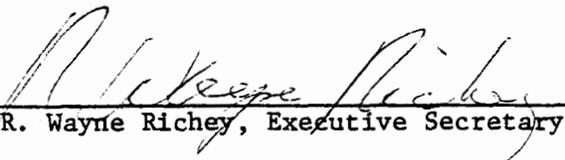
It was noted by the Board Office that the 1977-78 agreement has a significant increase in fees in an attempt to bring the payment for use of the pool facility in line with the estimated increase in fuel and electrical costs the school has experienced for the past two years. The school also noted two other changes in the agreement: 1) the possibility of denying use of the pool to the Vinton Aquatic Club during the greater portion of December and January if the decision is made to close the swimming pool in order to conserve energy; and 2) a provision that the use of the pool by the Vinton Aquatic Club is under the conditions presented on the day of use. In other words, the school is not required to maintain the pool exclusively for the use by the Vinton Aquatic Club. The school noted that several aspects of the pool are in need of immediate repair or major renovation in the near future and that it will conduct an in-depth study of those needs during the current school year.

MOTION:

Mr. Harris moved the board: 1) ratify the executive secretary's action to extend the previous year's contract with the Vinton Aquatic Club for specific use of the swimming pool on one September and two October dates; and 2) approve an agreement with the Vinton Aquatic Club for the 1977-78 school year. Mr. Bailey seconded the motion and it passed unanimously.

President Petersen asked Superintendent DeMott if he had additional matters to discuss. There were no additional matters raised by the institutional representatives of board members pertaining to the Iowa Braille and Sight Saving School.

ADJOURNMENT. The State Board of Regents meeting adjourned at 11:40 a.m., Friday, October 21, 1977.


R. Wayne Richey, Executive Secretary