

The State Board of Regents met on Wednesday, October 20, 1993, at the University of Northern Iowa, Cedar Falls, Iowa. The following were in attendance:

	<u>October 20</u>
<u>Members of State Board of Regents</u>	
Mr. Berenstein, President	All sessions
Mr. Collins	All sessions
Mr. Dorr	All sessions
Ms. Furgerson	All sessions
Mrs. Hendricks	All sessions
Mrs. Johnson-Matthews	All sessions
Mr. Newlin	All sessions
Mrs. Pellett	All sessions
Dr. Tyrrell	All sessions
<u>Office of the State Board of Regents</u>	
Executive Director Richey	All sessions
Deputy Executive Director Barak	All sessions
Director Specter	All sessions
Director Volm	All sessions
Associate Director Houseworth	All sessions
Associate Director Kominski	All sessions
Assistant Director Brunson	All sessions
Assistant Director Volm	All sessions
Minutes Secretary Briggie	All sessions
<u>State University of Iowa</u>	
President Rawlings	All sessions
Vice President Manasse	All sessions
Vice President Nathan	All sessions
Vice President True	All sessions
Associate Vice President Small	All sessions
Legislative Counsel Stork	All sessions
Director Yanecek	All sessions
General Counsel Schantz	All sessions
<u>Iowa State University</u>	
President Jischke	All sessions
Provost Kozak	All sessions
Vice President Madden	All sessions
Vice President Theilen	All sessions
Executive Assistant to the President Mack	All sessions
Assistant to President Bradley	All sessions
Director Jensen	All sessions
<u>University of Northern Iowa</u>	
President Curris	All sessions
Provost Marlin	All sessions
Vice President Conner	All sessions
Vice President Follon	All sessions
Assistant to President Gadelmann	All sessions
Director Chilcott	All sessions
<u>Iowa School for the Deaf</u>	
Superintendent Johnson	All sessions
Interpreter Kischer-Larson	Excused at 12:00 noon
Interpreter Stevens	All sessions
<u>Iowa Braille and Sight Saving School</u>	
Superintendent Thurman	All sessions
Director Hauser	All sessions
Director Utsinger	All sessions

### GENERAL

The following business pertaining to general or miscellaneous business was transacted on Wednesday, October 20, 1993.

**APPROVAL OF MINUTES OF BOARD MEETING, SEPTEMBER 22, 1993.** The Board Office recommended the Board approve the Minutes, as written.

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

**MOTION:** Regent Collins moved to approve the Minutes, as written. Regent Newlin seconded the motion. **MOTION CARRIED UNANIMOUSLY.**

**CONSENT ITEMS.** The Board Office recommended the Board approve the consent docket, as presented.

**MOTION:** Regent Furgerson moved, seconded by Regent Johnson-Matthews, to approve the consent docket, as follows:

Approve the proposed name change for the Educational Media Center at the University of Northern Iowa, effective immediately;

Approve the appointment of Regent Nancy Pellett to the Board of Directors of the Iowa School for the Deaf Foundation;

Receive the annual report of the Stanton Memorial Carillon Foundation;

Receive the report on the September 28, 1993, meeting of the Iowa College Student Aid Commission;

GENERAL  
October 20, 1993

Receive the status report on the Board  
Office budget as of September 30, 1993; and

Receive the Board Meetings Schedule.

MOTION CARRIED UNANIMOUSLY.

**TUITION POLICIES AND RATES.** The Board Office recommended that the Board, effective with the summer session 1994:

(1) Increase tuition and mandatory fees as set forth in Table 1.

(2) Increase computer fees charged per academic year to the following students:

University of Iowa

Engineering Students: from \$200 to \$240

Iowa State University

Engineering Students: from \$200 to \$240

Computer Science Students: from \$200 to \$240

Management Information Systems: from \$80 to \$240

(3) Institute a \$16 per academic year health facility fee at Iowa State University to support construction of a new student health facility as approved by the Board at its July meeting.

(4) Increase general institutional aid for students at the same rate as the proposed increase in tuition and mandatory fees to offset the impact on students now receiving institutional financial aid.

(5) Use the additional increase in tuition revenues for building maintenance, instructional programs and equipment, implementation of the Doctor of Pharmacy program, and professional skills training in the College of Law.

PROPOSED REGENT UNIVERSITIES ACADEMIC YEAR TUITION AND FEES FOR 1994-95

Actual 1993-94

Proposed 1994-95

13/93

	Tuition	Health Fee	Computer Fee*	Total Tuition and Fees	Tuition	Health Fee	Computer Fee*	Hlth. Fac. Fee	Total Tuition and Fees	Percent Increase in Tuition and Fees	Total Dollar Increase
<b>UNIVERSITY OF IOWA</b>											
Undergraduate Resident	\$2,192	\$80	\$80	\$2,352	\$2,308	\$80	\$84		\$2,472	5.1%	\$120
Undergraduate Nonresident	\$7,580	\$80	\$80	\$7,740	\$8,149	\$80	\$84		\$8,313	7.4%	\$573
Undergrad. Resident Pharmacy Exc. 3rd Yr.	\$2,192	\$80	\$80	\$2,352	\$2,908	\$80	\$84		\$3,072	30.6%	\$720
Undergrad. Nonresid. Pharmacy Exc. 3rd Yr.	\$7,580	\$80	\$80	\$7,740	\$8,749	\$80	\$84		\$8,913	15.1%	\$1,173
Undergraduate Third Year Pharmacy Resident	\$2,192	\$80	\$80	\$2,352	\$2,608	\$80	\$84		\$2,772	17.9%	\$420
Undergrad. 3rd Yr. Pharmacy Nonresident	\$7,580	\$80	\$80	\$7,740	\$8,449	\$80	\$84		\$8,613	11.3%	\$873
Graduate Resident	\$2,604	\$80	\$80	\$2,764	\$2,742	\$80	\$84		\$2,906	5.1%	\$142
Graduate Nonresident	\$7,900	\$80	\$80	\$8,060	\$8,493	\$80	\$84		\$8,657	7.4%	\$597
MBA Resident	\$3,396	\$80	\$80	\$3,556	\$3,576	\$80	\$84		\$3,740	5.2%	\$184
MBA Nonresident	\$8,708	\$80	\$80	\$8,868	\$9,361	\$80	\$84		\$9,525	7.4%	\$657
Law Resident	\$3,624	\$80	\$80	\$3,784	\$4,166	\$80	\$84		\$4,330	14.4%	\$546
Law Nonresident	\$10,190	\$80	\$80	\$10,350	\$11,454	\$80	\$84		\$11,618	12.3%	\$1,268
Medicine Resident	\$7,740	\$80	\$80	\$7,900	\$8,150	\$80	\$84		\$8,314	5.2%	\$414
Medicine Nonresident	\$19,524	\$80	\$80	\$19,684	\$20,988	\$80	\$84		\$21,152	7.5%	\$1,468
Dentistry Resident	\$4,998	\$80	\$80	\$5,158	\$5,263	\$80	\$84		\$5,427	5.2%	\$269
Dentistry Nonresident	\$14,624	\$80	\$80	\$14,784	\$15,721	\$80	\$84		\$15,885	7.4%	\$1,101
Pharm.D. Resident	\$2,832	\$80	\$80	\$2,992	\$3,582	\$80	\$84		\$3,746	25.2%	\$754
Pharm.D. Nonresident	\$9,382	\$80	\$80	\$9,542	\$10,686	\$80	\$84		\$10,850	13.7%	\$1,308
<b>IOWA STATE UNIVERSITY</b>											
Undergraduate Resident	\$2,192	\$80	\$80	\$2,352	\$2,308	\$80	\$84	\$16	\$2,488	5.8%	\$136
Undergraduate Nonresident	\$7,226	\$80	\$80	\$7,386	\$7,609	\$80	\$84	\$16	\$7,789	5.5%	\$403
Graduate Resident	\$2,604	\$80	\$80	\$2,764	\$2,742	\$80	\$84	\$16	\$2,922	5.7%	\$158
Graduate Nonresident	\$7,534	\$80	\$80	\$7,694	\$7,933	\$80	\$84	\$16	\$8,113	5.4%	\$419
Veterinary Medicine Resident	\$5,000	\$80	\$80	\$5,160	\$5,265	\$80	\$84	\$16	\$5,445	5.5%	\$285
Veterinary Medicine Nonresident	\$13,400	\$80	\$80	\$13,560	\$14,110	\$80	\$84	\$16	\$14,290	5.4%	\$730
<b>UNIVERSITY OF NORTHERN IOWA</b>											
Undergraduate Resident	\$2,192	\$80	\$80	\$2,352	\$2,308	\$80	\$84		\$2,472	5.1%	\$120
Undergraduate Nonresident	\$5,834	\$80	\$80	\$5,994	\$6,143	\$80	\$84		\$6,307	5.2%	\$313
Graduate Resident	\$2,464	\$80	\$80	\$2,624	\$2,675	\$80	\$84		\$2,839	8.2%	\$215
Graduate Nonresident	\$6,308	\$80	\$80	\$6,468	\$6,642	\$80	\$84		\$6,806	5.2%	\$338

\* Students in certain programs pay a special computer fee in lieu of the general fee. This fee is \$200 in 1993-94. The Board Office recommends that this fee be increased to \$240 in 1994-95.

Table 1

October 20, 1993

*Basic Recommendations*

The recommended overall increase in basic resident undergraduate tuition and fees from \$2,352 to \$2,472 is 5.1 percent or \$60 per semester.

Approval of a new student health facility fee of \$16 per year at Iowa State University will cause the basic undergraduate resident tuition and fee rates at Iowa State University to be \$2,488 per year for a 5.8 percent increase or \$68 per semester.

Tuition and fees for Pharmacy students, Law students, and graduate resident students at the University of Northern Iowa were recommended for higher increases.

Tuition and fees for nonresident students at the University of Iowa were recommended for increases of 7.4 percent.

The recommendations take into consideration

- o changes in the Higher Education Price Index (HEPI).
- o the extraordinary need for augmented operating budgets for maintaining buildings, and
- o requests from the institutions to address program needs in specific areas.

Projected reduced State tax resources in FY 1995 and a need to increase building maintenance budgets led to a recommendation for general tuition and fee increases exceeding the HEPI.

The recommended increases take into account the 3.4 percent increase in the Higher Education Price Index (HEPI) in 1992-93 and will produce a \$3 million net increase for building maintenance. The \$3.0 million net increase for building maintenance is matched by a request for a similar increase in State appropriations for building maintenance.

The recommended capital improvement request for Regent institutions for fiscal year 1995 includes projects to eliminate deferred maintenance as the Board's highest priority. Increased operating funds for building maintenance will slow appreciably the further accumulation of deferred maintenance.

Regent university 1993-94 undergraduate resident tuition and fees were below the national average for four-year institutions in surveys conducted by several higher education organizations. Among Big Ten institutions, the University of Iowa ranks last in 1993-94 full-time tuition and fees for resident undergraduates. All three Regent universities rank in the middle or below the average of groups of comparable institutions in terms of 1993-94 tuition and fees.

For various categories of students, the following were proposed tuition and fee rates for 1994-95:

	<u>Proposed 1994-95 Tuition and Fees</u>	<u>Dollar Increase</u>
<b>University of Iowa</b>		
Undergraduate Resident	\$2,472	\$120
Undergraduate Nonresident	\$8,313	\$573
Undergraduate Pharmacy Resident Except Third Year	\$3,072	\$720
Undergraduate Pharmacy Resident Third Year	\$2,772	\$420
Undergraduate Pharmacy Nonresident Except Third Year	\$8,913	\$1,173
Undergraduate Pharmacy Nonresident Third Year	\$8,613	\$873
Graduate Resident	\$2,906	\$142
Graduate Nonresident	\$8,657	\$597
MBA Resident	\$3,740	\$184
MBA Nonresident	\$9,525	\$657
Law Resident	\$4,330	\$546
Law Nonresident	\$11,618	\$1,268
Medicine Resident	\$8,314	\$414
Medicine Nonresident	\$21,152	\$1,468
Dentistry Resident	\$5,427	\$269
Dentistry Nonresident	\$15,885	\$1,101
Doctor of Pharmacy Resident	\$3,746	\$754
Doctor of Pharmacy Nonresident	\$10,850	\$1,308
<b>Iowa State University</b>		
Undergraduate Resident	\$2,488	\$136
Undergraduate Nonresident	\$7,789	\$403
Graduate Resident	\$2,922	\$158
Graduate Nonresident	\$8,113	\$419
Veterinary Medicine Resident	\$5,445	\$285
Veterinary Medicine Nonresident	\$14,290	\$730
<b>University of Northern Iowa</b>		
Undergraduate Resident	\$2,472	\$120
Undergraduate Nonresident	\$6,307	\$313
Graduate Resident	\$2,839	\$215
Graduate Nonresident	\$6,806	\$338

*Specific Program Recommendations*

Since the September Board meeting, University of Iowa officials modified their request for additional increases for Pharmacy students so that third year Pharmacy students pay half of the additional amount recommended for other students.

Recommendations for Pharmacy and Law students at the University of Iowa were higher than the general undergraduate resident and nonresident tuition rates because of special needs. Recommendations for specific increases are based on institutional requests, as follows:

- o A 7.5 percent increase in nonresident tuition in all categories at the University of Iowa.
- o An 8.5 percent increase in graduate resident tuition rates at the University of Northern Iowa.
- o An increase of 32.7 percent in undergraduate resident and an increase of 15.4 percent in undergraduate nonresident Pharmacy tuition at the University of Iowa except for third year students.
- o An increase of 19.0 percent in undergraduate resident and 11.5 percent in undergraduate Pharmacy nonresident tuition for third year Pharmacy students at the University of Iowa.
- o An increase of 26.5 percent in tuition for Doctor of Pharmacy resident students and 13.9 percent for nonresident Doctor of Pharmacy students at the University of Iowa.
- o An increase of 15.0 percent for Law School residents and 12.4 percent for Law School nonresidents at the University of Iowa.

University of Iowa officials indicated that the tuition rate increases they requested will not have a negative impact upon enrollments.

University of Northern Iowa officials requested an increase in graduate resident tuition in a multi-year effort to equalize graduate resident tuition with the other Regent universities

- o to maintain high quality programs and to eliminate possible misperceptions of quality.
- o to ensure relatively small classes and close supervision by senior faculty.
- o to pay for increased expenses of graduate education.

Institutional officials requested that additional revenues be targeted to the specific programs involved.

*Health and Computer Fees*

Mandatory fees included a student health fee and a computer fee.

Certain fees are assessed for support of student activities and for debt service on certain buildings such as student unions, recreation and athletic facilities, and facilities for the performing arts.

Student tuition not earmarked as a fee is deposited in the general fund of each university to support educational programs.

The Board Office recommended a \$4 increase (5 percent) in the annual general computer fee from \$80 to \$84 per year.

Both University of Iowa and Iowa State University officials requested a \$40 per year increase in computer fees charged to engineering and computer science students as part of a multi-year effort to adjust fees to reflect price increases since the fees were first enacted.

Iowa State University officials requested an increase in computer fees for Management Information Systems students from \$80 to \$240 per year.

Because of Board action taken in July, Iowa State University officials requested a new mandatory fee of \$16 per year to support construction of a new student health facility.

Iowa State University has support from the student government in its request for increased computer fees for students in special programs and an additional student health facility fee.

*General Information*

Annually the Board Office reviews tuition and mandatory fees and policies and makes recommendations for consideration by the Board.

The Iowa Code requires that final decisions on tuition increases be made no later than November of the year preceding the fiscal year when the new tuition rate takes effect.

Written notification of any increase recommendations must be provided to the student government president at least 30 days prior to any action to be taken on proposed increases.

Preliminary consideration to the proposed tuition rates was given by the Board in September with final action scheduled for October.

Board policy states that tuition increases should be tied to changes in the HEPI but this same policy reserves the Board's right to raise tuition at a higher rate if needed to maintain quality and effectiveness.

Part-time tuition and miscellaneous fees not charged to all students are approved by the Board in January.

*Tuition and Fees Nationwide*

Average annual 1993-94 resident undergraduate tuition and fees rose 7.6 percent from \$2,263 to \$2,434 in a recent survey of 485 public four-year institutions conducted jointly by the American Association of State Colleges and Universities (AASCU) and the National Association of Universities and Land Grant Colleges (NASULGC).

Iowa Regent university resident undergraduate tuition and fees for 1993-94 are \$2,352 for resident undergraduates and represent a 5.6 percent increase over 1992-93 rates.

The 7.6 percent national rate of increase for undergraduate resident tuition compares to a 10.4 percent gain between 1991-92 and 1992-93 and a 13.6 percent increase between 1990-91 and 1991-92.

Comparable Regent university rates of increase were 7.5 percent between 1991-92 and 1992-93 and 9.1 percent between 1990-91 and 1991-92.

Members of NASULGC showed an 8.3 percent rate of increase between 1992-93 and 1993-94 while AASCU members increased their tuition and fees by 7.1 percent for resident undergraduates.

The following table displays the 1992-93 and 1993-94 average tuition and fees for this national survey and the percentage increase that this year's change represents for various other categories of student:

1993 AASCU/NASULGC Survey of Tuition and Fees

<u>Category</u>	<u>1992-93 Tuition &amp; Fees</u>	<u>1993-94 Tuition &amp; Fees</u>	<u>Percentage Increase</u>
Undergraduate Resident	\$2,263	\$2,434	7.6%
Undergraduate Nonresident	\$5,982	\$6,408	7.1%
Graduate Resident	\$2,598	\$2,803	7.9%
Graduate Nonresident	\$6,081	\$6,529	7.4%
Law Resident	\$3,987	\$4,446	11.5%
Law Nonresident	\$8,957	\$9,797	9.4%

<u>Category</u>	<u>1992-93 Tuition &amp; Fees</u>	<u>1993-94 Tuition &amp; Fees</u>	<u>Percentage Increase</u>
Medicine Resident	\$7,651	\$8,178	6.9%
Medicine Nonresident	\$16,503	\$17,573	6.5%
Veterinary Medicine Resident	\$5,266	\$5,696	8.2%
Veterinary Medicine Nonresid.	\$13,181	\$14,027	6.4%
Dentistry Resident	\$6,955	\$7,571	8.9%
Dentistry Nonresident	\$14,902	\$15,889	6.6%

The College Board conducted a similar survey of 526 four-year public colleges and universities and found an increase in tuition and fees charged to undergraduate residents of 8 percent from \$2,334 to \$2,527 from 1992-93 to 1993-94.

*Tuition and Fees in Neighboring States*

Average tuition and fees for four-year public universities and colleges as reported in the joint AASCU/NASULGC survey by neighboring states is shown in the following table:

1993 AASCU/NASULGC Survey of Tuition and Fees

<u>State</u>	<u>1992-93 Tuition Fees</u>	<u>1993-94 Tuition Fees</u>	<u>Percentage Increase</u>
Illinois	\$2,483	\$2,594	4.5%
Minnesota	\$2,599	\$2,722	4.7%
Missouri	\$2,153	\$2,366	9.9%
Nebraska	\$1,748	\$1,826	4.5%
South Dakota	\$2,131	\$2,240	5.1%
Wisconsin	\$2,047	\$2,173	6.2%
AVERAGE	\$2,194	\$2,320	5.7%
IOWA	\$2,229	\$2,352	5.5%

*Tuition at Other and Comparable Institutions*

In a recent Money magazine survey of 989 U.S. colleges and universities, both the University of Iowa and Iowa State University ranked nationally in the top 50 schools and among the top ten schools in the midwest in terms of cost for quality.

Regent university undergraduate resident tuition and fees for 1993-94 were \$82 (3 percent) below the national average among 485 four-year colleges and universities in the AASCU/NASULGC survey and \$175 (7 percent) below the national average among 526 colleges in the College Board survey.

Regent university tuition and fees for resident undergraduates during 1993-94 are close to the average for four-year public institutions in neighboring states (\$2,352 for Iowa compared to the \$2,320 average tuition and fees for neighboring states).

Illinois, Minnesota, and Missouri all charge higher tuition and fees than Iowa while Nebraska, South Dakota, and Wisconsin charged lower average tuition and fees.

Average undergraduate resident tuition at Iowa independent colleges and universities is \$10,743 in 1993-94, more than 4 1/2 times the amount charged to undergraduate resident students at Regent universities and 39 percent higher than the tuition and fees charged to nonresident undergraduates at Regent universities.

Among eleven comparable American Association for Universities (AAU) institutions, the University of Iowa ranks ninth in total undergraduate resident tuition and fees in 1993-94. Among Big Ten institutions, the University of Iowa ranks last in 1993-94 in terms of total full-time tuition and fees for undergraduate resident students.

Among eleven comparable land grant institutions, undergraduate resident tuition and fees give Iowa State University eighth rank in 1993-94. Among the eight Big Eight athletic conference institutions, Iowa State University undergraduate resident tuition and fees are third highest.

Among eleven comparable institutions, the University of Northern Iowa ranks sixth in total full-time tuition and fees for 1993-94.

#### *Prices, Income, and Affordability*

The Higher Education Price Index for 1992-93 was up 3.4 percent from 1991-92. The increase in the Higher Education Price Index over the next year is expected to range from 3.3 percent to 4.4 percent.

Iowa disposable per capita income in 1992 increased 6.6 percent and is 93 percent of the average national disposable per capita income.

Adverse weather conditions in this calendar year may cause personal income in Iowa to grow at a lower rate in 1993 but weather-related crop losses will likely have their greatest effect on personal income in 1994.

In relation to both per capita disposable income and median family income, statistics show that the affordability of an Iowa undergraduate public education for Iowa citizens is greater than the affordability of a similar education for the nation in general.

A Business Week survey conducted recently showed that college costs as a share of median family income at public institutions were 15.9 percent nationally; this percentage compares to a figure of 13.2 percent of median family income for Iowa.

#### *Financial Aid*

In 1992-93 Regent institutions awarded \$278.8 million in financial aid of which nearly half (49 percent) came from institutional sources.

In the period from 1988-89 to 1992-93 financial aid available to students at Regent institutions has exceeded the rate of growth in tuition and fees.

Approximately \$1.64 million of the recommended tuition increases will be set aside for increased financial aid.

More liberal Federal loan policies have led to expectations of increased numbers of applicants and increased borrowing by students in the next few years.

#### *Use of Additional Revenue*

Total additional revenue directed to the general fund as a result of tuition increase recommendations was estimated to be \$11.3 million based on current enrollment figures.

Net revenue from these tuition increases was expected to be approximately \$9.66 million after student financial aid is allocated.

Estimated additional net revenue from each tuition recommendation is as follows:

Basic 5.3% tuition increase:	\$8,463,000
Additional nonresident tuition increase at SUI:	\$ 818,000
Increases in SUI pharmacy student tuition:	\$ 143,500
Increases in SUI College of Law tuition:	\$ 194,000
Increases in UNI Graduate Resident Tuition:	<u>\$ 42,000</u>
TOTAL	\$9,660,500

Each university should realize the following approximate amounts of net revenue after student aid set aside from the tuition increase recommendations:

University of Iowa	\$4,988,500
Iowa State University	\$3,528,000
University of Northern Iowa	\$1,144,000

Increases in proposed tuition would be used for the following purposes:

- \* \$3,034,000 to augment building repair budgets at all Regent universities.
- \* \$5,429,000 million to improve instruction at all Regent universities.
- \* \$818,000 to augment academic operating budgets and budgets for academic facilities and replacement of instructional equipment at the University of Iowa.
- \* \$143,500 for implementation of the new Doctor of Pharmacy program at the University of Iowa.
- \* \$194,000 for strengthening of professional skills training in the School of Law at the University of Iowa.
- \* \$42,000 for instructional improvements in graduate programs at the University of Northern Iowa.

Estimated additional revenue to be received from the computer fee increase recommendations are as follows:

Increase of 5% in standard fee	\$229,000
Increase in special computer fee charged to engineering students at SUI and to engineering and computer science students at ISU	\$174,000
Charge of special computer fee to MIS students at Iowa State University	<u>\$ 33,000</u>
TOTAL	\$436,000

Additional revenue expected from the new Student Health Facility fee at Iowa State University is \$450,000.

*Total Cost of Education*

Senate File 146, passed in the 1991 legislative session, requires that a final docket memorandum state the estimated total cost of attending each of the Regent universities.

Estimated 1994-95 total student costs of attending Regent universities for resident undergraduates is as follows:

	<u>Tuition and Fees</u>	<u>Room and Board</u>	<u>Other Costs</u>	<u>Total Costs</u>
University of Iowa	\$2,472	\$3,468	\$3,010	\$8,950
Iowa State University	\$2,472	\$3,259	\$2,930	\$8,661
University of Northern Iowa	\$2,472	\$2,915	\$3,041	\$8,428

Estimated total costs of attending a Regent university will increase 4.5 percent at the University of Iowa, 6.1 percent at Iowa State University, and 4.8 percent at the University of Northern Iowa.

Mr. Richey stated that the recommendation was essentially the same as presented last month except for a reduction in the third-year Pharmacy students' tuition increase by one-half. The difference in the yield of revenues from last month's recommendation was nominal. The Board Office recommended a tuition increase of 5.1 percent over the basic tuition and fees of the current year. He noted that the amounts of increase for the non-resident undergraduate at the University of Iowa and additions for Pharmacy and Law students were different because of special programs. Three million dollars (\$3 million) will be set aside for building maintenance. The Board approved the State appropriations side of the proposed building maintenance program appropriation request last month.

President Berenstein recognized Micah Hobart, Vice President of the University of Iowa Student Assembly.

Mr. Hobart asked to yield to Mark Wright, President of the Graduate Student Senate, University of Iowa.

Mr. Wright stated that he was before the Board as a consumer of higher education in the state of Iowa. He said the recommendations to raise tuition above the Higher Education Price Index depart from established Board policy. He asked that they follow the policy of adhering to the HEPI increase. He then referred to the University of Iowa's standings in relation to peer institutions for graduate assistant stipends. The University of Iowa ranks 8th and 9th. By approving a tuition increase above the increase in the HEPI, he said the university will be less able to add to its pool of graduate assistants and may be unable to improve instruction. He urged the Regents to adopt the proposal of University of Iowa officials to bring total compensation to graduate assistants to a ranking of third in the Big 10 within 3 years. He said that to not do so would mean drastic consequences.

Mr. Wright warned that the Board of Regents' future effectiveness may depend on adhering to its own guidelines. He expects the Board of Regents will make the hard choices that serve the interest of consumers of higher education. He thanked the Board for allowing him to speak on this important issue and asked to concede the rest of his allotted time to John Robert Gardner, President of the University of Iowa Student Assembly.

Mr. Gardner presented the Regents with signatures of 1,125 students opposing the recommended tuition increase.

President Berenstein recognized Denis Klein, President of the Iowa State University Government of the Student Body.

Mr. Klein asked that Ed Goff, President, Iowa State University Graduate Student Senate, and Joshua Foster, ISU Campus Director of United Students of Iowa, be allowed to speak before him.

Mr. Goff stated that he supported a tuition increase at or below the level of increase in the HEPI which was at 3.4 percent. He referred to the Board's policy adopted in November 1990 and the 4 possible reasons cited in the Regents' docket for adjusting tuition increases above the increase in the Higher Education Price Index: (1) insufficient State funding of the universities; (2) to maintain access; (3) to maintain the quality and effectiveness of the universities; and (4) change in student financial aid programs. He said the exception clause allows for easy infringement on the spirit of the tuition increase policy. He cautioned that raising tuition by the amount recommended may violate the maintenance of student access. He asked that the Regents examine whether a tuition increase above the amount of increase in the HEPI would be in the best interest of the universities.

Mr. Goff then referred to the recommendation concerning computer fees at Iowa State University. He said the proposal by the Board Office was at odds with the recommendations of Iowa State University officials. He asked that the Regents allow the universities to submit proposals to increase computer fees at the individual universities. He noted that graduate education at Iowa State University is exemplary. He asked that they keep education affordable to all students.

Mr. Foster stated that since last month students have been writing letters to the Regents concerning the proposed tuition increase. He hoped the Regents had heard students' voices. One phrase which he said he had heard over the entire month was that students matter. He said those 2 words personify the feelings of 66,000 students. Students do care and want a forum. He then asked the 25 Iowa State University students who had woken up at 5:00 a.m. to attend this meeting to stand up, which they did. He then presented the Regents with petitions signed by over 1,500 students who were opposed to the proposed tuition increase.

Mr. Klein thanked the Board members who had attended the Partnership for Prominence gathering in Ames last week. He said Regent Newlin did an incredible job in the fund-raising effort. At that meeting Mr. Klein visited with many alumni from all over the country. He was asked by many of them about the deferred maintenance problem on the Iowa State University campus and whether it was as severe as the media had let on. They asked if most of the problems were caused by the flood and Mr. Klein responded negatively. In response to the question of how the problem became so large, a Regent told the alumni to ask the Regents how the problem became one of such large magnitude. Mr. Klein said the answer was that mistakes were made in sticking with priorities.

Mr. Klein concluded by asking that when voting the Regents be fair to the students. He said students are willing to do their part within the amount of increase of the HEPI or below.

President Berenstein recognized Keith Saunders, President of the Northern Iowa Student Government, and Beth Krueger, Vice President of the Northern Iowa Student Government.

Mr. Saunders stated that tuition is an issue that directly affects the pocketbooks of thousands of parents and students. They want to see education remain firmly in the grasp of the average student. He noted that over the past month the vast majority of opinions concerning the proposed tuition increase, including the Governor's, has been that tuition should be set at a rate no higher than inflation. He said students see the need and the opportunity for compromise to be achieved on this highly divisive issue.

Mr. Saunders noted that flooding has forced the entire state to be classified as a disaster area and asked if this was really the year in which Iowans should be forced to pay even more for higher education. This financially difficult time which Iowa is now facing requires the Regents to be extremely careful in the policies and priorities they choose for the future. He noted that while the University of Northern Iowa does have its deferred maintenance needs, the university has been responsible in keeping this problem in check. The quality and effectiveness of instruction at the university will continue to maintain its high standard of excellence.

Mr. Saunders referred to the proposal for graduate student tuition rates at the University of Northern Iowa. He said it had been proposed by the university administration that in a multi-year effort, graduate students should pay an additional 8.5 percent in tuition because of possible misperceptions of quality. In the coming year, he said, this increase will amount to \$42,000 of additional revenue for the graduate program at the University of Northern Iowa. He said it seemed as though an increase was proposed and the justification was tacked on as an afterthought. Graduate tuition at University of Northern Iowa is already forcing many graduate students to look elsewhere to continue their education.

Mr. Saunders concluded by asking that the Regents meet the students half way.

Ms. Krueger asked the Regents to return with her to the idea of compromise. She said students are willing to consider the entire picture and are willing to assume a large degree of responsibility for their campus. However, the recommendation for an additional 1.9 percent increase in the rate of tuition above the HEPI disproportionately affects University of Northern Iowa students. She said an undesirable pattern has clearly developed, and the proposed increase above HEPI will allow that pattern to be realized. It is evident that Board action will set a new precedent by which future deliberations will be guided.

In conclusion, Ms. Krueger asked that the Regents try to understand what the students have told them in the numerous letters they have read. While the concerns of the students are great, they must also remember that what they desire is higher education at an affordable price. Students would never sacrifice quality. As they come before the Board today they are sincere in their pleas yet willing to remember the higher goals that they all strive to obtain.

President Berenstein thanked the students for their attitude and demeanor in the way they made their presentations to the Board. He then assured the students that the Regents know that students matter and that they care deeply about students' concerns and needs. The Regents have listened for 30 days to various elements and levels of concern about the tuition proposal. The Regents appreciated what the students said and those students who awoke at 5:00 a.m. to be present at these deliberations. They appreciate students' concerns and want them to know the Regents care about them and have considered them in their deliberations.

President Berenstein then asked Dean Banker to explain the position the Pharmacy students have taken in order to make sure there is no misunderstanding in the recommendation for a reduction in the proposed tuition increase for students in the Pharm D. program.

Dean Banker stated that at last month's Board meeting, Regent Hendricks asked if Pharmacy students were supportive of his proposal. He said the third-year Pharmacy students are concerned about the proposed increase because they would not achieve the full benefit of the tuition increase. After last month's meeting Dean Banker visited with the students and attempted to explain the benefits to the third-year Pharmacy students who, in turn, crafted a petition to the Regents. Although those third-year students will receive some benefits from the proposal, it will mostly benefit the Pharm D. students. He explained the accommodation that was reached and said he felt it was fair.

Dean Banker concluded by thanking the third-year Pharmacy class for sensitizing him to the issues.

President Berenstein asked how Dean Banker planned to fund the \$600,000 shortfall in the total cost of the program. Dean Banker said he was planning to set up a statewide system of clinical training at 8 to 10 hospital sites. Those hospitals will be asked to co-sponsor the training positions placed there which includes funding. Another aspect will be to build ambulatory care clinical pharmacy into 20 pharmacies around the state. Those clinics will train students in ambulatory care largely at the expense of the clinic. In order to pay the clinics back, many of the students will spend a second 5-week rotation for an opportunity to provide leveraged matching money.

President Berenstein asked for discussion on the \$16 surcharge at Iowa State University for the student health care center. Regent Dorr stated that in reviewing the Board's action at its July meeting it was not clear what their intent was relative to embarking on a new project. Therefore, he made the following motion:

MOTION:

Regent Dorr moved that the Board of Regents amend its action from its July 21-22, 1993, meeting authorizing Iowa State University to proceed with preliminary project planning for the possible construction of a new student health facility by adding the requirement that Iowa State University officials carry out an in-depth study of alternative opportunities for the provision of needed student health services and report to the Board before designing a new health center facility. Regent Hendricks seconded the motion.

President Jischke stated that Iowa State University officials are proceeding with the intent that they will carry out an in-depth study of alternative opportunities. They have invited Mr. Colloton from the University of Iowa to discuss his evaluation of the State's health care system. He said they are exploring a full range of ways to meet the needs of their students. The instructions from the Board, as he understood them, were to come back the first of the year. He said they are proceeding with the instructions of the Board in July and with the intent of this newly-proposed motion.

Regent Hendricks said it was her intent when the Regents voted in July to allow Iowa State University officials to proceed with the student health center issue that it was not preordained that a new facility would be built. She said construction was one of a number of alternatives. She said the Regents are committed to exploring all the alternatives. She then asked, if

they do not construct a new facility, whether the proposed \$16 fee may be revoked.

President Jischke responded that if the planning leads to a conclusion to not construct a new facility, the fee would be adjusted. The enactment of a new fee requires that students be given a one-year notice.

President Berenstein said he wanted to bring this matter up today for clarification before the Regents vote on the \$16 fee to be assessed to Iowa State University students.

Regent Dorr stated that this discussion was an excellent display of the Board's concern regarding student fees.

VOTE ON THE MOTION: The motion carried unanimously.

 Regent Hendricks referred to the earlier presentation by the Iowa State University student who mentioned the imposition of a last minute increase in computer fees and asked for clarification.

President Jischke responded that Iowa State University officials recommended an increase in computer fees for students in engineering, computer science and Management Information Systems. With regard to the proposed inflationary increase in the computer fee that is to be imposed across the entire student body, he said Iowa State University officials did not recommend an increase. Officials of the other 2 campuses recommended inflationary increases and the Board Office recommended inflationary increases across all 3 campuses.

Mr. Richey noted that students were given 30 days' written notice, consistent with policy and law.

Mr. Klein asked why there would be an extra charge if Iowa State University officials were not asking for an increase. Mr. Richey responded that the recommendation was based on needs of the universities for instructional and computer equipment. He said Iowa State University needs the money the same as the other two universities. To not recommend the same increase for Iowa State University, he said, would probably subject the Regents to criticism. Iowa State University is one of the leading institutions for computerization of its instructional programs in the country. The purpose of the Board Office recommendation is to nurture and continue that tradition. He noted that he had not heard university officials say the money was not needed.

Regent Pellett complimented the students for the class with which they made their presentations. She said she was speaking as a parent and as a taxpayer.

MOTION:

Regent Pellett moved to approve the recommendation of the Board Office as presented beginning on page 2 with the following exceptions: 1) that the proposed 5.1 percent tuition increase be reduced to a 4.4 percent increase; 2) clarify that third-year Pharmacy students pay only \$300 instead of the \$600 additional tuition increase; and 3) that the \$16 per academic year health facility fee at Iowa State University will be refunded if a new facility is not constructed. Regent Johnson-Matthews seconded the motion.

Mr. Richey stated that the proposal would place the basic undergraduate tuition and fees at \$2,455/academic year, an increase of \$103/academic year instead of the \$120 recommended by the Board Office.

Regent Dorr stated that the motion on the floor should reflect well on the students. Students should be aware that the Board does respond to their concerns. This was not a perfect compromise but the Regents, he believed, had made a wise decision.

Regent Tyrrell said he was most encouraged by the positive attitude of the students. He encouraged students to continue to work with university administrations and to keep as informed as they possibly can.

President Berenstein stated that not only should they congratulate the students on their presentations but also on opening great lines of communication. He said the Regents had received numerous telephone calls, letters and petitions expressing concern. He stated that there is nothing wrong in disagreeing with honor. It had been a very good exercise these past 30 days and he was pleased with the way the discussion went.

VOTE ON THE MOTION:                      The motion carried unanimously.

Mr. Richey noted for the record that the adopted action reduces the net proceeds from the rate increases by \$1 million and the gross proceeds by \$1.261 million from those recommended by him. The effect of the action is to set aside \$2 million for building maintenance instead of \$3 million.

The following table details the tuition and fees as approved by the Board of Regents:

**PROPOSED REGENT UNIVERSITIES ACADEMIC YEAR TUITION AND FEES FOR 1994-95**

**Actual 1993-94**

**Proposed 1994-95**

272

	Tuition	Health Fee	Computer Fee*	Total Tuition and Fees	Tuition	Health Fee	Computer Fee*	Hlth. Fac. Fee	Total Tuition and Fees	Percent Increase in Tuition and Fees	Total Dollar Increase
<b>UNIVERSITY OF IOWA</b>											
Undergraduate Resident	\$2,192	\$80	\$80	\$2,352	\$2,291	\$80	\$84		\$2,455	4.4%	\$103
Undergraduate Nonresident	\$7,580	\$80	\$80	\$7,740	\$8,149	\$80	\$84		\$8,313	7.4%	\$573
Undergrad. Resident Pharmacy Exc. 3rd Yr.	\$2,192	\$80	\$80	\$2,352	\$2,891	\$80	\$84		\$3,055	29.9%	\$703
Undergrad. Nonresid. Pharmacy Exc. 3rd Yr.	\$7,580	\$80	\$80	\$7,740	\$8,749	\$80	\$84		\$8,913	15.1%	\$1,173
Undergraduate Third Year Pharmacy Resident	\$2,192	\$80	\$80	\$2,352	\$2,591	\$80	\$84		\$2,755	17.1%	\$403
Undergrad. 3rd Yr. Pharmacy Nonresident	\$7,580	\$80	\$80	\$7,740	\$8,449	\$80	\$84		\$8,613	11.3%	\$873
Graduate Resident	\$2,604	\$80	\$80	\$2,764	\$2,721	\$80	\$84		\$2,885	4.4%	\$121
Graduate Nonresident	\$7,900	\$80	\$80	\$8,060	\$8,493	\$80	\$84		\$8,657	7.4%	\$597
MBA Resident	\$3,396	\$80	\$80	\$3,556	\$3,549	\$80	\$84		\$3,713	4.4%	\$157
MBA Nonresident	\$8,708	\$80	\$80	\$8,868	\$9,361	\$80	\$84		\$9,525	7.4%	\$657
Law Resident	\$3,624	\$80	\$80	\$3,784	\$4,137	\$80	\$84		\$4,301	13.7%	\$517
Law Nonresident	\$10,190	\$80	\$80	\$10,350	\$11,454	\$80	\$84		\$11,618	12.3%	\$1,268
Medicine Resident	\$7,740	\$80	\$80	\$7,900	\$8,088	\$80	\$84		\$8,252	4.5%	\$352
Medicine Nonresident	\$19,524	\$80	\$80	\$19,684	\$20,988	\$80	\$84		\$21,152	7.5%	\$1,468
Dentistry Resident	\$4,998	\$80	\$80	\$5,158	\$5,223	\$80	\$84		\$5,387	4.4%	\$229
Dentistry Nonresident	\$14,624	\$80	\$80	\$14,784	\$15,721	\$80	\$84		\$15,885	7.4%	\$1,101
Pharm.D. Resident	\$2,832	\$80	\$80	\$2,992	\$3,559	\$80	\$84		\$3,723	24.4%	\$731
Pharm.D. Nonresident	\$9,382	\$80	\$80	\$9,542	\$10,686	\$80	\$84		\$10,850	13.7%	\$1,308
<b>IOWA STATE UNIVERSITY</b>											
Undergraduate Resident	\$2,192	\$80	\$80	\$2,352	\$2,291	\$80	\$84	\$16	\$2,471	5.0%	\$119
Undergraduate Nonresident	\$7,226	\$80	\$80	\$7,386	\$7,551	\$80	\$84	\$16	\$7,731	4.7%	\$345
Graduate Resident	\$2,604	\$80	\$80	\$2,764	\$2,721	\$80	\$84	\$16	\$2,901	5.0%	\$137
Graduate Nonresident	\$7,534	\$80	\$80	\$7,694	\$7,873	\$80	\$84	\$16	\$8,053	4.7%	\$359
Veterinary Medicine Resident	\$5,000	\$80	\$80	\$5,160	\$5,225	\$80	\$84	\$16	\$5,405	4.7%	\$245
Veterinary Medicine Nonresident	\$13,400	\$80	\$80	\$13,560	\$14,003	\$80	\$84	\$16	\$14,183	4.6%	\$623
<b>UNIVERSITY OF NORTHERN IOWA</b>											
Undergraduate Resident	\$2,192	\$80	\$80	\$2,352	\$2,291	\$80	\$84		\$2,455	4.4%	\$103
Undergraduate Nonresident	\$5,834	\$80	\$80	\$5,994	\$6,097	\$80	\$84		\$6,261	4.4%	\$267
Graduate Resident	\$2,464	\$80	\$80	\$2,624	\$2,655	\$80	\$84		\$2,819	7.4%	\$195
Graduate Nonresident	\$6,308	\$80	\$80	\$6,468	\$6,592	\$80	\$84		\$6,756	4.5%	\$288

\* Students in certain programs pay a special computer fee in lieu of the general fee. This fee is \$200 in 1993-94. The Board Office recommends that this fee be increased to \$240 in 1994-95.

GENERAL  
October 20, 1993

**INTERINSTITUTIONAL COMMITTEE ON EDUCATIONAL COORDINATION. (a) Request for School of Management in College of Business Administration - University of Iowa.** The Board Office recommended the Board approve the proposal to establish a School of Management within the College of Business Administration as the administrative unit responsible for the Professional M.B.A. Program at the University of Iowa.

The M.B.A. program is currently administered by the Graduate College. The change will allow the program to be administered like other similar programs at the University of Iowa.

This proposal was reviewed by the Interinstitutional Committee and the Board Office and was recommended for approval.

Regent Hendricks said she thought the proposal was a good idea.

**MOTION:** Regent Hendricks moved to approve the proposal to establish a School of Management within the College of Business Administration as the administrative unit responsible for the Professional M.B.A. Program at the University of Iowa. Regent Furgerson seconded the motion. **MOTION CARRIED UNANIMOUSLY.**

**(b) Name Change, Educational Media Center - University of Northern Iowa.** The Board Office recommended the Board approve the proposed name change for the Educational Media Center at the University of Northern Iowa, effective immediately.

University of Northern Iowa officials requested that the name of the Educational Media Center be changed to the Center for Educational Technology:

- (1) to reflect current terminology, new directions and types of services needed to meet communication needs at the University of Northern Iowa;
- (2) to embrace the broad concept of educational technology; and
- (3) to place a new emphasis on serving the needs of teacher education.

This center originated at the University of Northern Iowa in 1948 as the Audio-Visual Center and was renamed the Educational Media Center in 1965.

This request was reviewed by the Interinstitutional Committee and the Board Office and both recommended approval.

**ACTION:** This matter was approved by consent.

(c) Registrars and Admissions Officers Coordination Committee Annual Report.  
The Board Office recommended the Board receive the report.

The Regents Registrars and Admissions Officers (RRAO) Coordination Committee submitted its annual report through the Interinstitutional Committee on Educational Coordination. The Committee's duties enumerated in the Procedural Guide include coordination of student records and submission of reports and recommendations to the Interinstitutional Committee on Educational Coordination.

Reports were made during 1992-93 on such issues as an articulation policy among Regent universities, scholastic performance of Regent freshmen, and persistence of students who transferred from community colleges.

The annual report listed goals of the RRAO for 1992-93 and strategies employed to implement them:

- \* Continuation of articulation efforts - Cooperated with the Regents Committee on Educational Relations to implement a revised rule on transfer credits that became effective in September 1993.
- \* Development of common policies and procedures - Implemented a uniform policy related to name change requests and documentation required for student records, effective in March 1993.
- \* Cooperative research with Iowa high schools/community colleges - Developed a common format to report persistence back to the community colleges regarding former students.
- \* Implement new procedures that will enhance education in all sectors in Iowa - Developed electronic transcript exchange among Regent universities.

The goals listed for 1992-93 will be retained for 1993-94 as they are in concert with the duties of the Committee.

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

**BUDGET ISSUES FOR FISCAL YEARS 1995 AND 1996.** The Board Office recommended the Board:

- (1) Approve the FY 1995 general fund appropriation request of \$296,362 and FY 1996 projection of \$302,107 for the Regional Study Centers.
- (2) Approve the university's plan to increase budgets for graduate assistants for the next three years at the rate necessary to increase net compensation to 3rd place in the Big Ten by 1997-98 and to improve

the health insurance allowance (HIA) for graduate assistants including the goal of increasing the HIA from the current \$300 (which is equivalent to 45 percent of the current single premium cost) to a level equivalent to 80 percent of the single premium cost of the University of Iowa Student Health Plan within three years.

- (3) Approve revised tuition replacement appropriation estimates of \$22,985,807 for FY 1994 and \$26,195,739 for FY 1995.
- (4) Approve the institutional operating budgets for FY 1995 and projections for FY 1996 developed to fulfill State statute requiring development of 75 percent base budgets;
- (5) Approve the packages restoring each institution's base budget for FY 1995 from the 75 percent level to a level equivalent to fiscal year 1994 operating budgets minus one-time payments; and
- (6) Receive the report of unreimbursed flood damage estimates to be requested from the State.

BUDGET REQUEST FOR REGIONAL STUDY CENTERS

The Board Office recommended approval of the FY 1995 appropriations requests and FY 1996 projection for the regional study centers in the following amounts:

	<u>Budget FY 1994</u>	<u>Request FY 1995</u>	<u>Projection FY 1996</u>
Quad Cities Graduate Center	\$144,104	\$151,397	\$154,679
Southwest Iowa Regent Resource Center	\$ 68,165	\$ 72,131	\$ 73,635
Tri-State Graduate Studies Center	<u>\$ 67,750</u>	<u>\$ 72,834</u>	<u>\$ 73,793</u>
TOTAL	\$280,019	\$296,362	\$302,107

Three regional study centers serve residents of Iowa who are geographically distant from Regent campuses. These are the Quad-Cities Graduate Study Center in the southeastern part of the state; the Southwest Iowa Regent Resource Center in the southwest part of the state; and the Tri-State Graduate Studies Center in the northwest part of the state.

The Quad-Cities Graduate Study Center receives contributions from the states of Iowa and Illinois to support its operations. During FY 1994 the State of Iowa contributed \$144,104 out of a total budget of \$318,000. The State of Illinois provided \$153,300. Other funds provided \$20,596.

The Southwest Iowa Regent Resource Center is totally funded by an appropriation to the Board of Regents. The FY 1994 budget is \$68,165.

The Tri-State Graduate Study Center is supported by an appropriation to the Board of Regents, a small payment by the University of South Dakota, and local support. In FY 1994, the Board of Regents appropriated \$67,750 to the Center out of a total budget of \$81,750. The State of Nebraska provided \$3,000 and local funds provided \$11,000.

The Board Office FY 1995 funding recommendations for the regional study centers reflect a 4 percent salary increase and a 2.1 percent supplies and services cost increase, which are consistent with the Regent institutions.

The FY 1996 projection excludes adjustment for salary policies and reflects a 6.6 percent increase in the non-salary component of the budgets.

#### COMPENSATION FOR GRADUATE ASSISTANTS

University of Iowa officials have adopted a plan for competitive compensation for graduate assistants for which they seek approval by the Board of Regents. The plan would provide a competitive level of net compensation which ranks overall third among the Big Ten institutions, consistent with Iowa faculty salaries which also rank third in the Big Ten.

Increases in net stipends for teaching assistants would have to be increased approximately 3.4 percent per year and net stipends for research assistants would have to be increased approximately 5 percent per year for each of three years in addition to any salary increases approved for faculty during this period.

Another requirement of providing competitive compensation for graduate assistants is a health insurance allowance. Beginning Fall semester 1993, the university instituted a Health Insurance Allowance (HIA) program for graduate assistants. The plan provides a \$300 allowance to half-time graduate assistants which covers approximately 45 percent of single coverage cost, which is not regarded as competitive with peer institutions.

Funds were requested in the university's budget for \$450,000 to provide an HIA plan which provides for 80 percent of single coverage (at current costs).

Teaching and research assistants are to be treated comparably with respect to net compensation, regardless of source of funding.

TUITION REPLACEMENT APPROPRIATIONS AND PROJECTIONS

Tuition replacement appropriations represent an ongoing commitment of the Governor and General Assembly to meet the debt service cost of Academic Building Revenue Bonds.

The current tuition replacement estimate for FY 1995 is \$26,195,739. Tuition replacement in FY 1994 is estimated at \$22,985,807.

The impact on tuition replacement by advance refundings of University of Iowa and University of Northern Iowa bonds this month was included in these estimates. Not included were any future Academic Building Revenue Bond issuances other than for Project Note redemptions. Tuition and fee revenues are used for debt service payments on Academic Building Revenue Bonds. The tuition replacement appropriation replaces that university revenue.

The tuition replacement needs are comprised of debt service payments (principal and interest), less the net interest earned on the bonds' reserves and earnings in investment of bond proceeds during construction.

The Board's financial advisor, Springsted, Inc., projects tuition replacement needs for each campus based on known debt service obligations and the universities' estimates of investment earnings.

The tuition replacement appropriation request may require modification due to changing interest rates, speed of construction draws, or savings generated by advance refundings.

Project Notes for the University of Iowa and University of Northern Iowa may be refunded at any time although they are not due until FY 1995. The redemption schedule for Iowa State University's project notes is one year later than for the University of Iowa and the University of Northern Iowa.

Tuition replacement projections include the project notes assumed to be refinanced at the due dates.

FY 1995 75% BASE BUDGET AND FY 1996 PROJECTION

The following table shows each institution's 1) FY 1994 appropriations, 2) FY 1995 appropriations request, and 3) FY 1996 appropriations projection.

(\$ in Thousands)

<u>Institution</u>	<u>FY 94 Appropriations</u>	<u>FY 95 Request</u>	<u>FY 96 Projection</u>
University of Iowa			
General University	\$185,095	\$196,860	\$199,709
Hospitals and Clinics	28,377	29,311	30,056
Psychiatric Hospital	6,883	7,152	7,247
Hospital School	5,548	5,826	5,898
Hygienic Laboratory	3,065	3,228	3,258
Spec. Child Health Care Svcs.	429	451	451
Oakdale Campus	2,794	2,994	3,087
Family Practice	1,797	1,863	1,864
Special Purpose	<u>2,537</u>	<u>3,463</u>	<u>3,579</u>
Sub-Total	\$236,525	\$251,148	\$255,149
 Iowa State University			
General University	\$148,358	\$157,518	\$160,058
Experiment Station	27,769	31,676	31,883
Cooperative Extension	17,894	18,716	19,205
IPRT	3,950	4,020	4,071
Special Purpose	<u>2,180</u>	<u>2,219</u>	<u>2,293</u>
Sub-Total	\$200,151	\$214,149	\$217,510
 University of Northern Iowa	\$ 66,211	\$ 70,667	\$ 71,503
 Iowa School for the Deaf	\$ 6,228	\$ 6,557	\$ 6,635
 Iowa Braille and Sight Saving School	<u>\$ 3,518</u>	<u>\$ 3,647</u>	<u>\$ 3,682</u>
 TOTAL	\$512,633	\$546,168	\$554,479

The State of Iowa requires by statute that each institution develop a base budget for FY 1995 and projection for 1996 assuming that appropriations are reduced by 25 percent from the adjusted 1994 level.

Officials of each institution described the impact and priority order for restoration of the 25 percent reduction in a series of restoration packages that will return its appropriations to the adjusted FY 1994 level.

A 25 percent appropriations reduction would require reduced funding resulting in reductions in the three core components of each institution: teaching, research, and service.

For each university the top priority areas for restoration of funding are instruction and academic support.

The incremental packages for the 1995 budget request reflect the \$33,595,611 FY 1995 increment approved by the Board in September.

Proposed projections for FY 1996 were developed utilizing the same 6.6 percent increase for the non-salary component of the budget as was applied by the Board in the FY 1995 budget request.

The FY 1996 projections did not include any funding for salary policies.

The FY 1995 appropriations request for the Board Office and FY 1996 appropriation projection were as follows:

FY 1994 Appropriations	\$1,098,098
FY 1995 Appropriations	1,145,453
FY 1996 Projection	1,157,606

#### UPDATED ESTIMATES OF FLOOD DAMAGE

At the July Board meeting the presidents of the universities and superintendents of the special schools made presentations to the Board concerning the damage that had occurred because of flooding and storms.

In September, the universities estimated the cost of cleanup and restoration from the damage caused by the flooding and storms at slightly more than \$12.6 million.

The latest estimate was \$13.6 million with increases reported at both the University of Iowa (from \$4.8 million to \$5.2 million) and Iowa State University (from \$7.8 million to \$8.4 million).

Recently the Department of Management requested information as to the dollar amount of damage which would not be covered by insurance or by the federal public assistance program.

Estimates are still very preliminary, and subject to revision as the extent of damage becomes better known and as the Federal Emergency Management Agency (FEMA) survey teams complete their work. However, at this time it appeared that approximately \$3.1 million of the damage will be unreimbursed. Of this amount, damage to the general campus and academic facilities totals \$1.6 million.

It was anticipated that the Board will make application for State funds for otherwise unreimbursed damage to general fund facilities under Section 29.C.20 Iowa Code (Contingent Fund - Disaster Aid), which provides a means by which claims can be made for damage or loss of State property.

At this point in the meeting President Berenstein referred the Regents to an article in Runner's World magazine concerning a University of Northern Iowa

course entitled "Seminar: Fitness and Mental Health. He said the entire article was on the course nicknamed "the marathon class". The program was established for people to run the Drake University Relay's marathon. He stated that it was wonderful publicity for the University of Northern Iowa.

Mr. Richey stated that this docket item included budget requests for the regional study centers. He said the budget requests were developed using the same policy guidelines as for institutional budget requests. This docket item also included the University of Iowa's plan for a 3-year program to increase budgets for graduate assistants. He recommended that the Board support university administrators in that effort. He said a very successful program was carried out by the Board of Regents over a 3-year period starting about 8 years ago to bring faculty salaries into competitive positions in relation to their peer institutions. He noted that the proposal assumes State appropriations to assist in the effort.

Another item within this docket item was a revised estimate for tuition replacement appropriations. Mr. Richey said the figures reflect the sale the Board would consider today for refunding bonds. He said the last 2 items relate to requirements of the Department of Management. The Department of Management requires a 2-year budget submission at the outset of the biennium. The General Assembly is in charge of appropriations for 2 particular years. He noted that there will be another General Assembly, not the one that meets in January 1994, to review the second year of the biennium. Therefore, the Board Office asked institutional officials to project into 1996 the same rate of increase as approved for fiscal year 1995.

President Berenstein asked Mr. Richey to expound on the tuition replacement appropriation request estimate. Mr. Richey responded that the amount had been reduced from one month ago because of the bond schedule. The estimated cost in the current year has been reduced by \$1.5 million. He expects an evening out of the debt service. Additionally, if interest rates for the 2 issues sold today are lower than anticipated, that will also have the effect of reducing the amount of tuition replacement appropriations needed. He said tuition replacement is always a moving figure because it relates to interest earnings on cash proceeds.

Regent Hendricks asked, if the Regents are going to approve the request concerning graduate assistants' compensation at the University of Iowa, what plans are there to look at the other two universities' graduate assistants' compensation?

Mr. Richey responded that compensation for graduate assistants is higher at Iowa State University and Iowa State University has a more generous tuition remission schedule. He said the University of Northern Iowa addressed this problem substantially a few years ago. He noted that the issue at the

University of Northern Iowa is different because of its limited number of Ph.D. programs.

**MOTION:** Regent Furgerson moved to approve the recommended action as outlined beginning on page 273. Regent Tyrrell seconded the motion. **MOTION CARRIED UNANIMOUSLY.**

**REPORT OF THE BANKING COMMITTEE.** The Board Office recommended the Board adopt reports on current Banking Committee items.

Regent Hendricks stated that the Banking Committee, at that morning's meeting, discussed bond refundings to take place today, the semi-annual report on the Regents' master lease, the Maucker Union internal audit report and bond defeasance opportunities, the State audit of Iowa School for the Deaf and the external audit of United Student of Iowa.

Regent Hendricks said the current master lease agreement with Norwest Investment Services commenced on November 25, 1991, for a two-year initial period. The master lease permitted a total of \$15 million to be borrowed of which \$6.4 million remains available. The agreement provides for one extension for a three-year period at the mutual consent of both parties. She said the Board Office, the Board's financial advisor, Springsted, and the Regent institutions recommended extension of the agreement for the remaining \$6.4 million. All terms of the original contract would remain in effect during the extension period.

**MOTION:** Regent Hendricks moved to approve a letter of agreement extending the master lease agreement with Norwest Investment Services. Regent Dorr seconded the motion.

President Berenstein stated that he had a conflict of interest concerning Norwest Bank.

**VOTE ON THE MOTION:** Upon the roll being called, the following voted:  
AYE: Collins, Dorr, Furgerson, Hendricks, Johnson-Matthews, Newlin, Pellett, Tyrrell.  
NAY: None.  
ABSTAIN: Berenstein.  
ABSENT: None.

**MOTION CARRIED.**

Regent Hendricks stated that Utility System Revenue Bonds, Series I.S.U. 1985, are scheduled to be refunded in December 1993. The proceeds from the sale of the bonds will be used to refund all or a portion of the \$30,450,000

remaining callable principal of the Board's Utility System Revenue Bonds. A refunding of all of the callable maturities would require an issue of approximately \$32 million, which is higher than Springsted would normally recommend. Authorizing this maximum issue amount provides the latitude to assess market demand and establish the final offering amount closer to the time of sale. She said the most likely alternative under consideration is a partial refunding of approximately \$22 million on the final eight maturities (2006-2013). The majority of savings can be realized by refunding only the later maturities.

**MOTION:** Regent Hendricks moved to adopt a Resolution authorizing the Executive Director to fix the date or dates for the sale of up to \$32,000,000 Utility System Revenue Bonds, Series I.S.U. 1993. Regent Dorr seconded the motion. **MOTION CARRIED UNANIMOUSLY.**

Regent Hendricks stated that the final item discussed at that morning's Banking Committee meeting related to South Africa-free investments. The Regent institutions currently follow State law prohibiting investments in companies doing business in South Africa. She said that because of encouragements by Nelson Mandela that people begin investing in South Africa again, the Regents will probably ask that the matter be included on the legislative agenda.

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

**FALL ENROLLMENT REPORT - PART I.** The Board Office recommended the Board receive the Annual Fall Enrollment Report - Part 1.

This was the first of two enrollment reports for fall 1993. The first report contains a) information on resident and nonresident enrollment and data on new freshmen, number of students by level, and minority students at Regent universities and b) general enrollment and service information for the two special schools.

The second report, to be presented in November, contains more detail on various categories of students and gives enrollment projections for the next decade.

Total fall 1993 Regent university headcount enrollment of 64,880 students represents a decline of 891 students (1.4 percent) from fall 1992.

Each university reported the following total headcount for fall 1993 compared to fall 1992.

Headcount Enrollment

	<u>1992</u>	<u>1993</u>	<u>Diff.</u>	<u>Percent Change</u>
University of Iowa	27,463	27,051	-412	-1.5%
Iowa State University	25,263	25,112	-151	-0.6%
University of Northern Iowa	<u>13,045</u>	<u>12,717</u>	<u>-328</u>	<u>-2.5%</u>
TOTAL	65,771	64,880	-891	-1.4%

The enrollment decline was only among resident students at all three universities.

Full-time equivalent (FTE) enrollment at each Regent university decreased at both the University of Iowa (-1.6 percent) and the University of Northern Iowa (-1.6 percent) but increased slightly at Iowa State University (0.4 percent).

Full-Time Equivalent (FTE) Enrollment

	<u>1992</u>	<u>1993</u>	<u>Diff.</u>	<u>Percent Change</u>
University of Iowa	23,008	22,633	-375	-1.6%
Iowa State University	23,034	23,116	82	0.4%
University of Northern Iowa	<u>11,207</u>	<u>11,022</u>	<u>-185</u>	<u>-1.6%</u>
TOTAL	57,249	56,771	-478	-0.8%

Total resident enrollment at the three universities decreased by 1,348 students from fall 1992 to fall 1993 (-2.8 percent). Each university had the following resident headcount enrollment change from 1992 to 1993.

Resident Students at Regent Universities

	<u>1992</u>	<u>1993</u>	<u>Diff.</u>	<u>Percent Change</u>
University of Iowa	18,267	17,810	-457	-2.5%
Iowa State University	18,318	17,804	-514	-2.8%
University of Northern Iowa	<u>12,425</u>	<u>12,048</u>	<u>-377</u>	<u>-3.0%</u>
TOTAL	49,010	47,662	-1,348	-2.8%

Nonresident enrollment increased by 457 students Regentwide from 16,761 to 17,218 (2.7 percent). Each university had gains in nonresident enrollment as follows:

Nonresident Students at Regent Universities

	<u>1992</u>	<u>1993</u>	<u>Diff.</u>	<u>Percent Change</u>
University of Iowa	9,196	9,241	45	0.5%
Iowa State University	6,945	7,308	363	5.2%
University of Northern Iowa	<u>620</u>	<u>669</u>	<u>49</u>	<u>7.9%</u>
<b>TOTAL</b>	16,761	17,218	457	2.7%

Nonresident students account for 26.5 percent of students Regentwide and for these percentages of total students at each university: University of Iowa - 34.2 percent; Iowa State University - 29.1 percent; University of Northern Iowa - 5.3 percent.

The number of freshmen new to Regent universities in fall 1993 was 8,556, an increase of 237 (2.8 percent) over the fall 1992 figure.

Growth of new freshmen was greatest at the University of Northern Iowa (126 students; 7.3 percent increase) followed by Iowa State University (57 students; 1.7 percent gain) and the University of Iowa (54 students; 1.7 percent increase).

Regentwide 716 of the new freshmen (8.4 percent) were minority students, an increase of 12.6 percent over the fall 1992 figure. Following is each university's number and percentage of minorities among new freshmen:

Minorities Among New Freshmen at Regent Universities

	<u>1992</u>	<u>1993</u>	<u>Diff.</u>	<u>Percent Change</u>
University of Iowa	268	264	-4	-1.5%
Iowa State University	296	373	77	26.0%
University of Northern Iowa	<u>72</u>	<u>79</u>	<u>7</u>	<u>9.7%</u>
<b>TOTAL</b>	636	716	80	12.6%

Regentwide minorities total 4,411 students, 6.8 percent of total enrollment. The University of Iowa enrolls 2,235 minority students (8.3 percent of enrollment), Iowa State University enrolls 1,654 minorities (6.6 percent of enrollment) and the University of Northern Iowa enrolls 522 minority students (4.1 percent of total).

Each Regent university increased its number of minority students enrolled by the following percentages:

University of Iowa - 2.9 percent from 2,171 students to 2,235 students  
Iowa State University - 10.0 percent from 1,504 students to 1,654  
students  
University of Northern Iowa - 4.6 percent from 499 to 522 students

On-campus enrollment for the Iowa School for the Deaf decreased slightly from 116 to 113 students from 1992 to 1993 while the number served through direct outreach services dropped from 77 to 55.

On-campus enrollment for the Iowa Braille and Sight Saving School decreased from 57 to 53 students from 1992 to 1993 while the number served through outreach services climbed from 293 to 343.

Director Kominski reviewed the enrollment report with the Regents. She noted that the number of freshmen increased which was a good sign because it predicts future enrollments.

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

**REPORT ON ACADEMIC ADVISING SYSTEMS.** The Board Office recommended the Board (1) receive the reports and (2) request the University of Northern Iowa complete its effort and provide a report to the Board of Regents in February 1994.

This is a report on studies of academic advising at the Regent universities requested by the Board in October 1992. Preliminary reports were received in April 1993.

The reports were requested a year ago after the Board, in reviewing a report on student persistence, noted that a high number of students reported problems with academic advising at the Regent universities.

The studies addressed ways in which academic advising procedures and processes might be changed to improve persistence and degree completion rates of students, especially minority students.

Academic advising is important because of its potential impact on student persistence and attrition.

A main goal of academic advising is to educate students about the higher education system and to effectively advise and mentor them through all the critical academic decisions and choices they must make.

Academic advising is strategically placed to act as a gateway to other student support services. It was not clear from the reports how effectively the Regent advising systems function as gateways to the other student support services.

The reports showed how the advising systems of the Regent universities focus on helping entering, undecided students transition into the colleges and departments of the majors they eventually choose. The reports are less clear in describing how the needs of the many students who change majors, or are unsure or weakly committed to their major, or are interested in exploring other options are met.

#### UNIVERSITY OF IOWA

The size and scope of the University of Iowa's Undergraduate Academic Advising Center makes the university's system the most centralized among the three Regent universities.

University of Iowa officials are making progress in implementing the recommendations developed to improve academic advising and retention.

- \* The Undergraduate Academic Advising Center is adding staff and is being moved to larger quarters in Seashore Hall where it will be in close proximity to Special Support Services.
- \* The Courses in Common Program, which allows a group of entering freshman to take some of their classes together, is being enhanced.
- \* The intensive advising and supportive programming of the Summer Provisional Admission program has been enhanced and the success rate of students is improving.
- \* An evaluation of the effectiveness of Special Support Services and the Undergraduate Academic Advising Center is underway.
- \* An evaluation of the effectiveness of the Preparatory Summer/ Transitional Year program for talented underprepared students is planned.

#### IOWA STATE UNIVERSITY

All advising at Iowa State University is done by colleges and departments and is the most decentralized system among the Regent universities.

The task force that conducted the study of academic advising made 13 recommendations for improving academic advising and persistence. The recommendations reflect advisor concerns at Iowa State University and have been forwarded to the Provost. They include:

- \* Appointing a task force with representatives from across the university to develop a systemic university retention plan.

- \* Recognizing the value of advising through promotion, tenure, and salary increases in all colleges.
- \* Maintaining realistic advising loads to improve the quality of advising and allow an opportunity for mentoring.
- \* Expanding training and development opportunities for advisors.
- \* Implementing the Minority Student Services Review Committee recommendations that relate to academic advising.
- \* Continuing to ensure that there is adequate class space and appropriate senior faculty teaching first-year courses.
- \* Working with the Office of Institutional Research to identify as early as possible "at risk" students so retention efforts and resources can be targeted to them.

#### UNIVERSITY OF NORTHERN IOWA

The University of Northern Iowa's Academic Advising Services office advises undecided students, coordinates advising done by Residence Hall Coordinators, and provides examination and reading/learning skills services.

The bulk of advising is done by colleges and departments and the overall system is decentralized.

University of Northern Iowa's report provided a good overall description of the university's advising system but made no recommendations and was incomplete. The Board Office recommended that University of Northern Iowa officials complete the study of academic advising and submit a report with recommendations to the Board in February 1994.

Vice President Nathan stated that University of Iowa officials had taken quite seriously the Board's request to review the university's advising system. He said the system is very strong and even more effective as a result of the review.

Ardys Ulrichson stated that she was one of the co-chairs of Iowa State University's task force on academic advising. She said advising is done in the colleges and representatives of each college were on the task force. They feel there is a strong advising program at the university but are looking at improving it in the future.

Vice President Follon stated that, as the docket materials indicate, the advising system at the University of Northern Iowa is fairly sophisticated. Some of the improvements recommended were listed in the docket materials. She noted that undergraduate students who have declared a major are advised

by faculty members of the appropriate college and those students who have not declared a major are advised by the university's academic advising center.

**MOTION:** Regent Dorr moved to (1) receive the reports and (2) request the University of Northern Iowa complete its effort and provide a report to the Board of Regents in February 1994. Regent Collins seconded the motion.

Regent Hendricks asked what was incomplete in the University of Northern Iowa's report. Vice President Follon responded that University of Northern Iowa officials are moving ahead with the recommendations that were presented in April. She has worked with Board staff to determine what kinds of issues they would like university officials to deal with further but has not talked with them enough to know what the issues might be.

Director Barak said it was his understanding that final action on some of the recommendations are not in yet. Discussion is taking place between the Board Office and university staff.

Regent Furgerson stated that hopefully when at the next meeting of the Priority Study Committee on Affirmative Action, some of the questions she has which are not related to academic advising can be addressed. There are problems that minority students encounter living on a predominantly white campus.

Regent Dorr stated that he appreciated the reports. He has had some opportunities to visit with students and heard nothing but positive comments concerning academic advising. A great deal of progress has been made in the area of academic advising and he appreciates the efforts made by all three universities.

**VOTE ON THE MOTION:** The motion carried unanimously.

**POLICY ON NOTIFICATION OF STUDENTS REGARDING SEXUALLY EXPLICIT CLASS CONTENT.** The Board Office recommended the Board (1) receive the policies from Iowa State University and the University of Northern Iowa and (2) receive reports on existing policies at the University of Iowa and its College of Liberal Arts and request that the University of Iowa develop a policy on notification of undergraduate students regarding sexually explicit class content for receipt by the Board at its November Board meeting with the understanding that, if it is not submitted, the Board will adopt the policy to be followed by the institution.

Policies on notification of students regarding sexually explicit content have been developed at Iowa State University and the University of Northern

Iowa in response to the Board's request. The policies provide a delicate balance between student rights and academic freedom.

The University of Iowa has reported the policy on notification in effect for the current academic year for the College of Liberal Arts. The policies in effect for students taking courses in the University of Iowa College of Liberal Arts meet or exceed the notification required in the Board's February 1993 request. The language of the College of Liberal Arts' policy follows:

For sound pedagogical reasons, faculty members may decide that it is necessary to use course materials that some students may find offensive. When these materials include explicit representations of human sexual acts or other graphic depictions that could reasonably be expected to be offensive to some students, a faculty member has an obligation to give students in advance of the presentation information sufficient to enable individual students to make a knowledgeable choice about whether or not to attend that class period. If a course makes considerable use of such materials throughout the semester, students should receive no later than on the first day of class information sufficient to enable each of them to make an informed decision about whether or not to take the course.

University of Iowa officials presented general university policies on professional ethics, academic responsibility and responsibilities to students and scholarship. Two basic principles govern the teaching that occurs at the University of Iowa: academic freedom and responsibility to students. The following text on the subject is quoted from the University Operations Manual. (Note: Bracketed material is under current consideration by the university faculty and administration for permanent insertion; for 1993-94 it is provisionally operative for the College of Liberal Arts.)

(20.291) General

The basic functions of the University are the advancement and dissemination of knowledge, the development of critical intelligence, and the education of citizens and professional workers for the society of which the University is a part.

The indispensable condition for the successful discharge of these functions is an atmosphere of intellectual freedom. Unless he or she is free to pursue the quest for knowledge and understanding, wherever it may lead, and to report and discuss the findings, whatever they may be, the University faculty member cannot properly perform his or her work. As a participant in an enterprise that depends upon freedom for its health and integrity, the faculty

member has a special interest in promoting conditions of free inquiry and furthering public understanding of academic freedom.

Freedom entails responsibilities. It is incumbent upon the faculty member to accept the responsibilities which are concomitant with the freedom he or she needs.

Those responsibilities are: (1) to students, (2) to scholarship, (3) to colleagues, (4) to the University, and (5) to the larger community which the University serves. To make these responsibilities operational, it is necessary that ethical and professional standards be adopted to guide faculty members in their conduct and that effective mechanisms be established to monitor and enforce compliance with these standards.

#### (20.292) Responsibilities to Students

As a teacher, the faculty member has the responsibility for creating in his or her classroom or laboratory and in relations with students a climate that stimulates and encourages the student's endeavors to learn. [That responsibility may involve the introduction of ideas and materials which some students find unfamiliar, shocking, or offensive.] To the best of his or her ability, the faculty member exemplifies high scholarly standards, and he or she respects and fosters the student's freedom to choose and pursue his or her own goals.

(a) The faculty member has the obligation to make clear the objectives of the course or program, to establish requirements, to set standards of achievement, and to evaluate the student's performance.

(b) The faculty member has the responsibility to meet classes as scheduled and, when circumstances prevent this, to arrange equivalent alternate instruction.

(c) The faculty member has the responsibility to teach courses in a manner that is consistent with the course description and credit published in the catalogue and with the announced objectives of the course. He or she must not intentionally intrude into classes material or personal views that have no relation to the subject matter of the course.

(d) On controversial issues within the scope of the course a reasonable range of opinion should be presented. When the faculty member presents his or her own views on such issues, they should always be identified as such. Wherever values, judgments, or

speculative opinions constitute part of the subject matter, they should be identified as such and should not be offered as fact.

[(e)] For sound pedagogical reasons, faculty members may decide that it is necessary to use course materials that some students may find offensive. When these materials include explicit representations of human sexual acts or other graphic depictions that could reasonably be expected to be offensive to some students, a faculty member has an obligation to give students in advance of the presentation information sufficient to enable individual students to make a knowledgeable choice about whether or not to attend that class period. If a course makes considerable use of such materials throughout the semester, students should receive no later than on the first day of class information sufficient to enable each of them to make an informed decision about whether or not to take the course.]

(f) [formerly e] The faculty member owes to the student and the University a fair and impartial evaluation of the student's work. Such evaluation should be consistent with recognized standards and must not be influenced by irrelevancies such as religion, race, sex, or political views, or be based on the student's agreement with the teacher's opinion pertaining to matters of controversy within the disciplines.

(g) [formerly f] Every student is entitled to the same intellectual freedom which the faculty member enjoys. The faculty member must respect that freedom. Restraint must not be imposed upon the student's search for or consideration of diverse or contrary opinion. More positively, the faculty member has an obligation to protect the student's freedom to learn, especially when that freedom is threatened by repressive or disruptive action.

(h) [formerly g] The faculty member has obligations as an intellectual guide and counselor to students. He or she has a responsibility to be available to students for private conferences. In advising students, every reasonable effort should be made to see that information given to them is accurate. The progress of students in achieving their academic goals should not be thwarted or retarded unreasonably because a faculty member has neglected his or her obligation as advisor and counselor.

(i) [formerly h] The faculty member should conduct himself or herself at all times so as to demonstrate respect for the student. He or she should always respect the confidence deriving from the faculty-student relationship.

(j) [formerly i] The faculty member must avoid exploitation of students for personal advantage. For example, in writings and oral presentations due acknowledgment of their contributions to the work should be made.

President Jischke stated he recommended that Iowa State University's proposed policy on notification of students regarding sexually explicit class content, as follows, be approved:

For sound pedagogical reasons, a faculty member may decide to use course materials that include explicit visual representations of human sexual acts. The faculty member has an obligation to inform students at the beginning of the course about the nature of that material. If a student chooses not to view the presentation(s) and the faculty member determines that alternative assignments(s) are not feasible, the student shall be permitted to drop the course without penalty (as an administrative drop) within seven calendar days of the class being so informed.

Regent Hendricks noted that the policy did not state that a student would not be penalized for opting out of a class or that a faculty member will always provide alternative assignments.

President Jischke responded that the policy suggests the faculty member has an opportunity to inform students at the beginning of a course of course content but that faculty will decide whether an alternative assignment is possible.

MOTION: Regent Dorr moved to receive the policy from Iowa State University. Regent Hendricks seconded the motion. MOTION CARRIED UNANIMOUSLY.

President Curris introduced Barbara Lounsberry, President of the University of Northern Iowa Faculty Senate.

Dr. Lounsberry provided the Regents with an overview of the policy development on the University of Northern Iowa campus over the past 7 months. She assured the Regents that the matter was one of great seriousness and was addressed by faculty, administrators and students. Last March, Provost Marlin appointed a committee of faculty, department heads and deans to study the issue and provide a report to the Faculty Senate. A special Faculty Senate meeting was held this summer to draft the university's policy. The meeting was the scene of extended and passionate testimony. The policy developed from this Faculty Senate meeting was sent out to the entire faculty for comment in July. She said the faculty's response took up a major portion of the Faculty Senate's planning retreat on August 23. A revised version for docketed at the Faculty Senate meeting of

September 11. Again, faculty and student comment was invited. She said the policy before the Regents was a third version which was passed after lengthy and passionate debate on September 27.

As chair of University of Northern Iowa's Faculty Senate, Dr. Lounsberry felt it was especially incumbent upon her to share with the Regents and from a historical record the four themes that resounded repeatedly in their campus discussions throughout the past 7 months. The first widely agreed to idea was that good teaching is the answer to the Regents' justifiable concerns. Secondly, faculty take great pride in the university's long-standing commitment to students' rights. A third issue discussed on the campus was the placing of human sexual acts apart from all other potentially upsetting information. Finally, it was agreed that the education process is by nature unsettling and painful.

Dr. Lounsberry stated that it was from this position of pride in the university and faith in their ability to guide students that they laid the policy, as follows, before the Board:

Faculty members may decide for sound pedagogical reasons that it is necessary to use course materials that include representations of human sexual acts. When such materials involve photo or film depictions, information sufficient to enable individual students to make a knowledgeable choice about whether to take that course, or attend a specific class session must be made available. Students will not be penalized for not attending a specific class session if such material is to be shown, but students are responsible for learning the content of the class session.

MOTION:

Regent Dorr moved to receive the policy from the University of Northern Iowa. Regent Furgerson seconded the motion.  
MOTION CARRIED UNANIMOUSLY.

President Rawlings introduced Jerald Schnoor, President of the University of Iowa Faculty Senate.

Professor Schnoor said the Faculty Senate at the University of Iowa had struggled to develop a policy on warning students in advance of the use of sexually explicit materials in the classroom. They were unable to do so. He said debate in the Senate was deliberative, thorough and serious.

Professor Schnoor said The faculty were not drawing a line in the sand and challenging the authority of the Regents. They fully recognize the role of the Regents in the rightful governance of the universities. Not one Senator, he reported, spoke harshly about the Regents nor questioned their authority.

Professor Schnoor stated there are serious and legitimate issues that need to be considered in such a policy. He provided examples of medical students receiving vital details on AIDS and the transmission of other diseases. Nursing, medical microbiology and clinical psychology courses make use of visual representations of human sexual acts. Should an art student be allowed to opt out of visually erotic art from the Twentieth Century?

Professor Schnoor stated that if the draft policy means they will begin to consider a requirement of warnings every time offensive materials are to be introduced in a class, they would need to regulate the use of color photographs of fetuses in educational psychology, photos of Holocaust victims in sociology, animal testing in the College of Engineering, evolution in the Geology Department, and objectional presentations of all the world's major religions in Religion. A law professor argued strongly at the Faculty Senate meeting that the draft policy would, while not preventing free speech, have a chilling effect on free speech.

In their debate on a policy, faculty members asked why just visual and sexual material were at issue. Aren't there examples of violence, mutilation, sadism, and torture that would be equally or more deserving of a warning? Professor Schnoor said the incidents at the University of Iowa which prompted the Regents' request for development of a policy were all sexual in nature. The policy was requested after films showing homosexual sex. Are they being homophobic? Students are legal adults after age 18. An adult entering a university voluntarily accepts the marketplace of ideas which they are free to embrace or reject.

Professor Schnoor stated that faculty must examine an ever greater expanse of culture and ideas but are expected to be politically correct and not offend anyone. It is a difficult tightrope to walk. At the University of Iowa, they have made some serious mistakes in the handling of these cases. He said they offer hundreds of classes every day. Complaints arise daily. For the most part they are handled quite well. There is a clearly defined procedure in which students can, and do, enter complaints about everything from grading policy to course content. He said faculty have a considerable code of conduct printed in the Faculty Handbook and in the Operations Manual of the university. The code speaks well to what faculty can and cannot do in the classroom.

The University of Iowa Provost's Office has queried the Big Ten and CIC institutions and others. Out of approximately 30 contacts, no other university has such a policy as the one being discussed at Iowa. Representatives of the American Association of University Professors was contacted. To their knowledge, no other university has such a policy.

Professor Schnoor stated that the draft policy requires warning based on context "explicit visual representation of human sexual act". He said faculty might be able to pass a policy specifying notification of course

content through syllabi and other materials. However, if they regulate speech based on content that some find objectional this time, don't they invite complaints and new policy on other controversial subjects in the future? Isn't it better to leave it alone and rely on existing statements of responsibilities to students in resolving the majority of complaints? Faculty pledge to do a better job of educating their instructors as to good teaching methods, to the proper introduction of controversial materials, and to enforcing existing regulations.

Jean Fallow, graduate assistant in Comparative Literature at the University of Iowa, stated that she represented the Campaign for Academic Freedom and was a member of the Graduate Student Senate. She presented the Regents with 927 signatures on a petition in opposition to the proposed policy, which she read. She said they were opposed to a policy because it appeared to be motivated by homophobia. The message sent is that it is perfectly normal and acceptable to be offended by representations of homosexuality, and that the institution will protect students from exposure to such troubling ideas. However, no one had proposed that warnings be issued before showing students films containing violent lynchings or rapes.

Ms. Fallow said the policy was opposed because they do not want Big Brother intruding into the classroom. This issue is not one of instructors' rights versus students' right. In several days of petition tabling she had witnessed strong opposition to the policy among undergraduates, many of whom indicated outrage at the patronizing attitude it embodies. They feel that rather than guaranteeing respect for students and protecting their rights, such a policy insults their intelligence and would only serve to restrict their rights and limit the scope of their education.

A third reason for opposing a policy, Ms. Fallow said, is a support of academic freedom. She said a sexually explicit materials policy would merely open the door to a slew of other possible restrictions. Finally, they opposed the policy because it would place an undue burden on instructors and encourage self-censorship. Instructors would tend to shy away from potentially controversial materials altogether. In this way the policy would effectively constitute a form of censorship.

Josiane Peltier, who has received her MBA from the University of Iowa and is also a Student Senator, stated that she wished to express the frustrations and firm opposition of many students and faculty at the University of Iowa to the proposed policy on sexually explicit material in the classroom. She said the policy will foster self-censorship if not downright censorship on campus. In the age of AIDS, she said she could not stress enough how dangerous such a move would be. If anything, they need to talk more about the body.

Ms. Peltier said that by effectively targeting documents with homosexual content, they were also sending the message that it is alright to walk away

from a classroom where alleged offensive material is discussed. She said students can present their points of view and they do. This is one of the skills faculty try to develop in them. The mission of the university is to promote diversity, not to promote the Regents' view of what society should be.

Forcing a policy on the university, Ms. Peltier said, indicates that instructors are not responsible enough to know what to show and not to show in class. The few people on campus who support this policy belong to extreme right-wing groups. If they obtain this victory, Ms. Peltier believes they will challenge further areas of knowledge. She said 927 people signed a petition against this policy, the Graduate Student Senate voted against the policy and faculty have made statements condemning this abridgment of academic freedom. She cautioned that if the Regents vote to force a policy on the university in spite of overwhelming opposition, they will have shown that they really do not care about academic freedom and that they have sacrificed the entire academic community for the sake of 5 students.

Brian Smith, University of Iowa undergraduate student studying French and International Business and a member of the Campaign for Academic Freedom, stated that this controversy over academic freedom extends beyond the faculty. It pertains to undergraduate students as well. He said he is an adult and does not need or want the Regents to protect him because he is attending the university to broaden his horizons. He questioned why such prompt action was taken to reproach those who wish to present diverse and contemporary issues such as homosexuality in the classroom.

Mr. Smith stated that any policy will inhibit the academic environment. He was concerned about being deprived of knowledge because of a few individuals who consider certain topics to be too shocking to discuss. He concluded by saying that knowledge is constantly expanding, disseminating through the public, helping us to better understand ourselves, our community and our world. They need to preserve academic freedom to assure that the boundaries of knowledge are not sealed for future generations.

David Hagan, University of Iowa graduate student in the Department of French and Italian, stated that he was opposed to the establishment of any policy which would require a warning for the use of sexually explicit materials in the classroom. He said the problem cannot be solved except at the expense of considerable damage to the institution of higher education. He expressed concern that the imposition of such a policy would result in increased resignation and cynicism on the part of teaching assistants and faculty, and a stigmatization of alternative perspectives presented in the classroom. He said framing speech with warnings renders the content of such speech problematic, suspect and unfit for critical inquiry. The proposed policy would promote a stasis of ideas and would slacken the growth of understanding. Good management and leadership from the university

administration in more clearly defining the social objectives of higher education in the arts and sciences, he said, was what was needed, as well as the establishment of an environment for critical learning which is respectful of the students' and the instructors' protected right to academic freedom. They need to provide incentives instead of sanctions.

Mr. Hagan concluded by asking that the Regents reconsider their intention to establish the proposed policy, and to weigh the nature of the problem against the enormous weight of the First Amendment to the United States Constitution.

President Rawlings stated that he appreciated the Board giving this lengthy hearing and allowing Professor Schnoor and the 4 students to speak. He then asked to make 3 points: 1) The faculty feels and he agrees that warnings concerning sexually explicit material should not be considered beyond the undergraduate colleges. 2) Faculty is concerned and he agrees that giving students the right to miss class will create more problems than it will solve. 3) He is concerned about the precedent they may be setting if they justify this policy in terms of protecting students from controversial material and offensive ideas. They would be starting down a path that directly and substantially threatens academic freedom.

President Rawlings provided a few examples of his concerns about adopting a principle that students may elect to avoid offensive ideas. Native American students could opt out of any course on the history of the American West not taught strictly from a Native American point of view. White students could opt out of a course on the history of the West whose instructor offended them by suggesting that the westward march of white Americans was less than our finest hour. Male students could claim to be offended by literature courses espousing a feminist theory of criticism. Asian students could insist that a course on the history of religion is offensive unless it allocates time to each sect in proportion to number of adherents worldwide. He noted that other topics some may find offensive include creationism, abortion, animal rights or why the South lost the war between the states.

President Rawlings expressed concern about Iowa setting this precedent when no other AAU university in the country has adopted such a policy. He said the AAU Committee A found such a practice requiring warning "inimical to academic freedom". He said Congress adopted a decency proposal policy for use by the National Endowment for the Arts in selecting artistic proposals for grant support. The policy was adopted in response to outcries from a vocal minority concerning prior funding of art believed to be offensive because of graphic depictions of controversial subject matter. He said a Federal court recently struck down the decency clause stating that it infringes the First Amendment to the United States Constitution.

The University of Iowa College of Liberal Arts, the only college in the university where incidences have arisen, has a provisional policy in place

for this academic year. President Rawlings stated that the early experience with it has not been favorable. Faculty members feel distinctly uncomfortable with it. Most students find it unnecessary, even demeaning. It was clear to him that students often find classroom material offensive. When they do, they generally confront their instructor and the matter is debated. He said that is exactly how it should be handled and is handled countless times per semester at the University of Iowa. He said they should all insist that students discuss concerns with their instructors. If a matter cannot be resolved, there are published complaint procedures to follow the through the university.

Mr. Richey stated that the materials presented to the Board with the docket contained the submission by University of Iowa officials of a policy that exceeds in every respect the request of the Board last February with respect to this issue. He said the policy is in effect in the College of Liberal Arts for the current academic year and covers more than 80 percent of the students within the university. He said that because the University of Iowa has submitted the policy instituted for the College of Liberal Arts and additional general policies, and because of the extraordinary sensitivity of the issue relating to academic freedom and the issue being so near the "heartbeat" of the faculty, that the Board Office recommended the Regents give the university another month to develop a policy before imposing a policy upon the university. He said that the faculty is uniquely qualified to develop a policy and to do it sensitively and within the scope of academic freedom. He said the Board Office strongly recommended that any policy relate only to students taking undergraduate courses because graduate students in the professional colleges should not require such notice because of the extent of their education and their general sophistication.

Regent Furgerson stated that she concurred with the recommendation proposed by Mr. Richey.

Regent Collins read the following Resolution:

WHEREAS the Board of Regents has directed the University of Iowa ("University") and other Regents' institutions to develop a policy for handling certain graphic sexual material in the classroom, and

WHEREAS the University of Northern Iowa and Iowa State University have both instituted such policies; and

WHEREAS the Administration of the University had sought a recommended policy from the Faculty Senate, and

WHEREAS the Board has been advised that the Faculty Senate has not been able to arrive at such a policy and has voted to postpone the task indefinitely, and

WHEREAS the Board, for orderly administration of the University, has made clear at its February 17, 1993 meeting, that it believes in the best interests of the University, the administration, the faculty, and the students that such a policy should be in place, and

WHEREAS because the Faculty Senate has indefinitely postponed the development and implementation of such a policy, the Board hereby establishes a policy that shall be effective until the Faculty Senate takes such action. It is the opinion of the Board that this plan protects the rights of the faculty and the students directly involved in this situation. Accordingly, the Board of Regents establishes the following policy, effective October 20, 1993 at the University of Iowa:

1. For sound pedagogical reasons, faculty members may decide that it is necessary to use course materials in which there is a depiction of human sexual acts in graphic, still photo, motion film form, or otherwise, that some students may find offensive.

2. When course materials include explicit representations of human sexual acts that could reasonably be expected to be offensive to some students, a faculty member has a responsibility to the students to give, in advance of the presentation, information sufficient to make an informed choice about whether to attend that class period.

3. Any student who chooses to excuse himself or herself from any class period in which such course materials are utilized shall be permitted to do so. The faculty member shall counsel with the student in an attempt to work out an alternate assignment. In the event a satisfactory alternate cannot be established, the student shall be permitted to drop the course without penalty.

4. If a course makes considerable use of such materials during the semester, a faculty member has a responsibility to the students to give, no later than on the first day of class, information sufficient to enable each of them to make an informed decision about whether to take the course.

The Board encourages the University of Iowa Faculty Senate to develop and approve a permanent policy for handling such course material, and to submit the same to the Board for its consideration.

MOTION:

Regent Collins moved that the Board approve the resolution. Regent Hendricks seconded the motion.

Regent Collins stated that the motion was not done offhandedly but was done with a great deal of thought. He said it has to be clear that the Board takes very seriously its responsibility to zealously guard academic freedom and freedom of speech, and he believes it would be doing so in this

particular position. The Regents are not trying to control what is presented in the classroom. He said they are trying to make a public statement to let the students and faculty know that freedom of speech means that, absent absolute illegality of some nature, anything can be said or presented; however, that does not mean they can require people to sit there and listen to it because of fear of repercussions. Freedom of speech does not mean they can compel a captive audience to listen and they have a captive audience when someone is taking a course. It is freedom of speech on both sides of the "coin" that he was trying to address with the proposed resolution.

Regent Collins said they all know why this matter came up. There is a law in this state, and he was not saying anyone was violating it, concerning sexually explicit acts with a human being. He was not talking about somebody being offended by a holocaust or a political position. He was talking about sexually explicit acts. He said the reason they cannot immediately make the assumption that the next controversy could be something else, such as American Indian issues, was because this was based on the legal principle of obscenity. There is no acceptable definition of obscenity; it changes as the world changes. Therefore, obscenity is in the eyes of the beholder. There is no way a student who feels something is obscene and thus offensive can stop a teacher from teaching it, but they can determine the standard for themselves and conduct themselves accordingly. He said he believed that was the fairest way to try to arrive at a definition of obscenity. As far as the accusation of this being motivated by homophobia, Regent Collins said that is not what this is all about. This is about trying to let obscenity be defined in the eyes of the beholder and not be imposed upon anybody else whether that person is a student or an instructor.

Regent Collins stated that this was a matter of freedom of rights and was not a reaction to the faculty not developing a policy on its own. He said everyone involved in this situation has struggled with it and they each have a right to their own point of view. He believes that everyone is sincerely addressing the problem. No one was imposing their standard of obscenity on anyone else. He said the proposed policy was not perfect but was the best compromise recognizing academic freedom.

Regent Collins' proposal, he said, comes from a sincere, thought-through and heartfelt point of view. He had nothing but admiration for everyone who had spoken against his point of view.

Regent Tyrrell said he liked the wording of the section on Rights and Responsibilities of Instructors and particularly section 20.292, Responsibilities for Students, in the University of Iowa College of Liberal Arts' Classroom Manual. It states that the faculty member exemplifies high scholarly standards and he or she respects and fosters the student's freedom to choose and pursue his or her own goals. He said that was extremely

important. He noted that former Regent Williams, at the first debate on this subject, brought up the point that good pedagogy involves an awareness of where the student is in his or her consciousness and that a professor must respect that some things may be a little early in a student's development. It is hoped that when students come to a university they will get many points of view; however, some matters can be shocking for a freshman. As Regent Collins said, they can have free speech but they cannot force someone to listen. They can offer information to students but they cannot force it on them.

Regent Furgerson stated that as a civil libertarian she cannot in good conscience go along with the proposed resolution and would, therefore, vote against the motion.

Mr. Schantz stated that he attended the Faculty Senate meeting and was asked many legal questions about the policy. He read the Code definition of a sexual act to the faculty and told them that he thought the policy being considered would probably be constitutional. Based on comments heard at this meeting, however, he noted for the record that he believed there would be serious constitutional problems with the proposed policy as it was spread on the record. The objective appeared to expand the definition of obscenity beyond the statutory definition.

Mr. Schantz referred to the "Taxi" film, the incident that started all this discussion. He stated that most members of the University of Iowa faculty would not defend the use of that film in that class as good pedagogy. However, the Johnson County Attorney examined the incident in great detail against the definition in Iowa law of what is obscene and concluded that it was not obscene. If, by this policy, the Board is expanding the definition of obscenity to the point where each individual student is to be given a legal right to say that what a professor is teaching is obscene, the policy would be in serious constitutional trouble. This would be especially true as applied to a medical student being taught about sexual dysfunction or how to recognize sexual abuse which he did not believe could be done without a graphic depiction of sexual acts.

Mr. Schantz said the dean and medical faculty are very concerned about this policy. The Board had before it a policy and a rationale for a policy that is broad enough to present constitutional difficulty. As a lawyer, he suggested it would make a great deal of sense to follow Mr. Richey's recommendation to send it back to the faculty to see if a policy narrowly enough drawn can be agreed to that would satisfy constitutional standards.

Regent Collins said he segregated the proposed policy so as to separate it from the American Indian type of situation or other similar concerns. Additionally, the policy proposed was submitted to the Iowa Attorney General's Office for approval prior to it being presented to the Board for approval.

Mr. Schantz stated, with all due respect to the Attorney General's Office, that with what Regent Collins spread on the record, he may have created a problem.

Regent Hendricks stated that the proposed policy encourages the University of Iowa Faculty Senate to adopt a policy. She hoped that if there were objections to the policy proposed by Regent Collins they would work those objections out and tailor the wording so that a policy can be brought back to the Regents that will meet with their request and take care of some of Mr. Schantz's concerns.

Mr. Schantz said he was sure that effort would be made. However, he believes that effort can be more easily advanced by following the Executive Director's recommendation.

Regent Collins noted that he was speaking for himself concerning the earlier comments he made. This was a 9-member Board.

Regent Newlin said, based on the discussions he heard today, that he would be unable to vote for the motion.

Regent Dorr asked to clarify what he felt had, to some extent, been lost in this discussion. They were primarily concerned for the rights of the students who are offended by these specific sorts of circumstances based on accepted social morays as they were brought up. It has nothing to do with broader issues. There was no intent to impose restrictions on academic freedom or freedom of speech but was rather an attempt to respect the rights of those who are offended in these specific circumstances. For the Regents not to recognize those rights is equally abhorrent to the suggestion that they are imposing restrictions on academic intellectual activity or speech. He concluded by stating that he would support the motion.

President Berenstein called for a vote on the motion.

VOTE ON THE MOTION:

Upon the roll being called, the following voted:

AYE: Berenstein, Collins, Dorr, Hendricks, Pellett, Tyrrell.

NAY: Furgerson, Johnson-Matthews, Newlin.

ABSENT: None.

MOTION CARRIED.

**POLICY ON COVERAGE BY PUBLIC FM RADIO STATIONS.** The Board Office recommended the Board (1) receive a report from the Priority Study Group on Public Radio and approve its proposed policy on public radio and (2) establish a permanent committee composed of Regent public radio station managers and Board Office representatives to meet on a regular basis to

GENERAL  
October 20, 1993

discuss ways to facilitate cooperation and develop a set of annual cooperative goals.

In Fall 1992 the University of Northern Iowa requested permission of the Board of Regents to establish a KUNI-FM translator in the Des Moines area.

The Board of Regents deferred action on the request and formed a Priority Study Group to address policy issues related to this request for expansion.

An interinstitutional committee was appointed to examine issues relating to expansion of university public radio stations, provide a recommendation on the request, and propose a policy to deal with such issues in the future. In September 1993 the interinstitutional committee provided the Priority Study Group with a policy on public radio expansion.

The policy 1) required Board approval before an application for expansion is submitted to the FCC, 2) set first priority for expansion into areas currently unserved by public radio, and 3) encouraged cooperation among Regent public radio stations.

The University of Northern Iowa agreed with the policy but disagreed on its retroactive application to the request from KUNI-FM to expand into the Des Moines area.

The Priority Study Group asked the interinstitutional committee to return with a policy that addressed expansion by a university public radio station into an area already served by at least one Iowa public radio station if expansion is financed by private funds.

A proposed policy was developed by the Board Office, reviewed by the interinstitutional committee, and presented to the Priority Study Group. The policy included the following:

- \* A requirement for interinstitutional consultation and Board approval before an application for expansion is submitted to the FCC.
- \* First priority for expansion should be into areas currently unserved by public radio. The use of public funds may be appropriate if the Board determines that it is justified by the potential audience.
- \* Expansion into areas already served by at least one Iowa public radio station may be appropriate if it is in the interest of the university's mission, if it does not duplicate programming inappropriately, and if it is financed by private funds.
- \* The institution proposing the expansion should indicate how the proposed expansion serves the mission of the institution, the demand or need for the service in the area to be served, additional programming to be

provided, and details related to financing the service from private funds.

- \* The policy states that if the request of KUNI-FM to expand into the Des Moines area is approved, it will be the policy of the Board to approve requests by other universities to offer FM services in already served areas if the provisions above are met.
- \* Regent institutions should foster communication and cooperation among their public radio stations.

Regent Newlin reported on the work of the Priority Study Group on Public Radio.

MOTION: Regent Newlin moved to receive the report from the Priority Study Group on Public Radio and approve its proposed policy on public radio. Regent Furgerson seconded the motion.

President Berenstein stated that as a matter of procedure the Regents, as they take up each individual docket item, will have a motion and a second and then they will hold discussion on the motion so that everyone has a clear understanding of what they are talking about.

Regent Hendricks asked President Curris to address the issue.

President Curris stated that a policy was considered at last month's meeting of the Priority Study Group on Public Radio that had retroactive application concerning the University of Northern Iowa. In the discussion that dealt solely with the policy, members of the Board committee indicated they wanted some changes made in the policy. An interinstitutional committee, along with a member of the Board staff, revised the policy and presented it to the study group yesterday. He said the policy that was adopted by the study group at its meeting yesterday does not include retroactive application to the University of Northern Iowa's request. The university's request is consistent with the new policy; therefore, he supports the new policy and finds nothing inconsistent between the university's request and the stipulations in the new policy.

VOTE ON THE MOTION: Motion carried unanimously.

Regent Newlin discussed the additional recommended actions of the study group. He said the study group discussed a Board Office recommendation for establishment of a permanent committee composed of the Regent public radio station managers and a Board Office representative to meet on a regular basis to discuss facilitation of cooperation and development of a set of annual cooperative goals. The study group members determined that

communication could be accomplished without establishing a committee and suggested that radio managers meet as frequently as they desired. Regent Newlin recommended that the full Board encourage the three radio stations to act together in cooperative ways, to meet at their discretion at a frequency of their choice, and to report back to the Board with the actions of such meetings as opposed to establishing a permanent committee.

Another action of the study group was to request that the public radio stations provide information on activities and budgets of the three Regent university public radio stations including budgets of their support groups. He said that item will be docketed in February. Regent Newlin said the study group members not only want to receive a report on the activities of the radio stations but also of their support groups because sometimes those support groups are a separate entity.

## MOTION:

Regent Newlin moved to 1) encourage the three radio stations to act together in cooperative ways, to meet at their discretion at a frequency of their choice, and to report back to the Board the actions of such meetings and 2) request information on activities and budgets of the three Regent university public radio stations and their support groups. Regent Furgerson seconded the motion. MOTION CARRIED UNANIMOUSLY.

Regent Newlin stated that a third item resulting from yesterday's study group meeting, which is probably the most important item, was to propose that the University of Northern Iowa be authorized to establish a Des Moines translator and to enter into a lease agreement with Des Moines Public Schools. He reported that the Public Radio Study Group had discussed the issue of duplication. He indicated that when the cable company which had picked up KUNI's signal was sold and the KUNI coverage dropped, the legislature had included a provision in an appropriations bill that the Regents should permit KUNI to be broadcast in the Des Moines area. The bill went to the Governor and the Regents had to ask the Governor to veto the provision because it infringed on the authority of the Board. Since the bill passed both the House and Senate, legislative intent was implied for the duplication.

## MOTION:

Regent Newlin moved that the University of Northern Iowa be authorized to establish a Des Moines translator and to enter into a lease agreement with Des Moines Public Schools. Regent Johnson-Matthews seconded the motion, and upon the roll being called, the following voted:

AYE: Berenstein, Collins, Dorr, Furgerson,  
Hendricks, Johnson-Matthews, Newlin,  
Pellett, Tyrrell.  
NAY: None.  
ABSENT: None.

MOTION CARRIED UNANIMOUSLY.

**ANNUAL SALARY REPORT.** The Board Office recommended the Board defer action on this item.

**ACTION:** President Berenstein stated this item was deferred, by general consent.

**ANNUAL REPORT ON REGENT MERIT SYSTEM.** The Board Office recommended that the Board receive the report on the operation of the Regents' Merit System in Fiscal Year 1993.

This report provided the Board with an overview of the operation of the Regents' Merit System in FY 1993 and plans for fiscal year 1994.

At the end of fiscal year 1993 there were 8,493 permanent Merit System employees, an increase of 171 over the previous year-end total.

Two-thirds of the covered employees are female. Minorities have increased slightly over the year from 4.2 percent to 4.3 percent.

The majority of the employees, 92 percent, are covered under a statewide collective bargaining agreement; 620 supervisors and 160 confidential clerical employees are exempt from bargaining.

By occupational category there are 620 supervisory employees, 2,641 blue collar, 120 security, 1,507 technical, and 3,605 clerical employees.

The average Merit System employee salary at the end of fiscal year 1993 was \$22,034.

Merit System compensation and classification plans are administered in accordance with State law on comparable worth through use of a point count system of job evaluation.

Total payroll including fringe benefit costs for all Merit System employees in fiscal year 1993 was approximately \$256 million.

In FY 1993 over 16,000 employment examinations and evaluations of training and experience of applicants were conducted.

Of two hundred fifty-three (253) requests from employees and departments for position reclassification in FY 1993, ten were appealed to a classification review committee. Eight of the decisions were upheld, two were reversed.

The Board Office and institutional personnel offices are working with the Iowa Department of Personnel to implement agreements reached in collective bargaining on issues including the provision of employment impact statements, procedures for the transfer of vacation time to sick leave, and the establishment of labor-management committees. Other projects in process include:

1. A review of Merit Rules and implementation of changes resulting from that review,
2. Completion of a plan for implementation of the GATB pre-employment test for Merit System classes, and
3. Continuation of the administrative review of the classification of positions.

MOTION: Regent Tyrrell moved to receive the report on the operation of the Regents' Merit System in Fiscal Year 1993. Regent Johnson-Matthews seconded the motion.  
MOTION CARRIED UNANIMOUSLY.

**POLICY ON PURCHASES OF EQUIPMENT.** The Board Office recommended the Board approve a policy on the purchase of moveable equipment, as presented.

Elements of the proposed policy were as follows:

- \* Equipment costing less than \$250,000 will be purchased by the chief business officer of each institution, acting through the institutional purchasing agent, as outlined in Section 8.02 of the Procedural Guide.
- \* Equipment costing more than \$250,000 and less than \$1,000,000 will be submitted to the Board Office for administrative approval by the Executive Director and ratification by the Board. At the discretion of the Executive Director, the equipment purchase may be submitted to the Board for approval.
- \* Equipment costing more than \$1,000,000 will be submitted to the Board for approval, as will all equipment purchases outlined in Section 8.04 of the Procedural Guide.
- \* The Executive Director may approve emergency purchases which exceed \$1,000,000 to be followed by Board ratification.

Board Office review of proposed purchases under this policy would focus on programmatic implications and source of funds. It was not intended that the Board Office judge the appropriateness of specific equipment for specific uses, e.g. laboratories, classrooms or operating room suites.

Institutional officials reviewed the proposal and were consulted on its development. University of Iowa officials were concerned that the proposed process would cause delays in the acquisition of equipment, especially at the University of Iowa Hospital and Clinics. Iowa State University and University of Northern Iowa officials expressed similar concerns.

The vast majority of purchases are under the \$1,000,000 approval threshold proposed by the Board Office, which would be subject to the timely review/approval of the Executive Director.

University of Iowa officials proposed Executive Director approval and later ratification by the Board for purchases between \$500,000 and \$1,000,000 and prior Board approval for those over \$1,000,000. Purchases under \$500,000 would be at institutional discretion.

Iowa State University officials proposed later ratification by the Board for purchases between \$225,000 and \$1,000,000 and prior Board approval for those in excess of \$1,000,000.

Director Specter reviewed the proposed policy with the Regents.

President Berenstein expressed concern about the provision that equipment costing more than \$250,000 and less than \$1,000,000 will be submitted to the Board Office for administrative approval by the Executive Director and ratification by the Board. What if the Board does not ratify the purchase?

Director Specter said it was a matter of placing trust in the Executive Director's judgment.

Mr. Richey noted that right now there is no policy concerning equipment purchases. For purchases under \$250,000 institutional officials would have the discretion to make such purchases. For purchases between \$250,000 and \$1 million, university officials would submit the request to the Board Office. The Executive Director would then review the purchase in terms of its implications. If there was something wrong with the purchase such as significant policy implications, the Executive Director would bring it to the Board before action is taken. If a proposed purchase is over \$1 million, it automatically comes to the Board.

President Berenstein referred to the provision that if there was a purchase between \$250,000 and \$1 million, the Executive Director could approve it and then it would be subject to ratification by the Board of Regents. He asked if the institution could place the order prior to the Board's ratification.

C O R R E C T E D

GENERAL  
October 20, 1993

Mr. Richey responded affirmatively, stating that if there was something wrong with the proposal, such as buying a piece of equipment that involves a new program or something unusual, he would refer it to the Board for prior approval. If there is nothing wrong with the purchase, if it fits the mission of the university, the program is authorized, etc., he would approve the purchase and report it to the Board for ratification. He added that if the Regents feel he is misusing the authority they have delegated, they could change the policy.

Regent Collins suggested, since the Board meets every month, that purchases over \$250,000 be subject to approval of the Board.

President Berenstein stated that if the institutions buy something subject to a condition of Regents' approval, they cannot order the equipment until they have received Board approval.

Regent Newlin said there seemed to be a question of how much the Regents are willing to delegate. He then said he assumed the equipment purchase would already be in the institution's budget.

Mr. Richey responded that it may not be a previously-budgeted item; it could be a purchase resulting from a Federal grant. Director Specter said it also might be for replacement equipment that needs to be purchased on an emergency basis.

President Berenstein said he did not want to get into a legal entanglement if they could avoid it.

Mr. Richey stated the Board had plenty of precedent for granting the Executive Director authority to approve institutional expenditures in some of its other policies particularly relating to construction contracts and some consultants' contracts. The precedent of giving administrative authority to approve certain items and then to report to the Board for information and ratification is not at all different from past practices.

President Berenstein said he evidently did not understand what "ratification" meant. Ratification means approval unless a matter is being reported for information purposes. The Board does not need to ratify a purchase if the Executive Director has the authority to approve the purchase.

Mr. Richey said that was the way the Board has operated. He suggested they may need a comprehensive review of this policy issue.

President Berenstein suggested the policy state that the Executive Director has the authority to purchase equipment up to a certain amount and to inform the Board of what was done. He said they should not use the word "ratification" because no one can know what the Board is going to do. The

Executive Director cannot assume, just because he thinks a purchase is prudent, that the Board will accept that. He then stated that unless time is of the essence, he would like the Board Office to rework the proposed policy and bring it back in November.

Regent Newlin said President Berenstein's concern seemed to be a matter of terminology. He said he assumed that Mr. Richey would not approve a purchase that he had a question about.

President Berenstein suggested that instead of "ratification" they use the word "notification". They can establish a level under which the Executive Director can approve purchases and inform the Board. Any purchases over a certain level must receive prior Board approval. He asked that the proposed policy be reworked along those lines and brought back in November.

Vice President True noted that the current policy does impart a duty on the Chief Business Officer to not just make purchases but to bring to the attention of the Board of Regents those items the Chief Business Officer believes the Regents should know about in advance of purchase. Additionally, the Chief Business Officer has a duty to bring to the Board in advance for approval all matters involving financing of purchases.

Director Specter noted that universities' officials had been consulted throughout the process and had provided feedback to the Board Office. He then clarified Iowa State University's feedback with regard to what was provided in the docket memorandum. He concluded by stating that he believes that the fine line between ratification and notification should not be the issue that stops the Board from moving forward on this policy.

President Berenstein responded that there is a big difference between ratification and notification. He then asked for the Regents' preference -- did they want to change the wording to "notification" or to change the threshold?

There was a general consensus among the Regents to change the wording to "notification".

President Berenstein stressed that the Regents should understand that means that the Executive Director can approve purchases up to \$1 million and inform the Regents of such purchases.

Regent Johnson-Matthews stated that if Mr. Richey was not comfortable with a particular purchase he would come to the Regents.

President Berenstein asked if the Regents could now approve the policy by replacing the word ratification with notification.

Vice President True stated that if the Regents were about to take action to approve the policy, there was one other change he would like to introduce, as follows:

8.11 Moveable Equipment Purchases

- B. Moveable equipment purchases are subject to the following review procedure prior to acquisition by the institution.

He said that revision would enable university officials to proceed administratively at the same time they are approaching the Board Office and the Board. In a number of instances where time is of the essence this change would allow them to move the process along while making no commitments prior to coming to the Board. In some cases this could save very valuable time. He said he has received comments internally from University of Iowa Hospitals and Clinics and College of Medicine officials who do have acquisitions of this magnitude with some frequency. They felt this could be an important feature.

Mr. Richey asked what "acquisition" meant. Vice President True responded that it meant a commitment to purchase.

Director Specter said if so, then the policy should say "commitment".

Regent Hendricks expressed concern that the change in wording could excuse them from soliciting bids. Vice President True said that was not at all the case. They could perform certain administrative functions, which could include solicitation of bids, prior to acquiring approval by the Board. He stressed that they would not make any commitment, however, without approval of the Board.

Regent Hendricks stated that she preferred to retain the language referring to solicitation of bids because she feels strongly about encouraging the bidding process.

Vice President True assured the Regents that the bidding process would be unaffected. There would be public bidding.

Regent Dorr suggested that the language change in the portion of the policy requested by Vice President True leave in the "solicitation of bids and acquisition" but that the last sentence of the second paragraph be reworked to make it consistent with what the Regents discussed earlier.

President Berenstein said he was not comfortable with the policy revisions and asked that the matter come back to the Board in November.

MOTION: Regent Furgerson moved to table this item.  
Regent Tyrrell seconded the motion. MOTION  
CARRIED UNANIMOUSLY.

**BOARD OFFICE PERSONNEL TRANSACTIONS.** The Board Office stated it had no transactions in its Register of Personnel Changes for this month.

**VENDORS WITH POTENTIAL CONFLICTS OF INTEREST.** The Board Office recommended the Board (1) approve the request of the University of Iowa to add the names of Donald Macfarlane, Carolyn Barrientes, and Robyn Hepker to the list of approved vendors with a potential conflict of interest; (2) approve the request of Iowa State University to add the name of Larry R. Stotts, dba Precision Coating, to the list of approved vendors with a potential conflict of interest; and (3) approve the request of University of Northern Iowa to add the names of Richard Klein and Jim Olson to the list of approved vendors with a potential conflict of interest.

Dr. Donald Macfarlane is employed by the University of Iowa and is President of Iowa Biotechnology Corporation (IBC) which was formed to commercialize products from new technology. Dr. Macfarlane holds the original patent on this new technology developed through research at the University of Iowa. The University of Iowa retains a non-exclusive license for use within the University of Iowa.

IBC wishes to sell this product to researchers at the University of Iowa at catalog prices. Some kits have been distributed free of charge to researchers at the university with the relationship continuing based on mutual collaboration resulting in publishable data.

Carolyn Barrientes is employed by the University of Iowa in the Office of Admissions. She and her husband Benjamin are owners of La Perlita Mexican Cafe and wish to do business with the University of Iowa. Mr. Barrientes is in charge of operations of the cafe and Carolyn has never and will not engage in arranging business matters between the university and La Perlita Mexican Cafe.

Robyn Hepker is employed part time as an Associate Editor II for the Division of General Medicine in the Hospitals. Her job consists of editing a medical journal and editing a newsletter. Hepker owns a graphic design studio and wishes to do business for several other university departments.

Larry R. Stotts, dba Precision Coating, wishes to contract with Iowa State University in providing a water hydroblast cleaning system. His wife is employed by the ADP Center at Iowa State University and has no authority or influence in contracts made by the maintenance department at Iowa State University.

C O R R E C T E D

GENERAL  
October 20, 1993

Richard Klein and Jim Olson are employed by the University of Northern Iowa Waste Reduction Center (IWRC) and are co-principal investigators of a Recycling and Reuse Technology Transfer Center research grant. Only University of Northern Iowa employees were eligible for this grant funding and the initial proposal evaluation was conducted by professional and academic people not associated with the University of Northern Iowa or the State of Iowa.

All research grant work will be conducted outside university working hours and involves residential air quality. The University of Northern Iowa IWRC has no involvement in this type of work.

MOTION:

Regent Hendricks moved to (1) approve the request of the University of Iowa to add the names of Donald Macfarlane, Carolyn Barrientes, and Robyn Hepker to the list of approved vendors with a potential conflict of interest; (2) approve the request of Iowa State University to add the name of Larry R. Stotts, dba Precision Coating, to the list of approved vendors with a potential conflict of interest; and (3) approve the request of University of Northern Iowa to add the names of Richard Klein and Jim Olson to the list of approved vendors with a potential conflict of interest. Regent Johnson-Matthews seconded the motion, and upon the roll being called, the following voted:

AYE: Berenstein, Collins, Dorr, Furgerson, Hendricks, Johnson-Matthews, Newlin, Pellett, Tyrrell.

NAY: None.

ABSENT: None.

MOTION CARRIED UNANIMOUSLY.

Regent Dorr asked if vendors with potential conflicts of interest are generally submitted to the Attorney General for review prior to action by the Board of Regents. President Berenstein responded negatively, stating that leases are the only items first reviewed by the Attorney General. Mr. Richey noted that approval of vendors with potential conflicts of interest remains within the prerogative of the Board of Regents.

**APPOINTMENT TO ORGANIZATION.** The Board Office recommended the Board approve the appointment of Regent Nancy Pellett to the Board of Directors of the Iowa School for the Deaf Foundation.

The Articles of Incorporation and Bylaws of the Iowa School for the Deaf Foundation provide for one appointee to the Board of Directors to be made "from and by the members of the Board of Regents of the State of Iowa".

President Berenstein recommended that Regent Nancy Pellett be appointed for the one-year term. Regent Pellett was contacted and consented to become a member of the Board of Directors of the Iowa School for the Deaf Foundation upon approval of the Board of Regents.

**ACTION:** This appointment was approved by consent.

**REPORT ON AFFILIATED ORGANIZATION - ISU STANTON MEMORIAL CARILLON.** The Board Office recommended the Board receive the report.

Iowa State University has the only affiliated organization that maintains and furthers the advancement of a carillon. The Stanton Memorial Carillon Foundation was incorporated on December 31, 1954, to preserve, improve, and further the advancement of the carillon at Iowa State University.

The campanile was built in 1899 to house a chime of 10 bells given to the school by Professor Edgar Stanton in memory of his wife, Margaret, Iowa State University's first dean of women.

Membership in the Carillon Foundation consists of eight alumni who currently are not university employees, the Iowa State University Vice President for Business and Finance, the Director of the Alumni Association, two trustees of the Iowa State University Achievement Foundation, and an advisory committee of interested parties.

Extensive renovations of the Carillon that were begun in November 1992 are expected to be completed in November 1993. The renovation, which was estimated to cost approximately \$400,000, was undertaken to correct general deterioration of the structure. Mortar was coming out of the bricks, the pinnacles were leaning, and the roof leaked.

Funds for current renovation expenses are from private sources and a commitment from President Martin Jischke. Of the total commitment of \$350,422, \$116,678, or one-third of the amount, has been provided by Iowa State University Class Gift Funds.

The treasurer's report for the year ending March 31, 1993, for the Stanton Memorial Carillon lists disbursements of \$2,231; revenues of \$5,140 from gifts; and a balance in the treasury of \$99,196. There is not a separate audit report for the Stanton Memorial Carillon Foundation as its funds are managed by the Iowa State University Foundation and incorporated within its audits.

**ACTION:** This report was received by consent.

**REPORT ON IOWA COLLEGE STUDENT AID COMMISSION MEETING.** The Board Office recommended the Board receive the report.

The Iowa College Student Aid Commission held its monthly meeting on September 28 at the University of Northern Iowa. The major issue on the agenda was the future of the commission relative to its guaranteed loan function in view of the direct lending program initiated by the federal government. The commission authorized the staff to employ a consultant to review the alternatives and to prepare recommendations.

The staff reports included a summary of the default claims and the default rate for the Stafford Loan Program since its inception through June 30, 1993. The default rate for students attending Regent universities aggregate at 5.38 percent. The default rate for the independent four-year institutions for the same period was 6.75 percent. The default rate by the students at independent four-year institutions ranged from 1.57 percent for Dordt College and more than 13 percent for students of William Penn College and Maharishi International University. The default rate for Divine Word College was 21.65 percent. The rate of default in Stafford Loans as of June 30, 1993, for students from area community colleges is 14.53 percent. The default rates ranged from 8.95 percent for Northwest Iowa Community College to approximately 21 percent for Southeastern Community College-Burlington and Indian Hills Community College-Centerville.

The lowest rate of default by students from other types of institutions were in the nursing/medical technical schools. Students from the nursing/medical technical schools have an aggregate default rate of 4.15 percent as of June 30, 1993. The comparable rate for students from career/technical schools (non-public) was 20.98 percent. Students from schools of cosmetology have an aggregate default rate of 19.56 percent. The rates of default for students of cosmetology range from 5.61 percent to as high as 50.63 percent.

**ACTION:** This report was received by consent.

**STATUS REPORT ON BOARD OFFICE BUDGET FOR FISCAL YEAR 1994.** The Board Office recommended the Board receive the report.

Projected expenditures for travel, office supplies and printing, and communications were in excess of the amount estimated at the outset of the fiscal year. Expenditures for personnel services are running very close to the estimates. Most of the expenditures in excess of projections will be covered by miscellaneous receipts and reimbursements. At this point, the budget for the office appears to be in reasonably good shape.

**ACTION:** This report was received by consent.

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

**C O R R E C T E D**

**GENERAL  
October 20, 1993**

November 17-18	Iowa School for the Deaf	Council Bluffs
December 15-16	Iowa State University	Ames
January 19, 1994	Telephonic	
February 16-17	University of Iowa	Iowa City
March 16-17	To Be Determined	Sioux City
April 20-21	Iowa Braille and Sight Saving School	Vinton
May 18-19	University of Northern Iowa	Cedar Falls
June 15-16	University of Iowa	Iowa City
July 20-21	Iowa State University	Ames
September 21-22	University of Northern Iowa	Cedar Falls
October 19-20	University of Iowa	Iowa City
November 16-17	Iowa State University	Ames
December 14-15	To Be Determined	Des Moines

**ACTION:** The Board Meetings Schedule was approved by consent.

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

STATE UNIVERSITY OF IOWA

The following business pertaining to the State University of Iowa was transacted on Wednesday, October 20, 1993.

**RATIFICATION OF PERSONNEL TRANSACTIONS.** The Board Office recommended the Board ratify personnel transactions, as follows:

Register of Personnel Changes for August 1993.

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

**PROFESSIONAL AND SCIENTIFIC CLASSIFICATION SYSTEM.** The Board Office recommended that the Board approve an increase in pay grade assignment for the Director of Medical Records, UIHC, from grade 12 (\$37,775 - \$66,060) to grade 13 (\$40,870 - \$71,475).

Increases in regulatory requirements and expanded responsibilities assigned since the position was last reviewed in 1987 led to the proposed change in pay grade.

University officials reported that the role of the Director of Medical Records has expanded significantly in keeping staff informed of new developments in payment and reporting systems and with respect to the provision of data for research and collaborative projects.

Since 1987 the size of the department staff has increased 30 percent; the volume of records maintained has increased 88 percent; and the number of requests for information increased 80 percent.

The new pay grade was determined by application of the university's point system of job evaluation. The proposed change can be implemented within existing resources.

**MOTION:** Regent Hendricks moved to approve an increase in pay grade assignment for the Director of Medical Records, UIHC, from grade 12 (\$37,775 - \$66,060) to grade 13 (\$40,870 - \$71,475). Regent Furgerson seconded the motion. MOTION CARRIED UNANIMOUSLY.

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

**PERMISSION TO PROCEED WITH PROJECT PLANNING**

Printing Department Replacement Facility

With the permission of the Executive Director, university officials made a contingent offer to purchase a 67,000 square foot property to house the Printing Department and other university functions. The offer is contingent upon Board of Regents approval which will be sought in December. It was made clear to the seller that a privatization study of the Printing Department is underway, the outcome of which would be a major determinant of approval of the Board for the purchase. The purchase price of the facility is \$1.5 million. The agreement for the purchase of the property includes a \$10,000 payment by the university upon acceptance of the offer, which is refundable if the property purchase is not approved by the Board.

**PROJECT DESCRIPTIONS AND BUDGETS**

University officials submitted two new projects for approval by the Board.

West Campus Chilled Water Plant Expansion--Final Phase \$2,000,000  
Source of Funds: Utility System Revenue Bonds,  
Series S.U.I. 1993

Project Budget

Construction	\$ 1,700,000
Design, Inspection and Administration	140,000
Contingencies	<u>160,000</u>
<b>TOTAL</b>	<b><u>\$ 2,000,000</u></b>

University officials requested approval of a project description and budget for the final phase of the project which will install the remaining 3,000 ton chilled water unit.

The West Campus Chilled Water Plant was originally designed to provide 15,600 tons of chilled water in phased construction. The present capacity of the plant, with the completion of the first phase of the project, is 12,600 tons. The addition of 3,000 tons through completion of the final phase will bring the plant to its maximum capacity. Expansion of the chilled water plant would be coordinated with construction occurring on the west campus, principally the University of Iowa Hospitals and Clinics Eye Institute and Final Phase Facility. The project will include the purchase and installation of a 3,000 ton chilled water unit, cooling tower equipment

and associated piping. The equipment will be installed in previously-constructed space.

University Hospitals and Clinics--Urodynamics Suite Development      \$344,700  
and Urology Clinic Remodeling

Source of Funds: University Hospitals Building Usage Funds

Project Budget

Construction	\$ 275,700
Architectural/Engineering Support	27,600
Contingency	27,600
Planning and Supervision	<u>13,800</u>
TOTAL	<u>\$ 344,700</u>

University officials requested approval of a project description and budget for the development of a Urodynamics Suite, which will include the installation of equipment and the development of additional faculty offices. The project will also include remodeling of the existing Urology Clinic.

This project involves the removal of a technologically-outmoded kidney lithotripter and the installation of a fluoroscopy unit as well as other ancillary equipment necessary to develop the Urodynamics Suite. Two additional faculty offices will also be developed in space to be vacated by removal of the lithotripter. The remodeling of the Urology Clinic includes the expansion of the patient holding area, and the relocation of a nurse station, residents office, and exam rooms to develop a more cohesive and functional ambulatory care clinic.

\* \* \* \* \*

Presented for Board ratification was a revised project budget for the North Capitol Improvements Project and initial project budget for the Completion Phase of the project. The budgets were approved by the Executive Director on October 6, 1993, to allow award of a construction contract for the additional work included in both projects. The summer rains slowed completion of the entire North Capitol Improvements Project, and approval of the project budgets and construction contract have allowed the project to proceed.

The construction contract was awarded on October 6 to the low bidder, Suburban Contractors, Inc., of Cedar Rapids, Iowa, in the amount of \$443,410 (two bids were received). This firm was also awarded the initial construction contract for the North Capitol Improvements Project in June 1993.

North Capitol Improvements Project

Original Budget \$929,000  
Revised Budget \$974,340

Project Budget

	<u>Original Budget May 1993</u>	<u>Revised Budget Oct. 1993</u>
Construction	\$ 748,800	\$ 819,340
Design, Inspection and Administration	105,300	140,000
Contingencies	<u>74,900</u>	<u>15,000</u>
TOTAL	<u>\$ 929,000</u>	<u>\$ 974,340</u>
Source of Funds:		
Private Gifts	\$ 500,000	\$ 500,000
Treasurer's Temporary Investments	329,000	374,300
John Pappajohn Business		
Administration Building Project	<u>100,000</u>	<u>100,000</u>
TOTAL	<u>\$ 929,000</u>	<u>\$ 974,340</u>

University officials requested approval of a revised budget in the amount of \$974,340, an increase of \$45,300, or 4.9 percent. As part of the North Capitol Improvements project, the underground utilities were researched to designate which would remain intact and which would be replaced or relocated. An underground electrical ductbank extending between Trowbridge Hall and Calvin Hall was thought to be at a depth that would not interfere with construction. However, during excavation for the project, it was discovered that this ductbank is at a much higher elevation than expected. The ductbank would have intruded into the elevation of the proposed pavement construction. University officials determined that it would be less costly to redesign and raise the plaza area than to lower or reroute the ductbank.

The revised project budget reflects a change in scope which will elevate the plaza pavement approximately 18 inches. Steps will be constructed from the adjoining walkway already constructed. This change improves upon the original design concept by emphasizing the student activity area, which will include discussion, assembly, and eating areas. This area will also provide a foundation for the central architectural feature included in the completion phase of the project. The project description and budget for the completion phase follows.

North Capitol Improvements Project--Completion Phase \$282,530  
Source of Funds: Private Gifts

Project Budget

Construction	\$ 216,530
Design, Inspection and Administration	40,000
Contingency	<u>26,000</u>
<b>TOTAL</b>	<b><u>\$ 282,530</u></b>

Included in the original plan for the project was a kiosk-type structure for the plaza area located east of the Iowa Memorial Union. This element of the project was not included in the original bid package because of design uncertainties and the time required to develop the design. As design progressed, an architectural wall replaced the kiosk structure.

The completion phase project will include the construction of the wall, clad in stone, forming an architectural arc of approximately 100 feet between Trowbridge and Calvin Halls. The wall will be of rough stone construction, consisting of a series of stone piers separated by 12 inch slot openings. These slots will be highlighted by recessed light fixtures. Near the center of the wall a "gateway" opening, covered by a metal canopy, will provide access to the Memorial Union Parking Ramp and a future walkway to the Memorial Union. The entire wall and canopy resembles an arbor and provides a backdrop for student activities and performances on the surrounding plaza while screening from view the less attractive construction to the west and tying together the adjacent architecture. Project design for the completion phase of the project has been performed by the firm of Herbert Lewis Kruse Blunck of Des Moines, Iowa.

\* \* \* \* \*

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

\* \* \* \* \*

ARCHITECT/ENGINEER AGREEMENTS

Bowen Science Building--Microbiology Laboratory Remodeling-- \$153,000  
Core 3-300 and Core 3-600  
Brooks Borg and Skiles, Des Moines, Iowa

University officials requested approval of a consultant agreement with Brooks Borg and Skiles to provide preliminary design services for the second

phase of the project, which consists of the remodeling of approximately 14,700 square feet of laboratory space in the 3-300 and 3-600 cores.

The agreement provides for a fee of \$153,000, including reimbursables.

University Hospitals and Clinics--Replacement of Obsolete Boyd Tower Switchgear--Phase B \$53,000  
Design Engineers, Cedar Rapids, Iowa

University officials requested approval of an agreement with Design Engineers to provide preliminary design services for Phase B of the project, which will replace equipment in the eastern half of the tower.

The project is required to permit replacement of transformers, switchgear, breaker panels, feeders, bus duct, and cables. The manufacturer no longer produces replacement parts for the existing 19-year-old equipment. Installation of the new distribution system equipment will result in compliance with current National Electric Code requirements.

The agreement provides for a fee of \$53,000, including reimbursables.

Development Center \$52,500  
Brooks Borg and Skiles, Des Moines, Iowa  
Gwathmey Siegel and Associates, New York, NY

University officials requested approval of a preliminary agreement in the amount of \$52,500. There are a number of unresolved issues surrounding this project that should be resolved prior to the completion of a standard design agreement for full services. These issues include project scope, size, estimated cost, exact site, and extent of site development. Other issues include whether utility services will be provided on site as part of the project, with services from local utility firms or from the university Utility System. Additional work on program refinement is also required.

At this time, university officials proposed a short form preliminary agreement with the project architects to provide assistance to resolve these issues. The firms have agreed to provide the required services on an hourly fee with the total cost not to exceed \$52,500. These costs will be paid by the University of Iowa Foundation.

Upon completion of the work provided under the preliminary agreement, the university and the University of Iowa Foundation will be better able to describe the scope and probable cost of the project. Based on this information, the university will negotiate a fee for full professional services for the project for consideration by the Board.

Amendments:

Medical Laboratories--HVAC and Building Upgrade--Phase I \$16,700  
Shive-Hattery Engineers and Architects, Iowa City, Iowa

CONSTRUCTION CONTRACTS

University Hospitals and Clinics--Development of Overhead \$2,451,200  
Patient, Visitor and Staff Walkways Linking the Pappajohn  
Pavilion to the Eye Institute and Other Clinical Services  
in the South Pavilion  
Award to: Merit Construction Company, Cedar Rapids, Iowa  
(4 bids received)

University Hospitals and Clinics--Pappajohn Pavilion Mechanical \$560,600  
and Electrical Systems Development  
Award to: AAA Mechanical Contractors, Inc., Iowa City, Iowa  
(5 bids received)

North Capitol Improvements Project and Completion Phase \$443,410  
Award to: Suburban Contractors, Inc., Cedar Rapids, Iowa  
(2 bids received)

Medical Laboratories--HVAC and Building Upgrade--Phase III \$219,123  
Mechanical Room--Bid Package A  
Award to: McComas-Lacina Construction Company, Inc., Iowa City, Iowa  
(2 bids received)

Van Allen Hall--Install Fire Alarm \$164,745  
Award to: Voltmer, Inc., Decorah, Iowa  
(5 bids received)

Pappajohn Business Administration Building--Tackboards, \$120,471  
Whiteboards and Chalkboards  
Award to: Mid-America Construction Company of Iowa, Iowa City, Iowa  
(1 bid received)

Van Allen Hall--Install Fire Alarm--Asbestos Abatement \$34,236  
Award to: Curry Environmental Services, Inc., Milan, IL  
(8 bids received)

Service Park Drive--Hawkeye Drive/Hawkeye Park Road  
Reject All Bids

Four bids were received for this project on August 31, 1993. All bids exceeded the engineering estimate of \$775,785 by at least 21 percent. The Executive Director authorized the university to reject the bids and reevaluate and re-bid the project at a future date.

ACCEPTANCE OF COMPLETED CONSTRUCTION CONTRACTS

University Hospitals and Clinics--A Clinical Cancer Center and Topping Out of the John Pappajohn Pavilion--Phase B  
M. A. Mortenson Company, Minneapolis, MN

University Hospitals and Clinics--Diagnostic Radiology Faculty Office Consolidation  
Merit Construction Company, Cedar Rapids, Iowa

University Hospitals and Clinics--Patient and Public Radio Surface Replacement  
Mid-America Construction Company of Iowa, Iowa City, Iowa

FINAL REPORTS

College of Medicine Administration Wing \$4,595,365.97

Oakdale Waste Incinerator \$2,399,005.54

Main Power Plant--Coal Silo No. 3 Repair/Reconstruction--Phase I and II \$1,353,980.04

West Campus Chilled Water Plant Distribution System--South Loop Expansion \$937,780.49

University Hospitals and Clinics--Pappajohn Pavilion Public Corridors and Rest Rooms \$371,652.37

Vice President True stated that the Board had asked for a brief oral report regarding Melrose Avenue. He said university administrators have held discussions with people of the Melrose Avenue neighborhood. President Rawlings appointed three senior university administrators to meet, on a continuing basis, with the neighbors to discuss issues of concern to them and to the university. The persons appointed were Ann Rhodes, Ken Davenport and Dick Gibson. They met with the neighbors over the last ten days and discussed a number of topics. Vice President True was not present but discussed the meetings with Dick Gibson at some length. Director Gibson indicated that they had discussed property purchase policies of the university, adequate levels of maintenance on university properties, which he said they all believe is very important, and adjacent parking and traffic issues along Melrose Avenue. Director Gibson characterized those discussions as quite direct although they were friendly and productive.

In the next several weeks there will be a meeting of a number of persons from the university and the neighborhood as a city-sponsored focus group to determine the nature of an environmental assessment to review the possible

restructuring of a bridge on Melrose Avenue. Those discussions are likely to occur some time in the early part of November. Dick Gibson and Brandt Echternacht of the University of Iowa will participate in that focus group sponsored by the city.

Vice President True stated that in addition to the focus group, there is an expectation that the university will initiate a follow-up discussion between the three university administrators and the neighborhood members. He said a number of issues were brought up at the first meeting.

Regent Collins expressed his appreciation for the university's quick response to the Melrose Avenue situation.

President Berenstein asked if it was safe to assume that the Melrose situation will be resolved without the necessity of docketing it for Board consideration. President Rawlings responded that there are and will continue to be a variety of issues.

President Berenstein asked if University of Iowa officials would continue to meet with the neighbors without the involvement of the Board of Regents except for final closure. Vice President True responded affirmatively.

President Berenstein said the Regents appreciated the way University of Iowa officials handled the matter.

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

**UNIVERSITY OF IOWA HOSPITALS AND CLINICS REPORT TO THE IOWA STATE BOARD OF REGENTS AS THE BOARD OF TRUSTEES OF THE UIHC.** The Board Office recommended the Board receive the quarterly governance report of the University of Iowa Hospitals and Clinics.

President Rawlings stated that he was pleased for the opportunity to bring the quarterly report of the University of Iowa Hospitals and Clinics to the Regents. He asked Vice President Manasse to begin the presentation.

Vice President Manasse referred to the substantial booklet the Regents were provided with for this presentation and said university officials would cover 4 major themes. He noted that Mr. Colloton was stranded at Washington National Airport and, therefore, would be unable to present the portion of the Hospitals' presentation concerning the Clinton health system reform proposal and its interrelationship with planning for Iowa's health system reform.

Vice President Manasse addressed the relationship of the Office of the Vice President for Health Sciences to the University of Iowa Hospitals and Clinics. He discussed how the new position entitled "Vice President for Health Sciences" fits into the organizational structure of the University of Iowa and the University of Iowa Hospitals and Clinics. He said the Board of Regents, by statute, is the Board of Trustees for the University of Iowa Hospitals and Clinics and he knows they take that responsibility seriously. The Board has, in the past, adopted policies designating certain responsibilities to the UIHC advisory committee.

The director of the University of Iowa Hospitals and Clinics serves as director and CEO of the hospital. Vice President Manasse said that position has a critical liaison role to the Board of Regents. He pointed out that the only change, in addition to the Vice President for Health Sciences, is the decision to have the Hygienic Lab report directly to the Vice President for Health Sciences. He said that in any changed organization there is an increased need for community trust so that changes can be made in a productive fashion to facilitate policy decision making and policy development.

Regent Tyrrell asked if there would be any change in direction or function of the Hygienic Lab with it being transferred from the Hospital to the Vice President's office. Vice President Manasse said he sees the change in a very positive light and that the separation will, in fact, be better for the University Hygienic Lab. University of Iowa Hospitals and Clinics is a very complex operation. The Director of University of Iowa Hospitals and Clinics is loaded with critical areas of responsibility. As the country enters into health care reform, it will require a very intense effort on the part of the Hospital. In his view, having looked carefully at the University Hygienic Lab, the lab has not been given the kind of attention it needs. The lab plays a critical role every day in the protection of public health. Much of its work is analytical and involves policy and law development.

Regent Tyrrell asked if there would be any change in the role or function of the Hygienic Lab by moving it under the Vice President's office. Vice President Manasse responded that it would not.

Regent Tyrrell asked if the move was concerned more with visibility and enhancing the functions of the Lab. Vice President Manasse said that was exactly right.

Regent Dorr referred to the change in oversight of the Hygienic Lab and asked why it needed to be moved. What will make it better by changing it?

Vice President Manasse stated that as they look to the future there are a number of environmental issues that need to be focused on and enhanced. He said there are capital needs for the lab concerning OSHA regulations for quality of equipment and quality of tests. The lab needs further advocacy

and he believes he can do a better job having direct responsibility for the lab. He does not believe the Board of Regents has a good information base of what that Lab is doing. The Hygienic Lab has strong relationships with several State agencies.

Mr. Richey asked if University of Iowa officials planned to bring to the Board an organizational chart including new positions that would need to be created, as required by Board procedures. He said it was his understanding that one new position was being recruited for now. Organization and salary levels need to be established prior to getting too far along in the search process.

Vice President Manasse said he hoped at some future point to lay out the proposed organizational structure of his office. The areas of responsibility of his office represent 60 percent of the budget of the University of Iowa.

Regent Hendricks asked if university officials were recruiting for someone now. Vice President Manasse responded that he was looking for an Assistant Vice President for Budget, Finance and Capital Development.

Mr. Richey stated that the position has to come to the Board for formal action under the Board's procedures. He reminded university officials that needs to occur.

Regent Hendricks emphasized that Board approval of the position must be sought prior to hiring someone for the position. Vice President Manasse responded that he would do that.

Regent Dorr noted that university officials would not be hiring until the Board members see an organizational chart.

Regent Hendricks added that the change in the reporting of the University Hygienic Lab should be on the organizational chart, as well.

Interim Director Staley provided the Regents with an update on operations of the University of Iowa Hospitals and Clinics. With regard to the elements of patient census, he said the data is holding steady and is even up slightly. There are a few more physicians and dentists than they had last year. As of July 1, 1993, University of Iowa Hospitals and Clinics has physicians in 143 different specialties and subspecialties. Two years ago that number was 125. Student volume is up 2 percent.

With regard to the analysis of total financial needs for patient care versus educationally-related costs for 1993-94, Mr. Staley said the need is \$353.4 million. Funding for the UIHC is tied directly to patient care revenues. There are no special State appropriations for societal contributions. Funding has been declining in recent years. Some payments

have been challenged recently. He said it will be necessary to identify alternative streams of financing for educationally-related costs.

Interim Director Staley referred to the State's fiber optics system and said 2 grant applications have been made. The Iowa Communications Network is a major investment on the part of the State of Iowa. Hospital officials continuously look for improved ways to communicate with community providers. Eventually all providers will be linked to the Iowa Communications Network.

Mr. Staley then asked Mr. Yerington to discuss some of the elements of financing of the University of Iowa Hospitals and Clinics particularly the affect of the Omnibus Budget Reconciliation Act on the UIHC.

Mr. Yerington stated that in July he presented the Regents with the potential financial impact of the Omnibus Budget Reconciliation Act (OBRA) of 1993 and discussed why it was enacted by Congress. He said the impact of OBRA on the University of Iowa Hospitals and Clinics' Medicare reimbursement will be a change in the current adjustment factor for indirect medical education payments from the current 7.65 percent to 5.65 percent over a 2-year period. The cost to University of Iowa Hospitals and Clinics will be \$4 million annually. With regard to direct medical education payments, he said there will be no change in weighting of primary versus non-primary specialty care residents; however, there will be no update factor for the non-primary care residency program for 2 years. He said the most significant item was a reduction of market basket by 2.5 percent in FFY 1994 and 1995, 2.0 percent in FFY 1996 and 0.5 percent in FFY 1997. He said another adjustment of some significance was for capital reimbursement through Medicare. Medicare is currently paying not more than 90 percent of capital costs. He said that provision was to sunset in 1994-95 but instead has been extended through the next 2 years. Reductions beyond FFY 95 will be \$908,000 in 1995-96 and \$954,000 in 1996-97. They will permanently extend the current 5.8 percent reduction in outpatient payments. He said the rest of the items were less significant. The total additional reimbursement reductions for FFY 1994-1997 total \$17,866,000.

There are a number of what Mr. Yerington considers very soft items in the reimbursement with an aggregate of \$53.9 million, which he explained. With regard to inpatient reimbursement as a percentage of charges for 1992-93, he said Medicare is paying 70 percent of charges, Blue Cross is paying 97 percent of charges, Iowa Medicaid is paying 73 percent of charges and the indigent patient care program is paying only 66 percent of charges. He then discussed the annualized impact on University of Iowa Hospitals and Clinics of the Medicare reimbursement reductions from 1986-1997. In 1986 the reduction was \$3.6 million and in 1997 will be \$26.2 million in UIHC's reimbursements from the Medicare program. He brought to the Board's attention another paying cut in Medicare reimbursement. There is a recommendation that the wage index be based on the wage levels in the

hospitals that are their nearest neighbors. He said that recommendation will cost University of Iowa Hospitals and Clinics \$4.2 million in annual reimbursement.

Mr. Yerington stated that he has made requests for information from Moody's and Standard and Poor's. He has sent them considerable documentation. Moody's representatives asked for a conference call. In that call they discussed University of Iowa Hospitals and Clinics' management changes, capital development and health care reform. Recurring in their questions were concerns about the general financial health of the academic health center and whether University of Iowa Hospitals and Clinics supports other elements of the academic health center. University of Iowa Hospitals and Clinics officials indicated that in their judgment about 90 days of revenues in free reserves are needed for operational reserves for capital needs as they occur. He stated that at the last meeting of the Board of Trustees of the University of Iowa Hospitals and Clinics, they discussed the range of those funds.

University of Iowa Hospitals and Clinics officials have recently obtained Mayo's financial report: \$2.5 million in assets and \$1 million in investments. Therefore, Mr. Yerington said University of Iowa Hospitals and Clinics is a fairly large hospital. They also have to have a liquidity position. In connection with this, he said that in the future in order to maintain a liquid position they may have to go back out into the market and issue bonds. The next time they do so they must have a fully accrual-based accounting report. He said provisions of the bond issues called for cash receipts and disbursement audits. The University of Iowa has implemented a new Management Information System including general ledger which will make it possible to develop accrual-based systems. Therefore, he thinks this is the time to ask Peat Marwick and Mitchell to expand the scope of their audit so that if there is a need for University of Iowa Hospitals and Clinics to go out into the capital market, they will not have to scramble for a full accrual-based audit. University officials have asked Peat Marwick representatives to expand the audit for the last year in order to issue a clean opinion on inventories, accounts receivable, etc. He noted that they would make full use of work already undertaken by State auditors and internal auditors. He said the cost of the accrual-based audit will be substantial.

Regent Hendricks asked if University of Iowa Hospitals and Clinics is operating on an accrual basis now. Mr. Yerington responded that they were, as of July 1, 1993.

Regent Hendricks referred to Mr. Yerington's comment about Mayo and its investment to carry it through. What does University of Iowa Hospitals and Clinics have? Mr. Yerington responded that University of Iowa Hospitals and Clinics has \$109 million of which \$79 million is committed to capital projects and sinking funds established by bond resolutions, and funds held in case they need to make refunds. As far as "free" reserves, he said the

University of Iowa Hospitals and Clinics has none. It needs 90 days of free reserve revenues to meet capital needs, etc., on a recurring basis. He said Mayo has 8 months.

Regent Tyrrell stated that last time Mr. Yerington discussed these matters with the Regents, he showed them the liabilities in bonding that the reserves were intended to take care of. Was he saying today that they wish to increase the operating reserves over and above what is currently held?

Mr. Yerington responded that he was saying he did not want to decrease that amount. They do not want to get much below the 90 days' reserve which is around \$90 million. They do not want the reserve to erode away to where it becomes \$30 to \$40 million rather than \$90 million.

Regent Tyrrell asked if they have a plan of action to handle that. Mr. Yerington said they are making sure they are prepared by having the full scope audit so they have accrual-based statements and can borrow moneys, and they are managing the operations as frugally as possible.

Regent Tyrrell asked if in the future Hospital officials might recommend an increase in charges. Mr. Yerington said that might be although increasing charges any more does not produce a lot of revenues. They need to expand the patient base and economize.

Regent Collins said they need to have a master plan. They cannot just economize. There have to be drastic changes in how the University of Iowa Hospitals and Clinics is funded. It will not be able to bid against HMOs. There will have to be a major change in the way they do business.

Interim Director Staley said it would be very logical to follow the recommendations of the Governor's Blue Ribbon Commission on Future Financing of the University of Iowa Hospitals and Clinics. They would use the funding now devoted to indigent care for educationally-related costs.

Regent Hendricks asked if educationally-related costs are being supported from the Hospital funds. Mr. Staley responded affirmatively.

President Berenstein said it was obligatory to keep that money in check. It is important for the legislature to know that Hospital officials are using funds for the purposes intended. It is imperative on all of them to make sure the legislature understands that if Iowa wants the #1 teaching hospital in the country, they all have to work together. They must pare down expenses. He noted that there will not be just one HMO in Iowa, there will be several. They have to help the legislature understand the complex area of reimbursement. They need to educate the legislature that they are doing the job better than anyone else can do it; therefore, they need to keep supporting University of Iowa Hospitals and Clinics.

Regent Collins said the legislature and citizens need to understand so they can be supportive.

Regent Tyrrell stated they should keep in mind that if they want University of Iowa Hospitals and Clinics and the University of Iowa medical school to be on the cutting edge of technology, it will be very expensive.

Mr. Staley stated that for medical miracles to continue there will need to be continued funding. Funding received from the Medicare program is very important in sustaining the Hospitals' operations.

Mr. Staley then introduced Mr. Hesson to discuss an appeal to the Health Care Financing Administration relating to reimbursement for graduate medical education costs.

Mr. Hesson stated this was the first time in 30 years that the University of Iowa Hospitals and Clinics has had an appeal to the Health Care Financing Administration (HCFA). He then discussed the issues involved in the appeal including the history of Medicare payment for graduate medical education. He said teaching hospitals have unique costs. As a result of the Omnibus Budget Reconciliation Act of 1985, the HCFA decided it would perform re-audits nationwide of previously finalized base year cost reports if the base year cost per resident exceeded \$40,000. The University of Iowa Hospitals and Clinics' cost was \$40,675 so it was subject to reaudit. He reviewed the costs of University of Iowa Hospitals and Clinics regarding reasonableness as compared to all the hospitals in Iowa that receive Medicare reimbursement. He said there is incredible disparity in costs. University of Iowa Hospitals and Clinics ranks 15th of 20 such hospitals. In comparison with Midwest hospitals, University of Iowa Hospitals and Clinics ranks 6th of 10 hospitals with regard to Medicare programs' 1984-85 base year graduate medical education (GME) costs per FTE.

Mr. Hesson said one of the major parts of the dispute is whether residents could be counted if they were in the clinics. Two key issues are teaching physician costs and teaching space costs. The first time University of Iowa Hospitals and Clinics was reaudited, almost all the costs for space were disallowed. University of Iowa Hospitals and Clinics officials have been negotiating with HCFA officials and now about \$2.1 million of those costs disallowed have been allowed. Further discussions are continuing. The initial determination by the HCFA was a GME cost of \$24,430 per resident. The total impact on UIHC between 1985-86 and 1992-93 would have been \$15.4 million. They have, through negotiations, reduced the amount in dispute to \$7.2 million. Mr. Hesson said he believes it is appropriate to continue the appeal. He said they are assisted in this effort by attorneys in Washington, D.C.

Regent Hendricks asked for clarification of the initial determination. Mr. Hesson responded that when HCFA did its initial audit, it changed the GME costs per resident from \$40,000 to \$24,000.

President Berenstein stated that it was a pleasure to hear from Mr. Hesson. It seems that they usually run short on time during these presentations and Mr. Hesson does not get a chance to expound on his areas of expertise.

Vice President Manasse stated that the last part of the agenda was an update on what is going on in the total health care reform area as it is coming out of Washington D.C. He discussed why reform is happening and what University of Iowa Hospitals and Clinics officials are doing about it. He said there is a sense of urgency in positioning University of Iowa Hospitals and Clinics for the reform movement. Issues being discussed include whether all people in the U.S. should be guaranteed health care, malpractice litigation and other ethical questions. He said 37 million to 40 million people currently have no access to health care. Technology can be fairly easily and extensively adapted in our health care system. Across the country there are special problems in ghettos and in rural areas. The medical cost of violence is very high and there is unacceptable data regarding infant mortality.

Vice President Manasse said President Clinton instituted a task force of about 400 people which concluded its work in early-September. A 240-page task force report has been reviewed intensely by University of Iowa Hospitals and Clinics officials. The expectation is that some time in the beginning of November the report will be translated into proposed legislation called the Health Security Act of 1993. It was his understanding that there are about 1,500 pages of verbiage that outlines the Clinton proposal for reforming America's health care system. He then highlighted the basic elements of the proposal which deals with everything from how to reimburse providers to how to educate physicians on rural Americans' access. The proposal would guarantee a universal set of benefits to every citizen of the United States at a cost of about \$4,200 per family based on actuarial statistics. There will be a mandate on all employers to pick up a portion of the benefit costs proposed at 80 percent with employees contributing 20 percent.

The health care system would be organized into "managed competition". Vice President Manasse said a national board would monitor the system. States would be given options on designing such a system. He said Iowa has an interesting problem in that it is largely a rural state and how to aggregate large numbers of people and be competitive with the providers. There will also be a determination about what is a reasonable expenditure for health care services in the United States. Once determined, that particular expenditure level will be disseminated to the states. The states would then make decisions about how to spend their money which is one way the President is talking about bringing the increases down to about Consumer Price Index

level in 6 years. Increases are currently running about 11 percent to 12 percent per year.

Vice President Manasse discussed the future opportunities for nurses specializing in performing many of the current functions of physicians. He also discussed the special provisions related to teaching hospitals and academic health centers and implications for the University of Iowa.

Regent Dorr referred to the number of people who are uninsured or underinsured and the other 80 million people who are left to pay for those health care costs. He then noted that most of the items outlined for the Clinton health care proposal are in the vein of technobureaucracy. He said there appears to be no condition placed on the value of life and until that is done there will probably be no way to address this health care cost issue.

Vice President Manasse stated that Regent Dorr's points were well taken. He said technology has far outpaced our capacity to make moral decisions. The State of Oregon is on the cutting edge of the issue and has established a priority system for expenditures in the medical system. Way down at the bottom of the listing is organ transplantation.

Regent Tyrrell referred to the definition of "underinsured" and expressed concern that it would be horribly misleading if the definition included people whose policies include deductibles. Often people take some of the risk themselves in order to reduce the amount of premiums.

Vice President Manasse responded that "underinsured" generally means not having major medical and catastrophic insurance rather than having to pay an out-of-pocket expense.

Interim Director Staley discussed the University of Iowa Hospitals and Clinics and Faculty Practice Plan planning for an organized delivery system and establishment of UIHC-COM Office for Clinical Outreach Services and contracting for patient care. He said it has been noted that because of the changes in health care delivery, the University of Iowa Hospitals and Clinics should assume a proactive role in eastern Iowa and western Illinois to develop a delivery system. At that time, before going forward, he said they will return to the Board.

Interim Dean Lynch discussed the function of the Joint Policy Committee for Clinical Outreach Services and Contracting for Patient Care.

President Rawlings referred to the University of Iowa Hospitals and Clinics' goal to establish, in conjunction with the faculty practice plan of the College of Medicine, an Office for Clinical Outreach Services and Contracting for Patient Care. He said that what Interim Dean Lynch had just described was a great breakthrough and asked that they not let it get lost

in all this. This joint effort is a breakthrough in the university's strategy to cope with problems raised by the Regents. This is a first and is exactly what they need in order to be competitive.

President Berenstein, speaking for the Board of Regents, said the Regents are not unmindful that this is a presentation of the University of Iowa Hospitals and Clinics and the University of Iowa College of Medicine. They encouraged university officials to continue doing this kind of project because the people of Iowa cannot help but benefit from this kind of cooperation.

Regent Hendricks said that as she has listened to this presentation she feels that they are about 1-1/2 years too late in doing this. She cannot help but think there are other medical institutions that will want to do the primary and secondary functions proposed to be done by University of Iowa Hospitals and Clinics and the College of Medicine. She asked about their ability to work with surrounding hospitals to become the gatekeeper institution.

Interim Director Staley responded that University of Iowa Hospitals and Clinics has been providing clinical outreach dating back to the 1930s in 42 different communities across Iowa. He emphasized that the proposal gives it a formal organizational structure.

Regent Hendricks noted that University of Iowa Hospitals and Clinics officials have a mammoth job in coordinating this health care system.

Interim Dean Lynch said he believes they will cover the primary care base through the organizational mechanism that had been described. There must be a strong, stable primary care base.

Regent Tyrrell referred to the proposed effort for eastern Iowa, western Illinois and the State of Iowa. He asked if Hospital officials anticipate problems with tertiary care being very limited by regulation by the Clinton administration so that it becomes a minuscule part of the opportunity to serve the rest of the state outside of the organized delivery system.

Interim Director Staley responded that regardless of what shape health care reform takes, there may be a greater emphasis on primary care but there is always going to be a need for the kinds of tertiary-level services that University of Iowa Hospitals and Clinics provides. He said those services are very much needed by a good segment of the population. It is efficient to provide those services in one center such as the University of Iowa Hospitals and Clinics is doing now. What Hospital officials are seeking to develop in the organized delivery system is an assurance that patients who are now coming to University of Iowa Hospitals and Clinics have an opportunity to continue coming rather than perhaps going off to some other center outside the state of Iowa.

Regent Tyrrell asked, outside of the organized delivery system that University Hospitals will be formally a part of, how are they going to mature? He understands that the Clinton Administration wishes to define rather specifically what tertiary care is. There is a financial incentive for the organized delivery system elsewhere in the state to take care of as many people as they can and perhaps not offer the services that might be considered tertiary. He said there seems to be a conflict of interest between the financial incentive offered by the Clinton Administration and the definition of tertiary care.

Interim Dean Lynch responded that some of the things being considered include working with organizations to refer patients who have a tertiary need to UIHC. He stated that a lot of the services being done at UIHC that they call tertiary are not done anywhere else in the state of Iowa. They have to go many miles to find an institution where those services are provided with the rapidity at University of Iowa Hospitals and Clinics.

Regent Tyrrell referred to the integrity of the academic health center as a teaching institution and asked where they get the clinical material that is necessary to teach physicians and others? When will the Regents hear something about their plan for that? They need a critical volume to maintain an academic health center and he is concerned about losing part of the patient base under these systems.

Interim Dean Lynch responded that they can return at a later time to respond to that concern. He said the Joint Office for Outreach Services and Contracting for Patient Care is just the first in a series of joint activities and education is one of them.

Vice President Manasse stated that Regent Hendricks made an interesting point with the notion that University of Iowa Hospitals and Clinics is 18 months behind. He said that what is interesting in the national context is that Iowa has not been moving along as quickly in terms of the market competition and the organization in a competitive atmosphere. In that sense, he said, it has been a benefit that things have been a little bit slow and perhaps a little more thoughtful. On the coasts and in Minneapolis the maturity of the market place is several notches beyond what is seen in Iowa. There have been instances where the University of Iowa Hospitals and Clinics was not appropriately positioned and was unable to compete in the market. It could not meet the market in a price competitive fashion or in a patient services fashion and was shut out of the purchasing system.

There are other places like the University of Pennsylvania that are buying up physicians' practices and putting those doctors on their payroll in primary care settings to make sure it continues to bring in the primary care services. Vice President Manasse said a certain proportion of those patients will end up in the hospital or perhaps with tertiary kinds of problems. Iowa has not been doing that, either. In some sense University

of Iowa Hospitals and Clinics may be a bit behind the times and needs to accelerate its commitment to these kinds of activities.

Vice President Manasse said University of Iowa Hospitals and Clinics also has not begun to address the issue of its price competitiveness. As they look at the Hospital's structure, its financing and pricing they may need to do some cost reductions. He said cost reductions range all the way from reducing expenditures for supplies and materials to perhaps reducing staff. They have really not addressed that issue yet as an institution. The other issue is what happens in all of this health care reform to the quality, strength and breadth of the educational programs. Vice President Manasse said he hoped as time goes on that they not only educate the Regents and bring them along in addressing some of those questions but that they begin to advocate for this kind of unique element of University of Iowa Hospitals and Clinics' mission. He said they are very concerned about having the breadth of patients that provide the kind of samplings of health care problems that students who are studying these health professional programs need to be cognizant about. They are concerned about maintaining the quality of these programs.

Every single one of the University of Iowa's health professions programs is nationally recognized. Vice President Manasse said the State of Iowa has had a strong historical commitment to quality education in the health professions and they cannot and must not give that up. The issue is how do they work collaboratively to restructure and rethink this health care system and at the same time not throw the "baby out with the bath water". He said that is a difficult policy predicament in this state because it is all a very expensive business. There is a limitation on the resources and how do divvy it up. As the pie gets smaller the table manners get worse. He said he suspected there are going to be some bad table manners!

**ACTION:** President Berenstein stated the Board received the quarterly governance report of the University of Iowa Hospitals and Clinics, by general consent.

**RESOLUTION FOR SALE OF ACADEMIC BUILDING REVENUE REFUNDING BONDS.** The Board Office recommended the Board, subject to the receipt of acceptable bids:

- (1) Adopt a Resolution providing for the sale and award of \$16,900,000 (estimated) Academic Building Revenue Refunding Bonds, Series S.U.I. 1993, and approving and authorizing the agreement of such sale and award.
- (2) Adopt a Resolution authorizing and providing for the issuance and securing the payment of \$16,900,000 (estimated) Academic Building Revenue Bonds, Series S.U.I. 1993, for the purpose of refunding (i) the \$10,550,000 Academic Building Revenue Bonds, Series S.U.I. 1987,

presently outstanding in the principal amount of \$10,100,000, and (ii) the \$5,000,000 Academic Building Revenue Bonds, Series S.U.I. 1987A, presently outstanding in the principal amount of \$4,800,000, heretofore issued by the Board to defray costs of buildings and facilities on the campus of The State University of Iowa.

- (3) Adopt a Resolution authorizing the execution of an Escrow Agreement to provide for the payment of Academic Building Revenue Bonds, Series S.U.I. 1987 and Academic Building Revenue Bonds, Series S.U.I. 1987A.

The receipt and opening of the bids was scheduled for 11:00 a.m. on Wednesday, October 20, 1993. The award was scheduled for 1:30 p.m.

The interest savings as a result of the refunding is currently estimated to be \$1,919,000 on a present value basis.

The issue amount will be variable up to the acceptance of the winning bid, because the amount of the bond proceeds required to fund the escrow account for the 1987 bonds will be dependent on the actual yield on the new bonds and available investment yields.

Bond Specifics:

Average Maturity: 10.70 Years

Bonds Dated: November 1, 1993

Interest Due: January 1 and July 1 commencing July 1, 1994

Optional Call: Bonds maturing on or after July 1, 2004 are callable commencing July 1, 2003 and any date thereafter at par

Denomination: \$5,000 and integral multiples thereof

The refunding provides an opportunity to restructure the principal payments in later years to reduce tuition replacement needed in earlier years.

Total debt service savings in the first two fiscal years from the refunding are estimated to be:

	<u>Total</u>	<u>Principal Restructuring</u>	<u>Interest</u>
FY 94	\$ 979,593	\$835,000	\$144,593
FY 95	\$ 416,011	\$110,000	\$306,011
	\$1,395,604	\$945,000	\$450,604

Mr. Luther Anderson of Springsted, Inc., presented a report on the substance of the bids and made recommendations for award of the bonds. He said several syndicates joined together to present the single bid that was

received. The bid was received from a syndicate led by Chiles Heider, Division of Lehman Brothers for a net interest cost of \$8,949,317.57 and a true interest rate of 4.5734 percent. He noted that the bid was 6 basis points above rates bid in August but was substantially less than the previous sale in June. Since these are refunding sales, he said the present value savings was \$1,749,000. He recommended the Board accept the bid of the group led by Chiles Heider.

Regent Dorr referred to Mr. Anderson's statement that the bid was 6 basis points higher than the best bid on bonds sold 2 months ago. He asked where long bonds were relative to 2 months ago.

Mr. Anderson responded that Treasury bond rates were lower but municipal rates have been going up the last few days because of the substantial amount of them in the market.

MOTION:

Regent Hendricks moved to adopt the resolutions as indicated on page 12.

Regent Tyrrell seconded the motion, and upon the roll being called, the following voted:

AYE: Berenstein, Collins, Dorr, Furgerson, Hendricks, Johnson-Matthews, Newlin, Pellett, Tyrrell.

NAY: None.

ABSENT: None.

MOTION CARRIED UNANIMOUSLY.

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

IOWA STATE UNIVERSITY

The following business pertaining to Iowa State University was transacted on Wednesday, October 20, 1993.

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

Register of Personnel Changes for August 1993 which included four requests for early retirement.

**MOTION:** Regent Hendricks moved to approve the university's personnel transactions, as revised. Regent Tyrrell seconded the motion. MOTION CARRIED UNANIMOUSLY.

**REGISTER OF CAPITAL IMPROVEMENT BUSINESS TRANSACTIONS.** The Board Office recommended the Board approve the Register of Capital Improvement Business Transactions for Iowa State University.

**PROJECT DESCRIPTIONS AND BUDGETS**

University officials presented revised budgets for two projects.

<u>Veterinary Medicine--Remodel Large Animal</u>	Original Budget	<u>\$698,126</u>
<u>Housing Facilities</u>	Revised Budget	<u>\$764,126</u>

Project Budget

	Original Budget <u>Oct. 1991</u>	Revised Budget <u>Oct. 1993</u>
Contracts	\$ 490,000	\$ 587,775
Design Services	53,150	77,150
Construction Administration	16,200	12,560
University Services	5,000	500
Miscellaneous	3,675	2,000
Movable Equipment	40,000	40,000
Building Automation	7,350	7,000
Telecommunications	9,800	500
Project Reserve	<u>72,951</u>	<u>36,641</u>
<b>TOTAL</b>	<u>\$ 698,126</u>	<u>\$ 764,126</u>

IOWA STATE UNIVERSITY  
October 20, 1993

	Original Budget <u>Oct. 1991</u>	Revised Budget <u>Oct. 1993</u>
Source of Funds:		
National Institute of Health Grant	\$ 349,063	\$ 349,063
University Funds Set Aside for Remodeling and Equipment Matches	349,063	349,063
FY 1994 Block Grant Funds	<u>        </u>	<u>66,000</u>
TOTAL	<u>\$ 698,126</u>	<u>\$ 764,126</u>

University officials requested approval of a revised project budget in the amount of \$764,126, which was an increase of \$66,000 over the initial project budget approved in October 1991. The increase was due to the addition of a pre-treatment sewage system to the project as required by the City of Ames. This requirement was not realized until after the construction documents were prepared.

Additional funding will be provided by Block Grant Funds in the amount of \$66,000. These funds were being committed by the university in accordance with Section 8.33 of the Code of Iowa.

<u>Gilman Hall--Partial Third Floor Remodeling</u>	July 1993 Budget	<u>\$470,000</u>
	Revised Budget	<u>\$707,000</u>

Project Budget

	July 1993 Budget <u>        </u>	Revised Budget <u>Oct. 1993</u>
Contracts	\$ 221,900	\$ 470,900
Design Services	52,500	52,500
Construction Administration	26,093	30,030
University Services	42,000	35,000
Miscellaneous	2,000	2,000
Movable Equipment	67,100	63,000
Telecommunications	5,000	5,000
Project Reserve	<u>53,407</u>	<u>48,570</u>
TOTAL	<u>\$ 470,000</u>	<u>\$ 707,000</u>

Source of Funds:	<u>July 1993 Budget</u>	<u>Revised Budget Oct. 1993</u>
FY 1992 Block Grant Funds	\$ 50,000	\$ 50,000
FY 1993 Block Grant Funds	20,000	20,000
FY 1994 Block Grant Funds		31,000
ISU Foundation	400,000	400,000
National Science Foundation Grant		<u>206,000</u>
<b>TOTAL</b>	<b><u>\$ 470,000</u></b>	<b><u>\$ 707,000</u></b>

University officials requested approval of a revised project budget in the amount of \$707,000, which was an increase of \$237,000 over the project budget approved in July 1993. The increase was the result of receipt of a grant from the National Science Foundation in the amount of \$206,000. This grant, along with additional university funding in the amount of \$31,000, will allow further renovation of the Materials Science and Engineering space in Gilman Hall.

The university has been remodeling this space for occupancy by the Department of Materials Science and Engineering over a period of time as funding has become available. The most critical needs for occupancy of the space were addressed in the first phase of the project, which remodeled about half of the total space to be occupied. With the receipt of the National Science Foundation grant, the university will be able to undertake additional remodeling of the space. Since the grant funds are in hand, the additional work would be facilitated by expanding the scope of the existing project rather than initiating a separate project budget, which would likely fall below the \$250,000 level required for Board approval.

The National Science Foundation grant allows the university to make significant progress on the project but limits the remodeling to research laboratory space. Therefore, they may request approval to undertake additional work for office or undergraduate student areas in the future, depending on the availability of funding.

#### ARCHITECT/ENGINEER AGREEMENTS

Veterinary Medicine--Energy Conservation Remodeling \$454,390  
KJWW Engineering Consultants, Des Moines, Iowa

University officials requested approval to enter into an agreement with KJWW Engineering Consultants to provide engineering services for this project. The university received expressions of interest from eight mechanical engineering firms. The university Architectural Selection Committee selected three of the firms for interviews on September 13. They recommended the selection of KJWW Engineering Consultants based on the

firm's familiarity with the project and its experience with numerous projects requiring a similar level of knowledge and skill.

KJWW completed the initial study in 1985 which detailed the potential energy savings through functional changes and modernization of the existing heating, ventilating, and air conditioning systems. The firm has experience in renovating existing HVAC systems while maintaining occupancy and building functions in a veterinary medicine-type facility. The firm also has experience in the design of facilities that meet the standards of the National Institutes of Health and American Association for the Accreditation of Laboratory Animal Care.

The agreement provides for a fee of \$454,390, including reimbursables. Of this fee, \$75,590 is anticipated for construction coordination due to logistical requirements of the project.

Reiman Garden \$241,137  
Coe Lee Robinson Roesch, Inc., Philadelphia, PA

University officials requested approval to enter into an agreement with Coe Lee Robinson Roesch to serve as prime design consultants for the project. These services will incorporate an interdisciplinary design team including Walker Metzger Architects, Des Moines, Iowa (architectural services), Engineering Plus, Ames, Iowa (civil engineering services), and KJWW Engineering Consultants, Des Moines, Iowa (mechanical and electrical services). The agreement with Coe Lee Robinson Roesch will provide services of all of the firms through design development, construction documents, and construction of the project.

The agreement provides for a fee of \$241,137, including reimbursables.

Amendments:

Veterinary Medicine--Remodel Large Animal Housing Facilities \$8,000  
KJWW Engineering Consultants, Des Moines, Iowa

University officials requested approval of Amendment #2 to the agreement with KJWW Engineering Consultants for additional services required by the inclusion of a pre-treatment sewage system to the project as required by the City of Ames. Amendment No. 2 will not result in an increase in the total project budget.

Applied Science Center--Office Building \$18,720  
Shiffler Associates, Des Moines, Iowa

University officials requested approval of Amendment #2 to the agreement with Shiffler Associates to provide additional design services resulting from expanded scope requirements for interior environmental conditions and

multiple-phase bidding. Amendment No. 2 will not result in an increase in the total project budget.

CONSTRUCTION CONTRACTS

Hamilton Hall--Basement Renovation \$209,300  
Award to: ACI Mechanical Corporation, Ames, Iowa  
(2 bids received)

ACCEPTANCE OF COMPLETED CONSTRUCTION CONTRACTS

Molecular Biology Building--Bid Package No. 74  
Michaels Fluid Balancing, Inc., LaCrosse, WI

Agronomy Addition--Replace Window Caulking  
Olofson and Sons Restoration, Inc., Minden, Iowa

FINAL REPORTS

State Gymnasium--Basement Floor Partial Renovation \$16,229.91

Office and Laboratory Building--HVAC Modifications \$25,062.59

MOTION: Regent Furgerson moved to approve the Register of Capital Improvement Business Transactions for Iowa State University, as presented. Regent Pellett seconded the motion. MOTION CARRIED UNANIMOUSLY.

APPROVAL OF LEASES. The Board Office recommended the Board approve the following lease:

With KIRKWOOD COMMUNITY COLLEGE for the university's use of 1,880 square feet of office space located in Building 31 on the Kirkwood Community College Campus, Cedar Rapids, Iowa, at the rate of \$1,049 per month, for a five-year period commencing December 1, 1993, through November 30, 1998.

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

MOTION CARRIED UNANIMOUSLY.

**PRELIMINARY RESOLUTION FOR SALE OF UTILITY SYSTEM REVENUE REFUNDING BONDS, SERIES I.S.U. 1993.** The Board Office recommended the Board adopt a Resolution authorizing the Executive Director to fix the date or dates for the sale of up to \$32,000,000 Utility System Revenue Bonds, Series I.S.U. 1993.

The Utility System Revenue Bonds, Series I.S.U. 1985 are scheduled to be refunded in December 1993. The proceeds from the sale of these bonds will be used to refund all or a portion of the \$30,450,000 remaining callable principal of the Board's Utility System Revenue Bonds.

A refunding of all of the callable maturities would require an issue of approximately \$32 million, which is higher than Springsted would normally recommend. Authorizing this maximum issue amount provides the latitude to assess market demand and establish the final offering amount closer to the time of sale.

The most likely alternative under consideration is a partial refunding of approximately \$22 million on the final eight maturities (2006-2013). The majority of savings can be realized by refunding only the later maturities.

The present value of interest rate savings as a result of the refunding currently is estimated to be \$2.5 million on a partial refunding of the final eight maturities (2006-13) and just over \$3 million if all of the callable bonds were refunded.

Upon initial review, the bond indenture provisions which define the Reserve Requirement do not seem to allow drawing down the reserve to the new (lower) debt service level. Bond counsel has been asked to review this.

A new debt service structure, which levels out the debt service in the final eight maturities, would provide coverage in compliance with the Additional Bonds test of 1.20 under the indenture. Coverage would be kept at a minimum of 1.25.

**ACTION:** The motion for this item can be found under the Report of the Banking Committee, page 280 of these Minutes.

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

President Jischke called the Board's attention to an action that took place during this last week. He said Iowa State University received approval by

UNIVERSITY OF NORTHERN IOWA

The following business pertaining to the University of Northern Iowa was transacted on Wednesday, October 20, 1993.

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

Register of Personnel Changes for September 1993.

MOTION: Regent Hendricks moved to ratify the university's personnel transactions, as presented. Regent Tyrrell seconded the motion. MOTION CARRIED UNANIMOUSLY.

**REGISTER OF CAPITAL IMPROVEMENT BUSINESS TRANSACTIONS.** The Board Office recommended the Board approve the Register of Capital Improvement Business Transactions.

PROJECT DESCRIPTIONS AND BUDGETS

University officials submitted one new project for approval by the Board.

Residence Facility--Furnishings and Equipment \$600,000  
Source of Funds: Residence System Improvement Funds

Preliminary Budget

Contract/Purchase Orders	\$ 572,000
Contingencies	<u>28,000</u>
TOTAL	<u>\$ 600,000</u>

This project will provide for the purchase and installation of furnishings and equipment for the new Residence Facility currently under construction. Furnishings and equipment will include stoves, ovens, refrigerators, mattresses, and window coverings, as well as furniture for public, living and office areas. Design will be provided by the university.

\* \* \* \* \*

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

\* \* \* \* \*

ARCHITECT/ENGINEER AGREEMENTS

Price Laboratory School--Field House Replacement \$197,100  
RDG Bussard Dikis, Inc., Des Moines, Iowa

University officials requested approval to enter into an agreement with RDG Bussard Dikis to provide design services for the project. The university received expressions of interest from 17 firms for the design of the Field House Addition. The university Architectural Selection Committee selected four of the firms for interviews on September 16. University officials recommended the selection of RDG Bussard Dikis based on its extensive experience in field house design throughout the United States. The agreement provides for a fee of \$197,100, including reimbursables.

The expectation is that the university will present to the Board a complete project description and budget for Field House Replacement project in the near future as a result of this design services agreement. Funding for the overall project for replacement of the facility, including the costs of this architectural agreement and future design services costs, is to be provided by anticipated reimbursement under the State self-insurance program (Code of Iowa Chapter 29C.20) or by legislative appropriations.

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

**MAUCKER UNION FUND TRANSFER.** The Board Office recommended the Board approve the transfer of \$80,000 from the Maucker Union Surplus Fund to the Maucker Union Improvement Fund.

In 1967, the Board authorized the sale of \$1,335,000 of Student Union Revenue Bonds for the purpose of paying a portion of the cost of constructing Maucker Union. The bond issue was divided into two series:

Series C	\$835,000
Series CG	\$500,000

In February 1987, all of the outstanding Series CG bonds were defeased. The remaining principal outstanding on the Series C bonds was \$220,000 as of June 30, 1993.

The \$8.40 per student per semester Student Union fee at the University of Northern Iowa is used for repair and renovation of the Union.

For FY 1993, the \$215,188 revenue from the Student Union fee was deposited as follows:

Sinking Fund	\$ 49,900
Improvement Fund	\$ 15,000
Surplus Fund	<u>\$150,288</u>
Total	\$215,188

As of June 30, 1993, the accrued fund balances were as follows:

Sinking Fund	\$ 0
Improvement Fund	\$ 20,635
Surplus Fund	<u>\$817,745</u>
Total	\$838,380

The 1967 bond resolution provides that student union fees totalling \$15,000 will be credited annually to the Maucker Union Improvement Fund.

Since this amount is not adequate to cover the actual renovation and capital improvement projects planned, the University of Northern Iowa requests the transfer of \$80,000 from the Surplus Fund to the Improvement Fund.

Section 12 of the bond resolution requires Board approval of uses of the Maucker Union Surplus Fund.

The authorized uses of the surplus fund include ". . . the construction or improvement of any facilities on the campus of the University of Northern Iowa which the State Board of Regents determines to be related to and a part of the proper functions, facilities and activities of or connected with the Student Union."

As of June 30, 1993, the Maucker Union Surplus Fund had a cash balance of \$862,656.

Regent Hendricks asked if the deferral of the defeasance would have any affect on this docket item. Director Specter responded that it would not.

MOTION:

Regent Furgerson moved to approve the transfer of \$80,000 from the Maucker Union Surplus Fund to the Maucker Union Improvement Fund. Regent Newlin seconded the motion. MOTION CARRIED UNANIMOUSLY.

**DES MOINES FM TRANSLATOR FOR KUNI AND TOWER LEASE.** The Board Office recommended the Board (1) approve request of the University of Northern Iowa to establish a KUNI-FM translator in Des Moines and (2) approve the lease agreement for the benefit of the University of Northern Iowa as summarized below.

Request to Establish a KUNI-FM Translator in Des Moines

University of Northern Iowa officials requested approval to establish a KUNI-FM translator in Des Moines and to extend the KUNI-FM signal to the Des Moines area, which is now served by WOI-FM.

The request was first brought to the Board of Regents in Fall 1992. At that time, the Board deferred action and formed a Priority Study Group to address policy issues related to this request for expansion.

An interinstitutional committee was appointed to provide a recommendation on the request and propose a policy to deal with such issues in the future.

In September 1993, the interinstitutional committee proposed a policy that 1) required Board approval before an application for expansion is submitted to the FCC, 2) set first priority for expansion into areas currently unserved by public radio, and 3) encouraged cooperation among Regent public radio stations.

The Priority Study Group asked the interinstitutional committee to return with a policy which addressed expansion into areas already served by at least one Iowa public radio station if expansion is financed by private funds.

A proposed policy that sets forth conditions under which expansion to an area already served may be appropriate was developed by the Board Office, reviewed by the interinstitutional committee, and presented to the Priority Study Group.

The information supplied by the University of Northern Iowa fulfills the conditions under which expansion into an area already served may be appropriate--mission, need, diverse programming, and use of private funds.

University of Northern Iowa has identified increasing awareness of UNI's identity and distinctiveness as a premier undergraduate institution as one of its six strategic planning goals. Expansion serves the mission of the university as it will increase awareness of UNI in the Des Moines area where opportunities for a university presence are limited.

The need for the expansion has been demonstrated by requests from Des Moines area residents to receive KUNI. Approximately 2,000 persons listened to KUNI-FM on Heritage Cablevision before the service was discontinued.

KUNI-FM would supply diversity in programming which is not available to listeners on other Iowa public radio stations including evening programs of music from multi-cultural backgrounds such as world beat and reggae.

Private funds will purchase, install, and maintain equipment.

Approval of the request by University of Northern Iowa officials to expand into the Des Moines Area is based on the assumption of approval of the proposed policy.

Request to Approve Lease Agreement with the Des Moines Independent Community School District

The agreement with the Des Moines Independent Community School District will be effective upon issuance of an FCC construction permit to the university through April 5, 2003, at the rate of \$1,200 per year.

University officials considered the terms of the lease to be favorable given current market conditions and availability.

A listing of principals for the lease agreement is included in Appendix A. As far as the university can determine, they are not affiliated with the university.

The university (lessee) does not purchase goods or services from the school district (lessor).

The lease agreement has been reviewed by the Attorney General's Office and is recommended for approval.

**ACTION:** This matter was handled under the general docket portion of these Minutes, page 297.

**RESOLUTION FOR SALE OF ACADEMIC BUILDING REVENUE REFUNDING BONDS.** The Board Office recommended the Board, subject to the receipt of acceptable bids:

- (1) Adopt a Resolution providing for the sale and award of \$6,520,000 (estimated) Academic Building Revenue Refunding Bonds, Series U.N.I. 1993, and approving and authorizing the agreement of such sale and award.
- (2) Adopt a Resolution authorizing and providing for the issuance and securing the payment of \$6,520,000 (estimated) Academic Building Revenue Bonds, Series U.N.I. 1993, for the purpose of refunding the \$6,000,000 Academic Building Revenue Bonds, Series U.N.I. 1987, presently outstanding in the principal amount of \$5,725,000, heretofore issued by the Board to defray costs of buildings and facilities on the campus of the University of Northern Iowa.

- (3) Adopt a Resolution authorizing the execution of an Escrow Agreement to provide for the payment of Academic Building Revenue Bonds, Series U.N.I. 1987.

The receipt and opening of the bids was scheduled for 11:00 a.m. on Wednesday, October 20, 1993. The award was scheduled for 1:30 p.m.

The proceeds from the sale of these bonds will be used for the purpose of refunding Academic Building Revenue Bonds, Series U.N.I. 1987, presently outstanding in the principal amount of \$5,725,000.

The interest savings as a result of the refunding is currently estimated to be \$785,000 on a present value basis.

The issue amount will be variable up to the acceptance of the winning bid, because the amount of the bond proceeds required to fund the escrow account for the 1987 bonds will be dependent on the actual yield on the new bonds and available investment yields.

Bond Specifics:

Average Maturity: 10.94 Years

Bonds Dated: November 1, 1993

Interest Due: January 1 and July 1 commencing July 1, 1994

Optional Call: Bonds maturing on or after July 1, 2004 are callable commencing July 1, 2003 and any date thereafter at par

Denomination: \$5,000 and integral multiples thereof

The refunding provides an opportunity to restructure the principal payments in later years to reduce tuition replacement needed in earlier years.

Total debt service savings in the first two fiscal years from the refunding were estimated to be:

	<u>Total</u>	<u>Principal Restructuring</u>	<u>Interest</u>
FY 94	\$375,000	\$315,000	\$ 60,000
FY 95	\$158,513	\$110,000	\$ 48,513
	\$533,513	\$425,000	\$108,513

Mr. Luther Anderson of Springsted, Inc., presented a report on the substance of the bids and made recommendations for award of the bonds. He said several syndicates joined together to present the single bid that was received. The issue was structured similarly to the University of Iowa issue also sold at this time although the University of Northern Iowa issue

was somewhat smaller. The bid was received from a syndicate led by Chiles Heider, Division of Lehman Brothers for a net interest cost of \$3,515,261.60 for a true interest rate of 4.5825 percent. Since these are refunding sales, he said the present value savings was \$709,000. He then recommended award of the bid to the group lead by Chiles Heider.

MOTION: Regent Hendricks moved to adopt the resolutions as outlined on page 345. Regent Dorr seconded the motion. MOTION CARRIED UNANIMOUSLY.

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

## IOWA SCHOOL FOR THE DEAF

The following business pertaining to Iowa School for the Deaf was transacted on Wednesday, October 20, 1993.

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

Register of Personnel Changes for July and September 1993.

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

**REGISTER OF CAPITAL IMPROVEMENT BUSINESS TRANSACTIONS.** The Board Office recommended the Board approve the Iowa School for the Deaf capital register, as presented.

### PROJECT DESCRIPTIONS AND BUDGETS

Iowa School for Deaf officials reported the following capital projects for Board ratification:

<u>Main Building</u> (electrical, drywall, carpeting, painting)	\$ 31,000
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<u>Main Building--Asbestos Abatement</u>	9,000
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<u>Careers Building, Girls' Dormitory Health Center, Gym, Power Plant</u>	<u>8,000</u>
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TOTAL	<u>\$ 48,000</u>
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<u>Superintendent's Residence--Various Maintenance Projects</u>	<u>\$ 900</u>
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**MOTION:** Regent Hendricks moved to approve the school's Capital Register, as presented. Regent Johnson-Matthews seconded the motion. MOTION CARRIED UNANIMOUSLY.

**APPROVAL OF U.S. FISH & WILDLIFE AGREEMENT FOR ISD NATURE CENTER.** The Board Office recommended the Board approve the agreement between the U.S. Fish and Wildlife Service and the Iowa School for the Deaf.

Iowa School for the Deaf officials requested approval to enter into a Wetland Development Agreement with the U.S. Fish and Wildlife Service for wildlife development activities relating to the Iowa School for the Deaf Nature Center.

The school will provide the land designated for the Nature Center for the period commencing October 1, 1993, through October 1, 2003.

The total cost of this project is estimated at \$8,000, to be funded by a \$4,000 grant from the U.S. Fish and Wildlife Service, with goods and services estimated at \$4,000 to be provided by the school.

Superintendent Johnson stated that the \$4,000 to be contributed by Iowa School for the Deaf will not come from appropriations but would come from private sources.

**MOTION:** Regent Furgerson moved to approve the agreement between the U.S. Fish and Wildlife Service and the Iowa School for the Deaf. Regent Pellett seconded the motion. MOTION CARRIED WITH REGENT DORR OPPOSED.

**APPOINTMENT OF DIRECTOR OF BUSINESS OPERATIONS.** The Board Office recommended the Board approve the appointment of Dan Minikus as Director of Business Operations effective November 8, 1993, at an annual salary of \$39,000 plus the usual fringe benefits.

Mr. Minikus previously held the position of Director of Finance of the Christian Home Association Foundation in Council Bluffs. He majored in accounting at the University of Nebraska at Omaha.

**MOTION:** Regent Johnson-Matthews moved to approve the appointment of Dan Minikus as Director of Business Operations effective November 8, 1993, at an annual salary of \$39,000 plus the usual fringe benefits. Regent Newlin seconded the motion. MOTION CARRIED UNANIMOUSLY.

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

## IOWA BRAILLE AND SIGHT SAVING SCHOOL

The following business pertaining to Iowa Braille and Sight Saving School was transacted on Wednesday, October 20, 1993.

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

Register of Personnel Changes for August 29 to September 25, 1993.

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

**P. BUCKLEY MOSS, PRIVATE FUND-RAISING EVENT.** The Board Office recommended the Board receive the report.

Superintendent Thurman introduced Dianne Utsinger to make the report on behalf of the school.

Director Utsinger stated that Iowa Braille and Sight Saving School was involved in a very special event on September 30, 1993. She said P. Buckley Moss selected the school as a place for which she would like to raise funds. She came to the school on the afternoon of September 30 and worked with 13 students. In 45 minutes she did a portrait of each student which she signed and each student will keep. She said Mrs. Moss was very fascinated with one student in particular, named Shantell. She was drawing her repeatedly and said that she would feature her in her next print. Shantell is a minority student. Ms. Utsinger has not seen minorities featured before in P. Buckley Moss' work.

Prior to P. Buckley Moss' visit to campus, Iowa Braille and Sight Saving School officials were asked to send a photograph of the school. She included the school in one of her prints entitled "Vinton Days" (Ms. Utsinger had her copy of the picture on display). School officials were very excited about it.

For the fund-raising event, Iowa Braille and Sight Saving School officials sent many invitations. Ms. Utsinger thanked Regent Johnson-Matthews who was able to attend and represent the Regents that evening. Iowa Braille and Sight Saving School officials do not yet know the dollar amount of funds raised because those in charge of that matter have been so busy they have not counted what came in.

Director Utsinger stated that P. Buckley Moss was wonderful with the students. She raises about \$1 million/year for a variety of children's organizations. There was a good turn out of people from Cedar Rapids, Waterloo, Cedar Falls and many other surrounding communities. Students served as hosts and hostesses, helped serve food and gave directions. It was a great time for them to shine.

President Berenstein, on behalf of the Board, thanked Ms. Utsinger for the presentation and for her enthusiasm.

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

**REGISTER OF CAPITAL IMPROVEMENT BUSINESS TRANSACTIONS.** The Board Office recommended the Board approve the Capital Register for the Iowa Braille and Sight Saving School, as presented.

**PROJECT DESCRIPTIONS AND BUDGETS**

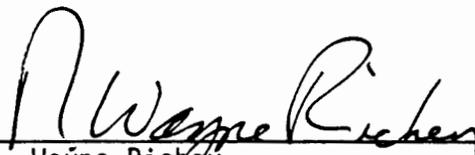
Iowa Braille and Sight Saving School officials reported the following capital project for Board ratification:

Superintendent's Residence--Basement Tile Flooring \$ 1,432

**MOTION:** Regent Newlin moved to approve the school's Capital Register, as presented. Regent Dorr seconded the motion. **MOTION CARRIED UNANIMOUSLY.**

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

**ADJOURNMENT.** The meeting of the State Board of Regents adjourned at 4:30 p.m., on Wednesday, October 20, 1993.

  
\_\_\_\_\_  
R. Wayne Richey  
Executive Director