

C O R R E C T E D

The State Board of Regents met on Wednesday, September 22, 1993, at Iowa State University, Ames, Iowa. The following were in attendance:

September 22

Members of State Board of Regents

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

Office of the State Board of Regents

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
Associate Director Racki	All sessions
Compliance Officer Maxwell	Arrived at 1:00 p.m.
Minutes Secretary Briggie	All sessions

State University of Iowa

President Rawlings	All sessions
Vice President Nathan	All sessions
Vice President Rhodes	All sessions
Vice President True	All sessions
Associate Vice President Small	All sessions
Legislative Counsel Stork	All sessions
Director Yanecek	All sessions

Iowa State University

President Jischke	All sessions
Provost Kozak	All sessions
Vice President Madden	All sessions
Vice President Theilen	All sessions
Associate to the President Adams	All sessions
Treasurer Thompson	All sessions
Executive Assistant to the President Mack	All sessions
Assistant to President Bradley	All sessions
Director Jensen	All sessions

University of Northern Iowa

President Curris	All sessions
Provost Marlin	All sessions
Vice President Conner	All sessions
Executive Ass't. to President Stinchfield	All sessions
Assistant to President Gadelmann	All sessions
Director Chilcott	All sessions

Iowa School for the Deaf

Superintendent Johnson	All sessions
Assistant Superintendent Balk	All sessions
Interpreter Peek	All sessions

Iowa Braille and Sight Saving School

Superintendent Thurman	All sessions
Director Hauser	All sessions

GENERAL

The following business pertaining to general or miscellaneous business was transacted on Wednesday, September 22, 1993.

APPROVAL OF MINUTES OF BOARD MEETINGS, JULY 21-22 AND AUGUST 18, 1993. The Board Office recommended the Board approve the Minutes, as written.

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

MOTION: Regent Dorr moved to approve the Minutes, as written. Regent Collins 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 Hendricks, to approve the consent docket, as follows:

Approve the State University of Iowa's proposal to name the newly-merged Departments of Leisure Studies and Physical Education and Sports Studies as the Department of Sport, Health, Leisure and Physical Studies, effective immediately;

Receive the status report on the Board Office budget as of August 31, 1993;

Receive the report on the August 19, 1993, meeting of the Iowa College Student Aid Commission; and

Refer the University of Iowa 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.

MOTION CARRIED UNANIMOUSLY.

ANNUAL STUDENT AID REPORT. The Board Office recommended the Board

- 1) Receive the annual governance report on student financial aid.
- 2) Request that the financial aid directors undertake the following goals for 1993-94:
 - * prepare a report on the new Federal Direct Loan Program and institutional plans to participate for submission to the Board in spring of 1994.
 - * review and evaluate the National Service legislation and assess the benefits and drawbacks for each of the Regent institutions.
 - * continue to assess how institutional aid programs are meeting the needs of a quality and diverse student population and how institutional aid dollars are helping to improve access.
 - * encourage the publication and dissemination of a Student Financial Aid Handbook for Iowa's minority population.
 - * develop a "Student Financial Aid Guide" to help families better understand student aid policies and procedures.
 - * encourage periodic meetings among the three financial aid staffs to discuss common issues.

Each year the Board of Regents reviews achievements, trends and issues in student financial aid.

During 1992-93 Regent institutions awarded \$278.8 million in financial aid, an increase of 4.6 percent over the amount in 1991-92.

Undergraduate resident tuition at Regent universities has increased 21 percent over the last five years compared to a 27 percent increase in student financial aid over that time.

Unmet need for student financial aid totalled \$64.3 million in 1992-93, a shortfall of 18.7 percent.

Regent institutions award approximately one third of student financial aid in the form of grants, one third in the form of loans, and one third in the form of employment.

Federal funds and institutional sources accounted for approximately 98 percent of the total amount of student financial aid awarded in 1992-93 and each accounted for a roughly equal share (49 percent).

State financial aid programs represented 2 percent of the total.

Regent institutions funded non-needs based scholarships for a total amount of \$18.4 million in 1992-93. Each institution provided the following amounts:

University of Iowa	\$5.1 million
Iowa State University	\$10.4 million
University of Northern Iowa	\$2.9 million

IMAGES scholarships targeted for Iowa minorities totalled \$1.5 million in 1992-93. Each institution provided the following amounts of scholarships under this program:

University of Iowa	\$630,000
Iowa State University	\$643,100
University of Northern Iowa	\$274,973

All three Regent institutions now support the National Direct Loan Program because of the simplification and lower costs that this program is expected to bring.

Liberalization of Federal loan policies effective starting in the 1993-94 academic year are expected to lead to increased loan applications and borrowing in the future.

New Federal financial aid policies make it more difficult for independent students without children and dependent students with substantial amounts of personal income to receive aid.

Regent university financial aid directors have estimated increased financial aid needs as a result of the flood to be approximately \$10.2 million with the greatest impact on students expected in 1994-95.

Incomplete funding of authorized Federal Pell Grants and the failure of other major Federal grant programs to keep pace with inflation are serious concerns among Regent universities.

The new community service program for paying back loans is of concern to Regent Financial Aid Directors because of the fear that its funding will take away support for other Federal programs that are currently underfunded.

Recommended goals for 1993-94 emphasize the willingness of Regent institutions to maximize the benefits from new Federal initiatives and to

continue progress in meeting the needs of a high quality and diverse student population.

Regent Dorr questioned the statement in the docket memorandum that all three universities now support the direct loan program. He asked whose responsibility it was to make the decision to support that program and how do they know this will lower costs.

Earl Dowling, Director of Financial Aid at Iowa State University, stated that institutional officials have until October 1 to make recommendations on their participation in the direct student loan program. On September 28 there will be a meeting in Chicago at which time there will be responses developed to direct loans. With respect to the cost factor, he said that is based on the Federal law which mandates that certain charges currently assessed will not be charged under the new program. That is part of the cost savings method through the Federal government. In order to achieve the projected billions of dollars in savings certain provisions have been made. There will be a reduction in origination fees. Certain charges currently assessed through lending organizations and absorbed by the students will no longer be allowed. From an administrative point of view, he said it should be a cheaper loan.

Regent Dorr asked how the program would be cheaper for the institutions to operate. Mr. Dowling responded that a \$10 administrative allowance per loan is made to the institution for the first year. The question is whether they can process a student loan for \$10. There are some administrative procedures they currently do that they will not be doing under the direct loan program.

Regent Dorr asked who will be responsible for collecting the loans. Mr. Dowling responded that the United States Department of Education will enter into a contract with a private party to collect. Colleges and universities will have no responsibility for credit checks, etc.

President Jischke stated that there have been discussions on the Iowa State University campus about support of this program. Those efforts have been coordinated with vice presidents and presidents Regentwide. With regard to Regent Dorr's original question as to who made the decision to support the direct loan program, he stated that it ultimately is a campus decision. He said the fundamental cost savings are in the lack of profit that is currently being made by the banks making the loans.

Regent Dorr said he thinks the direct student loan program will serve a great educational function. He suggested that as they embark on discussion of tuition rate increases, students observe this new loan methodology very closely. He suspects they are going to find lots of little cost factors entering into this once the loan program is removed from the private sector

that will ultimately have to be absorbed through tuition or appropriation increases.

President Berenstein said the alternative would be to not have any student loan programs.

MOTION: Regent Pellett moved to approve the recommended action as presented on page 2. Regent Newlin seconded the motion. MOTION CARRIED UNANIMOUSLY.

President Berenstein asked the Regents to stand and identify themselves for anyone in the audience who might wish to speak to them during a break. The Regents did so.

Regent Newlin asked that introductions also be made for the press and institutional representatives, which was done.

TUITION POLICIES AND RATES. The Board Office recommended:

(A) that the Board give preliminary consideration to increasing tuition rates and mandatory fees, effective with summer session 1994, for the Regent universities as follows:

- (1) Increase tuition for undergraduate resident students except Pharmacy students by 5.3 percent, of which 3.4 percent is based on the Higher Education Price Index and 1.9 percent was recommended for improvement in building maintenance budgets.
- (2) Adopt nonresident undergraduate tuitions per academic year except for Pharmacy students as follows:

	<u>Current</u>	<u>Proposed</u>	<u>Dollar Increase</u>	<u>Percent Increase</u>
University of Iowa	\$7,580	\$8,149	\$ 569	7.5%
Iowa State University	\$7,226	\$7,609	\$ 383	5.3%
University of Northern Iowa	\$5,834	\$6,143	\$ 309	5.3%

- (3) Increase undergraduate resident and nonresident tuition for Pharmacy students at the University of Iowa as follows:

	<u>Current</u>	<u>Proposed</u>	<u>Dollar Increase</u>	<u>Percent Increase</u>
Resident	\$2,192	\$2,908	\$ 716	32.7%
Nonresident	\$7,580	\$8,149	\$1,169	15.4%

- (4) Adopt resident and nonresident tuition for graduate and professional students per academic year as follows:

	<u>Current</u>	<u>Proposed</u>	<u>Dollar Increase</u>	<u>Percent Increase</u>
University of Iowa				
Graduate Resident	\$2,604	\$2,742	\$ 138	5.3%
Graduate Non-Resid.	\$7,900	\$8,493	\$ 593	7.5%
MBA Resident	\$3,396	\$3,576	\$ 180	5.3%
MBA Non-Resident	\$8,708	\$9,361	\$ 653	7.5%
Law Resident	\$3,624	\$4,166	\$ 542	15.0%
Law Non-resident	\$10,190	\$11,454	\$1,264	12.4%
Medicine Resident	\$7,740	\$8,150	\$ 410	5.3%
Medicine Non-resid.	\$19,524	\$20,988	\$1,464	7.5%
Dentistry Resident	\$4,998	\$5,263	\$ 265	5.3%
Dentistry Non-resid.	\$14,624	\$15,721	\$1,097	7.5%
Pharm. D. Resident	\$2,832	\$3,582	\$ 750	26.5%
Pharm. D. Non-Resid.	\$9,382	\$10,686	\$1,304	13.9%

Iowa State University

Graduate Resident	\$2,604	\$2,742	\$ 138	5.3%
Graduate Non-resid.	\$7,534	\$7,933	\$ 399	5.3%
Veterinary Medicine Resident	\$5,000	\$5,265	\$ 265	5.3%
Veterinary Medicine Non-resid.	\$13,400	\$14,110	\$ 710	5.3%

University of
Northern Iowa

Graduate Resident	\$2,464	\$2,675	\$ 211	8.6%
Graduate Non-resid.	\$6,308	\$6,642	\$ 334	5.3%

- X (5) Increase general computer fees at the three universities per academic year to \$84 from \$80, an increase of 5 percent.

- (6) 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

- (7) 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.
- (8) Set aside additional funds for student financial aid to offset the effects of the increased rates for needy students based on current enrollments as follows:

University of Iowa:	\$950,360
Iowa State University:	\$436,069
University of Northern Iowa:	\$255,027

TOTAL	\$1,641,456
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- (B) That the increase in tuition revenues be used for the following purposes:

(1) Student Aid Setaside	\$1,642,000
(2) Building Maintenance	\$3,034,000
(3) Instructional Programs	\$5,429,000
(4) Augmentation of operating budgets, academic facilities, and instructional equipment at SUI	\$ 818,000
5. Implementation of the Doctor of Pharmacy program at SUI	\$ 166,000
6. Professional skills training in School of Law at SUI	\$ 194,000
7. Improvements in UNI graduate programs	<u>\$ 42,000</u>
TOTAL	\$11,325,000

- (C) That the Board schedule final action on the proposed rates for its meeting on October 20.

PROPOSED REGENT UNIVERSITIES ACADEMIC YEAR TUITION FOR 1994-95

9/14/93

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	Actual 1993-94				Proposed 1994-95							
			Computer	Total Tuition			Computer	Health Facility	Total Tuition	Percent	Percent	
	Tuition	Health Fee	Fee*	and Fees	Tuition	Health Fee	Fee*	Fee	and Fees	Increase In Tuition	Increase in Tuition and Fees	Total Dollar Increase
UNIVERSITY OF IOWA												
Undergraduate Resident	\$2,192	\$80	\$80	\$2,352	\$2,308	\$80	\$84		\$2,472	5.3%	5.1%	\$120
Undergraduate Nonresident	\$7,580	\$80	\$80	\$7,740	\$8,149	\$80	\$84		\$8,313	7.5%	7.4%	\$573
Undergraduate Resident Pharmacy	\$2,192	\$80	\$80	\$2,352	\$2,908	\$80	\$84		\$3,072	32.7%	30.6%	\$720
Undergraduate Nonresid. Pharmacy	\$7,580	\$80	\$80	\$7,740	\$8,749	\$80	\$84		\$8,913	15.4%	15.1%	\$1,173
Graduate Resident	\$2,604	\$80	\$80	\$2,764	\$2,742	\$80	\$84		\$2,906	5.3%	5.1%	\$142
Graduate Nonresident	\$7,900	\$80	\$80	\$8,060	\$8,493	\$80	\$84		\$8,657	7.5%	7.4%	\$597
MBA Resident	\$3,396	\$80	\$80	\$3,556	\$3,576	\$80	\$84		\$3,740	5.3%	5.2%	\$184
MBA Nonresident	\$8,708	\$80	\$80	\$8,868	\$9,361	\$80	\$84		\$9,525	7.5%	7.4%	\$657
Law Resident	\$3,624	\$80	\$80	\$3,784	\$4,166	\$80	\$84		\$4,330	15.0%	14.4%	\$546
Law Nonresident	\$10,190	\$80	\$80	\$10,350	\$11,454	\$80	\$84		\$11,618	12.4%	12.3%	\$1,268
Medicine Resident	\$7,740	\$80	\$80	\$7,900	\$8,150	\$80	\$84		\$8,314	5.3%	5.2%	\$414
Medicine Nonresident	\$19,524	\$80	\$80	\$19,684	\$20,988	\$80	\$84		\$21,152	7.5%	7.5%	\$1,468
Dentistry Resident	\$4,998	\$80	\$80	\$5,158	\$5,263	\$80	\$84		\$5,427	5.3%	5.2%	\$269
Dentistry Nonresident	\$14,624	\$80	\$80	\$14,784	\$15,721	\$80	\$84		\$15,885	7.5%	7.4%	\$1,101
Pharm.D. Resident	\$2,832	\$80	\$80	\$2,992	\$3,582	\$80	\$84		\$3,746	26.5%	25.2%	\$754
Pharm.D. Nonresident	\$9,382	\$80	\$80	\$9,542	\$10,686	\$80	\$84		\$10,850	13.9%	13.7%	\$1,308
IOWA STATE UNIVERSITY												
Undergraduate Resident	\$2,192	\$80	\$80	\$2,352	\$2,308	\$80	\$84	\$16	\$2,488	5.3%	5.8%	\$136
Undergraduate Nonresident	\$7,226	\$80	\$80	\$7,386	\$7,609	\$80	\$84	\$16	\$7,789	5.3%	5.5%	\$403
Graduate Resident	\$2,604	\$80	\$80	\$2,764	\$2,742	\$80	\$84	\$16	\$2,922	5.3%	5.7%	\$158
Graduate Nonresident	\$7,534	\$80	\$80	\$7,694	\$7,933	\$80	\$84	\$16	\$8,113	5.3%	5.4%	\$419
Veterinary Medicine Resident	\$5,000	\$80	\$80	\$5,160	\$5,265	\$80	\$84	\$16	\$5,445	5.3%	5.5%	\$285
Veterinary Medicine Nonresident	\$13,400	\$80	\$80	\$13,560	\$14,110	\$80	\$84	\$16	\$14,290	5.3%	5.4%	\$730
UNIVERSITY OF NORTHERN IOWA												
Undergraduate Resident	\$2,192	\$80	\$80	\$2,352	\$2,308	\$80	\$84		\$2,472	5.3%	5.1%	\$120
Undergraduate Nonresident	\$5,814	\$80	\$80	\$5,994	\$6,143	\$80	\$84		\$6,307	5.3%	5.2%	\$313
Graduate Resident	\$2,464	\$80	\$80	\$2,624	\$2,675	\$80	\$84		\$2,839	8.5%	8.2%	\$215
Graduate Nonresident	\$6,308	\$80	\$80	\$6,468	\$6,642	\$80	\$84		\$6,806	5.3%	5.2%	\$338

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

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

The proposed tuition rates were for preliminary consideration by the Board in September with final action scheduled for the October Board meeting.

The recommended increase in basic resident undergraduate tuition and fees of 5.3 percent takes into consideration anticipated growth in price indices as provided in the Board guidelines and recognizes the extraordinary need for augmented operating budgets for maintaining buildings.

The targeted 1.9 percent increase in tuition, expected to yield a net of \$3.0 million after student aid setaside, is matched by a request for a similar increase in State appropriations for building maintenance.

Increased operating funds for building maintenance will slow appreciably the further accumulation of deferred maintenance.

Among Big Ten institutions, the University of Iowa ranked last in 1992-93 in terms of total full-time tuition and fees. Among peer institutions, the University of Iowa ranked ninth among eleven comparable AAU universities.

Among comparable land-grant institutions, Iowa State University ranked eighth among eleven universities in total full-time 1992-93 tuition and fees.

Among eleven comparable peer institutions, the University of Northern Iowa ranked sixth in total full-time tuition and fees for 1992-93.

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

Iowa per capita income in 1992 increased 6.0 percent.

Because of the possible effects of adverse weather conditions in this calendar year, personal income in Iowa may grow at a lower rate in 1993.

The recommended capital improvement request for Regent institutions for fiscal year 1995 includes as the Board's highest priority projects to eliminate deferred maintenance.

Mandatory fees include 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 deposited in the General Fund of each university is used to support educational programs.

Recommendations for increases other than the basic 5.3 percent growth were based on institutional requests as follows:

- * A 7.5 percent increase in nonresident tuition in all categories at the University of Iowa.
- * An 8.5 percent increase in graduate resident tuition rates at the University of Northern Iowa.
- * 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.
- * An increase of 26.5 percent in tuition for Doctor of Pharmacy resident students and an increase of 13.9 percent for nonresident Doctor of Pharmacy students at the University of Iowa.
- * An increase of 15.0 percent for Law School residents and 12.4 percent for Law School nonresidents at the University of Iowa.
- * An increase of 20 percent in the special computer fee charged to engineering students at both the University of Iowa and Iowa State University, and to computer science students at Iowa State University.

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 to eliminate possible misperceptions of quality.

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.

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

General Fund as a result of these tuition increase recommendations was estimated to be \$11.3 million based on current enrollment figures.

Net revenue from these tuition increases is expected to be nearly \$9.7 million after student financial aid is allocated.

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

Basic 5.3% tuition increase:	\$8,463,000
Additional nonresident tuition increase at SUI:	\$ 818,000
Increases in SUI pharmacy student tuition:	\$ 166,000
Increases in SUI College of Law tuition:	\$ 194,000
Increases in UNI Graduate Resident Tuition:	<u>\$ 42,000</u>
TOTAL	\$9,683,000

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

University of Iowa	\$5,011,000
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.
- * \$166,000 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 were 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 was \$450,000.

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

Mr. Richey said the recommendations before the Regents were made on several bases, which he described. The recommended increase in basic undergraduate tuition and fees, if they include health and computer fees, is 5.1 percent in fiscal year 1995 based on the Higher Education Price Index's anticipated growth of 3.4 percent and based on the fact that student aid will be maintained on the same relative basis. Student aid has gone up 27 percent. He said there has been a very conscious effort to hold harmless needy students. The national average tuition increase is higher than those for Iowa public institutions and is still below the national rate of growth in tuition. Iowa's Regent universities' tuition is listed in publications as being some of the best buys in higher education in the U.S.

Mr. Richey stated that proceeds of the tuition increase will be used for 1) student aid, 2) building maintenance and 3) instructional programs. The \$3 million to be allocated to building maintenance will be requested to be matched by \$3 million in State appropriations for that purpose. Proceeds of tuition increases recommended to be a greater than 5.1 percent increase will be used for specific academic programs such as pharmacy and law. He pointed out the 2-year proposal to bring graduate resident tuition at the University of Northern Iowa into the same rate as for graduate residents at Iowa State University and the University of Iowa. That would be the same treatment as for resident undergraduates.

President Berenstein asked if the recommended rate of tuition increase was 5.1 percent or 5.3 percent. Mr. Richey responded that the amount of increase would be 5.1 percent if they add fees for student health and computers to the calculation; it is 5.3 percent if they leave those 2 items off the calculation. The 5.1 percent is an all-in figure.

President Berenstein then called upon the student representatives who had requested time to speak. He said he wanted everyone who wished to speak to have the opportunity to do so. He then recognized Tracy Kasson, Executive Director of United Students of Iowa.

Ms. Kasson expressed appreciation to the Board for open forum for student concerns. She said the three student governments overwhelmingly passed resolutions supporting the Board of Regents' policy of tying tuition increases to the Higher Education Price Index. She asked the Board of Regents to meet students half way. The students agree to a tuition increase of 3.4 percent which is equal to the HEPI increase. She noted that since the policy's inception in 1990, the Board of Regents has not adhered to it. Pell grants have been cut for the current year and face another decrease for the 1994-95 school year. She said the Clinton Administration's national service program will have a negative impact on campus-based aid. The Pell Grant may face even greater cuts as other Federal aid programs are initiated. Student aid at the State level has also been decreased.

In a comparison of Regent institutions to other schools, Ms. Kasson stated that Iowa's public higher education tuitions are 30 percent above the national average and are higher than all of the surrounding states. She said Iowa families pay 43 percent more of their personal disposable income per capita for tuition than the national average, and pay a higher percentage than families in all of the surrounding states.

Ms. Kasson referred to the reasons for the tuition increase. She said 1.9 percent of the proposed increase is being earmarked for deferred maintenance. During the 1993 legislative session a legislator offered an amendment to the education appropriations bill which stipulated that the universities use the interest accrued on the general fund for fire safety needs. She said the only group lacking in supporting the measure was the Board of Regents. The irony of this action, she said, was that the Board listed deferred maintenance as its top priority. Now students are expected to cover the State's responsibility. When tuition revenues surpassed projected figures, an additional \$694,082 should have gone to financial aid at the University of Iowa and \$144,688 to financial aid at the University of Northern Iowa. Instead, the money was reallocated for other purposes.

Ms. Kasson stated that students should not bear the brunt for decisions over which they had no input. Students did not participate in the decision to forego flood insurance. She said students are consumers of higher education. With tuition increases consistently going above the Higher Education Price Index, educational quality should be increasing.

Ms. Kasson concluded by stating that United Students of Iowa implored the Board to stay within the HEPI in establishing tuition increases. She challenged them to make a good faith effort to regain the trust of the students.

President Berenstein recognized Keith Saunders, President of the Northern Iowa Student Government.

Mr. Saunders stated that the proposed tuition increase will affect over 66,000 students. He said all three student bodies are united in their stance regarding higher tuition and are hopeful that an acceptable compromise can be reached. After the flood waters recede the financial impact of the flood hits. This is a financially vulnerable time for the state's citizens.

Mr. Saunders reminded the Regents that in November 1990 the Board adopted the HEPI as a guide for setting tuition. He said that in each of the 3 years the policy has been in effect, the Board has established tuition above the HEPI. He said Pell Grants are consistently being underfunded. President Clinton's National Service Program will cost nearly \$1.5 billion which may be partially funded by a 10 percent across-the-board cut in other student financial aid programs. He then discussed the proposed equalization of graduate resident tuition for the University of Northern Iowa because of a perceived misperception of quality. He said he did not think an 8.5 percent increase in tuition for University of Northern Iowa graduate students was justified. University of Northern Iowa provides its students with an affordable education. He asked that not be thrown away for a perceived misperception of quality.

Mr. Saunders stated that 43 percent more of Iowans' disposable income is paid for tuition than the national average. Those who are hurt worst by the proposed tuition increase are those who can least afford it. He concluded by stating that students were speaking with a united voice today. They are not advocating that tuition not rise at all, but that tuition stay at the level of inflation.

President Berenstein recognized Beth Krueger, Vice President, Northern Iowa Student Government.

Ms. Krueger stated that students are very appreciative of the quality education they receive. She said that access to a quality education in Iowa must be looked upon as a right for all individuals. With regard to the proposed 1.9 percent increase above the 3.4 percent increase in the Higher Education Price Index, she said the logic used by the Board Office is for deferred maintenance. This proposal is illogical when considering that during the 1993 legislative session Representative McKinney offered an amendment stipulating that the interest earned by the universities on the general funds be specifically allocated for fire safety needs. She said the Board of Regents lobbied against this attempt to provide \$8.5 million to what they categorize as a top priority. She questioned why the Board did not do all it could in its power to ensure passage of a bill designed to fulfill one of its own top priorities.

Ms. Krueger asked that the Regents not compromise their commitment to accessible quality higher education in the state of Iowa. She said tuition in Iowa is 30 percent above the national average and higher than all surrounding states. She discussed the effects of cuts in Federal and State student aid programs. Her statement of financial aid stated that she would receive \$1,200 less in State scholarship money than she had depended on in the past to pay for her tuition.

Ms. Krueger concluded by stating that the students of Iowa care about quality. It is time for the Regents to care about students.

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

Mr. Klein thanked President Jischke for his support in keeping in-state and out-of-state tuition increases at the same level. He stated that the Government of the Student Body of Iowa State University along with those at the other two Regent universities agreed that a tuition increase should not exceed the HEPI level of 3.4 percent. He said the Board of Regents made decisions not to fund deferred maintenance. Two years ago, funding for the pharmaceutical building at the University of Iowa and the library extension at the University of Northern Iowa were cut by the legislature in favor of building the microbiology facility at Iowa State University. He said the Board of Regents lobbied this past spring against fire safety improvements at Iowa State University in order to restore funding to the other two universities. He said the Regents were now asking the students to solve problems created through decisions made by the Board of Regents. The Board made the decision not to fund maintenance even when it was the Board's top priority. Surplus revenues equaling \$665,000 at the end of the last fiscal year were used for an applied science program rather than deferred maintenance.

Mr. Klein then addressed Mr. Richey. He said Mr. Richey mentioned that the State is going to match the \$3 million in tuition funds to be applied to deferred maintenance. Is there any guarantee of that?

Mr. Richey responded that they have the same guarantee they would have gotten for deferred maintenance had they persisted in the legislative activity that Mr. Klein was critical of earlier. There is as much chance of getting that as with other funds. He said there is a strong concern about deferred maintenance both on the part of the Governor and on the part of the General Assembly. He hopes they are able to allocate funds to deferred maintenance in fiscal year 1995.

Mr. Klein asked if the 1.9 percent tuition increase for the maintenance problem is going to be instituted in the hopes of the legislature matching the funds. Mr. Richey responded that should the legislature not provide the

funds requested by appropriations, the \$3 million from tuition would be even more critically needed.

Mr. Klein stated that the figure he wanted to focus on was the 5.3 percent increase not the 5.1 percent because the 5.3 percent is the number that represents the tuition increase. With regard to the fees, he said the increase on the \$40 base in computer fees is not wanted at Iowa State University but the rest of it was approved by the committees. He did not see any sense in an increase in a base computer fee at Iowa State University when they do not need one and were not asking for one.

President Berenstein recognized Joshua Foster, Iowa State University Campus Director of United Students of Iowa.

Mr. Foster stated that when he arrived home last night there was a letter under his door, which he read. It was from a student who said he had worked all summer to pay for his tuition, how long that amount of money would last, and how his educational ambitions would be hampered by the proposed tuition increase. He said he brought this to the Board's attention because the student is a member of his floor and a friend, and he is not the only one facing these problems. He implored the Regents to be careful with their decisions.

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

Mr. Hobart stated that he represented the voices of nearly 28,000 students and their families and the concerns they have about the proposed tuition increase. Student bodies of all 3 universities passed nearly identical resolutions asking the Board of Regents to adhere to its policy on raising tuition. The resolutions endorse raising tuition at the level of increase in the Higher Education Price Index. The Board of Regents has not proposed a tuition increase equal to HEPI since the adoption of its policy to do so. He said the tuition proposal serves to undermine the university's strategic plan. How will students have access to the quality education at the Regent universities with the spiraling costs of public education? He said that by raising the tuition above and beyond the rate of inflation, students are faced with either making the decision to sacrifice their studies and work full-time while attending school or living in poverty-like conditions while they obtain their education.

Mr. Hobart discussed the issues students will be facing next year, including a decrease in financial aid at the State and Federal levels. He reminded the Regents of the flood and that no one is sure of the amount of aid that will be received. He said they must not impose this additional cost on families already struggling to put bread and milk on the dinner table every week.

Mr. Hobart stated that students feel betrayed because of a lot of bureaucratic waste. He said management is using too large a chunk of money that could otherwise be spent for students either through building maintenance, financial aid or new classes. Businesses across the United States are streamlining. The university must use its available resources wisely. He then offered the assistance of students in analyzing and preparing the budget. He said a student may offer some vital input into the budget procedure. By allowing student input as the budget is drawn up, they could find some areas where money could be saved.

President Berenstein recognized Dennis Deslippe, Co-chair of the Campaign to Organize Graduate Students.

Mr. Deslippe stated that he is a graduate student at the University of Iowa in the History Department. On behalf of the Campaign to Organize Graduate Students, he urged the Regents to keep tuition at or below the rate of increase in the Higher Education Price Index. He said that increasing tuition beyond that percentage will burden already beleaguered graduate students who do not have a living wage, decent and affordable health care, child care, academic freedom or a grievance procedure. In times of emergency, such as the financial burdens brought on by this summer's flood, he said they are called upon to make shared sacrifices. If the Regents find they are unable to support students in improving the quality of life and education at the University of Iowa, they asked at the very least that they act in a moral and responsible manner by allowing graduate employees to decide for themselves whether they wish to follow the example of graduate students at other universities in obtaining the dignity that comes with a union contract. He said he looked forward to working with the Regents, administration, faculty and other student groups in pursuing this goal.

President Berenstein recognized John Robert Gardner, President of the University of Iowa Student Assembly.

Mr. Gardner stated that two years ago he made an attempt to be heard on many of the issues already presented this morning. After two years, he said the change has been minimal or even for the worse. He said it is a ludicrous position from which a student leader in Iowa is asked to fight for lower tuition. He said he has 15 minutes to express the needs and hopes of 27,000 highly diverse students. He thanked Regents Dorr and Matthews for their past support of affordable education.

Mr. Gardner stated that the policy of holding tuition increases to the amount of increase in the Higher Education Price Index had been well reiterated. He said they need to maintain the primary mission of public institutions: affordable education. He questioned why students must begin paying for deferred maintenance when that was never expected of them in the past. Why did the Regents lobby to have a bond issue for deferred maintenance removed, one for a new building added, and then turn around and

ask students to help pay for deferred maintenance? He said the last time the University of Iowa was bonded for deferred maintenance was in 1981. Since then, \$95 million in bonds have been issued through 1992 for building construction and none were issued for deferred maintenance. He said bonds are a student issue because they pay for them. He said tuition is used to make payments on the principle and the interest of bonds. Where possible, the legislature appropriates moneys to replace student tuition. Future bonds planned through 1998 show \$110 million for new buildings and only \$60 million for maintenance and safety.

Mr. Gardner questioned how much deferred maintenance could take place with careful spending. He referred to an audit report that stated that \$27,000 was left unaccounted for in university athletic ticket sales, \$94,000 was mistakenly over-allocated to student health, and an excess of \$35 million represented unaccounted-for equipment.

President Berenstein thanked the students for expressing their views and said their comments did not go unheeded. He then recognized the university presidents.

President Rawlings responded that he had no specific points to make.

President Jischke asked to comment about deferred maintenance and facilities because the central debate seemed to be whether tuition should be increased above the inflation increase in the Higher Education Price Index. He said there are a number of facility needs at Iowa State University. They need to repair and clean up from the floods which he believes can be done with federal funds and reserve funds. The deferred maintenance problem has grown over the years to approximately \$60 million. There are ongoing maintenance needs every year and they have needs for new buildings. He said the tuition increase proposal seeks to help university officials with the ongoing maintenance so that the amount of deferred maintenance does not increase.

President Jischke stated that the Iowa State University physical plant for academic purposes is valued on an original cost basis at \$500 million. Universities ought to spend 1 percent to 2 percent per year in maintaining the physical plant which for Iowa State University means about \$5 million/year. Two years ago the budget for building repair at Iowa State University was \$9,000. Through reallocation they have built that amount to \$1.3 million/year. They actually spend more because of funds available at the end of the year. It has been his goal to try to build the building repair budget to about \$5 million/year because he believes it is the prudent thing to do, and represents good management and good stewardship for these facilities. The buildings are absolutely essential to the university's academic programs. The question is how do they get the \$5 million and should the students bear part of the cost? He said students should bear part of the cost because it is part of the cost of their education. Students are not being asked to bear the full cost but roughly one-third

of the cost which is consistent with the fraction of the cost that residents of Iowa pay of the full educational cost. The Regents have not been successful in getting appropriations for maintenance issues. President Jischke believes a shared approach through reallocation, student fees and a request from the State government for appropriations has a chance of success although there is no guarantee. The Regents must ultimately find the resources to maintain the physical plants.

President Curris stated that he was troubled by disagreements over facts. He asked the Board Office for the specific Board policy relative to tuition increases.

Mr. Richey responded that the last sentence of the policy was left off by all the speakers. The last sentence states, "The Board of Regents reserves the right to adjust tuition at a rate different than the change in the Higher Education Price Index when funding for any of the Regent universities is insufficient to finance university programs at a level that maintains their quality and effectiveness".

President Curris stated that a question was raised by one of the students concerning whether tuition replacement appropriations fully cover the cost of amortizing the bonds. He asked the Board Office whether during the past few years the tuition replacement appropriation has fully or partially covered the cost of amortizing the bonds.

Mr. Richey responded that since 1969 when the tuition replacement program was created, a tuition replacement appropriation has been made annually that paid in full the debt service. He stated that no tuition income has been used to pay the debt service on any of the academic revenue bonds during the entire life of that program.

President Curris stated that reference was made by two students to tuition costs in the state of Iowa being 30 percent above the national average. He said the figures he saw last week confirmed his understanding from last year that the average tuition cost at public universities across the country exceeded \$2,400. Iowa's tuition is \$2,352 which he said would suggest that Iowa's tuition is below the national average. He asked if the Board Office had any information on national averages and what the basis was for the statement by students that in Iowa the tuition is 30 percent above the national average.

Associate Director Kominski stated that Iowa's tuition is slightly below the national average. She said the universities do comparisons with their peer institutions. All those data indicate that Iowa Regent institutions are in the middle of the pack and, in some cases, toward the bottom.

Mr. Richey stated that the Board Office would provide information on national averages at the October Board meeting.

Regent Dorr referred to the statement made by students concerning the percentage of per capita disposable income Iowans pay for tuition compared to other states and asked that next month the Board Office verify or dispute those figures.

Regent Pellett asked that the Regents be provided next month with tuition information from surrounding states.

Regent Collins asked, out of the total Regents budget, how much does tuition account for? Mr. Richey responded that for the total budget of \$1.8 billion, tuition accounts for approximately 10 percent. If they were to address the percentage of the general education budget which he said is the part to which they apply tuition, the percentage is 28 percent to 30 percent.

Regent Collins said that means that 90 percent of the budget of public higher education in Iowa comes from taxes, grants, etc., which he noted are also from taxpayers. Ninety percent of the budget is being paid by people who are not getting any direct benefit from the universities. He was surprised that they do not have tax payers in the audience. He said the money has to come from some place. He noted that several of the students brought up the subject of economies. He said that is also a good point.

President Berenstein stated that Dean Hines, Interim Dean of the College of Law, and Dean Banker from the College of Pharmacy were in attendance. He asked if there was anything either of them wished to say about the special requests for additional tuition increases in their colleges.

Deans Banker and Hines responded that they were present to answer questions.

President Berenstein expressed the appreciation of the Board for the tone and tenor of the students' comments. This is the fifth time he has been involved in setting tuition. He said the students were sincere and genuine in their comments. He then asked Mr. Richey about the student's comment that \$35 million is lost somewhere in the budget.

Mr. Richey said he believed the misunderstanding was in the handling of debt service for academic revenue bonds. The \$35 million, if he understood what he heard from the student, he believes was the result of a misunderstanding of how tuition replacement appropriations are used to pay the debt service.

President Berenstein asked if Mr. Gardner was present since he raised the issue. (Another student said he would locate Mr. Gardner.) He said he wanted them all to leave this meeting with the same understanding as to the facts. He then said a comment was made that the Board of Regents opposed deferred maintenance in the Iowa legislature and asked Mr. Richey to clarify that issue.

Mr. Richey responded that the Board requested as its highest priority to the Governor and the General Assembly last session funds for fire safety, environmental safety and deferred maintenance. Its next two priorities were the completion of the Pharmacy Addition and the completion of the Library Addition, both of which had been authorized, the money spent for planning, and the funds taken away 3 years ago when the State got into financial trouble. At the same time the funds for Iowa State University were allowed to stay with Iowa State University and university officials proceeded to complete their capital project. The Pharmacy Addition at the University of Iowa and the Library Addition at the University of Northern Iowa were terminated in progress. He said the Board made very strong representations to the Governor, during preparation of his recommendations. The Governor decided to support the completion of the Library Addition and the Pharmacy Addition in view of the importance of those projects to the institutions and the fact that a substantial investment had already been made in those projects.

During the legislative process the Board supported strongly the inclusion of deferred maintenance in the bonding authority for the Library Addition and the Pharmacy Addition. Mr. Richey stated that it became clear that the Regents would get only the part supported by the Governor. In the floor debate, amendments were made to add deferred maintenance and other items to the bonding bill. The Board Office received very clear messages from legislative leaders and from the executive branch that if the amendment was included, the Regents would be without funding for those two projects. A decision was made that if they could not get deferred maintenance and fire safety added to the bill, they certainly did not want to lose those two very important capital projects; therefore, the Regents supported the bonding bill for those projects hoping that later in the session there would be another bonding bill that provide an opportunity to address deferred maintenance. That did not occur. He stressed that every effort was made by the institutions, by the Board itself, and by the Board staff to achieve bonding authority for deferred maintenance.

Mr. Richey stated that deferred maintenance is not to be funded by tuition increases. Deferred maintenance is to be funded from the Board's capital request to the Governor and General Assembly. He said that as President Jischke pointed out, the recommendation for the 1.9 percent increase in tuition, which would provide approximately \$3 million, is to prevent the further accumulation of deferred maintenance at these institutions. They have to start there or they will have a rapidly increasing problem.

President Berenstein stated that in other words there were two segments of deferred maintenance: 1) as part of the capital program and 2) the \$3 million to keep current so there are no additional problems.

Ms. Kasson referred the Regents to an amendment introduced by Representative McKinney which stated the interest made on the general funds of the

universities would be applied to deferred maintenance. She said the amendment passed the House and was taken out in conference committee. Mr. McKinney said the amendment lacked Regents' support.

Mr. Richey responded that the amendment was a direct intrusion on the Board's authority. Many of those funds are used for maintenance and capital projects but the total effect of that amendment left the Regents with zero additional funds.

President Berenstein noted that Mr. Gardner was again in attendance and asked Mr. Gardner about the question of the \$35 million that he mentioned in his remarks. Mr. Gardner stated that he received his information from a State Auditor's report that stated the University of Iowa had \$35 million of unaccounted-for equipment. Over \$35 million in equipment was excluded from the inventory verification process.

Mr. Richey responded that the equipment exclusions were based on a \$500 threshold for the accounting of equipment. He said items valued below \$500 do not have to be accounted for.

Mr. Gardner said he felt it was more the principle that was at issue. He said he realized there is a lot of gray area in how student dollars are used for bonds. The basic priority seemed to be new buildings versus infrastructure.

President Berenstein referred to students' comment regarding tuition in Iowa being higher than tuition in surrounding states. He said that was not the same information he received regarding Big 10 universities. He wanted to make sure they were talking about "apples" and "apples" so there is no misunderstanding.

One last point President Berenstein said he wished to make was what Regent Collins said, that the majority of the cost of higher education is paid directly by taxpayers of Iowa. He said he appreciated those who had attended the Meet the Regents session that morning. Eighty-five percent (85%) of the conversation concerned tuition. He said there is expense and someone has to pay the bill.

Mr. Klein stated that last summer when Mr. Richey visited Iowa State University he explained that money to be allocated for the Library Addition was because several years before Iowa State University received capital appropriations for one of its projects. He said he realized that a lot of the numbers students come up with in a short amount of time may not be completely accurate. He then said the numbers game and politics concerning tuition are incredible. Over the past several years decisions have been made that have made the deferred maintenance problem so big.

Mr. Richey stated that Iowa State University was not discriminated against because the bonding was for additions at the University of Iowa and the University of Northern Iowa. Funds were appropriated for all 3 universities approximately 3 years ago. The funds were taken away from the University of Iowa and the University of Northern Iowa but not from Iowa State University. Those funds are now being restored to the other two universities.

Regent Dorr said he was a little concerned that tuition increase discussions always develop into an "us against them" mentality. He said they need to listen to these young people a little more closely. It was interesting how they play the inflation "game". He believes the students are concerned about inconsistencies and they are generating some very legitimate questions relative to the thrust of these institutions, how money is spent and how budgets are prepared. He said one interesting item is the use of the inflation factor. When they revert to the higher education inflation index they can project it out into the future at 3.4 percent to 3.55 percent. There is plenty of good statistical information that suggests the number may not be that aggressive for some time to come. When they address the issue of present value discount rate with regard to the retirement programs, he said they then suggest that inflation really is not very high. In fact, they are going to decrease the discount rate from 3.96 percent to 3.3 percent. Therefore, Regent Dorr said there is a fair amount of inconsistency when it comes to the Board determining exactly how they are going to budget costs, where they are going to allocate expense and who is going to pay it.

Regent Dorr stated that he is probably more empathetic than anyone on the Board of Regents about the amount of taxes that one has to pay for higher education. He said the students were telling the Regents more than anything else that they want to know whether or not the strategic plans and the missions of these institutions are really enabling them to get the most "bang" for the buck. He noted that no one responded to the question concerning whether or not there was \$694,000 and \$144,000 of moneys that should have gone into financial aid when enrollments were higher than were originally expected. If it is true, that is wrong and there should be an adjustment.

Regent Dorr said he was not going to support a tuition increase higher than the HEPI rate. He felt it was not appropriate. When they do that they allow the system to feed on itself in terms of creating an inflation factor that really is non-existent. He said there was an interesting reference to what is going on in the GMs and the IBMs of the world in the last 5 to 10 years in terms of focusing, downsizing and implementing efficiencies. The one area of the economy that is not doing that aggressively is the area of public education. These young people continually remind the Regents of these issues. If the Regents do not begin to pay attention and address these issues, they will probably have made a mistake.

Regent Hendricks asked Dean Banker if Pharmacy students are supportive of the proposed additional increase in their tuition. Dean Banker responded that the only students who have expressed concern about the proposed increase are students in their next to last year of education. They question what is in it for them. Dean Banker acknowledged that there will not be much difference in the quality of education for those students. Students who are in the first and second years of their education will receive a benefit from the tuition increase. He said only 2 students came to him with concerns about the proposed increase.

Dean Banker then thanked Regent Hendricks and other Regents as well for being at the ground breaking for the Pharmacy Building Addition project.

Mr. Hobart asked to address the question. He stated that in the years past there was a tremendous amount of apathy in the student government. There are 2 pharmacy seats in the undergraduate collegiate unit of the University of Iowa Student Assembly which in the past have remained vacant. Two students have approached student government leaders outraged about the tuition increase proposal and are now running for student government seats for that reason.

President Berenstein asked Dean Hines to answer the same question with regard to the law school.

Dean Hines responded that students have not volunteered to pay higher tuition. He discussed the history of increases in law students' tuition since 1991. He concluded by stating that no students have come to him to protest the proposed tuition increase.

President Berenstein asked to comment regarding Regent Dorr's comments. He said it was now 12:20 p.m. Tuition discussion was to have ended at 11:00 a.m. He said he believed the Regents had listened carefully to students' concerns and not just to give the perception of listening. They have been listening for 2 hours. There was a legitimate question and answer period. In the next 30 days the Regents will ponder this matter. He then asked for any other comments from the Board.

Regent Tyrrell complimented the students on the efforts they made to become better informed.

Regent Collins said he assumed that the students who spoke were representative of students Regentwide. He said someone should be taking credit for doing something right. He was very proud to see the Regent universities so well represented.

Mr. Richey asked to address the misunderstanding about whether the universities spent the money that was intended for student aid. He said he

reviewed all three universities' budgets and found that the institutions more than kept their commitment to fund student aid.

Regent Johnson-Matthews said she appreciated all the students taking time to present their concerns to the Regents. She also appreciated the information they provided to her before the meeting. She looked forward to talking with them in the next month.

ACTION: President Berenstein stated the Board approved the recommended action as outlined on page 143, by general consent.

EXECUTIVE SESSION. President Berenstein requested that the Board enter into closed session pursuant to the Code of Iowa section 21.5(1)(i) upon the request of employees whose performances were being considered, section 20.17(3) to conduct a strategy meeting of a public employer for collective bargaining, and pursuant to section 21.5(1)(j) to discuss the purchase of real estate where disclosure could reasonably be expected to increase the price for the property.

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

MOTION CARRIED UNANIMOUSLY.

The Board having voted at least two-thirds majority resolved to meet in closed session beginning at 12:31 p.m. and recessed at 1:12 p.m.; reconvened in closed session at 4:32 p.m. and recessed at 4:46; and reconvened at 4:49 p.m. and recessed therefrom at 5:22 p.m. on that same date.

PRELIMINARY REPORT ON CENTERS AND INSTITUTES. The Board Office recommended the Board (1) receive the preliminary report on centers and institutes, (2) request that all three universities provide origination dates for all centers and institutes, and (3) request that Iowa State University provide information on 1) all centers and institutes that function as a focus for teaching, research or outreach; and 2) funding for all centers and institutes.

Regent Dorr asked at the August Board of Regents meeting for the following information on centers at Regent universities. [The term "center" in this docket item refers to both "centers" and "institutes."]

A complete list of centers at each university, when they originated, their original purpose and purpose today, an assessment of whether the center is still serving a need, a recommendation for continuance or discontinuance, the budget of each center including source of income, expenditures, and operational costs.

The universities provided preliminary responses. Additional information was sought from all universities to fulfill Regent Dorr's request.

University of Iowa officials reported on 71 centers, Iowa State University on 30 of its 60 centers, and the University of Northern Iowa on 19 centers.

The centers are funded from a variety of sources that include grants/gifts/contracts; endowments; revenues from the State Utilities Fund and the Groundwater Protection Fund; solid waste fees; sales of publications; service fees; and institutional support.

University of Iowa officials reported that over 75 percent of its centers receive primary funding from external sources; 25 percent of the centers report specific grants and contracts from Federal agencies.

University of Northern Iowa officials indicated that over 37 percent of its centers receive primary funding from external sources.

In the past two years, the University of Iowa has discontinued the Institute of Child Behavior and Development, and Iowa State University has discontinued the World Food Institute.

New centers planned in the next two years at the University of Iowa include:

Center for Genetics and Developmental Biology, proposed for 1995, will provide an infrastructure to foster projects and grants of mutual interest to investigators now scattered in colleges.

Center for Health Services Research and Policy Analysis, proposed for 1995, is designed to address a need for sound data-based analysis concerning financial utilization and delivery services.

Center for the Study of Education in International Settings will focus on the work of the College of Education with the Indonesian Ministry of Education to improve their K-12 system of education.

The Integrated Product and Process Development Institute will involve 5 universities (including Iowa State University and the University of Northern Iowa) and 3 national corporations in a major research institute proposed under the U.S. Defense Technology Conversion Program.

National Advanced Driving Simulator Research Facility is estimated to be operational in 1998. The State has published its intent to provide \$4 million; remaining funding from Federal and private sources.

A new center--The International Institute for Theoretical Physics--was proposed this month by Iowa State University.

University of Northern Iowa officials did not report proposals for new centers.

Regent Dorr said he appreciated the initial effort to respond to his request. It was obvious that additional information should be forthcoming. He said they should consider the role these all play relative to universities' strategic plans, missions, etc. There are approximately 150 centers and institutes Regentwide. He said he could not help but have some questions about how focused they are and if they are as focused as they should be.

Regent Pellett said she agreed with Regent Dorr. She noted that sometimes these centers get started with federal funding then the State is supposed to continue the funding.

ACTION: President Berenstein stated the Board, by general consent, (1) received the preliminary report on centers and institutes, (2) requested that all three universities provide origination dates for all centers and institutes, and (3) requested that Iowa State University provide information on 1) all centers and institutes that function as a focus for teaching, research or outreach; and 2) funding for all centers and institutes.

INTERINSTITUTIONAL COMMITTEE ON EDUCATIONAL COORDINATION. (a) Termination of Criminal Justice - University of Iowa. The Board Office recommended the Board approve the termination of the Master of Arts degree program in Criminal Justice at the University of Iowa upon the graduation of the currently-enrolled student.

The Master of Arts degree program in Criminal Justice is a very low enrollment program. There is only one student currently enrolled.

Sufficient faculty to staff this program's needs is no longer available.

Both the Board Office and the Interinstitutional Committee on Educational Coordination reviewed this request and recommended approval.

MOTION: Regent Furgerson moved to approve the termination of the Master of Arts degree program in Criminal Justice at the University of Iowa upon the graduation of the currently-enrolled student. Regent Tyrrell seconded the motion. MOTION CARRIED UNANIMOUSLY.

(b) Termination of M.S. and Ph.D. in Chemical Physics - University of Iowa. The Board Office recommended the Board approve the proposal to discontinue the M.S. and Ph.D. degree programs in Chemical Physics at the University of Iowa, effective immediately.

The M.S. and Ph.D. degree programs in Chemical Physics has had low enrollments and no student has been registered in the program for several years.

Other options are available for students wishing to study the two disciplines (Chemistry and Physics).

MOTION: Regent Johnson-Matthews moved to approve the proposal to discontinue the M.S. and Ph.D. degree programs in Chemical Physics at the University of Iowa, effective immediately. Regent Collins seconded the motion. MOTION CARRIED UNANIMOUSLY.

(c) Name Change, Department of Leisure Studies and Physical Education - University of Iowa. The Board Office recommended the Board approve the State University of Iowa's proposal to name the newly-merged Departments of Leisure Studies and Physical Education and Sports Studies as the Department of Sport, Health, Leisure and Physical Studies, effective immediately.

University of Iowa officials requested a change in the name of the unit that is the result of mergers of Leisure Studies and Physical Education and Sports Studies. This request was consistent with Board action in merging the Departments.

The request was reviewed and recommended by the Interinstitutional Committee on Educational Coordination and the Board Office.

ACTION: This matter was approved by consent.

(d) Approval of New Center - Iowa State University. The Board Office recommended the Board approve the proposal for an International Institute for Theoretical Physics at Iowa State University, effective immediately.

The goal of the International Institute for Theoretical Physics (IITP) would be:

1. To empower theoretical scientists of developing countries to carry out research and teaching in their own countries and thereby to help strengthen the science and technology infrastructure of their regions; and
2. To foster collaborations between U.S. scientists and their colleagues throughout the world.

The IITP would be a unique program for the United States.

The center would be funded by internal reallocations of \$500,000 annually for the first three years. Outside funding is being pursued by the university.

The proposed institute is consistent with the university's approved mission statement.

President Berenstein questioned the statement in the docket memorandum that Iowa State University proposed to fund the center through internal reallocations of \$500,000 annually for the first 3 years and that funding from outside sources is also being pursued.

Provost Nathan stated that there is competition in which the university is engaged. If this institute is funded, there would be internal reallocations required annually for the first 3 years but most of the funding would be from the outside. He said it was his understanding that the outside funding would be several millions of dollars each year.

President Berenstein asked whether the Regents wanted a guarantee that it would only be a 3-year proposition for Iowa State University.

President Jischke stated that the proposal provides an opportunity for Iowa State University to become one of only 2 such centers in the world. There is one center in Italy that has been funded over the last 30 years by the United Nations led by a Nobel Prize winner. The Nobel Prize winner has encouraged Iowa State University officials and, in turn, Iowa State University officials have been encouraged by UNESCO to pursue this proposal. University officials have prepared a proposal. James Berry, from Iowa State University's Physics Department, is the center's acting director.

President Jischke said university officials have committed from reallocated funds within the university, \$500,000 a year for three years to "kick off" this center. Beyond the third year he hopes to have substantial external funds. The scale of this could be tens of millions of dollars and at that point there may still be university funds committed to the center. With

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regard to why they are interested in this center, President Jischke stated that part of Iowa State University's strategic plan is to improve the quality of graduate education and research, particularly in areas related to science and technology. This has a possibility of substantially increasing the strength of the university's Physics Department. He believes it is a very wise use of funds and is quite consistent with the mission of Iowa State University. This is an opportunity to be very distinctive in this important area of science.

MOTION: Regent Dorr moved to approve the proposal for an International Institute for Theoretical Physics at Iowa State University, effective immediately. Regent Collins seconded the motion. MOTION CARRIED UNANIMOUSLY.

(e) Post-Audit Reviews - University of Northern Iowa. The Board Office recommended the Board (1) receive the post-audit reports and (2) approve the continuance of the programs.

University of Northern Iowa officials prepared post-audit reports on six programs approved by the Board of Regents in 1988.

- B.A.-Anthropology-Teaching
- B.A.-Early Childhood Special Education-Teaching
- B.A.-Special Education-Mental Disabilities Moderate/Severe/Profound-Teaching
- B.A.-Teaching English to Speakers of Other Languages-Teaching
- B.A.-Graphic Communications
- B.S.-Home Economics--Dietetics

The programs meet the Board of Regents' criteria for continuation of programs. The criteria include demand, costs, quality and duplication.

Demand - Enrollments have exceeded original estimates in Early Childhood Special Education-Teaching and Graphic Communications. Though enrollments remained small in the remaining four programs, the programs have served the purposes for which they were established.

Costs - No additional costs were incurred for the Home Economics Dietetics program which was a degree change. Additional costs for the four Teaching programs have been minimal. Costs for the Graphics Communications program have ranged from \$88,000 to \$110,000, with the major portion for additional staff.

Quality - All graduates in teaching programs have met certification requirements and have secured employment or have gone into graduate study. Both the Dietetics and the Graphic Communications programs have been

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accredited by the appropriate accrediting organization and graduates have found appropriate employment.

Duplication - Only one of these programs--B.A. in Early Childhood Special Education-Teaching--is offered by another college or university in Iowa. Iowa State University has a similar program; however, shortages of personnel continue to exist in the field.

MOTION:

Regent Tyrrell moved to (1) receive the post-audit reports and (2) approve the continuance of the programs. Regent Furgerson seconded the motion. MOTION CARRIED UNANIMOUSLY.

FLOOD DAMAGE. (a) Report on Current Status of Flood Damage and (b) Disaster Relief - Resolution Designating Applicant's Authorized Representative. The Board Office recommended the Board (1) receive a report on the current status of flood damage and (2) approve a resolution authorizing the Executive Director to file an application on behalf of the University of Iowa, Iowa State University and the University of Northern Iowa for the purpose of obtaining Federal/State financial assistance under the Disaster Relief Act or otherwise available from the President's Disaster Relief Fund and the Code of Iowa, Chapter 29C.

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.

Universities' officials are now estimating the cost of cleanup and restoration from the damage caused by the flooding and storms at slightly more than \$12.6 million.

The University of Iowa's estimate has increased from \$3.5 million reported in July to \$4.8 million because of additional flooding incidents. Approximately \$2 million of the damage is expected to be covered by insurance. The University of Iowa's estimate may be further revised since high water conditions remain and damage may be as yet undetected. Until the water recedes a full assessment of damage cannot be made.

The estimate for Iowa State University remains at the July level - \$7.8 million. Slightly more than \$100,000 in damage is expected to be covered by insurance.

University of Northern Iowa officials estimated the cost of cleanup and reconstruction of storm-related damage at \$105,000. Black Hawk County, in which the University of Northern Iowa is located, was recently declared eligible for the Federal public assistance program.

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The Notice of Interest in Applying for Federal Disaster Assistance filed by the Board Office on behalf of the University of Iowa and Iowa State University has been amended to include the University of Northern Iowa.

Utility operating costs will increase by at least \$683,000 primarily because coal could not be shipped on barges during most of July and August.

University revenue losses are estimated at approximately \$400,000.

It is anticipated that some federal funds will be available to offset these costs. The Board Office has been working with the universities in coordinating the application for disaster assistance.

The Iowa Emergency Management Division (EMD) has requested that the Board Office file one application on behalf of the University of Iowa, Iowa State University and the University of Northern Iowa. A resolution approved by the Regents is required by EMD before any forthcoming Federal or State disaster funds would be disbursed.

MOTION:

Regent Tyrrell moved to (1) receive a report on the current status of flood damage and (2) approve a resolution authorizing the Executive Director to file an application on behalf of the University of Iowa, Iowa State University and the University of Northern Iowa for the purpose of obtaining Federal/State financial assistance under the Disaster Relief Act or otherwise available from the President's Disaster Relief Fund and the Code of Iowa, Chapter 29C. Regent Johnson-Matthews seconded the motion. MOTION CARRIED UNANIMOUSLY.

OPERATING BUDGET REQUESTS - FISCAL YEAR 1995. The Board Office recommended the Board (1) revise FY 1994 general fund operating budget to reflect the reduction of \$81,262 in salary adjustment funds allocated to the Board of Regents, (2) approve the FY 1995 general fund appropriation request to the Governor and General Assembly for the Regent institutions of \$546,309,242, an increase of \$33,595,611 or 6.6 percent, and (3) approve the FY 1995 general fund appropriation request to the Governor and General Assembly for the Board Office of \$1,145,453.

The Department of Management notified the Board Office that the statewide FY 1994 salary adjustment of \$24.5 million would be reduced by \$157,043 to fund a pension program for judges, justices and magistrates.

The Board of Regents' share of the adjustment is \$81,262 and has been pro-rated among the institutions as follows:

SUI	\$37,663
ISU	31,626
UNI	10,368
ISD	862
IBSSS	583
BOR	<u>160</u>
Total	<u>\$81,262</u>

Final recommendations for the FY 1995 operating budget request to the Governor and General Assembly for the Regent institutions were submitted for Board approval. Preliminary recommendations presented at the August Board meeting were revised to include a net of \$2 million in additional funds for high priority requests by the universities.

The estimated cost of salary policies for FY 1995 was refined. Increases recommended by the Board Office for FY 1995 were as follows:

1. Full funding of projected State salary policies estimated at a net additional cost of \$19.4 million over appropriations for FY 1994.¹
2. Funding of 1.5 percent estimated price inflation for the University of Iowa and one half of estimated price inflation for the other institutions (\$2.4 million), the remainder to be financed through improved operations.
3. Full funding of \$1.2 million in library acquisition inflation at 10.0 percent.
4. Funding of \$3.0 million in building repairs, to be augmented by an additional \$3.0 million from targeted proceeds of anticipated tuition rate increases.
5. Funding of prior commitments and initiatives:

¹ The non-recurring salary allocations of appropriations for bonuses in FY 1994 amount to \$6.1 million.

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SUI: Integrated Product and Process	
Development Grant Match	\$ 900,000
Center for Health Services	200,000
Primary Health Care Initiative	330,000
Child Care	<u>60,000</u>
SUI Total	1,490,000
ISU: Agriculture Research	3,000,000
Outreach Initiatives	250,000
Technology Transfer	<u>150,000</u>
ISU Total	3,400,000
UNI: Enrollment Growth	1,100,000
Industrial Technology	300,000
Educational Technology	<u>100,000</u>
UNI Total	1,500,000
Total	<u>\$6,390,000</u>

6. Requests to Wallace Technology Transfer Foundation

SUI: Oakdale Research Park	\$ 221,000
Technology Innovation Center	<u>100,000</u>
SUI Total	321,000
ISU: Technology Transfer	<u>375,000</u>
Total	<u>\$ 696,000</u>

7. Total recommended increase in appropriations was \$33.6 million, or 6.6 percent, over appropriations for FY 1994.

These recommended appropriations would be supplemented by proceeds of proposed increases in tuitions and fees. The proceeds of the tuition increases would be targeted for improvement of instructional programs, building maintenance, and other programs for which additional appropriations were not provided.

Board Office Recommendations - Final 1995 Operating Budget Request

Between the time that guidance was developed for preparation of the budget requests and determination of Board Office recommendations, the State of Iowa has suffered an unprecedented amount of weather-related damage to homes, businesses, crops and infrastructure. While the impact of the disaster is not fully known, it is clear that FY 1995 appropriations' needs across the state will undoubtedly exceed current receipts.

The impact of a recent State Supreme Court verdict on taxability of certain income is expected to add unanticipated cost to the State of \$70 million spread over the next four years.

The Board Office recommendation for the FY 1995 State appropriations request is \$546.3 million, a total increase of \$33.6 million or 6.6 percent including salaries.

The recommended increases in appropriations for FY 1995 were allocated as follows:

Recommended Appropriation Increases - Regent Institutions
(\$ Thousands)

	<u>FY 1995</u>	<u>% Increase</u>
<u>University of Iowa</u>		
General University	\$11,765.1	6.4%
University Hospitals	933.4	3.3
Psychiatric Hospital	269.1	3.9
Hospital School	277.8	5.0
Hygienic Laboratory	163.8	5.3
SCHS	22.0	5.1
Oakdale Campus	199.3	7.1
Family Practice	66.2	3.7
Special Purpose	926.7	36.5
Total	\$14,623.4	6.2%
<u>Iowa State University</u>		
General University	\$ 9,159.8	6.2%
Experiment Station	3,907.0	14.1
Cooperative Ext. Svc.	822.1	4.6
IPRT	70.2	1.8
Special Purpose	38.6	1.8
Total	\$13,997.7	7.0%
Univ. of Northern Iowa	\$ 4,455.8	6.7%
Iowa School for the Deaf	\$ 329.4	5.3%
Iowa Braille & Sight Saving	\$ 189.3	5.4%
TOTAL INCREMENT	<u>\$33,595.6</u>	<u>6.6%</u>

Salary Policy. State salary policy has been set through collective bargaining contracts for covered employees for FY 1995. The net additional cost in appropriations for the Board of Regents is estimated to be \$19.4 million over the actual allocation for FY 1994.

Total salary appropriations needed for salary increases in FY 1995 were \$25.5 million. The \$19.4 million figure is net of the \$6.1 million received for Regent institutions in FY 1994 appropriation for employee bonuses.

The Department of Management (DOM) estimate of the total net additional allocation to Regent institutions, which is substantially less than this figure, would leave the institutions short in appropriations to finance the approved State salary policies, some of which are required by collective bargaining contracts.

Estimates of institutional needs will be studied further, and additional meetings with the DOM will be scheduled to clarify any differences between estimated needs and the proposals of that office.

The final FY 1995 general fund operating budget was submitted to the Board for approval. This information shall be forwarded to the Governor and the Department of Management after final Board action.

The Board Office recommendation for salary and benefit annualization covers mandatory salary increases according to the collective bargaining agreements. It funds annualization of step increases for General Services staff of \$1,017,875.

SALARY ANNUALIZATION
(Included in \$19.4 million salary policy total)

University of Iowa	\$ 716,216
Iowa State University	214,207
University of No. Iowa	55,224
Iowa School for the Deaf	17,686
Iowa Braille & Sight Saving	<u>14,542</u>
TOTAL	<u>\$1,017,875</u>

The salary annualization figures were modified from the previous Board recommendation to reflect better estimates. Additionally, \$365,000 was removed from salary annualization requested by the University of Iowa to treat it similarly to the other institutions. Another \$365,000 of the University of Iowa's salary annualization request was recommended for reallocation to undergraduate education improvement in accordance with the university's request to do so.

Price Inflation. The institutional appropriations requests include a 4.1 percent increase for price inflation for supplies, utilities, rentals, building repairs, equipment and student aid. A 10.0 percent price inflation increase was requested for library acquisitions. The Board Office recommendation was to fund general price inflation at 1.5 percent for the

University of Iowa and one-half the level requested for the other institutions, and library inflation at the full amount requested:

General inflation	\$2,361,075
Library inflation	<u>1,150,059</u>
Total inflation	<u>\$3,511,134</u>

Building Repair. Ongoing building repair and maintenance must be accomplished to protect the State's investment in campus facilities. The Board Office recommendation for building repair was based on the formula developed by the Board in FY 1990. The Board Office recommended \$3.0 million in appropriations of the \$6.9 million request with an additional \$3.0 million to be financed from proceeds of tuition rate increases:

BUILDING REPAIR

	<u>Request</u>	<u>Recommendation</u>
University of Iowa	\$2,802,001	\$1,209,912
Iowa State University	3,500,000	1,511,308
University of Northern Iowa	500,000	215,901
Iowa School for the Deaf	71,663	30,944
Iowa Braille & Sight Saving	73,958	31,935
TOTAL	<u>\$6,947,622</u>	<u>\$3,000,000</u>

Opening New Buildings. The request supports operation of new and remodeled facilities, including utility costs and janitor service. It was recommended that these costs be absorbed by the institutions.

	<u>Request</u>	<u>Recommendation</u>
University Hospitals & Clinics	\$ 91,803	\$0
Iowa State University	<u>60,520</u>	<u>0</u>
TOTAL	<u>\$152,323</u>	<u>\$0</u>

Administrative Systems. Two universities' officials requested funding to improve their administrative systems. This funding will address the Board of Regents' goal to improve the flexibility, efficiency, and accountability of governance throughout the Regents system. The Board Office recommendation was that the universities absorb these costs.

ADMINISTRATIVE SYSTEMS

	<u>Request</u>	<u>Recommendation</u>
University of Iowa	\$200,000	\$0
University of Northern Iowa	<u>200,000</u>	<u>0</u>
TOTAL	<u>\$400,000</u>	<u>\$0</u>

Improving Undergraduate Education. The Board Office recommended partial funding requested for undergraduate education and that the remainder of improvements requested be funded through reallocations and enhanced faculty productivity.

IMPROVING UNDERGRADUATE EDUCATION

	<u>Request</u>	<u>Recommendation</u>
University of Iowa	\$1,250,000	\$410,000
Iowa State University	2,500,000	400,000
University of Northern Iowa	500,000	0
TOTAL	<u>\$4,250,000</u>	<u>\$810,000</u>

Diversity/Access to Higher Education. This is a high priority of the Board. Funds were requested for women and minority student and faculty recruitment to enhance diversity among student population and faculty. Some of the requested funds would be used for student aid to assist in the recruitment of minority students. The Board Office recommendation was that \$100,000 be allocated to the University of Iowa for student aid. The remainder of the request is to be financed through reallocations.

DIVERSITY/ACCESS TO HIGHER EDUCATION

	<u>Request</u>	<u>Recommendation</u>
University of Iowa	\$ 995,000	\$100,000
Iowa State University	750,000	0
University of Northern Iowa	75,000	0
TOTAL	<u>\$1,820,000</u>	<u>\$100,000</u>

Graduate Research/Education. One of the Board of Regents' goals is to strengthen research and other creative work at the Regent institutions. The Board Office recommendation includes \$350,000 for graduate assistant health insurance premiums at the University of Iowa. It was recommended that the other efforts requested be continued through reallocations.

University of Iowa officials' request included a new assistant or associate dean in the Graduate College whose work will be to recruit and retain graduate students, and to pay graduate students' tuition support.

Iowa State University officials would direct \$2 million to replace and expand equipment and computer technology. No additional funding was recommended.

University of Northern Iowa officials requested \$200,000 for increases in graduate assistant stipends (now at \$6,000), the number of graduate assistantships in selected areas, and equipment purchases.

GRADUATE RESEARCH/EDUCATION

	<u>Request</u>	<u>Recommendation</u>
University of Iowa	\$1,500,000	\$350,000
Iowa State University	2,000,000	0
University of Northern Iowa	200,000	0
TOTAL	<u>\$3,700,000</u>	<u>\$350,000</u>

Prior Commitments and Initiatives. Requested institutional initiatives total almost \$25 million. The Board Office recommended funding as follows:

PRIOR COMMITMENTS AND INITIATIVES

	<u>Request</u>	<u>Recommendation</u>
University of Iowa	\$12,971,135	\$1,490,000
Iowa State University	7,781,181	3,400,000
University of Northern Iowa	3,750,000	1,500,000
Iowa School for the Deaf	41,975	0
Iowa Braille & Sight Saving School	120,960	0
TOTAL	<u>\$24,665,251</u>	<u>\$6,390,000</u>

UNIVERSITY OF IOWA

Defense Conversion, Reinvestment, and Transition Assistance Program. State match funds were requested to make the University of Iowa eligible for Federal funding to develop and deploy technologies which advance both defense and commercial economic competitiveness. At its July meeting the Board approved the university's application for the grant and expressed its intent to request \$900,000 in matching State funds from the legislature.

Center for Health Services Research and Policy Analysis. University of Iowa officials requested \$500,000 to establish a University of Iowa Center for Health Services Research and Policy Analysis. The Board Office recommended \$200,000 to establish the center.

Primary Health Care Initiative. University of Iowa officials requested \$460,000 to support the University of Iowa College of Medicine Primary Health Care Initiative to enhance its program. The majority of funds will be utilized to support new faculty positions necessary to teach and clinically supervise students in family practice, general internal medicine, and general pediatrics. The funds also will provide support to expand and coordinate community-based educational activities. The Board Office recommendation was to provide \$330,000 funding.

Child Care. University of Iowa officials requested \$180,000 to continue implementation of the highest priorities in its five-year plan to improve

child care services for the university community. The Board office recommended \$60,000 for improved child care services.

IOWA STATE UNIVERSITY

Agriculture Research. Iowa State University Agriculture Experiment Station officials requested funding for a comprehensive agriculture research program. The Board Office recommendation was to fund the entire \$3.0 million of the request for FY 1995 in accordance with previously-established Board policy.

Outreach Initiative. Iowa State University officials requested \$1,500,000 to expand the availability of high-quality degree programs and non-credit learning opportunities. The Board Office recommended \$150,000 to enable Iowa State University to expand distant education through the Iowa Communication Network. In addition, the Board Office recommendation included \$100,000 for the expansion of CIRAS (Center for Industrial Research and Service) staff to provide technical assistance to Iowa manufacturing companies.

Technology Transfer. Funding was requested by Iowa State University officials to fund five technology transfer initiatives involving formal contracts between faculty research and Iowa businesses and manufacturers. The Board Office recommended \$150,000 for supplemental funding for the Institute for Physical Research and Technology (IPRT). Although not included in its budget recommendation, the Board Office supported \$375,000 of the \$400,000 requested from the Wallace Technology Transfer Foundation to fund technology transfer and the support of new technology-based firms in the Iowa State University Research Park and incubator.

UNIVERSITY OF NORTHERN IOWA

Enrollment Growth. The Board Office recommended funding \$1.1 million for the University of Northern Iowa for enrollment increases. Funding of the recommendation would complete the second year of the 1994-1995 biennium request for enrollment-related resources as provided by previously-established Board policy. University of Northern Iowa was appropriated \$1.3 million for enrollment growth for FY 1994.

Industrial Technology for Iowa Manufacturers. University of Northern Iowa officials requested \$450,000 for a network to enable students, faculty and staff to work with Iowa manufacturing clients. Conservation and energy efficient products and techniques would be considered. The Board Office recommendation included \$300,000 for this program.

Leadership in Educational Reform Technology. University of Northern Iowa officials requested \$500,000 to continue this initiative to improve delivery and instruction across Iowa. Funding will prepare personnel, develop

curriculum using computers and multimedia technology, pilot projects and research related to the use of computers and distance learning. The Board Office recommended \$100,000 to fund the second year of this program.

Unfunded Requests. Regent institutions made substantial requests for appropriations that were not included in the Board Office recommendation, some of which are covered by proposed additional tuition income.

Development of the Appropriations Request:

Institutional officials were asked to prepare the preliminary FY 1995 budget requests. They adopted jointly the following guidelines:

Maximum increase request as a percentage of FY 1994 - 9.5%
General Inflation - 4.1%
Library Inflation - 10.0%
Building Repair - Established formula as a minimum

Appropriation requests submitted by the institutions were based on the Board of Regents' goals and the institutional strategic plans.

The tuition revenue figures presented in the revenue projections were based on proposed tuition rates multiplied by projected enrollments for fall of 1993.

Final FY 1995 Operating Budget Request

Regent institutions requested total general fund operating budgets for FY 1995 of \$1,131.4 million (exclusive of salary increases), a budget increase of 6.1 percent over FY 1994.

The request included \$561.9 million in total appropriations for operations, an increase of \$49.2 million or 9.6 percent, excluding salary adjustment requests, which the universities were not asked to provide.

When salary adjustments are added, the requested increase in appropriations by the institutions is 13.4 percent, or \$68.2 million.

The main emphases of the requests were:

- * Undergraduate education
- * Strengthening research and other creative work
- * Improving access by all Iowans to Regent universities
- * Improving the facilities, equipment, and operating budgets basic to strong programs of teaching and research

- * Improving the flexibility, efficiency and accountability of governance of Regent institutions

Board Office Budget

Final recommendation for the FY 1995 operating budget request to the Governor and General Assembly of \$1,145,453 for the Board Office was requested. The Board Office budget was similar to the preliminary recommendations presented at the August Board meeting.

The estimated cost of salary policies for FY 1995 was refined.

The Board Office will continue to work with the Regent institutions on the availability of resources for upgrading its computer equipment and expansion to allow greater utilization of current technology.

No additional staff was requested.

Mr. Richey noted that \$2 million was added to the appropriations request since it was first presented in August, and was confined to specific initiatives prioritized by the 5 institutions.

President Rawlings asked Jerald Schnoor to speak on behalf of the Faculty Senate.

Professor Schnoor stated that the goal at the University of Iowa is to be one of the top 10 public universities in the nation. He said the Faculty Senate members think they have made some progress toward that goal and they take the goal very seriously. He believes there has been a rededication to and reemphasis on graduate education in the past few years at the University of Iowa. Not only is it a fact that more senior faculty are teaching lower division undergraduate courses but more senior faculty want to do so.

Professor Schnoor stated that the level of debate on campus is what constitutes effective teaching and how to achieve it. During the past year the provost's office and the Faculty Senate have made an effort to meet with and engage the university's first-year faculty members in this debate. He said those new faculty members are an extremely impressive group and he predicted they will help pull the institution up by its "boot straps" toward that goal.

One of the reasons that the University of Iowa has been so competitive in new faculty hires is the support of the Board of Regents and the State of Iowa toward faculty salaries. Professor Schnoor stated that the university continues to be within the top two or three institutions in its comparison group. He asked that the salary policy for this year be funded as fully as possible because the institution will be hard pressed to find funds

elsewhere in fiscal year 1995 given expenses due to floods, building maintenance and equipment needed to modernize laboratories and attract excellent students.

The chief priorities of University of Iowa faculty in the coming year are two-fold: 1) continue the momentum in the area of undergraduate education and 2) improve benefits to graduate teaching assistants and research assistants. He believes those two goals go hand-in-hand. Teaching assistants are a vital and integral part of the University of Iowa teaching effort. They perform functions from grading daily class work to meeting students, leading discussion sections and even teaching classes. He assured the Regents that many of them are excellent teachers and are able to relate to students. He stated that until last year graduate teaching and research assistants had no health insurance benefits. Their pay and benefits are near the bottom of Big 10 institutions.

Professor Schnoor distributed charts which highlighted the severity of the matter. He said they need to address this problem very soon. During this past year University of Iowa officials were able to reallocate about \$340,000 toward health benefits for graduate teaching and research assistants. It is only a start. They were requesting \$350,000 more to completely address the need. He said they also need \$1.5 million this year to initiate a plan to bring full tuition scholarships to graduate assistants. He considers that a primary cornerstone of their efforts this year and hopes it is the one thing they are able to help accomplish. Tuition scholarships would amount to an increase of \$2,600 per academic year per teaching or research assistant which would improve dramatically the university's ranking in the Big 10 in total compensation. He said the funds would be leveraged because they would allow health benefits and tuition scholarships to be written into federal grants, increasing the total benefits to graduate assistants more than double.

Professor Schnoor stated that faculty are contributing mightily to research and service. External grants and contracts are at a level now of \$167 million per year and they continue to increase much faster than the rate of inflation or the rate of increased State expenditures. In order to reach the goal of being one of the premier public universities in the country, they will need revenues from faculty efforts. Faculty are committed to this through grants and contracts and other means such as from tuition and State appropriations.

President Berenstein welcomed to the Regents' "family" Henry Manasse, newly-appointed Vice President for Health Sciences at the University of Iowa.

President Rawlings asked that Dr. Manasse make a few remarks on behalf of the university's program in primary care.

Dr. Manasse stated that he was pleased and privileged to join the University of Iowa family. He said that in order to meet all the health care needs of the people of Iowa, there needs to be a focus on primary care which is the general practice of internal medicine, pediatrics and family practice. He estimated that only about 5 percent of health care services are the highly intense tertiary care kinds of procedures. Health science officials are challenged to provide cost effective, accessible and high quality services to a very broad base of the population in a large variety of localities. They need to consider the human resource demands that will be placed on the system including academic health sciences centers where the tradition has been the preparation of specialized care providers. He said much deliberation is taking place at the university concerning finding a better balance between specialty care and preparing sufficient physicians, nurse practitioners, clinical pharmacists and general dentists who can meet the primary care needs of the population.

The need for primary care is having significant impacts on the health sciences center's residency training programs and the various other training programs around the university. Dr. Manasse said it is a major topic of discussion. The State of Iowa has made a first step commitment in helping university officials to develop special training programs in the primary care area this past year. He noted that as they become more clear as to how best to do all the things that need done, they likely will be asking for additional funding. This commitment is going to require a rethinking, reshaping and refocusing in all of the health sciences colleges. He hopes to come to the Board with some innovative proposals whereby the manpower demands of this particular area could be met.

Dr. Manasse concluded by stating that he looked forward to working with the Board of Regents not only on the issue of primary care but on a number of issues that affect the health sciences center at the University of Iowa.

President Jischke stated that the Iowa State University budget request emphasizes important priorities at the university. They have competitive salaries and are challenged to sustain them. He said agricultural research is another important area for the university. He then thanked the Board Office for the cooperative spirit with which the budget request had been revised.

President Curris asked to make a couple of comments about the budget request in general since they had discussed the matter in detail at the telephonic meeting in August. He emphasized that the budget request presented to the Board was supported by the campus and was probably the most modest request since he had been at the University of Northern Iowa. He said that was fitting given the financial climate of the state. He said the highest priority needs to be given to the State fully funding the salary increases that were negotiated for the campuses. The salary policy was voluntarily agreed to by the State and the State has a moral obligation to fund those.

He was pleased with the recommendation to fund enrollment growth and to strengthen industrial technology programs at the University of Northern Iowa. The recommendations for funding building repair and maintenance of Regents' facilities need to command higher attention and priority. He concluded by stating that he hoped the Board would support the recommendations.

Director Hauser stated that the Iowa Braille and Sight Saving School request included full funding for the State salary policy. With regard to school officials' requests that were not recommended for funding, he said the school's pre-school program is a major concern but school officials are looking for other funding sources for that program.

Superintendent Thurman emphasized again the importance of Iowa Braille and Sight Saving School's preschool program. If it is the wish of the Board that school officials find other sources of funding, he said they will proceed to do so. He said that like President Curris, he was also concerned about salary allocations for next year. Salary increases will have to come from existing staff if full funding is not provided by the State. It will cause tremendous hardship if the school does not receive full funding for salaries.

Superintendent Johnson stated that the budget proposal would allow Iowa School for the Deaf officials to pursue the strategic goals outlined in the school's strategic plan. The most important initiatives are capital projects and funding for the State salary policy. He said salaries comprise over 80 percent of the school's budget.

MOTION:

Regent Furgerson moved to (1) revise FY 1994 general fund operating budget to reflect the reduction of \$81,262 in salary adjustment funds allocated to the Board of Regents, (2) approve the FY 1995 general fund appropriation request to the Governor and General Assembly for the Regent institutions of \$546,309,242, an increase of \$33,595,611 or 6.6 percent, and (3) approve the FY 1995 general fund appropriation request to the Governor and General Assembly for the Board Office of \$1,145,453. Regent Newlin seconded the motion.

Regent Dorr asked, in light of the initial report on the centers and the tuition issue, if they could consider reallocating one-half of the moneys of new initiatives from existing or sunset-type programs that already exist. He thought it would be prudent to explore the possibility of whether or not approximately 40 percent to 50 percent of new initiatives' funds

could be obtained from eliminating or using the sunseting of existing programs.

Another question posed by Regent Dorr was whether it would be possible for the Regents to receive budget numbers that delineate number of employees followed by salaries followed by benefits in a simplistic manner.

With regard to child care, Regent Dorr asked if the Regents are or are not providing child care for full-time professional employees.

Vice President True stated that for the University of Iowa child care is provided through the Student Senate and mainly serves students although there are some eligible faculty. Seventy percent (70%) of those served by university child care are students or families of students.

President Berenstein asked if there is a charge for child care services. Vice President True responded affirmatively.

President Berenstein asked if the program is subsidized. Vice President True responded that it is subsidized but not completely. There is a charge but the charge does not cover the full cost.

Regent Dorr said he had some reservations about the need to subsidize child care for full-time, well-paid professional employees.

Regent Dorr then addressed the University of Iowa graduate student issue relative to the need for additional resources to increase stipends and to provide minimal health care. He asked if there would be a possibility of using the \$100,000 diversity line item for the graduate student issues area. They would not be taking money away from the diversity program just not adding new money this year. He said it would solve another problem and perhaps enhance all of the students including minority students.

President Rawlings said he appreciated the suggestion but would not like to see them take it. The Board of Regents has made it clear that diversity is an area of extreme importance. The University of Iowa's goal of becoming one of the top 10 public universities cannot be realized without continuing their efforts toward diversity and graduate student quality.

Regent Hendricks referred to Regent Dorr's statement on child care and suggested the Board should have more protracted discussion on the subject including the issues of the level of subsidy. She noted that child care availability generally makes for better employees. Many of the Regents have urged universities' officials to find money for child care for students and employees.

VOTE ON THE MOTION:

MOTION CARRIED UNANIMOUSLY.

CAPITAL BUDGET REQUESTS - FISCAL YEAR 1995. The Board Office recommended the Board (1) approve the final Board Office recommendations for FY 1995 general fund capital budget requests totalling \$62,940,000 and (2) approve a tuition replacement appropriation request of \$26,202,632 for FY 1995 with the understanding that needs will be reassessed at midyear.

FY 1995 General Fund Capital Budgets

The final Board Office FY 1995 general fund recommendation totaled \$62.9 million. This was an increase of \$8.1 million from the preliminary recommendation and included three major components:

- * The Gilman Hall Addition Systems Upgrade at Iowa State University (\$6,810,000), which had been requested as part of the deferred maintenance request, was recommended as a separate, discrete project to be fully funded in FY 1995. With a decrease in the recommendation for deferred maintenance, there was a net increase of \$5,210,000 in the recommendation.
- * University of Iowa officials submitted a revised request of \$9,990,000 for the Schaeffer Hall Remodel; this amount was \$3.7 million more than originally requested. Board staff worked with University of Iowa officials to refine the project budget. The Board Office recommendation was for a project of \$8.6 million or \$2.3 million more than originally recommended.
- * Adjustments were also made to the utility component of deferred maintenance, with an increase of \$1 million for the University of Iowa and a decrease of \$539,000 for Iowa State University. These refinements in the recommendations reflect a more thorough analysis of the requested projects, ensuring that only deferred items were recommended for funding.

Last year the Board recommended projects totalling \$48.2 million for FY 1994 and \$80.8 million for FY 1995. Two of the projects totalling \$17.6 million were funded in FY 1994, leaving \$30 million in unfunded FY 1994 projects in addition to recommended FY 1995 projects.

The Board Office final recommendations included projects to correct fire and environmental safety concerns (\$2.2 million) and deferred maintenance issues (\$14.4 million). In addition, the Board Office final recommendations addressed facility needs for undergraduate teaching and research. Highlights of the FY 1995 recommendations included:

Recreation/Wellness Center (UNI)	\$12.8 million
Intensive Livestock Research Facilities (ISU)	\$ 2.0 million

Schaeffer Hall Remodeling (SUI)	\$ 8.6 million
Biology, Biology Annex Remodeling (SUI)	\$13.3 million

Capital improvement projects are funded from many sources; this docket item specifically addressed and made recommendations for those projects for which FY 1995 funds were requested from the general fund. Other sources of funds used for capital improvements are, among others: gifts; dormitory bonds and improvement reserves; utility system revenue bonds, and renewal and replacement funds; telecommunications revenue bonds; and federal funds.

The University of Iowa Hospitals and Clinics funds its capital projects through self-generated patient revenues. For FY 1995 the hospitals are planning \$19.2 million in projects including:

New Construction	\$8.3 million
Remodeling/Renovation	6.2 million
Fire and Environmental Safety	1.9 million
Mechanical/Electrical Equipment	.4 million
Energy Conservation	2.4 million

Tuition Replacement Appropriation

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

Anticipated tuition replacement expenditures in FY 1995 total \$26,770,263. The tuition replacement request for FY 1995 was \$26,202,632, which is net of a FY 1994 expected surplus of \$567,631.

Tuition replacement in FY 1994 is estimated at \$24,340,400.

Board Office staff will meet with representatives of the Department of Management and Legislative Fiscal Bureau to jointly develop tuition replacement estimates as the fiscal year progresses.

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 from planned refundings of outstanding issues.

Project Notes for the University of Iowa and University of Northern Iowa will be redeemed by bond issues in June 1994. The redemption of Iowa State University's project notes by bonds follows one year later.

Mr. Richey stated that the capital budget request was being resubmitted to the Regents with some revised estimates, which he explained. Capital project priorities were arranged according to Board direction last month. The three top priorities were for fire and environmental safety. Accessibility was addressed for Iowa Braille and Sight Saving School. The next priority was for deferred maintenance.

President Berenstein said it was unfortunate that the students who spoke that morning were not in attendance that afternoon considering that deferred maintenance is a priority item in the capital request. He referred to the point that Regent Dorr made that they have to look at the whole docket to understand what the problems are. If students are not in attendance all day they do not know what some of the other issues are. They become single issue focused and do not understand that capital requests include deferred maintenance which is what the presidents of the universities have stressed in their comments. He suggested that docket items that are closely related be put together on the docket so those who attend the Regents' meetings can hear the other side of the equation.

Superintendent Thurman stated that he was very appreciative of the Board Office recommendation.

Regent Dorr congratulated University of Northern Iowa officials for eliminating all of its fire deficiencies and said he hoped they would not be penalized for that success.

With regard to understanding the entire budget process, Regent Dorr noted that students said they would appreciate being involved in the budget process. He felt that it would broaden students' perspective.

President Berenstein suggested that students start attending meetings in order to get the whole "flavor" of the issues being addressed. Maybe next year students can be brought into the preliminary discussions of budgets.

Regent Hendricks said she hoped that if the Regents are limited in what capital projects they can fund that they will stick close to the priority list in terms of what is funded.

Regent Dorr pointed out that it is the tuition replacement appropriation that services the Academic Building Revenue Bonds.

MOTION: Regent Furgerson moved to (1) approve the final Board Office recommendations for FY 1995 General Fund Capital Budget Requests totalling \$62,940,000 and (2) approve a tuition replacement appropriation request of \$26,202,632 for FY 1995 with the understanding that needs will be reassessed at midyear. Regent Dorr seconded the motion. **MOTION CARRIED UNANIMOUSLY.**

FIVE-YEAR CAPITAL PROGRAM, FY 1995 - 1999. The Board Office recommended the Board approve the five-year general fund capital program for FY 1995 - FY 1999 totalling \$435.4 million and approve the five-year program of \$66.9 million for the University of Iowa Hospitals and Clinics.

All State agencies must submit five-year capital project priority plans to the Legislative Capital Projects Committee no later than November 1 of each year.

The Board is required by statute to submit a five-year building program to the General Assembly at the beginning of each legislative session.

The institutions identified general fund capital projects totalling \$474.6 million for the five-year period. In addition, supplemental funds from other sources totalling \$47 million will be utilized for these projects.

The Board Office recommended a general fund plan for \$435.4 million to be financed by appropriations or bonding.

The Board Office recommended the University of Iowa Hospitals and Clinics' five-year plan of \$66.9 million to be financed with patient-generated revenues.

Projects requested but not recommended by the Board Office included:

Utility/telecommunication expansion projects at the University of Iowa and Iowa State University which can be financed by other sources of funds. The requests for these projects totalled \$14.4 million.

Three new facilities at the University of Northern Iowa and one at Iowa State University totalling \$10.3 million.

Unqualified deferred maintenance and energy conservation projects and renovation projects scheduled to begin in the last year of the plan total \$14.5 million.

The general fund recommendations for the five-year period are subdivided by category approximately as shown below:

	(\$ Thousands)					
	<u>SUI</u>	<u>ISU</u>	<u>UNI</u>	<u>ISD</u>	<u>IBSSS</u>	<u>Total</u>
EFS	\$ 5,000	\$ 5,000	--	\$2,883	\$261	\$ 13,144
DM	27,270	33,286	\$22,100	1,361	307	84,324
NC	86,145	79,200	33,800	4,070		203,215
Rem	34,697	42,610	30,900			108,207
Other	<u>14,269</u>	<u>8,300</u>	<u>3,800</u>		<u>96</u>	<u>26,465</u>
Total	<u>\$167,381</u>	<u>\$168,396</u>	<u>\$90,600</u>	<u>\$8,314</u>	<u>\$664</u>	<u>\$435,355</u>

Approval of this five-year capital program does not constitute approval of specific projects but is an estimate of future capital needs.

In November, the Board Office will recommend a five-year capital plan for other fund sources including utility systems, auxiliary enterprises, and residential systems, and will provide more detail on the UIHC plan.

Projects recommended for inclusion in this general fund plan were approved by the Board in previous five-year plans. Rankings have changed reflecting revisions in institutional priorities.

Board Office recommendations continue the theme of previous years by placing highest priority on environmental health and safety and deferred maintenance, including deferred maintenance of the utility infrastructure. The recommendations focus on academic/instructional facilities.

MOTION: Regent Hendricks moved to approve the five-year general fund capital program for FY 1995 - FY 1999 totalling \$435.4 million and approve the five-year program of \$66.9 million for the University of Iowa Hospitals and Clinics. Regent Tyrrell seconded the motion. **MOTION CARRIED UNANIMOUSLY.**

COOPERATIVE PURCHASING BY INSTITUTIONS. The Board Office recommended the Board receive a report on implementation of consultant's recommendations on cooperative purchasing.

The MGT, Inc., report on purchasing efficiencies before the Board in September 1992 recommended that the Board require increased purchasing cooperation and coordination among its institutions.

The ad hoc Priority Study Committee on Purchasing, on November 18, 1992, directed the institutions to actively examine joint-purchasing opportunities and develop a plan for joint purchasing.

Joint purchasing arrangements either exist or are under development in the following areas: hazardous waste disposal, household moving services, copier and fax supplies, emissions control monitoring, hospital exam supplies, photo supplies, central stores items, and laboratory supplies and equipment. The State contract prices are utilized for the purchase of computers.

In certain instances, one or two of the universities have "piggybacked" purchases onto the third university's existing contract, until that contract expires and a new joint contract can be bid.

The universities continue to participate in a number of purchasing contracts and agreements developed by other agencies and organizations including the Department of General Services, Department of Transportation, and Educational and Institutional Cooperative Services, Inc.

ACTION: President Berenstein stated the Board received a report on implementation of consultant's recommendations on cooperative purchasing, by general consent.

STUDY OF POLICIES FOR PURCHASE OF EQUIPMENT. The Board Office recommended the Board receive a report on the study of equipment procurement policy.

The Board of Regents' Procedural Guide currently does not require Board review or approval for equipment purchases by the institutions except for equipment which is purchased with the proceeds of academic building revenue bonds.

The Board Office is reviewing procurement procedures for such equipment and is examining the merit of developing a new equipment purchase policy.

Such a policy might utilize thresholds similar to those in the capital review process to ensure that major equipment purchases are reviewed and approved by the Executive Director and/or the Board. For example, one suggestion was made that the Executive Director approve purchases between \$250,000 and \$500,000, and the Board approve purchases in excess of \$500,000.

The institutions will be consulted on the development of any new equipment purchase policy.

The Board Office plans to present a proposal for Board approval at the October Board meeting.

Regent Hendricks asked if the policy would include furnishings in the definition of equipment. Mr. Richey responded that he believed the policy would cover furnishings of whole buildings; however, that still needs to be defined.

Regent Tyrrell referred to the proposal for approval by the Executive Director, and asked if the purchases would already be included in a budget that the Regents had previously approved. Mr. Richey responded that if it is involved with a capital project, the purchase would have received prior Board approval. If equipment purchases are involved in the general operating budgets it normally is not approved by the Board. With respect to Regent Hendricks' question relative to furnishings of whole buildings, Mr. Richey said those normally come to the Board now as a part of a budget for a capital project if the project is financed from academic revenue bonds. He said those issues will be integrated into the policy to be brought to the Regents.

Regent Hendricks suggested they might want to include replacement furnishings if it is done on a large enough basis, also.

ACTION: President Berenstein stated the Board received a report on the study of equipment procurement policy, by general consent.

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 met that morning. The members received and discussed State Auditor's reports for the fiscal year ended June 30, 1992, for the University of Iowa, Iowa State University, University of Northern Iowa, Iowa Braille and Sight Saving School and the Board Office. The members received and discussed investment and cash management and internal audit reports for the fiscal year ended June 30, 1993. The Banking Committee took action concerning refunding bonds for previously-issued bonds. She noted that the refunding will save a substantial amount of money.

MOTION: Regent Hendricks moved to adopt a Resolution which authorizes the Executive Director to fix the date or dates for the sale of up to \$17,400,000 Academic Building Revenue Refunding Bonds, Series S.U.I. 1993. Regent Newlin seconded the motion.

President Berenstein asked if the figures were net after fees. Vice President True responded affirmatively.

VOTE ON THE MOTION. Upon the roll being called, the following voted:

GENERAL
September 22, 1993

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

NAY: None.

ABSENT: None.

MOTION CARRIED UNANIMOUSLY.

MOTION:

Regent Hendricks moved to adopt a Resolution which authorizes the Executive Director to fix the date or dates for the sale of up to \$6,720,000 Academic Building Revenue Refunding Bonds, Series U.N.I. 1993. 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.

Regent Hendricks stated that another item discussed by Banking Committee members was the special audit regarding Iowa School for the Deaf. She said an apparently disgruntled employee resigned, then contacted the State Auditor with a series of allegations regarding management at Iowa School for the Deaf. She said nine allegations were made. Allegations included using school employees to perform personal work, procedural irregularities in expenditure of State funds without Board approval, personal use of a State-owned vehicle, conversion of school supplies to personal use and improper documentation of entertainment expenses.

Issah Yakubu, internal auditor of Iowa State University and for Iowa School for the Deaf audits, was called upon to investigate the veracity of the allegations. Regent Hendricks stated that Mr. Yakubu "did not discover any malfeasance, pilferage of funds, pilferage of inventory or misuse of State funds." She said the audit did discover some instances in which the procedures required in the Regents Procedural Guide were not followed correctly. There was also one founded instance of inappropriate use of a State vehicle. As part of his recommendations, Mr. Yakubu recommended a series of management controls to improve record keeping and inventory control. He made other recommendations to avoid any appearance of business improprieties.

Regent Hendricks stated that each of the Regents should have received in their Banking Committee books nine recommendations of Internal Auditor Yakubu. She asked that the following recommendations be approved by the full Board.

Recommendation I: The institutional head bears ultimate responsibility to ensure that the policies of the Board of Regents are followed at each institution. Out of an abundance of caution, and seeking to avoid even the appearance of impropriety, the superintendent should be instructed to refrain from having ISD employees perform work on property owned by him.

Recommendation II: The asbestos removal project and the capital improvement projects are related only tangentially, and a separate approval should have been obtained from the Board Office in accordance with Section 9.06(c) of the Regents Procedural Guide.

The Board should require the superintendent to adhere strictly to Board of Regents' policies regarding capital improvement projects.

Recommendation III: The Board should require the superintendent to maintain complete documentation of off-campus meetings with potential donors, employees, students or families of students, including the names of those entertained, the business purpose of the meeting, and the date, site and cost of such meetings.

Recommendation IV: The Board should instruct the superintendent to record separately all expenditures, including the appropriate funding source, relating to the state-owned residence occupied by the superintendent.

Recommendation V: The institutional head bears ultimate responsibility to ensure that the policies of the Board of Regents are followed at each institution. The Board should instruct the superintendent to review with all supervisory staff the Board policies regarding the appropriate use of state-owned property, such as vehicles.

Recommendation VI: No malfeasance was discovered. However, the Board should instruct the superintendent to limit access to the storeroom to no more than three individuals, in order to achieve enhanced inventory control.

Recommendation VII: None

Recommendation VIII: The superintendent should be instructed to ensure that state policies concerning the use of state vehicles by non-employees are followed.

Recommendation IX: The Board should require the ISD to seek approval of this project in accordance with Board Office procedures.

MOTION:

Regent Hendricks moved that the
recommendations of the internal auditor be

approved. Regent Collins seconded the motion. MOTION CARRIED UNANIMOUSLY.

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

ANNUAL REPORT ON ENERGY CONSERVATION. The Board Office recommended the Board receive the annual report on energy conservation.

The Board of Regents and the General Assembly have identified energy conservation as an issue in the effective governance of the Regent institutions.

Section 473.12 of the Iowa Code requires the Board of Regents to report annually on October 1 to the Department of Natural Resources the status of all energy conservation measures identified in comprehensive engineering analyses which were to be completed by June 30, 1989, whether the measures have been acquired or implemented and the results of energy usage analyses of the Board's facilities.

Energy consumption at all Regent institutions has been reduced on a square footage basis since the peak year for consumption, FY 1979. Reductions include:

University of Iowa	18.6%
Iowa State University	36.3%
University of Northern Iowa	12.9%

In 1989 engineering analyses identified \$45.6 million (1993 dollars) in energy conservation measures which could be undertaken at the institutions. It was estimated that these projects would save \$9.9 million (1993 dollars) annually for a simple payback period of 4.4 years.

To date approximately \$4.5 million (1993 dollars) have been expended for projects identified in the engineering reports. Slightly less than \$1.1 million have been saved annually, with a simple pay back period of approximately 4.5 years.

As technology changed and opportunities for energy cost avoidance became available, other energy management projects not included in the 1989 analyses were undertaken.

Many capital projects include an energy conservation component, but are not undertaken exclusively for that purpose. Examples include window replacements, and heating, ventilating and air conditioning system upgrades.

Many of the projects identified in the studies have not been completed because the payback period is greater than 6 years, the project was not feasible when it was further analyzed, or it was determined that installation costs were excessive due to unusual construction circumstances.

University of Iowa officials estimate total expenditures since FY 1990 for energy management projects of \$17.4 million.

Currently under construction at the University of Iowa are a \$2.9 million project to replace steam and condensate lines from the Power Plant to South Grand and a \$5.4 million project to upgrade support systems in the Power Plant.

Other energy management projects planned for FY 1994 at the University of Iowa include extension of chilled water to academic buildings, the final phase of the West Campus Chilled Water Plant and conversion of the Medical Laboratories to a central cooling system.

Energy conservation measures costing more than \$180,000 have been completed at Iowa State University since 1989.

During FY 1993 a new 69,000 volt transmission line was installed between the electric systems of Iowa State University and the City of Ames. This line allows the university to purchase power at times when it would be more expensive to self-generate that power.

Two major energy conservation projects are underway at Iowa State University. The heating, ventilating and air conditioning system at the College of Veterinary Medicine is being completely renovated. The second project is an upgrade of the energy management system.

Since FY 1990 the University of Northern Iowa has expended more than \$546,000 for energy conservation measures, saving more than \$250,000 annually.

Thirteen energy conservation measures totalling \$140,283 were initiated in General Fund buildings at the University of Northern Iowa in FY 1993.

Regent Dorr referred to the energy cost per gross square foot at Iowa School for the Deaf and said he assumed the lower cost was because school officials utilize natural gas instead of coal.

Mr. Richey stated that the lower cost was more likely because there are entire buildings shut down on the Iowa School for the Deaf campus.

Regent Dorr asked if it then was not an issue of the product they use. Mr. Richey responded that the Board Office would review that issue and get back

to Regent Dorr with an answer. The Board Office will also provide the square footage cost of the buildings that are in service.

Vice President True stated that the University of Iowa showed a 6.8 percent reduction per square foot from one year to the next. The money was reallocated for building repairs and deferred maintenance. He noted that the energy conservation figures for the University of Iowa includes University of Iowa Hospitals and Clinics in the per square foot costs.

President Berenstein said this conversation pointed out the significance of comparing like items; in the future they should be sure they are comparing "apples and apples".

Regent Dorr asked if the 40 percent difference in energy costs between the special schools was because Iowa School for the Deaf is the only one using natural gas. Superintendent Thurman responded that Iowa Braille and Sight Saving School is on natural gas, also.

MOTION: Regent Furgerson moved to receive the annual report on energy conservation. Regent Johnson-Matthews seconded the motion. MOTION CARRIED UNANIMOUSLY.

ANNUAL REPORT ON EARLY AND PHASED RETIREMENT. The Board Office recommended the Board (1) receive reports from the institutions on the operation of the PHASED RETIREMENT program in 1992-93, (2) receive reports from the institutions on the operation of the EARLY RETIREMENT program in 1992-93, (3) establish a present value rate of 3.33 percent for lump sum payout under the EARLY RETIREMENT program for fiscal year 1994, and (4) direct that the requirement for mandatory retirement at age 70 be removed from policies of the Board of Regents.

Two programs relating to retirement earlier than the normal retirement age are in place for employees of the Board of Regents.

The PHASED RETIREMENT program, in place since 1982, allows employees to reduce the percentage of their appointments during a specified period.

The EARLY RETIREMENT program, in place since 1986, allows employees to retire as early as age 57.

Both programs as originally structured expired on June 30, 1992. The use and effectiveness of the programs were evaluated. Modified programs were put into place July 1, 1993, for a five-year period.

The PHASED RETIREMENT program was first approved for university faculty and professional and scientific employees in 1982. The program was later extended to merit system employees.

During fiscal year 1993, there were 18 new entrants into the PHASED RETIREMENT program.

Total cost of incentives for PHASED RETIREMENT program participants was \$307,263. The difference between the total compensation received by the participants and the total compensation that would have been received if they had remained full time was \$851,984. Since its inception in 1982, 210 employees have participated in PHASED RETIREMENT with 38 still active.

Effective July 1, 1986, the Board approved an EARLY RETIREMENT program for faculty and professional and scientific staff at Regent institutions. Beginning July 1, 1990, employees in the Regents' Merit System became eligible.

In fiscal year 1993, 52 faculty and staff members at the five institutions participated in the EARLY RETIREMENT program.

Significant reductions were made in the benefits received in the program at the beginning of fiscal year 1993. Participation dropped dramatically from fiscal year 1992 when 323 employees participated.

Since the inception of the program in 1986, 926 employees have chosen this retirement option.

Fifty-two (52) employees chose EARLY RETIREMENT in fiscal year 1993. Twenty-three (23) were replaced at lower salaries. Twenty-eight (28) were not replaced. One (1) was replaced at a higher salary.

Savings result when employees who elect EARLY RETIREMENT are either not replaced or replaced at lower salaries. An estimated saving of \$11.7 million was realized from future salary obligations over the period of time these 52 individuals will be in the program.

Participants in the EARLY RETIREMENT program may elect to have the value of all or part of their future benefits paid in a lump sum. These payments are discounted. For fiscal year 1993, the Board approved a present value discount rate of 3.96 percent which is the average of current rates earned on 90-day and one-year Treasury Bills. The rate of 3.33 percent was recommended for fiscal year 1994.

The Age Discrimination in Employment Act (ADEA) of 1986 prohibits employers from establishing a mandatory retirement age for most employees. An exemption to the ADEA allowed for mandatory retirement of tenured faculty at age 70. This exemption will expire on December 31, 1993. The universities were requested to remove the requirement for mandatory retirement from their policies.

Mr. Richey referred to Regent Dorr's comment during the tuition discussion regarding the estimated increase in the Higher Education Price Index of 3.4 percent and the present value discount for the retirement program of 3.33 percent. He stated that a discount rate is not the same as an inflation rate.

MOTION:

Regent Furgerson moved to (1) receive reports from the institutions on the operation of the PHASED RETIREMENT program in 1992-93, (2) receive reports from the institutions on the operation of the EARLY RETIREMENT program in 1992-93, (3) establish a present value rate of 3.33 percent for lump sum payout under the EARLY RETIREMENT program for fiscal year 1994, and (4) direct that the requirement for mandatory retirement at age 70 be removed from policies of the Board of Regents. Regent Johnson-Matthews seconded the motion.

Vice President True stated that the Board made some changes in the early retirement program last year. One of the reasons for the lower numbers of employees participating in the program could be the issue of reduced benefits which could mean that in the near future they may need to discuss this matter further.

VOTE ON THE MOTION:

MOTION CARRIED UNANIMOUSLY.

REPORT ON FACULTY LEAVES. The Board Office recommended the Board receive the reports of the Regent universities on reviews of their faculty development leave processes.

In February the Board requested the Regent universities review the faculty development leave process at each university to ensure that:

- A. the leaves are granted on the basis of strong qualitative criteria,
- B. only requests that meet the criteria are granted, and
- C. measurable objectives are established and are evaluated for each faculty member upon completion of the leave.

The reviews were requested because of the interest of the Board and the public in efficiency and effectiveness in State government, the need for faculty development leave programs to be beyond reproach, and the importance of the leave programs for maintaining faculty vitality.

All three universities found that their programs currently operate well and generally deal effectively with the concerns under review.

University of Iowa and Iowa State University officials proposed some changes aimed at strengthening already strong programs.

Changes proposed for the University of Iowa Faculty Development Leave Programs include:

1. Better enforcement of the policy requiring committee evaluation of all applications.
2. Developing policy to allow the Provost to grant leaves to administrators returning to teaching.
3. Developing policy to allow the provost, in cases where special consideration is warranted, and upon careful consideration and recommendation of the Evaluation Committee, to make exceptions to the policy requiring that faculty members on developmental leave receive no more than a maximum of the regular salary they would receive during a semester.
4. Developing policy which would take into account, in explicit terms, the case of faculty members with twelve-month contracts.
5. Leave applications, which had been kept on file for three years, will now be kept for five years.
6. The guidelines for preparing proposals and final reports will be revised so that objectives, goals, and means for measuring success are clearly included in the proposal and responded to in the report.
7. In consultation with faculty, a modification to the faculty development leave policy will be developed to require that final reports be channeled first through the appropriate dean, who will then forward the report along with an opinion as to the success of the project to the Provost.
8. The procedures for determining faculty merit salary adjustments, promotion and tenure, and faculty awards will include, where appropriate, specific reference to including reports of Developmental Assignments among the valid bases for making these important personnel decisions.
9. Developing policy addressing the issue of extra compensation from non-university sources for faculty on paid leave.

Changes proposed in Iowa State University's faculty development leave program include:

1. University procedures were revised to require the departmental executive officer to submit a written evaluation along with the faculty member's report.
2. The university will be more systematic about having the reports of the faculty member and departmental executive officer reviewed in Office of the Provost and by the Faculty Senate Committee on Professional Development.
3. In cases where the compensation of faculty members on leave is being supplemented by contracts or grants directly related to the purpose of the leave, the period of the leave will be adjusted so that the compensation received while on leave will be consistent with the written policy for such leaves and to have the individual paid by the grant or contract for a period of time either before or after the leave.

In a related matter, the State Auditor recently conducted an audit of the faculty development leave programs and completed a draft report. The draft report contained a number of recommendations to which the universities and Board Office submitted written responses. Following the release of the Auditor's final report, there may be a need for further review of these policies by the Board of Regents.

Provost Marlin stated that at the University of Northern Iowa approximately 20 faculty/year receive faculty development leaves. She said the faculty leaves are benefitting the university's goals for diversity. Students say that faculty who have been on developmental assignments are better and more interesting teachers.

Regent Tyrrell questioned the statement in the docket memorandum that in cases where special consideration is warranted and upon careful consideration and recommendation of the evaluation committee, the Provost may make exception to the policy requiring that faculty members on developmental leave receive no more than a maximum of the regular salary they would receive during a semester. He asked in what instances would special consideration be warranted.

Provost Marlin responded that special consideration might be granted for a faculty member studying out of the country and in order to supplement the faculty members' income.

President Curris noted that Regent Tyrrell was referencing changes proposed at the University of Iowa.

Provost Nathan responded that at the University of Iowa, for example, if a faculty member is on a 9-month contract and takes leave for 6 months, he or she might be in a position to earn a summer salary which they might not earn if they were at the university.

Regent Hendricks asked if there was any way to make the policy more explicit rather than just stating that the provost may grant exceptions in special circumstances. Provost Nathan responded that the University of Iowa has a faculty committee that is working with university officials to develop an explicit and fair policy. The faculty committee has been asked to develop a policy to guide university administrators so they can be consistent and that exceptions will no longer have to be made.

Provost Kozak described the process used at Iowa State University last year to review the faculty improvement leave policy. He said the entire policy was reviewed with particular focus on the issue of accountability and is now fundamentally different from what it was last year. The provost's-level decision making, which was the final step of the process, is now integrated within the faculty decision-making process. He said the faculty in each college, through the departmental executive officer, make recommendations to the college dean. The college dean and his or her consultant committee will review the proposals and decide what fraction of the faculty improvement leaves can be funded using college funds. The dean has the option of bringing forward to the provost's office a number of additional faculty improvement leave requests that perhaps the college cannot fund. The Faculty Senate in conjunction with the provost's office makes recommendations and awards for an additional number of faculty to be permitted to take faculty improvement leaves.

Regent Hendricks asked if there is a policy concerning pay back if a faculty member leaves the institution after taking a faculty improvement leave. Provost Kozak responded that there is a certain set period of time after returning from a leave that a faculty member agrees to stay at the institution in order to pay back the outcome of the leave. All the Regent institutions have such a policy in place.

Provost Nathan stated that over the past several years at the University of Iowa several faculty committees have looked carefully at the university's developmental leave program. As a result, there is now a very explicit and useful set of criteria by which applications of faculty are considered. In common with the new procedures at Iowa State University, the University of Iowa involved the department executive officers and deans to a far greater extent than before. Before an award is made the DEO has to affirm and the dean has to endorse the provision for adequate replacement from the class room time the faculty person would otherwise be spending. He said university officials have also emphasized to a considerably greater extent the importance of the opportunity for developmental assignments for curriculum improvements and improvement in instructional offerings. University of Iowa officials have instituted a variety of procedures so that when the faculty member returns and submits a report on what he or she has accomplished during the period of the development assignment, they can use criteria to identify those proposals which are most meritorious and which will contribute most to the university.

ACTION: President Berenstein stated the Board received the reports of the Regent universities on reviews of their faculty development leave processes, by general consent.

ANNUAL REPORT ON TARGETED SMALL BUSINESS. The Board Office recommended that the Board encourage Regent institutions and the Board Office to explore ways for increased purchases from Iowa Targeted Small Businesses.

The "Iowa Targeted Small Business Procurement Act" was enacted in 1986 under Chapter 73.15 of the Code. A Targeted Small Business is a small business which:

1. is fifty-one percent owned, operated, and actively managed by one or more women or minority,
2. is located in Iowa,
3. is operated for profit,
4. has an annual gross income of less than three million dollars computed as an average of the three preceding years.

A minority person means an individual who is a Black, Hispanic, Asian or Pacific Islander, American Indian, or Alaskan Native American.

Chapter 73.16 of the Code requires that procurement goals of at least 10 percent be established for the purchases of total non-utility procurement and construction from Iowa Targeted Small Businesses.

Regent institutions have spent \$65,901,346 with Targeted Small Businesses since 1986.

A shortage of Targeted Small Businesses capable of providing goods, supplies and services to Regent institutions exists.

Regent institutions spent a total of \$441,893,079 in fiscal year 1993 for construction, goods, supplies and services. Regent institutions spent \$11,283,240 (2.55 percent) with Targeted Small Businesses in FY 1993.

1. Women-owned businesses received contract awards totalling \$9,876,462 (2.23 percent) of the total amount spent for construction, goods, supplies and services.
2. Minority-owned businesses received contract awards totalling \$1,406,778 (0.31 percent).

The majority of Targeted Small Business dollars spent in fiscal year 1993 was spent with four firms.

Regent purchasing officers reported that the current Targeted Small Business vendor base is not capable of supporting a Targeted Small Business procurement goal of 10 percent.

Regent institutions may consider using alternative purchasing procedures in awarding contracts to Targeted Small Businesses.

1. Negotiate contracts directly with Targeted Small Businesses.
2. "Breaking apart" contracts for award to TSBs.
3. Purchase through cooperative agreements.

Regent institutions and the Board Office will work with the Department of Economic Development to develop firms capable of supplying goods, supplies and services which Regent institutions need.

Compliance Officer Maxwell stated that the targeted small business program is not working at the level desired and he will be addressing some of the problems. One-third of the companies certified as targeted small businesses are not utilized by Regent institutions. There will also be an effort to develop more companies.

Regent Collins said the docket memorandum stated that a targeted small business means \$3 million gross income. The travel agency must include gross income because there is a \$4.1 million item in there.

Compliance Officer Maxwell responded that State officials have spoken of gross and net income. The interpretation of the State is not clear, thus the company remains in the program.

MOTION: Regent Newlin moved to encourage Regent institutions and the Board Office to explore ways for increased purchases from Iowa Targeted Small Businesses. Regent Johnson-Matthews seconded the motion.
MOTION CARRIED UNANIMOUSLY.

BOARD OFFICE PERSONNEL TRANSACTIONS. The Board Office recommended the Board approve the Register of Personnel Transactions which included the following items:

Reclassification: GAYE PACK, JANET KAUFMAN, BARBARA BRIGGLE from Secretary III to Secretary IV, effective August 13, 1993, each at an annual salary of \$30,576.

MOTION: Regent Dorr moved to approve the Register of Personnel Transactions, as presented. Regent Furgerson seconded the motion.
MOTION CARRIED UNANIMOUSLY.

APPOINTMENT TO COORDINATING COMMITTEE FOR LAKESIDE LABORATORY. The Board Office recommended the Board approve Judy Thoreson as the Lake Okoboji representative on the Coordinating Committee of Lakeside Laboratory, effective immediately.

This was a follow-up item to the Board's action in July regarding Lakeside Laboratory.

In July, the Board of Regents approved a 3-year plan, a reorganization, and a reporting procedure.

President Berenstein stated that the Okoboji community submitted 3 names to him with the reasons why the individuals were qualified for appointment to the coordinating committee. He recommended the Board approve his selection of Judy Thoreson to serve a three-year term on the Lakeside Laboratory Coordinating Committee as the representative of the Lake Okoboji area.

MOTION: Regent Furgerson moved to approve Judy Thoreson as the Lake Okoboji representative on the Coordinating Committee of Lakeside Laboratory, effective immediately. Regent Johnson-Matthews seconded the motion.
MOTION CARRIED UNANIMOUSLY.

VENDORS WITH POTENTIAL CONFLICT OF INTEREST. The Board Office recommended the Board (1) approve the request of Iowa State University to add the name of Gary Paris Construction to the list of approved vendors with a potential conflict of interest and (2) approve the request of University of Northern Iowa to add the name of Jay A. Venenga to the list of approved vendors with a potential conflict of interest.

Iowa State University officials wished to accept a sealed bid to furnish sod to Iowa State University for the period of August 15, 1993, through July 31, 1994, from Gary Paris Construction whose owner, Gary Paris, recently married an Iowa State University employee.

Mr. Paris states that his wife, Luann Paris, is employed in Contract Administration-Facilities Planning and Management and has no control or involvement in competitively-bid vending contracts.

The Division of Continuing Education and Special Programs of the University of Northern Iowa would like to hire Jay A. Venenga, a full-time University of Northern Iowa systems programmer for Information Systems and Computing Services, for a service contract to exceed \$500 to develop, document and enhance a software package for use within their division.

The 1990 Session of the General Assembly in House File 2057 amended Section 68B.4 of the Code of Iowa, which prohibits an official or employee of a

regulatory agency from selling goods or services to the agency of which the individual is an official or employee. The amendment allowed for exceptions to the prohibition if certain conditions are met, including prior authorization of such sales by roll call vote of the Board.

MOTION:

Regent Furgerson moved to (1) approve the request of Iowa State University to add the name of Gary Paris Construction to the list of approved vendors with a potential conflict of interest and (2) approve the request of University of Northern Iowa to add the name of Jay A. Venenga to the list of approved vendors with a potential conflict of interest. Regent Pellett seconded the motion, and upon the roll being called, the following voted:
AYE: Berenstein, Collins, Dorr, Furgerson, Hendricks, Johnson-Matthews, Newlin, Pellett, Tyrrell.
NAY: None.
ABSENT: None.

MOTION CARRIED UNANIMOUSLY.

APPEAL OF PROFESSIONAL AND SCIENTIFIC EMPLOYEE. The Board Office recommended that the Board deny the request for review of a final institutional decision.

NOTE: The Board had before it a CONFIDENTIAL memorandum and related documents concerning this matter.

The employee's request for review of a final institutional decision was before the Board pursuant to the Board of Regents Procedural Guide, Section 4.25, Appeals by Employees to the Board.

The employee was appealing the final decision of the institution which he alleged did not fully satisfy his requests for a salary increase with back pay.

The Board Office and the Attorney General's office reviewed the documents submitted by the employee and the university and concluded that the process and conclusion were consistent with the laws and regulations governing public employees, and were substantially in compliance with the policies and procedures of the Board and the university.

The Board Office recommended that the Board not review the final institutional decision. The Board's decision to deny the request for review

represented final agency action from which the employee may seek judicial review as permitted by law.

Regent Collins asked if this employee appeal was the one for which the Regents recently received substantial information. Director Volm responded affirmatively.

MOTION: Regent Hendricks moved to deny the request for review of a final institutional decision. Regent Dorr seconded the motion.
MOTION CARRIED UNANIMOUSLY.

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

The budget for the Board Office for fiscal year 1994 was adjusted upward by \$8,000 to reflect increased activity. The increased costs will be paid through reimbursements from outside organizations and the institutions. Higher than anticipated costs are as follows:

Board of Regents travel	\$4,000
Office Supplies and printing	2,000
Communication	<u>2,000</u>
Total	\$8,000

A substantial increase in air flights and telephone expense was experienced in the first two months of the fiscal year. Increased activity by the Board staff is reflected in additional expenditures for printing and office supplies.

It is fairly early in the progress of the fiscal year. These early projections may need revision downward before the fiscal year is ended.

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 met on August 19 to conduct its usual business and to give preliminary consideration to budget requests for fiscal year 1995. The staff of the commission is reviewing the budget proposals and will be submitting revised recommendations for consideration of the commission at its next meeting, which will be held on September 28 at the University of Northern Iowa.

The staff reported that award commitments for the Private College Tuition Grant Program and the Vocational/Technical Grant Program exceeded projections. There has been a dramatic drop in the attrition in enrollments

of eligible students in the Iowa Tuition Grant Program. The average grant award has increased significantly primarily because the criteria for analysis of need for student aid now exclude home and farm equity and the larger share of contributions from earnings by students. The staff estimated that it will be necessary to reduce tuition grants by \$200 in the second semester of the current year for tuition grants and that vocational/technical grants would need to be reduced by \$40.

The passage by Congress of the Direct Lending Program for student loans will have a major impact. The staff is reviewing the potential impact and will be making recommendations to the commission for its September meeting to employ consultants to carry out additional studies of alternatives.

ACTION: This report was received by consent.

BOARD MEETINGS SCHEDULE. The Board Office recommended the Board approve changes in the locations of the December 1993 and February 1994 meetings.

October 20-21	University of Northern Iowa	Cedar Falls
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: President Berenstein stated the Board Meetings Schedule was approved, by general consent.

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

STATE UNIVERSITY OF IOWA

The following business pertaining to the State University of Iowa was transacted on Wednesday, September 22, 1993.

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

Register of Personnel Changes for June and July 1993.

MOTION: Regent Dorr moved to ratify personnel transactions, as presented. Regent Furgerson seconded the motion. MOTION CARRIED UNANIMOUSLY.

ADMINISTRATIVE REORGANIZATION - ESTABLISHMENT OF A SCHOOL OF MANAGEMENT IN THE COLLEGE OF BUSINESS. The Board Office recommended the Board refer 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 to the Interinstitutional Committee on Educational Coordination and the Board Office for review and recommendation.

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.

Costs and organizational changes needed will be included in the material presented to the Board at the time that the request is before the Board for approval.

ACTION: This matter was referred by consent.

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

University officials requested approval to proceed with project planning for a replacement facility to house the university's Printing Department which was damaged by flood waters. They requested permission to proceed with the project for the purpose of exploring alternatives for replacement of the

facility, selecting a design consultant for assistance with alternative analysis and project development, proceeding with the selection of an alternative, and proceeding with project planning. University officials had identified the following alternatives for the replacement of the facility: construction of a new facility located in the designated University Service Park, or leasing space in an existing facility in the Iowa City area.

The continued flooding from the Iowa River and its tributaries has extensively damaged the university's Graphic Services Building which houses the university Printing Department. The lower level of the building sustained three to four feet of flood water several times during the months of July and August resulting in damage to machinery, paper stock, and the building interior and furnishings. Losses from the 1993 flooding are estimated at \$1.5 million.

Flooding previously occurred on June 17, 1990 resulting in losses totaling over \$875,000. Flood insurance covered the majority of the loss from the 1990 flood and is expected to cover losses from the 1993 flood. Considering the great potential for future flood losses at the current location, and the expected unavailability of commercial insurance, university officials felt it was in the best interest of the university to pursue an alternative location for the Printing Department.

The Printing Department occupies approximately 36,600 square feet of space in the Graphic Services Building for administrative, production, and warehouse uses. The department has been housed in the facility since 1968. Recent flooding has made the facility unusable.

Currently, the Printing Department is operating at a temporary location in a very limited capacity. It is the university's intention to put the department back in full operation as soon as possible. Of the two options listed, leasing would provide a replacement facility in the shortest time. If this is not possible, the other option would include a fast-tracked approach using performance specifications to contract for the construction of a functional building.

The source of funds for the acquisition of the new facility would include proceeds from the flood insurance settlement as well as Printing Department improvement funds.

Regent Dorr stated that this was an opportunity for university officials to explore the feasibility of privatizing an aspect of the university's operation particularly since they are considering building a new building. He noted that he had spoken with Vice President True who assured him there was a fair amount of justification for the request. Regent Dorr said he would prefer to explore the possibilities of turning the university's printing operation into a privatized operation that would embellish the latest data technology by outsourcing the operation in its entirety. He

asked that university officials explore this possibility before beginning to replace the building.

MOTION:

Regent Dorr moved to remove this item from the University of Iowa's capital register. Regent Tyrrell seconded the motion.

Regent Hendricks stated that Regent Furgerson and she had toured the flood damage done to the printing facility. With regard to Regent Dorr's suggestion concerning the feasibility of outsourcing the printing operation, she said time is of the essence in getting the operation moved. There is the possibility of floods next spring. The building houses millions of dollars of equipment and they cannot afford to let the building flood again. There is little time to explore alternatives now.

Regent Dorr stated that, in light of the proliferation of private sector printing operations, desk top publishing software and data communications connecting links, it makes sense to explore privatizing the university's printing operation. He said the tradition of having the operation on campus is convenient but there is also deferred maintenance on the campus that needs to be addressed. This is an opportunity to explore doing something different and he said it deserves to be explored.

President Berenstein referred to the wording of this project in the university's capital register docket memorandum which stated that they would explore alternatives. He asked if exploring alternatives would include the alternative for privatizing.

Regent Dorr noted that the statement in the memorandum said "exploring alternatives for replacement of the facility".

President Berenstein suggested a study of alternatives could be undertaken at the same time without the Regents making a commitment to replace the facility.

Vice President True stated that one-third of the University of Iowa's printing is outsourced. He then said university officials would prepare a written report to the Board to be presented next month concerning alternatives.

Regent Dorr said he wanted to make sure they investigate thoroughly the alternative of privatizing.

President Berenstein said the review of alternatives includes the possibility of privatizing the university's printing operation.

President Berenstein then recognized Barbara Burnett of the Brown, Winick, Graves, Donnelly, Baskerville and Schoenebaum law firm.

Ms. Burnett read a letter addressed to the Regents from Douglas Gross of the law firm. The letter stated that the printing industries in Iowa are the fourth largest manufacturing employer in the state. Continued support from State government is critical to the growth and expansion of the printing industry in the state. Unfortunately, the one area where Iowa printers have been unsuccessful is in their attempt to have the public sector make greater utilization of the private sector in meeting their printing needs. Printers have long requested that the Regent institutions and, most particularly the University of Iowa, make greater utilization of private vendors through a bidding process to provide printing services.

The letter stated that Printing Industries of the Midlands, Inc., requested that the Board of Regents take this opportunity to have the University of Iowa and the Board Office conduct a full review of the possibility of obtaining printing services from the private sector on an on-going basis before any permission is granted to begin the planning or construction of a replacement facility.

Ms. Burnett stated that she wanted to make sure that the issue of privatization is given full consideration; that it is not just an alternative to be explored as a side issue. She would like to see it achieve the same kind of consideration as is given the recommendation for a new printing location.

President Berenstein asked University of Iowa officials if it was their intention to have a full review of the alternatives. Vice President True responded that was absolutely correct.

President Berenstein informed Ms. Burnett that before any decision on this matter is made to go forward, she will be given notice and an opportunity to come back and speak to the Board.

President Berenstein then asked University of Iowa officials when the report on review of alternatives would be ready for presentation to the Board. Vice President True responded that university officials could report by the next Board meeting.

President Berenstein asked that Barbara Burnett's name be added to the university's mailing list so she would receive a copy of the report. Vice President True stated that university officials would share the information with the Board first.

President Berenstein said that was the right way to handle this. He wants to make sure she has an opportunity to review the material so she can attend the next meeting when the matter is discussed.

President Berenstein suggested a motion be made concerning the Printing Department Replacement Facility project for the purpose of exploring

alternatives for replacement with the following addition: "including the possibility of privatization".

WITHDRAWAL OF MOTION: Regents Dorr and Tyrrell withdrew their motion.

MOTION: Regent Furgerson moved to approve the university's request to explore alternatives for replacement of the facility that houses the university's Printing Department including the possibility of privatization. Regent Johnson-Matthews seconded the motion.
MOTION CARRIED UNANIMOUSLY.

Phillips Hall Remodeling

University officials requested approval to proceed with project planning for the remodeling of Phillips Hall, which will be vacated by the College of Business Administration during the upcoming winter break. They plan to reassign the building space to foreign language departments of the College of Liberal Arts and to continue the use of existing classrooms as general assignment pool classrooms. This project will result in the preparation of plans and specifications to accomplish limited remodeling for accommodating the new occupants and for the general upgrade and refurbishing of the building. Based on conceptual planning completed to date, the project cost will range from \$1 million to \$1.35 million. The project will be funded from a combination of Building Renewal funds and Income from Temporary Investments sources.

The university has utilized Scholtz-Gowey and Associates, Davenport, Iowa, for the preparation of conceptual plans for this project. University officials now requested approval to negotiate an agreement with Scholtz-Gowey and Associates, Davenport, Iowa, for the completion of conceptual plans. The university will return to the Board for approval of the negotiated agreement.

University Hospitals and Clinics--A Family Care Center

University officials requested approval to proceed with project planning for the completion of a Family Care Center on the Lower Level of the South Pavilion.

As the 1990s have progressed, the rate of evolution of our nation's health system has accelerated to a point where change is a constant. The movements toward reform of the health system at both state and national levels will bring about further changes in the delivery of health care services during the remainder of the decade. While a wide range of health care reform

proposals are currently under consideration, the importance of "primary care" is a fundamental characteristic of all of the major proposals. Primary care has been defined by the Agency for Health Care Policy and Research as "care that includes first contact care, care that is longitudinal, care that is person centered rather than disease or problem specific, and care that is comprehensive. It addresses the most common problems in the population by providing preventive, curative, or rehabilitative services to maximize health and well being". Most agree that the disciplines of Family Practice, General Internal Medicine and General Pediatrics are key components of primary care, while others also consider Obstetrics and Gynecology to be a primary care specialty.

At the University of Iowa Hospitals and Clinics, the primary care disciplines of Family Practice, General Internal Medicine and General Pediatrics currently function in widely dispersed locations. The Department of Family Practice is housed in the 1918-vintage Steindler Building, which is operated by the General University and is physically distinct from University Hospitals. This building is predominately utilized by the General University for research and office functions. The Steindler Building's age, its remote location, and numerous functional, spatial and building code deficiencies contribute to inefficiencies and difficulties in delivering services to Family Practice patients. Furthermore, the building's antiquated design, with narrow building wings, and the dispersed locations of Department of Family Practice facilities within it impedes the optimal positioning of departmental functions to achieve operational efficiency and precludes any opportunity for expansion of the department's clinical facilities.

The primary care components of the Departments of Internal Medicine and Pediatrics are based within the existing subspecialty clinics of these departments. Because the needs of primary care patients differ from those of subspecialty patients, inefficiencies in staffing and facility utilization arise when both types of patients share a single outpatient clinic. In addition, the inability to focus outpatient services for primary care patients in a single setting makes it difficult to offer convenient ancillary support, such as laboratory and x-ray services. Finally, the dispersion of primary care patients through University Hospitals hampers collaboration between the key primary care disciplines.

Approximately 41,000 gross square feet of shell space on the lower level of the South Pavilion will be finished to accommodate the functional requirements of the Family Care Center. The Center will be developed as closely as possible to model a moderate size community office practice, with sharing of clinic space and supporting functions among primary care practitioners from the Departments of Family Practice, Internal Medicine and Pediatrics. To facilitate convenient access to the Family Care Center for patients and their families, a dedicated entrance with adjacent parking will be available. A dedicated, clearly identifiable entrance is, in fact, an

essential family practice residency training requirement of the Accreditation Council for Graduate Medical Education for a Family Care Center.

It is estimated that the construction cost for this project will be approximately \$4 million. Cost figures will be further developed and refined as project planning proceeds.

The project will be funded through University Hospital Building Usage Funds. No state capital appropriated dollars or bonding will be involved.

PROJECT DESCRIPTIONS AND BUDGETS

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

Electric Distribution Improvements--West Campus \$2,996,000
Source of Funds: Utility System Revenue Bonds,
Series SUI 1993

Preliminary Budget

Construction	\$ 1,698,000
Design, Inspection and Administration	
Consultant	172,619
Architect/Engineering Services	114,081
Equipment & Installation	765,000
Contingencies	<u>246,300</u>
 TOTAL	 <u>\$ 2,996,000</u>

The main source of electrical power on the west campus is provided by the local utility company through an electrical interconnection, Substation U, located west of the Recreation Building and north of Hawkins Drive. Existing electrical distribution loops from Substation U to west campus facilities are nearly at capacity. The proposed project will increase the electrical distribution capacity with greatly enhanced reliability from Substation U to west campus facilities. The most immediate need for this improvement is represented by increased electrical power demand from facilities for University of Iowa Hospitals and Clinics expansion. The proposed project involves the construction of a ten-cell electrical underground duct bank from Substation U southeasterly on university property along the Heartland Railroad right of way to Melrose Avenue, then easterly to a termination vault immediately east of Hawkins Drive.

This project is included among the utility capital improvements to be undertaken by the university during FY 1994, as reported to the Board in the July 1993 Capital Improvement Plan. This is one of the projects funded from

the proceeds of the Board of Regents Utility System Revenue Bonds, Series SUI 1993.

Multi-Tenant Facility, Oakdale Research Park--Remodel \$1,983,000
for Transgenic Facility

Source of Funds: Indirect Cost Allowance for Building Usage
and College of Medicine Gifts and Earnings

Preliminary Budget

Design, Inspection and Administration	
Consultants	\$ 100,000
Architect/Engineering Services	53,000
Construction	1,041,000
Equipment	685,000
Contingencies	<u>104,100</u>
TOTAL	<u>\$ 1,983,100</u>

Source of Funds

Indirect Cost Allowance for Building Usage	\$ 991,550
Gifts and Earnings	<u>991,550</u>
TOTAL	<u>\$ 1,983,100</u>

The facility will consist of the completion of 7,300 square feet of shelled space in the Multi-Tenant Facility on the Oakdale Research Park into laboratories, animal rooms to house a maximum of 15,000 mice and support spaces including cage wash and autoclave rooms. Work includes minor demolition, installation of a concrete slab on grade, interior partitions, doors and finishes, laboratory casework and owner furnished equipment including cage washer and autoclaves and necessary mechanical/electrical systems.

Water Plant--Sludge Dewatering Improvements \$1,950,000
Source of Funds: 1992 Academic Building Revenue Bonds

Preliminary Budget

Design, Inspection & Administration	
Consultant	\$ 182,100
Architect/Engineering Services	7,900
Construction	1,600,000
Contingencies	<u>160,000</u>
TOTAL	<u>\$ 1,950,000</u>

In July 1991 university officials received permission to proceed with project planning for the development of a facility to handle sludge deposits from the Water Plant treatment process. At that time, university officials outlined the alternatives which were available for study.

University officials have elected to proceed with one of two solutions identified in July 1991. The first solution includes the partial dewatering of the sludge material on the plant site with final dewatering in a lagoon system to be created on university property. The second solution would include a complete on-site dewatering system. Preliminary design will be needed to further clarify the relative costs of these two systems and the university will proceed with the most cost effective solution and one that is acceptable to the Department of Natural Resources.

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University officials reported the following project descriptions and budgets for Board ratification.

Service Park Drive/Hawkeye Drive/Hawkeye Park Road \$945,000
Source of Funds: Institutional Roads Funds

Preliminary Budget

Design, Inspection & Administration	\$ 91,875
Construction	775,785
Contingencies	<u>77,340</u>
TOTAL	<u>\$ 945,000</u>

This project includes the construction of 3,400 feet of a new two-lane street to include grading, drainage and street lights. The intersections of Hawkeye Drive with Mormon Trek Road and Melrose Avenue will be reconstructed as divided four-lane streets. A new access drive connecting with the Hawkeye Drive family housing area will also be constructed.

This project was included in the Institutional Roads program approved by the Board in July 1993. This project was approved by the Executive Director on July 29, 1993, to allow the university to proceed with the project.

President's Residence--Slope Stabilization \$127,850
Source of Funds: USDA Soil Conservation Emergency Watershed
Protection Grant or Building Renewal

Preliminary Budget

Design, Inspection and Administration	\$ 17,850
Construction	100,000
Contingencies	<u>10,000</u>
 TOTAL	 <u>\$ 127,850</u>

On July 15, 1993, university officials advised the Board Office that land slides caused by excessive rain were occurring on the north and west slopes of the President's Residence at 102 Church Street. The university's plan was to take emergency action to protect the threatened retaining wall, an air conditioning condenser unit and the remainder of the property.

Soil tests were ordered and utilized by Shive-Hattery Engineers to design a secondary retaining wall set on bedrock that would prevent the slipping soil from undermining the retaining wall. The resulting plans were used to obtain quotations from two contractors capable of performing the required work. Peterson Contractors, Inc., of Reinbeck, Iowa, submitted the low quote of \$87,000 and was awarded the contract. Additional purchase orders were issued to provide for the replacement of sidewalk and lawn damaged during wall construction. This work is now complete.

Following completion of the secondary retaining wall, areas of the bank have continued to slip and further work will be required. These conditions and recommendations for dealing with them have been documented in an additional soils report, which will be used as the basis for development of a second project. The new problems do not constitute an emergency and the new project will be handled according to Board policy as a non-emergency project.

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University officials reported ten 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.

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ARCHITECT/ENGINEER AGREEMENTS

<u>Water Plant--Sludge Dewatering Improvements</u>	<u>\$182,100</u>
Howard R. Green Company, Cedar Rapids, Iowa	

University officials requested approval to enter into an agreement with Howard R. Green Company to provide final design services for this project. The firm has performed comparative studies of alternative systems for this project, and university officials recommended that the firm also be retained

to provide final design services. The agreement provides for a fee of \$182,100, including reimbursables.

Electrical Distribution Improvements--West Campus \$172,619
Shive-Hattery Engineers and Architects, Inc., Iowa City, Iowa

University officials requested approval to enter into an agreement with Shive-Hattery Engineers and Architects to provide design and project management services for this project. The agreement provides for a fee of \$172,619, including reimbursables.

Recreation Building--Athletic Facilities Improvement \$140,960
Program--Addition
Cost, Planning and Management International, Inc., Des Moines, Iowa

University officials requested approval to enter into an agreement with Cost, Planning and Management International, Inc., to provide construction management services for this project. The agreement provides for a fee of \$140,960, including reimbursables.

Campus Fiber Optic Communications Network--Lindquist Center \$91,532
to Bowen Science Building
Shive-Hattery Engineers and Architects, Inc., Iowa City, Iowa

University officials requested approval to enter into an agreement with Shive-Hattery Engineers and Architects to provide design and engineering services for this project. The agreement provides for a fee of \$91,532, including reimbursables.

Multi-Tenant Facility, Oakdale Research Park--Remodel for \$63,500
Transgenic Facility
Alvine and Associates, Inc., Omaha, Nebraska

University officials requested approval to enter into an agreement with Alvine and Associates to provide design and project management services for this project. The agreement provides for a fee of \$63,500, including reimbursables.

University Hospitals and Clinics--Patient Fiscal and Admitting \$27,625
Service Expansion
Hansen Lind Meyer, Inc., Iowa City, Iowa

University officials requested approval to enter into an agreement with Hansen Lind Meyer to provide design services for this project. The agreement provides for a fee of \$27,625, including reimbursables.

University Hospitals and Clinics--UIHC Child Care Center

University officials requested approval to enter into the following consultant agreements for this project.

Design Engineers, Cedar Rapids, Iowa \$24,500

University officials requested approval to enter into an agreement with Design Engineers to provide mechanical/electrical systems design services for this project. The agreement provides for a fee of \$24,500, including reimbursables.

Marske-Schardein and Associates, Bettendorf, Iowa \$3,250

University officials requested approval to enter into an agreement with Marske-Schardein and Associates to provide structural design, bidding and construction phase services for this project. The agreement provides for a fee of \$3,250, including reimbursables.

University Hospitals and Clinics--Shipping and Receiving \$24,340
Facility Office and Mechanical/Electrical Systems Development
Hansen Lind Meyer, Inc., Iowa City, Iowa

University officials requested approval to enter into an agreement with Hansen Lind Meyer to provide design services for this project. The agreement provides for a fee of \$24,340, including reimbursables.

University Hospitals and Clinics--Emergency Medical Services \$12,000
Learning Resources Center Relocation
Design Engineers, Cedar Rapids, Iowa

University officials requested approval to enter into an agreement with Design Engineers to provide mechanical and electrical engineering design services for this project. The agreement provides for a fee of \$12,000, including reimbursables.

Medical Laboratories--HVAC and Building Upgrade--Phase III-- \$10,000
Mechanical Systems
Design Engineers, Cedar Rapids, Iowa

University officials requested approval to enter into an agreement with Design Engineers to provide electrical design services for this project. The agreement provides for a fee of \$10,000, including reimbursables.

University Hospitals and Clinics--Development of a Pediatric Bone Marrow
Transplant Unit in the John Pappajohn Pavilion
Hansen Lind Meyer, Inc., Iowa City, Iowa

University officials requested approval to enter into a negotiated agreement with Hansen Lind Meyer to provide design services for this project.

Amendments:

<u>Main Power Plant Capacity Improvements</u>	Amendment #1 <u>\$213,245</u>
Stanley Consultants, Inc., Muscatine, Iowa	Amendment #2 <u>\$12,130</u>

University officials requested approval of Amendments No. 1 and 2 to the agreement with Stanley Consultants.

Amendment No. 1 will extend the design contract to include construction engineering services and on-site observation. This amendment also includes reevaluation of campus steam loads, particularly those required by the University of Iowa Hospitals and Clinics and the proposed south expansion.

Amendment No. 2 will compensate Stanley Consultants for additional design and modification of building drawings as requested by the university. The new building to be constructed within the Power Plant site will be a prominent feature of the south entrance to the campus and this amendment will provide for a consistent architectural style.

Amendments No. 1 and No. 2 will not result in an increase in the total project budget.

<u>Steam Distribution System Improvements--Power Plant to South Grand Avenue</u>	Amendment #2 <u>\$130,715</u>
Stanley Consultants, Inc., Muscatine, Iowa	Amendment #3 <u>\$6,460</u>

University officials requested approval of Amendments No. 2 and 3 to the agreement with Stanley Consultants.

Amendment No. 2 will extend the contract to include construction engineering services and on-site observation. Amendment No. 3 will provide for additional engineering services to design access openings to the tunnel system as a safety feature.

Amendments No. 2 and No. 3 will not result in an increase in the total project budget.

<u>West Campus Chilled Water Plant Expansion</u>	Amendment #2 <u>\$5,720</u>
Stanley Consultants, Inc., Muscatine, Iowa	

University officials requested approval of Amendment No. 2 to the agreement with Stanley Consultants.

Amendment No. 2 will provide for the design of two, 8-inch chilled water pipes extending from the 30-inch mains below the floor to the north wall of

the plant to be arranged for future chilled water supply to the Athletic Facilities.

Amendment No. 2 will not result in an increase in the total project budget.

Medical Education Building--Construct Undergraduate Teaching Laboratory \$2,500

Wehner, Pattschull and Pfiffner, Iowa City, Iowa

University Hospitals and Clinics--Pappajohn Pavilion Exit Corridors, Public Elevators Circulation and Office Development \$2,000

Hansen Lind Meyer, Inc., Iowa City, Iowa

Currier Hall--Replace Piping, East and South Wings \$1,550

Gene Gessner, Inc., Iowa City, Iowa

Quadrangle--Renovate Rest Rooms \$800

Pierce King Architects and Associates, Iowa City, Iowa

University Hospitals and Clinics--Mechanical Head-End Equipment Installation \$800

Hansen Lind Meyer, Inc., Iowa City, Iowa

North Capitol Street Pathway--Construct Pathway \$500

Shoemaker and Haaland Professional Engineers, Coralville, Iowa

CONSTRUCTION CONTRACTS

Recreation Building--Athletic Facilities Improvement Program--Addition \$4,616,000

Award to: Mid-America Construction Company of Iowa, Iowa City, Iowa
(4 bids received)

Power Plant Improvements (Contract 9) \$2,993,000

Award to: Mid-America Construction Company of Iowa, Iowa City, Iowa
(6 bids received)

Medical Education Building--Upgrade Research Laboratories \$863,050

Award to: Selzer-Werderitsch Construction Company of Iowa,
Iowa City, Iowa
(4 bids received)

Pharmacy Building Addition--Utilities \$812,000

Award to: Hurst and Sons Contractors, Inc., Waterloo, Iowa
(2 bids received)

University Hospitals and Clinics--Corridor Completion and
Air Handling Unit Installation \$675,600

Award to: Mid-America Construction Company of Iowa, Iowa City, Iowa
(5 bids received)

President's Residence--Slope Stabilization \$87,800

Award to: Peterson Contractors, Inc., Reinbeck, Iowa
(2 bids received)

University Hospitals and Clinics--CSS and Processed Stores
Relocation--Material Services Staff Rest Room \$50,681

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

73rd General Assembly Academic Revenue Bonds Equipment

Currier Hall--Replace Piping, East and South Wings
Reject All Bids

Four bids were received for this project, all which exceeded the engineering estimate by at least 45 percent. The Executive Director authorized the university to reject the bids and re-bid the project for completion in the summer of 1994.

ACCEPTANCE OF COMPLETED CONSTRUCTION CONTRACTS

Iowa Advanced Technology Laboratories--Laboratory Completion Package
Selzer-Werderitsch Construction Company, Inc., Iowa City, Iowa

University Hospitals and Clinics--Pappajohn Pavilion Atrium and Exit
Corridor Completion
Mid-America Construction Company of Iowa, Iowa City, Iowa

Schaeffer Hall--Replace Windows--Asbestos Abatement
Enviro Safe Air, Inc., Sioux City, Iowa

Burge Hall--Replace Piping, Second and Third Houses--Asbestos Abatement
Site Services, Ltd., Algona, Iowa

Quadrangle--Renovation Rest Rooms--Asbestos Abatement
Curry Environmental Services, Inc., Milan, IL

University Hospitals and Clinics--A Clinical Cancer Center and Topping Out
of the John Pappajohn Pavilion
Mid-America Construction Company of Iowa, Iowa City, Iowa

University Hospitals and Clinics--Electrical Power Monitoring System
Acme Electric Company, Cedar Rapids, Iowa

Burge Hall--Replace Windows, Second and Third Houses
Robinson Energy Efficient Products, Inc., Baxter, Iowa

University Hospitals and Clinics--Pappajohn Pavilion Exit Corridors, Public
Elevators Circulation and Office Development
Merit Construction Company, Cedar Rapids, Iowa

MOTION: Regent Hendricks moved to approve the university's capital register, as presented. Regent Pellett seconded the motion.

Regent Collins stated that he would abstain on the two projects with Shive-Hattery Engineers: Electrical Distribution Improvements - West Campus and Campus Fiber Optics Communications Network - Lindquist Center to Bowen Science Building.

VOTE ON MOTION: MOTION CARRIED WITH REGENT COLLINS
ABSTAINING.

LEASE OF PROPERTIES. The Board Office recommended the Board approve the following leases:

With SOLLTECH, INC., for its use of 694 square feet of office space in the Technology Innovation Center at the Oakdale Campus at the rate of \$231.33 per month, for a one-year period commencing October 1, 1993, through September 30, 1994;

With BIO-RESEARCH PRODUCTS, INC., for its use of 800 square feet of office space in the Technology Innovation Center at the Oakdale Campus at the rate of \$933.33 per month, for a six-month period commencing October 1, 1993, through March 31, 1994;

With ACCEL CATALYSIS for its use of 1,251 square feet of office and laboratory space in the Technology Innovation Center at the Oakdale Campus at the rate of \$916.83 per month, for a six-month period commencing October 1, 1993, through March 31, 1994;

With HYPERTHERM, INC., for its use of 129 square feet of office space in the Technology Innovation Center at the Oakdale Campus at the rate of \$91.38 per month, for a one-year period commencing October 1, 1993, through September 30, 1994;

With MOD POD INCORPORATED, for the university's use of 1,785 square feet of office and laboratory space located at 131 Burlington Street, Iowa City, Iowa, at the rate of \$1,250 per month, for a one-year period commencing October 1, 1993, through September 30, 1994; and

With the QUAD CITIES GRADUATE CENTER for the university's use of 87 square feet of office space located in Room 153A of Sorensen Hall on the Augustana College Campus, Rock Island, Illinois, at the rate of \$68.51 per month, for an 11-month period commencing October 1, 1993, through August 31, 1994.

President Berenstein stated that he would abstain from voting on the lease with Solltech, Inc., because of a potential conflict of interest.

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

MOTION CARRIED UNANIMOUSLY.

MOTION: Regent Tyrrell moved to approve the remainder of the leases, as presented. Regent Newlin 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.

PURCHASE OF PROPERTY. The Board Office recommended the Board authorize the University of Iowa to purchase property located at 315 Melrose Avenue, Iowa City, Iowa, subject to approval of the Executive Council of Iowa.

University of Iowa officials sought to purchase property located at 315 Melrose Avenue, Iowa City, Iowa.

The property consists of an 80 feet by 278 feet parcel of land with a two-story frame house with detached garage.

The property is located in the university's land acquisition plan and will be used initially for the Faculty/Staff rental program.

The purchase price is \$150,000, and is less than the \$153,333 average of three appraisals (\$135,000, \$143,000 and \$182,000) for the property.

Funds for the purchase are available from Treasurer's Temporary Investments.

Approval of the Executive Council is required for the purchase.

Regent Dorr stated that the Regents had received a series of letters from people concerned about the purchase of the property including the faculty members.

President Berenstein stated that was a different question on Melrose Avenue. He said Melrose Avenue is a veritable smorgasbord of problems. He then noted that the Board had just received letters from the Melrose Association members D. N. McCloskey, Gertrud Champe and John Else, all opposing the purchase of the property at 315 Melrose Avenue. He asked if everyone had received copies of those 3 letters.

The Regents discussed whether or not they had received the three letters. President Rawlings stated that he had not and was subsequently given a copy.

Regent Collins stated that he had hand delivered those letters to the Regents today during one of the recesses. He said he was just a messenger.

President Berenstein suggested that the property purchase be taken off the docket and considered in October since the Regents had not had time to read the three letters. They should not vote on anything they have not been apprised of fully.

Vice President True stated that he did not know whether the conditional offer to purchase would expire before the next Regents meeting.

President Berenstein said this was an inappropriate way to do this but if the neighbors raise a good point their concerns should be considered. He stated the Board would postpone consideration of this property purchase until October.

President Berenstein recognized Regent Collins for a report on the meeting he attended concerning Melrose Avenue.

Regent Collins stated that he had been asked to go to Iowa City and talk with a group of citizens from Melrose Avenue, which he did last night. He met with them for over an hour. The essence of their immediate concern was that they do not want Melrose Avenue widened. He noted that this was no news to University of Iowa officials. He stressed to the group that the proposed widening would take place solely on university property. The neighbors stated they were concerned for aesthetics and traffic. He said he did not think the Regents needed to address the widening of Melrose Avenue at this time and that it was strictly an administrative issue. He did want to report, however, that the neighbors said they are never informed about what is going on; they are never involved in the process of planning. They

used the term "faceless neighbor". Regent Collins reported that he told them he would recommend to the Board of Regents that the university have a specific team designated at the university for the purpose of keeping the neighbors informed to the extent they can do so without raising property prices if they are going to purchase property. Their input but not their approval will be sought with regard to the university's planning program as it will affect the surrounding neighbors. He suggested that the other two Regent universities establish similar teams if they have had similar problems.

President Rawlings stated that University of Iowa officials have met with the neighbors on many occasions. He said they would be happy to do that again; however, as Regent Collins pointed out, the basic problem is that they do not want to see the road widened.

Regent Collins suggested that university officials could at least try to head off problems. If something goes awry and the neighbors say they did not hear about something, the Regents will know who to look to. He would like to follow up with President Rawlings with a little more detail but he said it is mainly a matter of communication at this point.

President Berenstein suggested that Regent Collins, President Rawlings and Director Gibson have some dialogue prior to the next meeting. He would also like this item docketed on next month's University of Iowa docket so the Regents can at least discuss the matter formally. That will give credence to the university's recommendation. The people on Melrose Avenue may be given an opportunity to speak to the Regents at some future time when the issue is before the Board.

Regent Hendricks stated that it was her understanding that the Regents had agreed they would not go out as individual Regents and meet with constituents.

President Berenstein said this whole matter was brought up at a Meet the Regents session. He asked Regent Collins, when he was first appointed to the Board of Regents, to address this matter. Regent Collins asked if it would be alright for him to attend last night's meeting. President Berenstein said Regent Collins could attend, listen, be courteous and give them his opinion without making it an opinion of the Board of Regents. He stressed that all Regent Collins was doing was being courteous. Regent Collins said that because of his proximity to Iowa City, his attending the meeting was no different than a Regent listening to a constituent on the telephone.

President Berenstein stated that in order to bring this matter to closure they should get it on the docket as part of the University of Iowa's docket next month, discuss it formally and make some kind of a decision.

President Rawlings pointed out that Vice President True has been working on the purchase of this property for quite some time. The item was presented to the Regents as part of the university's campus planning process, plenty of advance notice was given and there have been lots of opportunities for individuals to comment. University of Iowa officials are ready to proceed with this matter today. President Rawlings just saw the three letters for the first time 10 minutes ago. For the Regents to table this property purchase, he said, seemed to be a procedural problem. The deferral causes a lot of difficulty in a carefully worked out process. If the Regents would like to table it, that is fine but it is not the way to do good planning.

President Berenstein said he would agree with President Rawlings except for the fact that the Regents were holding the letters and had not had the opportunity to read them. He thought it would be a nice courtesy to those three individuals, who did not act in a prudent manner. They will know the next time that they either get their information into the Regents on time or the Regents will proceed without them.

Regent Collins asked if the Regents could break for 5 minutes to read the letters, then reconvene and vote on the property purchase. That was certainly all they would owe the people who gave the letters to him at such an eleventh hour, and it would accommodate the university, as well.

President Berenstein asked President Rawlings if it was acceptable to him to put the widening of Melrose Avenue on the docket in order to bring that to closure. President Rawlings responded affirmatively, stating that university officials would work on it.

President Berenstein asked to recess for five minutes in order for the Regents to read the 3 letters. After a 5-minute recess, the following occurred:

President Berenstein asked President Rawlings to state to the rest of the Regents what he alluded to after showing a map to President Berenstein and the representative of the Daily Iowan.

President Rawlings asked Vice President True to describe the location of the property.

Vice President True stated that the 315 Melrose Avenue property is within the boundaries established by the Board for the university to acquire at a reasonable price. The property is surrounded by other university properties and is available at a price that is reasonable based on appraisals. Surrounding the property the university has properties that are rented to faculty, operations such as a health protection office, the African American house and day care centers that are operated through the Student Senate. The property is entirely surrounded by existing university property. He

displayed a map that showed the boundary that was established by the Board and also the location of the property at 315 Melrose Avenue.

President Berenstein noted, after reading the three letters, that the individuals were objecting to the widening of Melrose Avenue not necessarily to the purchase of the property.

MOTION:

Regent Dorr moved to authorize the University of Iowa to purchase property located at 315 Melrose Avenue, Iowa City, Iowa, subject to approval of the Executive Council of Iowa. 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.

IOWA ORGAN PROCUREMENT REORGANIZATION. The Board Office recommended the Board authorize University of Iowa Hospitals and Clinics to approve the plan to reorganize the Iowa Statewide Organ and Tissue Procurement Organization as an independent not-for-profit organization.

University of Iowa Hospitals officials requested authorization to approve a plan to reorganize the Iowa Statewide Organ and Tissue Procurement Organization (IOPRO) from a hospital-based organization to an independent not-for-profit organization.

IOPRO was organized under the authority of the Board of Regents in response to a mandate from the General Assembly that a state plan be established for organ and tissue procurement, registration, and distribution. The plan was to include all organ transplant hospitals in Iowa.

All hospitals in Iowa performing organ transplants (UIHC, Iowa Methodist, and Mercy Medical Center) cooperatively developed policies affecting the operation of the IOPRO.

The IOPRO has been successful in achieving the goals underlying its establishment; however, changing conditions have prompted the IOPRO Board of Directors to consider a change in the corporate status of IOPRO.

The IOPRO Board of Directors has reported the following reasons for proposing a change:

- * to respond to evolving Federal policies and attitudes which have increasingly favored independent organ procurement organizations (OPOs) over hospital-based OPOs,
- * to increase the effectiveness of the IOPO in identification of potential organ and tissue donors and to maximize retrieval of organs and tissues, and
- * to maintain the cooperation of the three Iowa transplanting hospitals in organ and tissue retrieval.

The following elements were included in the plan for this new organization:

- * Articles of Incorporation and Bylaws were drafted that will preserve the role of the three transplant hospitals in providing leadership to organ procurement activities within the state as the sole members of the not-for-profit corporation.
- * Governance of the organization will rest with a board of directors consisting of individuals appointed by the members and individuals selected as representatives of the public.
- * Pro formas were prepared indicating the organization can achieve financial independence in its third year of operation.

Prior to the time of financial independence, the organization will be financed through prepayment by the member hospitals of organ procurement fees. No investment by the member hospitals will be required.

The budgetary effects of the proposed change will be reported to the Board by UIHC.

Other changes include:

- * Reduction in size of Board of Directors from 21 to 18 and reduction in number of designated hospital members on the Board of Directors from 5 to 3 from each hospital.
- * Decrease from 6 to 3 the number of individuals representing hospital personnel/health associations or the public.
- * Addition of 6 persons who have received a transplant, are members of the family of an individual who has donated an organ or has been referred to receive a transplant.

UIHC officials have independently reviewed the proposal and concluded that the best interests of potential transplant patients, the transplanting hospitals, and the general public would be served by the reorganization.

If reorganization is approved by the three transplant hospitals, the IOPO Board will proceed to create a not-for profit organization to which IOPO authorities and responsibilities can be transferred. At that time, the IOPO Board will seek final approval of the Board of Regents to dissolve the IOPO Board and complete the transfer.

Regent Dorr asked why this request was before the Board. Mr. Hesson responded that the University of Iowa Hospitals and Clinics is certified by the federal government as the organ procurement agency for the state of Iowa. He said federal officials made it clear that the move is away from hospital-based organ procurement agencies. There is also a belief that they will gain some flexibility for the organization and will be able to take advantage of corporate offers for free transportation, etc. He noted that 3 hospitals in Iowa currently perform transplants.

President Berenstein asked if there was any controversy concerning this matter. Mr. Hesson responded that there was none that he was aware of. He said Mercy Hospital in Des Moines has approved the proposal.

Regent Hendricks asked if there were provisions to add other hospitals that might want to do organ transplants. Would accessibility be on par with the 3 current members of the organization? Mr. Hesson responded affirmatively. He said they were not asking for exclusivity for the 3 hospitals.

In response to a question from Regent Tyrrell, Mr. Hesson stated that board composition complies with existing and proposed rules.

MOTION: Regent Furgerson moved to authorize University of Iowa Hospitals and Clinics to approve the plan to reorganize the Iowa Statewide Organ and Tissue Procurement Organization as an independent not-for-profit organization. Regent Dorr seconded the motion. MOTION CARRIED UNANIMOUSLY.

PRELIMINARY RESOLUTION FOR REFUNDING OF ACADEMIC BUILDING REVENUE BONDS.
The Board Office recommended the Board adopt a Resolution which authorizes the Executive Director to fix the date or dates for the sale of up to \$17,400,000 Academic Building Revenue Refunding Bonds, Series S.U.I. 1993.

The proceeds from the sale of these bonds will be used to refund the remaining principal of \$10,100,000 of the Board's Academic Building Revenue Bonds, Series S.U.I. 1987 and \$4,800,000 of the Board's Academic Building Revenue Bonds, Series S.U.I. 1987A.

The interest rate savings as a result of the refunding is estimated at approximately \$2,035,000 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.

MOTION:

The motion for this item took place under the Banking Committee report in the general docket section of these Minutes, page 192.

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, September 22, 1993.

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

Register of Personnel Changes for July and August 1993.

Provided for the Board's information was the notice of resignation of BARBARA MACK as Executive Assistant to the President, effective December 31, 1993.

MOTION: Regent Dorr moved to approve the university's personnel transactions, as revised. Regent Furgerson 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.

APPROVAL OF PROGRAM STATEMENTS AND DESIGN DOCUMENTS

Applied Science Center--Office Building

Drawings prepared by Shiffler Associates describing the schematic design were included with the Regents' docket memorandum.

Reiman Garden

The design for the Reiman Garden project was prepared by the landscape architect with input from the project program and the project planning members. Representatives of Coe Lee Robinson Roesch made a presentation of the project design. A booklet describing the design process, objectives, and the schematic design was provided for Board members' review.

Vice President Madden introduced Rodney Robinson.

Mr. Robinson gave a slide presentation of the 14 acre site and architectural renderings.

Regent Johnson-Matthews asked about funding for the project. Vice President Madden responded that the project was made possible by a very generous gift

of \$1.3 million from the Reiman family. He said the department is completing its fund raising for maintaining the site.

Regent Pellett asked about the time schedule for the project. Mr. Robinson responded that they anticipate bidding in March or April to begin construction next spring.

Regent Hendricks asked if any of the land was under water. President Jischke responded that the site had not flooded. It drained very nicely.

Regent Newlin asked about the plan for a replica of the university's campanile on the site. President Jischke responded that it would not be a replica because it will not be detailed or to scale.

PROJECT DESCRIPTIONS AND BUDGETS

University officials submitted six new projects for approval by the Board. The following projects reflected the university's completed estimates of water and wind damage to campus facilities resulting from the storm of July 9, 1993. All of these projects will be funded by grants from the Federal Emergency Management Agency (FEMA) and university and State flood recovery funding.

Hilton Coliseum--Water and Wind Damage 1993 \$2,595,000

Initial Project Budget

Contracts	\$ 683,000
Design Services-Water Damage Repair	22,000
University Services	265,000
Miscellaneous	40,000
Utility Extensions	220,000
Fixed Equipment-Water Damage Repair	417,000
Movable Equipment-Water Damage Repair	<u>948,000</u>

TOTAL \$ 2,595,000

Iowa State Center--Water Damage 1993 \$790,000
(Scheman Building and C. Y. Stephens Auditorium)

Initial Project Budget

Contracts	\$ 192,500
Design Services	7,000
University Services	275,000
Miscellaneous	10,000
Utility Extensions	3,500
Fixed Equipment-Scheman Building	192,000
Movable Equipment-Scheman Building	<u>110,000</u>
TOTAL	<u>\$ 790,000</u>

Recreation/Athletic Facility--Water Damage 1993 \$148,000

Initial Project Budget

Contracts	\$ 99,000
Design Services	1,000
University Services	21,000
Utility Extensions	1,000
Movable Equipment	<u>26,000</u>
TOTAL	<u>\$ 148,000</u>

Residence Department Facilities--Water and Wind Damage 1993 \$550,000

Initial Project Budget

Contracts	\$ 49,200
Design Services	7,800
University Services	98,000
Utility Extensions	3,000
Fixed Equipment - Water Damage Repair	181,000
Movable Equipment	<u>211,000</u>
TOTAL	<u>\$ 550,000</u>

General Campus--Water and Wind Damage 1993 \$3,555,000

The following estimate covers damage to all buildings or areas not included in the separate project budgets presented for Board approval. The damage to utilities is still under investigation. University officials reported an estimate since they cannot provide the actual utility repair costs until reports are received.

Initial Project Budget

Contracts-Water Damage Repair	\$ 335,000
Contracts-Wind Damage Repair	61,000
Design Services	40,000
University Services	593,000
Utility Extensions	2,486,000
Fixed Equipment-Water Damage	7,000
Movable Equipment-Water Damage	<u>33,000</u>
TOTAL	<u>\$ 3,555,000</u>

Telecommunications--Storm Damage 1993 \$120,000

Initial Project Budget

Water Damage Repair	\$100,000
Lightning Damage Repair	<u>20,000</u>
TOTAL	\$120,000

* * * * *

University officials presented a revised budget on the following project:

Hamilton Hall--Basement Renovation Original Budget \$ 80,000
Revised Budget \$467,027

Project Budget

	Original Budget <u>April 1992</u>	Revised Budget <u>Sept. 1993</u>
Contracts	\$ 60,000	\$ 293,160
Design Services	10,300	39,200
Construction Administration	1,900	7,150
University Services	600	1,000
Miscellaneous	1,000	1,000
Movable Equipment	0	97,000
Building Automation	0	3,000
Telecommunications	0	2,000
Project Reserve	<u>6,200</u>	<u>23,517</u>
TOTAL	<u>\$ 80,000</u>	<u>\$ 467,027</u>

IOWA STATE UNIVERSITY
September 22, 1993

<u>Source of Funds:</u>	<u>Original Budget April 1992</u>	<u>Revised Budget Sept. 1993</u>
Block Grant Funds FY92 (Building Repair)	\$ 80,000	\$ 17,027
Income from Treasurer's Temporary Investments	<u> </u>	<u>450,000</u>
TOTAL	<u>\$ 80,000</u>	<u>\$ 467,027</u>

This project was approved in April 1992 to provide infrastructure for the development of under-utilized space in the basement of Hamilton Hall. The project has proceeded through design of the infrastructure and university officials wished to proceed with construction of the project with a scope change to finish approximately 5,000 net square feet of the available 7,000 net square feet for use as office space. The availability of additional funding from Treasurer's Temporary Investments will allow the university to proceed with the renovation project.

* * * * *

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

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ARCHITECT/ENGINEER AGREEMENTS

<u>Curtiss Hall--Brenton Center</u>	<u>\$20,000</u>
Savage-VerPloeg and Associates, West Des Moines, Iowa (Architectural Services)	

University officials requested approval of an agreement with Savage-VerPloeg and Associates to provide design services for this project. University officials received expressions of interest from 15 firms to provide design services for the project. The university selected four firms for interviews by the architect selection committee. All four firms demonstrated the capability to successfully complete the project but one firm, Savage-VerPloeg and Associates of West Des Moines, was judged to have the best experience and ability to perform the necessary services. The agreement provides for a fee of \$20,000, including reimbursables.

At the completion of the schematic design, an initial project budget will be presented to the Board for approval. It is anticipated that the project will be less than \$1.5 million.

Amendments:

Hilton Coliseum--Addition for Title IX Compliance Amendment #2 \$18,800
Roseland Architects, Ames, Iowa

University officials requested approval of Amendment #2 to the agreement. Amendment #2 is the result of the university's request for additional design services for 1,600 gross square feet of additional space on the first level and 1,600 gross square feet of additional space on the second level below the originally programmed third level addition. The construction documents will include this additional space in the base bid for the project, but will also include a deduct alternate bid for deleting the additional space.

Amendment No. 2 will not result in an increase in the total project budget.

Hamilton Hall--Basement Renovation Amendment #1 \$11,000
Rietz Engineering Consultants, Ames, Iowa

University officials requested approval of Amendment #1 to the consultant agreement. Additional design services were required for finishing spaces for office occupancy and construction of a new women's toilet room. The original project provided for only the infrastructure of corridors and mechanical systems for the space that was now being developed. The maximum amount billable for these services is \$11,000.

Amendment No. 1 will require an increase in the total project budget, which was included in this capital register for Board approval.

Reiman Garden Amendment #1 \$10,455
Coe Lee Robinson Roesch, Philadelphia, PA

University officials requested approval of Amendment #1 to the consultant agreement. It was originally anticipated that detailed architectural design of the building elements for the garden would not begin until the garden design entered design development phase. It now became apparent that in order to stay on schedule the architect needs to begin work sooner.

The Coe Lee Robinson Roesch firm has proceeded with the selection process for an architect sub-consultant for its team. The firm would like to begin design of the buildings as soon as possible. Amendment #1 would add architectural/engineering design services for the schematic design of the building elements of the project. These services will be provided by Walker Metzger Architects of Des Moines. The total change to the agreement would be \$10,455, including reimbursables.

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

Applied Science Center--Office Building \$3,600
Shiffler Associates, Des Moines, Iowa

Hilton Coliseum--Addition for Title IX Compliance \$5,700
Roseland Architects, Ames, Iowa

CONSTRUCTION CONTRACTS

Buchanan and Wallace Halls--Elevator Upgrade and Modernization
Reject Bid

One bid was received for this project on August 17, 1993, which exceeded the engineering estimate by approximately 6.4 percent. Due to the university's need to utilize Dormitory Surplus Funds to complete flood-related projects, the Executive Director authorized the university to reject the bid and re-bid the project for completion next summer.

Agronomy Addition--Replace Window Caulking \$9,969
Award to: Olofson and Sons Restoration, Inc., Minden, Iowa
(2 bids received)

ACCEPTANCE OF COMPLETED CONSTRUCTION CONTRACTS

1991-1992 Energy Conservation Program--Applied Science Center I--Extend
Process Chilled Water
Manning-Seivert Mechanical Contractors, Inc., Granger, Iowa

FINAL REPORTS

Recreation/Athletic Facility \$13,179,899.71

Applied Science Center 1--Renovation of Microelectronics \$532,742.72
Research Center

Ross Hall--Rooms 15 and 115--Remodel Computer Laboratories \$222,948.78

Armory--Replace Tile Roof \$27,157.51

Gilman Hall--North Wing--Replace HVAC System \$100,678.88

Parks Library--Replace Roof Sections A through E and H 21,155.51

MOTION: Regent Hendricks 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 leases:

With DAYTON ROAD DEVELOPMENT COMPANY for the university's use of 2,401 square feet of office space located at 137 Lynn Avenue, Ames, Iowa, at the rate of \$2,636.65 per month, for a one-year period commencing October 1, 1993, through September 30, 1994;

With UNIVERSITY TOWERS PARTNERSHIP for the university's use of 625 square feet of office space located at 111 Lynn Avenue, Ames, Iowa, at the rate of \$650 per month, for a one-year period commencing October 1, 1993, through September 30, 1994;

With DETERMAN INVESTMENTS for the university's use of 800 square feet of office space located at Mohawk Square (Suite 206), 22 North Georgia, Mason City, Iowa, at the rate of \$400 per month, for a one-year period commencing July 1, 1993, through June 30, 1994;

With AXIA CORPORATION for its use of 221 square feet of office space at the Iowa State Innovation System on the Iowa State University campus at the rate of \$210 per month, for a six-month period commencing October 1, 1993, through March 31, 1994.

MOTION:

Regent Tyrrell moved to approve the leases, as presented. Regent Newlin 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.

SALE OF LAND. The Board Office recommended the Board authorize Iowa State University to sell property located in Boone County, Iowa, subject to approval of the Executive Council of Iowa.

Iowa State University officials requested authorization to sell three acres of university property located in Boone County, Iowa, to Tom and Doris Van Sickle. The parcel is part of 50 acres of university property utilized for the Fick Observatory, the university's astronomical research facility.

Tom and Doris Van Sickle have expressed interest in purchasing the three acre parcel for construction of a farm pond on their adjacent property.

The purchase price for the property is \$290.70 per acre, based upon a land appraisal and second review by the Boone County Extension office.

The Van Sickles have agreed to abide with an external lighting code to reduce light pollution near the Fick Observatory.

Approval of the Executive Council is required for the sale.

MOTION:

Regent Collins moved to authorize Iowa State University to sell property located in Boone County, Iowa, subject to approval of the Executive Council of Iowa. Regent Dorr 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 Iowa State University. There were none.

UNIVERSITY OF NORTHERN IOWA

The following business pertaining to the University of Northern Iowa was transacted on Wednesday, September 22, 1993.

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

Register of Personnel Changes for July and August 1993.

Provided for the Board's information was the change of status of ERWIN W. RICHTER from Professor of Chemistry to Acting Assistant Vice President, Academic Affairs, and Professor, at an eleven-month salary of \$66,246, effective August 23, 1993.

MOTION: Regent Dorr moved to ratify the university's personnel transactions, as presented. Regent Furgerson 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 reported one new project with a budget under \$250,000. The title, source of funds and estimated budget for the project was listed in the register prepared by the university.

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ARCHITECT/ENGINEER AGREEMENTS

<u>1994 Institutional Roads--Jennings Drive</u>	<u>\$65,012</u>
Kirkham Michael and Associates, Inc., Cedar Falls, Iowa	

University officials requested approval to enter into an agreement with Kirkham Michael and Associates, Inc., to provide engineering services for the project. The firm was recommended by the university because of its expertise in road reconstruction projects and its successful completion of similar projects on the University of Northern Iowa campus.

The agreement provides for a fee of \$65,012, including reimbursables.

Amendments:

Bartlett Hall--HVAC System and Windows \$4,000.00
Brooks Borg and Skiles, Des Moines, Iowa

Center for Energy and Environmental Education \$4,121.81
Wells, Woodburn, O'Neill, Des Moines, Iowa

1993 Institutional Roads--Dakota Street, University Avenue \$200.00
Pedestrian Underpass and Hudson Road Pedestrian Overpass
Shoemaker and Haaland, Coralville, Iowa

Residence Facility \$2,466.38
Herbert Lewis Kruse Blunck, Des Moines, Iowa

CONSTRUCTION CONTRACTS

Seerley Hall Equipment \$17,703.65
(Equipment Funded by Academic Building Revenue Bonds)

CHANGE ORDERS TO CONSTRUCTION CONTRACTS

Center for Energy and Environmental Education \$44,665.76

ACCEPTANCE OF COMPLETED CONSTRUCTION CONTRACTS

Russell Hall Improvements
Prairie Construction Company, Waterloo, Iowa

Replace Electrical Porcelain Cutouts/Switch \$63,001

Fire Safety Improvements \$254,128

Replace Chiller \$153,499

Seerley Hall Renovation--Landscaping \$44,280
Platts, Inc., Waterloo, Iowa

Seerley Hall Renovation \$3,397,888
Prairie Construction Company, Waterloo, Iowa

FINAL REPORTS

Wright Hall Equipment \$503,286.89

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

APPROVAL OF EASEMENT. The Board Office recommended the Board approve the following easement:

With the CITY OF CEDAR FALLS for an easement consisting of approximately 800 square feet of land for the city's construction and operation of a recreational/bike trail.

MOTION: Regent Tyrrell moved to approve the easement, as presented. Regent Newlin 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.

PROPOSED PROPERTY PURCHASES. The Board Office recommended the Board (1) authorize the University of Northern Iowa to purchase property located at 1204 West 22nd Street, Cedar Falls, Iowa, subject to approval of the Executive Council of Iowa; and (2) authorize the University of Northern Iowa to purchase property located at 1210 West 22nd Street, Cedar Falls, Iowa, subject to approval of the Executive Council of Iowa.

The property located at 1204 West 22nd Street consists of a 66 feet by 82 feet parcel of land. The property located at 1210 West 22nd Street consists of a 66 feet by 130 feet parcel of land.

The properties are located north of Bartlett Hall near the Commons parking lot. University officials proposed to purchase the properties for conversion to parking facilities or other development of the campus.

The purchase price for the property at 1204 West 22nd Street is \$70,000, and is based on two appraisals of \$69,000 and \$80,000. The purchase price for the property at 1210 West 22nd Street is \$54,900, and is based on two appraisals of \$54,900 and \$55,000.

The property purchases meet Board policy in that the purchase price for each parcel is not more than five percent over the average of the two appraisals. Funds for the purchase are available from Treasurer's Temporary Investments.

Approval of the Executive Council is required for each purchase.

Vice President Conner stated that University of Northern Iowa officials had heard of no objections to the property purchases. The neighborhood association encourages university officials to purchase the properties. He noted that university officials are now in a position to have only 2 properties in the entire block remaining to be purchased by the university.

MOTION:

Regent Johnson-Matthews moved to (1) authorize the University of Northern Iowa to purchase property located at 1204 West 22nd Street, Cedar Falls, Iowa, subject to approval of the Executive Council of Iowa; and (2) authorize the University of Northern Iowa to purchase property located at 1210 West 22nd Street, Cedar Falls, Iowa, subject to approval of the Executive Council of Iowa. Regent Furgerson 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 REFUNDING OF ACADEMIC BUILDING REVENUE BONDS.

The Board Office recommended the Board adopt a Resolution which authorizes the Executive Director to fix the date or dates for the sale of up to \$6,720,000 Academic Building Revenue Refunding Bonds, Series U.N.I. 1993.

The Board was requested to adopt a Resolution which authorizes the Executive Director to fix the date or dates for the sale of up to \$6,720,000 Academic Building Revenue Refunding Bonds, Series U.N.I. 1993. The proceeds from the sale of these bonds will be used for the purpose of refunding the \$5,725,000 remaining principal of the Board's Academic Building Revenue Bonds, Series U.N.I. 1987.

The interest rate savings as a result of the refunding is estimated at approximately \$820,000 on a present value basis. The \$6,720,000 is the maximum amount of the issue. The 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.

MOTION:

The motion for this item took place under the Banking Committee report in the general docket section of these Minutes, page 192.

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, September 22, 1993.

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

Register of Personnel Changes for July and August 1993.

MOTION:

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

President Berenstein then asked Board members and institutional officials if there were additional items for discussion pertaining to 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, September 22, 1993.

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

Register of Personnel Changes for June 20 to August 28, 1993.

MOTION:

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

President Berenstein then asked Board members and institutional officials if there were additional items for discussion pertaining to Iowa Braille and Sight Saving School.

Superintendent Thurman thanked University of Northern Iowa officials for writing a grant to establish a teacher training program for teachers of the visually impaired. He said they had heard word that the University of Northern Iowa did not receive the grant. They are on to "Plan B".

ADJOURNMENT. The meeting of the State Board of Regents adjourned at 5:22 p.m., on Wednesday, September 22, 1993.



R. Wayne Richey
Executive Director