

GENERAL

The following business pertaining to general or miscellaneous business was transacted on Thursday, June 8, 1995.

President Pomerantz welcomed everyone to the University of Northern Iowa.

Acting President Marlin stated that although the Regents would not be taking official action on personnel matters until later in the meeting, she wanted to introduce early in the day the individual whom she had recommended for appointment as Acting Provost, Robert Leestamper. She informed the Regents of Dr. Leestamper's educational background and of the wide variety of positions he has held. For the last 6 years he has served as Assistant Vice President for International Programs at the University of Northern Iowa. She said Dr. Leestamper was scheduled to retire in September but agreed to assist Dr. Marlin as Acting Provost.

President Pomerantz welcomed Dr. Leestamper.

APPROVAL OF MINUTES OF BOARD MEETING, MAY 17, 1995. The Board Office reported that the Minutes of the May 17, 1995, Board of Regents meeting would be presented for approval at the Board's June 28, 1995, telephonic meeting.

CONSENT ITEMS. The Board Office recommended the Board approve the consent docket, as follows:

Receive the report on the meeting of the Iowa College Student Aid Commission;

Receive the Board Meetings Schedule; and

Receive the Register of Capital Improvement Business Transactions for the Iowa Braille and Sight Saving School.

ACTION: President Pomerantz stated the Board approved the consent docket, as presented, by general consent.

PRELIMINARY GENERAL FUND OPERATING AND ATHLETIC BUDGETS FOR FISCAL YEAR 1996. The Board Office recommended the Board (1) approve the FY 1996 preliminary general fund operating budgets for the Regent institutions as recommended in the institutional budget memorandums and (2) establish salaries of institutional heads for FY 1996.

The preliminary FY 1996 general fund operating budgets for the five Regent institutions totaled \$1.15 billion for FY 1996, an increase of 3.2 percent over the revised FY 1995 budgets. The funds were distributed among the institutions as follows:

University of Iowa	\$ 726,619,661
Iowa State University	316,403,801
University of Northern Iowa	100,542,000
Iowa School for the Deaf	6,945,560
Iowa Braille and Sight Saving School	<u>3,898,069</u>
Total	\$1,154,409,091

The preliminary FY 1996 general fund operating budgets were prepared by the institutions based on the policy established in the Board's budget request to the General Assembly, salary policy as approved by the Board in May, and the Board and institutional strategic plans.

The FY 1996 budgets included \$20.4 million for strategic planning initiatives of the universities, which will be funded through increased State appropriations, other new revenues and reallocations.

FY 1996 State operating appropriations for the five Regent institutions, excluding tuition replacement, totaled \$553,945,482, an increase of 5.0 percent over FY 1995.

Tuition and fees revenues for FY 1996 were 3.5 percent higher than revised FY 1995 budget, based on the rate increase approved by the Board last fall and fall 1995 enrollment projections.

University of Iowa officials projected an enrollment increase, whereas Iowa State University and University of Northern Iowa officials projected enrollment decreases for fall 1995.

Total salary expenditures were expected to grow 2.3 percent over the FY 1995 revised budget.

- o Net increases for faculty at the three universities will average 4.0 percent.
- o Faculty increases for the special schools average 4.0 percent, including a 2.5 percent base scale adjustment and a 1.5 percent step adjustment within the pay matrix.
- o Salary increases for professional & scientific staff average 4.0 percent and were based on performance.
- o Salary increases for merit staff covered by collective bargaining and supervisory merit staff included a 3.0 percent increase on July 1, 1995, and merit step increases for those eligible.
- o The salary increases as outlined above were offset by reductions of \$17.3 million in the Statewide Health Services budget units, resulting primarily from budget savings identified through operational benchmarking and restructuring.

The Regents' portion of salary adjustment appropriations was estimated at \$22.1 million less \$1 million resulting from savings from the buy down of State health insurance rates, a net \$21.1 million.

The Board approved the preliminary allocation of the salary appropriations at its May 1995 Board meeting; as of June 1, the final allocation by the Department of Management had not been made.

Building repair budgets increased to \$17.2 million, a 2.6 percent increase over the revised FY 1995 budget.

Library collections were augmented by approximately \$883,000, a 7.3 percent increase over the FY 1995 original budget. State appropriation funding would help offset inflationary increases for library materials at the three universities and support improvements to library operations and technology at the University of Iowa. The University of Iowa will reallocate revenues to fund additional library improvements.

Aid to students will grow \$1.3 million (3.9 percent) as a result of the tuition rate increase approved by the Board last fall.

Increased State appropriations would be utilized for the following programs at the Regent universities:

All Universities

	Undergraduate Education/Retention	\$906,762
	Libraries	634,441
	Opening New Buildings	224,000
SUI	Graduate Student Assistance	\$ 250,000
	Engineering Facilities Planning	100,000
	Primary Health Care	140,000
ISU	Healthy Livestock for Iowa	\$1,000,000
	NAFTA Support and Trade Summit	75,000
UNI	Education Development	\$ 178,784
	Expand Industrial Technology	150,000

New revenues from other sources of \$680,000 would be used to support the biosciences initiative at the University of Iowa. In addition, University of Iowa and Iowa State University officials identified \$6.9 million and \$4.1 million in reallocations, respectively, which would be used to fund strategic planning initiatives and mandatory cost increases.

The mandatory cost increases included library acquisitions, utilities, environmental regulatory compliance, opening new buildings and those related to the State Auditor. The funding for strategic planning initiatives was allocated in accordance with the Board's and institutional strategic plans.

University of Northern Iowa officials did not budget any major reallocations.

The FY 1996 preliminary budgets for the Iowa School for the Deaf and Iowa Braille and Sight Saving School represented increases of 3.5 percent and 2.3 percent over the FY 1995 revised budgets, respectively. The increases primarily would be used to fund salary increases.

FY 1996 increases allow purchase of one school bus for each school.

State appropriations for tuition replacement were \$27,400,000 for FY 1996, the amount currently estimated for full coverage of debt service for academic revenue bonds.

State appropriations for regional study centers of \$302,327 included \$7,756 in additional appropriations for salaries; other components of the Iowa portion of the budgets remain unchanged.

The preliminary FY 1996 budget for Lakeside Laboratory was \$300,000; the current cost distribution of 50 percent University of Iowa, 30 percent Iowa State University, and 20 percent University of Northern Iowa reflected current funding considerations and anticipated future patterns for the laboratory's utilization.

Final FY 1996 budget presentations in July would include all funds.

Mr. Richey stated the preliminary budgets were based on appropriations and tuition policies, and included revised estimates of various revenue sources. The Regents received the full appropriation for tuition replacement. He noted that the new system of estimating the requirements of the debt service with the Department of Management and Legislative Fiscal Bureau seemed to have worked well. He said the budgets were very appropriate in the way they were supported compared to what was happening to institutions across the U.S. He asked that officials of each institution address the reallocations.

President Pomerantz reported that the Board was not prepared to take action on FY 1996 institutional salaries at this meeting.

President Pomerantz noted that there had been a great deal of effort put forward in this budgeting process. Some guiding principles were being addressed. If they move forward believing in the quality of the institutions and the commitment to quality, the budgets should reflect that philosophical backdrop. He cautioned that unless there was a significant level of reallocation of funds from marginal programs, the system will fail. Adding resources to the overall budget to deal with centers of excellence without addressing the issue of marginal programs, would not allow the institutions to achieve their goals. There are limited resources in the state of Iowa.

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

(a) University of Iowa. The Board Office recommended the Board:

- (1) Approve the FY 1996 preliminary general operating budget for the University of Iowa in the amount of \$726,619,661.
- (2) Approve rate increases, effective July 1, 1995, for the University of Iowa Hospitals and Clinics (5 percent), Psychiatric Hospital (7 percent), Hospital School (7 percent), and Hygienic Laboratory (3 percent).
- (3) Approve a budget ceiling increase of \$1.2 million for the general educational fund for FY 1995.
- (4) Approve the change in fringe benefit policy that effective January 1, 1996, faculty or staff who wish to participate in the domestic partner programs at their own expense may choose from any of the university's health care options, as previously approved for Iowa State University.

The preliminary FY 1996 general fund operating budget for the University of Iowa of \$726,619,661 was 3.0 percent greater than the revised FY 1995 budget. The funds were distributed among budget units as follows:

General University	\$ 321,911,472
University Hospital	366,528,500
Psychiatric Hospital	16,073,400
Hospital School	7,691,500
Oakdale Campus	3,636,779
Hygienic Laboratory	5,265,200
Family Practice	2,082,666
SCHS	699,000
Special Purpose	<u>2,731,144</u>
Total	\$ 726,619,661

GENERAL
June 8, 1995

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The FY 1996 State appropriation of \$255,402,270 was 5.0 percent greater than FY 1995.

Salary increases would be allocated as follows:

- o Salary increases for faculty averaged 4.0 percent. Salary increases would be granted based on the quality of teaching, research and scholarship, and service.
- o Salary increases for clinical faculty in the College of Medicine were based on the Board policy approved in September 1994; the faculty clinician increases averaged 4.73 percent and were derived from earnings in the College of Medicine Family Practice Plan.
- o Salary increases for professional & scientific staff averaged 4.0 percent, and were based on merit and equity.
- o Salary increases for merit staff covered by collective bargaining and supervisory merit staff included a 3.0 percent increase on July 1, 1995, and merit step increases for those eligible.

General Educational Fund

The FY 1996 preliminary general educational fund budget was \$321,911,472, which represented an increase of \$19.6 million (6.5 percent) over the original FY 1995 budget and \$17.7 million (5.8 percent) over the revised FY 1995 budget.

The general education fund State appropriation of \$201,436,563 represented an increase of \$10.5 million (5.5 percent) over FY 1995.

Projected revenue from tuition and fees for FY 1996 of \$97,594,909 represented an increase of \$6.7 million (7.3 percent) over the FY 1995 original budget and \$6.1 million (6.6 percent) over the FY 1995 revised budget.

Projected tuition revenues were based on the Board's general rate increases approved for the University of Iowa of 4.2 percent for resident students and 6.0 percent for nonresidents.

Fall 1995 student headcount enrollment was projected at 27,102, an increase of 384 over projected fall 1994 headcount enrollment and 170 over actual fall 1994 headcount enrollment.

Pharmacy and law surcharges were approved by the Board in October 1994.

Approximately \$1,001,440 would be set aside from the additional tuition revenues to augment student financial aid.

University officials were reviewing data that indicated the possibility of a marked enrollment increase and would apprise the Board of any revised projections when the final FY 1996 budget is presented to the Board in July.

General education fund indirect cost recoveries from sponsored research and other grant and contract activities were projected to be \$22,055,000 for FY 1996, which represented a \$2.1 million (10.2 percent) increase over the FY 1995 original budget and \$1.1 million (5.0 percent) increase over the FY 1995 revised budget.

Interest income revenues were projected to be \$750,000, which represented a \$450,000 (150 percent) increase over the original FY 1995 budget and a \$150,000 (25 percent) increase over the FY 1995 revised budget.

The FY 1996 budget reflected reallocations totaling \$6.9 million, which included:

- o The College of Business Administration would reallocate \$763,444 in faculty, graduate assistant, and merit staff salary and fringe benefit costs between departments in order to meet changing enrollment and other resource needs.
- o The College of Dentistry temporarily will reallocate salary moneys to important general expense needs.
- o The Division of Continuing Education will reallocate funds from general expense to professional & scientific staff salaries to support positions in the video center.
- o The College of Liberal Arts will continue its long-standing process of allocating new faculty lines on the basis of competitive proposals submitted annually by departments.
- o As part of a restructuring program and an effort to flatten its organizational structure, finance and university services eliminated positions which provided a source for reallocation.
- o The Health Protection Office expanded micromanagement activity over 40 radioactive waste streams, including grinding and disinfecting contaminated needles and sharps, resulting in the offset of a 50-100 percent price increase for disposal and an additional net savings of \$90,000 annually.

- o The Office of the Provost would reallocate funds totaling \$479,506 to address the highest priority needs within the academic and student services units.
- o The Office of the Vice President for Research administers two funding blocks specifically designed for annual reallocation: the \$1 million grant match fund and the \$500,000 central investment fund for research enhancement.

The \$26.6 million new revenues and reallocations would be allocated for salary compensation increases (\$10 million), other unavoidable cost increases (\$2.0 million) and strategic planning initiatives (\$14.6 million).

Salary compensation increases of \$10.0 million would be allocated as previously outlined.

Other unavoidable cost increases (\$2.0 million) included utilities inflation (\$466,509), additional graduate assistant support and general education requirement class sections (\$532,574), library acquisitions (\$493,600) and environmental regulatory compliance (\$119,000).

The strategic planning initiatives (\$14.6 million) included:

- o Faculty hires and equipment purchases in support of the university's biosciences initiative (\$680,000);
- o Implementation of the highest priorities of the university's five-year plan to improve child care services for the university community (\$60,000);
- o Computing, including support of Information Technology Services' efforts to develop relational database models and client/server based approaches to institutional data access and purchase desktop computers for faculty (\$1,330,379);
- o Planning for the renovation of engineering facilities (\$100,000);
- o Support for the second year of a three-year program approved by the Board to increase graduate assistant stipends and health insurance (\$750,000); and
- o Support for the second year of the women's crew team (\$158,000).

The FY 1996 general university appropriation for primary health care was \$770,000, an increase of \$140,000 (22.2 percent).

- o University officials reported that \$52,500 of the additional funds would be utilized for the planning and design of the Iowa dentist database component of the Iowa health professions inventory.
- o University officials reported that \$87,500 of the additional funds would be utilized for support of the integrated health professions education pilot project undertaken in FY 1995 in the Waterloo/Independence area, including the expansion to the Mason City site, administrative data/information support, and general expenses.

University of Iowa Hospitals and Clinics

The preliminary FY 1996 general fund budget for the University of Iowa Hospitals and Clinics was \$366,528,500, which represented a \$2.7 million increase (0.7 percent) over FY 1995. University of Iowa Hospitals and Clinics' FY 1996 budget was prepared in accordance with its strategic plan; University of Iowa Hospitals and Clinics officials were in the process of updating this plan.

The State appropriation of \$29,401,487 represented an increase of \$678,928 (2.4 percent) over FY 1995. State appropriations represented 8.0 percent of University Hospitals' FY 1996 revenue.

Based on anticipated levels of patient service and the projected indigent patient census for FY 1995, the indigent patient census in FY 1996 would utilize approximately a 10.9 percent proportion of the FY 1996 operating budget versus the 8.0 percent of the operating budget supported from appropriated funds.

University of Iowa Hospitals and Clinics officials requested Board approval of a five percent rate increase, to be effective July 1, 1995. Without the proposed rate increase, combined sales and services revenue reductions and increased expenditures would result in a 10 percent shortfall.

- o FY 1996 revenues were projected to be reduced \$8,926,000 (2.6 percent) from FY 1995 as a result of anticipated decreases in acute inpatient admissions and patient days, which would be partially offset by growth in ambulatory patient clinic visits.
- o FY 1995 revenues included reimbursements of \$4,197,000 (1.3 percent of total sales and service revenues) received from Medicare in FY 1995 for prior years' cost report settlements, which would not recur in FY 1996.

- o FY 1996 sales and service revenues were projected to incur a net reduction of \$1,707,000 (0.5 percent) of Medicare and Medicaid program revenues due to decreases in reimbursements for Indirect Medical Education (IME) allowances which were anticipated to be only partially offset by moderate inflationary allowance increases in their base reimbursements.
- o Salary increases of \$9.9 million would be funded from State appropriations (\$678,928) and sales and services revenues (\$9,206,572).
- o Inflationary costs (\$6,409,100), supplies and services (\$2,283,000), utilities costs (\$1,258,800) and opening new buildings (\$814,400) would be funded from additional sales and services revenues, reimbursable indirect costs and other income.

University of Iowa Hospitals and Clinics officials proposed to accommodate approximately one-half of the 10 percent shortfall through the proposed five percent rate increase and the remaining one-half through managing value initiatives.

University of Iowa Hospitals and Clinics' rates of charge have increased moderately during the ten-year period from 1986 through 1996, averaging 3.5 percent annually and including three years without a rate increase. For the ten-year period, UIHC has kept its rate increases almost 50 percent below the national average. The cumulative increases in UIHC's charges over this ten-year period were less than the cumulative increases in the Consumer Price Index.

As discussed in UIHC's quarterly report presented to the Board at its April 1995 meeting, given the increasingly price-competitive environment and the growth of managed care penetration in Iowa's health market, it has become incumbent on UIHC to develop a program to manage value.

Use of the MECCON/PEER operational benchmarking service and restructuring of operations identified expense budget growth curtailment opportunities totaling \$14,959,000.

- o Consolidation of twenty-four laboratory units into seven and other Department of Pathology restructuring; similar expense curtailment actions in other diagnostic services including radiology; and cost reduction in professional services such as pharmacy (\$6,798,000).
- o Consolidation of nine operational nursing divisions into five; position reclassifications and eliminations, and reduced utilization of hourly wage staff and overtime; and curtailment of purchased supplies and services (\$8,461,000).

- o Utilization of UHC and other aggregate bid/sequenced delivery purchasing programs, enhancements in data processing capabilities and introduction of other technological advances coupled with organizational and operational restructuring to reduce general expenses and eliminate positions and reclassify others (\$2,700,000).
- o Less non-recurring payments to College of Medicine funded from recurring budget savings (\$3,000,000).

Historically the UIHC has provided support to the College of Medicine's (COM) clinical departments, including the COM's Faculty Practice Plan (FPP), for activities which are of a mutual benefit to the UIHC.

The FY 1996 ongoing support of the COM totaling \$45,563,100 reflected the reduction of a non-recurring special transfer payment of \$3,000,000 made in FY 1995. However, UIHC officials cautioned that in the event of unforeseen circumstances such as further reduced service volume or major constriction of payments by payors such as the Federal Medicare or State Medicaid programs, it would at that time seek Board considerations of these factors and the related budgetary impact.

Psychiatric Hospital

The preliminary FY 1996 general fund budget for the Psychiatric Hospital was \$16,073,400, which represented a 0.74 percent increase over FY 1995.

The State appropriation of \$7,213,566 represented an increase of \$219,256 (3.1 percent) over FY 1995. State appropriations represented 44.9 percent of the Psychiatric Hospital's FY 1996 revenue.

UIHC officials requested Board approval of a seven percent rate increase for the Psychiatric Hospital, to be effective July 1, 1995.

Salary increases of \$586,500 would be funded from State appropriations (\$219,256) and sales and services revenues (\$367,244).

Increased general inflation and utilities costs (\$156,300) would be funded from additional sales and services revenues.

Expense budget curtailment opportunities identified by operational benchmarking and restructuring total \$624,800.

- o Consolidation of the psychiatric nursing division with another nursing division through consolidation of their leadership staffs and other position changes; reduced utilization of hourly wage staff and overtime; and curtailment of purchased supplies and services (\$389,800).
- o Restructuring and position changes in other diagnostic, professional and clinical services (\$235,000).

A significant decrease in reimbursement levels due to managed care contracting was anticipated. Anticipated reimbursement revenues for services provided to Iowa Medicaid patients recently covered by DHS' contract with the managed care company, MEDCO, would be reduced by \$536,500 in 1994-95 dollars. This figure did not reflect the anticipated reduction in reimbursement revenues due to utilization reductions which were likely to occur in FY 1996.

University Hospital School

The preliminary FY 1996 general fund budget for the University Hospital School was \$7,691,500, which represented a 2.7 percent increase over FY 1995.

The State appropriation of \$5,914,972 represented an increase of \$250,516 (4.4 percent) over FY 1995. State appropriations represented 76.9 percent of the Hospital School's FY 1996 revenues.

UIHC officials requested Board approval of a seven percent increase for the University Hospital School, to be effective July 1, 1995.

Salary increases of \$296,100 would be funded from State appropriations (\$250,516) and sales and services revenues (\$45,584).

Increased costs for general inflation, net utility savings, of \$28,900 would be funded from additional reimbursable indirect costs and sales and services revenues.

Expense budget curtailment opportunities identified by operational benchmarking and restructuring totaled \$125,000.

- o Consolidation of nursing leadership staff responsibilities and other position changes; reduced utilization of hourly wage staff and overtime; and curtailment of purchased supplies and services (\$50,000).
- o Restructuring and position changes in other diagnostic, professional and clinical services (\$50,000).

- o Administrative, environmental, material and other support services (\$25,000).

Managed care "price" reductions and reductions in reimbursement revenues due to utilization reductions would likely occur, resulting in decreased reimbursement revenues for services by \$180,000 in 1994-95 dollars

Oakdale Campus

The preliminary FY 1996 general fund budget for the Oakdale Campus was \$3,636,779, which represented a 3.4 percent increase over the original FY 1995 budget and a 0.6 percent increase over the revised FY 1995 budget.

The State appropriation of \$2,886,779 represented an increase of \$55,761 (2.0 percent) over FY 1995. The increase in State appropriations would be used to fund the cost of salary adjustments.

Increases in supply and utilities costs would be funded through reallocations and other revenue sources.

The additional costs assumed by the Oakdale Campus without equivalent additional appropriations reflected increased efficiency in the operation of the campus.

University Hygienic Laboratory

The preliminary FY 1996 general fund budget for the University Hygienic Laboratory was \$5,265,200, which represented a 4.1 percent increase over FY 1995.

The State appropriation of \$3,293,934 represented an increase of \$155,700 (5.0 percent) over FY 1995. State appropriations represented 62.6 percent of the Hygienic Laboratory's FY 1996 revenues.

UIHC officials requested Board approval of a three percent rate increase for the University Hygienic Laboratory, to be effective July 1, 1995, to cover inflationary and salary increase costs. Salary increases of \$179,600 would be funded from State appropriations (\$155,700) and sales and services revenues (\$23,900).

Inflationary increases of \$29,500 would be funded from sales and services revenues.

Family Practice Program

The preliminary FY 1996 general fund budget for the Family Practice Program was \$2,082,666, which represented an 11.8 percent increase over the FY 1995 revised budget.

State appropriations fund \$2,059,666 of the FY 1996 Family Practice Program general fund, and represented a \$219,042 (11.9 percent) increase over FY 1995.

Salary increases of \$70,042 would be funded from the increase in State appropriations.

New appropriations of \$149,000 would be used to expand the program to an aggregate enrollment of 181 family practice residents for FY 1996.

Eighty percent of the appropriated funds would be spent in community-based family physician training programs consistent with statutory requirements and twenty percent would be spent on university-sponsored activities in support of the community-based training programs.

Specialized Child Health Services - Cancer, Hemophilia, High Risk Infant Program

The preliminary FY 1996 general fund budget for Specialized Child Health Services (SCHS) - Cancer, Hemophilia, High Risk Infant Program was \$699,000, which represented a 3.6 percent increase over FY 1995.

The State appropriation of \$464,159 represented an increase of \$23,342 or 5.3 percent over FY 1995.

Other income of \$88,902, the amount budgeted in FY 1995, was anticipated from the Department of Pediatrics and UIHC.

Salary increases of \$23,400 would be funded from State appropriations (\$23,342) and Federal support (\$58).

Another program of the SCHS, Mobile and Regional Clinics, receives an appropriation through the Department of Health and subsequently contracts with the UIHC for the operation of the clinics.

Special Purpose Appropriations

The preliminary FY 1996 general fund budget for the special purpose appropriations was \$2,731,144, which represented an increase of \$177,947 (7.0 percent) over FY 1995.

The special purpose appropriations for FY 1996 were as follows:

	<u>FY 1995</u>	<u>FY 1996</u>	<u>% Change</u>
Center for Agricultural Health and Safety	\$ 247,230	253,213	2.42%
Center for Biocatalysis and Bioprocessing	1,284,981	1,293,776	0.68%
Center for Advanced Drug Development	496,481	318,299	-35.89%
Iowa Substance Abuse Consortium	62,032	64,037	3.23%
National Advanced Driving Simulator	273,653	607,593	122.03%
State of Iowa Cancer Registry	<u>188,820</u>	<u>194,226</u>	<u>2.86%</u>
Total	\$2,553,197	\$2,731,144	7.00%

Funding for the Center for Agricultural Health and Safety, Center for Biocatalysis and Bioprocessing, Iowa Substance Abuse Consortium and State of Iowa Cancer Registry represented increased appropriations for salary adjustments net of savings anticipated to be realized from educating employees to opt for a lower cost health insurance program.

The \$318,299 appropriated for the Center for Advanced Drug Development represented an additional reduction from the \$360,000 requested.

The \$607,593 appropriation for the National Advanced Driving Simulator (NADS) included \$350,000 for planning and architectural services related to the construction of the facility to house NADS, which will be located at the Oakdale Research Park.

Budget Ceiling Adjustment for FY 1995

In May the Board approved a budget ceiling increase in the University of Iowa general educational fund of \$1.9 million based on revenue and expenditure experience through March. At that time university officials stated that a review of revenue patterns in the final quarter of the fiscal year would determine if additional adjustments would be

necessary. A more current and ongoing financial analysis extrapolated to the end of the fiscal year currently projected that revenues could exceed the adjusted budget level by \$1.2 million.

An addition of \$1.2 million coupled with the \$1.9 million increase approved in May would increase the original FY 1995 general fund budget of \$302,288,510 by \$3.1 million for a total increase of 1.03 percent.

The additional projected income was as follows:

- o \$1,050,000 in indirect cost reimbursement for costs incurred in the conduct of sponsored grant and contracts activity, principally research.
- o \$150,000 in interest income due to newly-implemented procedures of the direct application of student financial aid and \$15 charge assessed to students who elect to spread tuition over a three-month period.

University officials proposed to direct additional income to the following areas:

Undergraduate Instructional Equipment	\$ 365,000
Law Library Acquisitions	50,000
University Library - OASIS	35,000
<u>Faculty Desktop Computing</u>	<u>750,000</u>
Total	\$1,200,000

Proposed Change in Fringe Benefit Program

University of Iowa officials recommended that, effective January 1, 1996, faculty or staff who wish to participate in the domestic partner program at their own expense may choose from any of the University of Iowa's health care options. Iowa State University currently offers this option.

The experience to date is sufficient to indicate that domestic partner participation need not be limited to the current high deductible indemnity plan, CHIP II.

A number of universities including Stanford, Harvard and the University of Chicago have approved domestic partner policies that allow options to participants. There has been no experience of adverse selection.

Currently there were 18 participants, and it was not anticipated to rise much higher.

The average annual claim in 1994 for this group was \$224 while the total employee/spouse group claims averaged \$1,900 and for the group as a whole averaged \$1,635.

Provost Nathan introduced Professor Sheldon Kurtz, newly-elected president of the University of Iowa Faculty Senate.

Provost Nathan stated that as University of Iowa officials developed the budget, they were guided by the renewed strategic plan. He felt good about the continuing reallocation of academic resources. He anticipated \$6.9 million in reallocations in FY 1996. Reallocation continues in liberal arts. As faculty lines come open, those lines are taken back by the dean and reallocated according to a very thorough and thoughtful process. Reallocations take place as a function of academic need and increasing enrollments. The College of Liberal Arts' faculty line reallocation method is a model for many of the other colleges. The College of Business Administration is experiencing a number of new developments academically. It is expanding its MBA program in Newton. The College of Business Administration has been a leader in distance learning. The college is investing in the strengths of what it does.

With regard to the development of a teaching excellence center, Provost Nathan said university officials were searching for a director of the center. The center will focus on teaching excellence on campus especially undergraduate teaching. He said the proposed budget would allow the university to invest in much needed instructional equipment and to provide expanded opportunities for students, faculty and staff computing. The university has been able to invest some resources in up-to-date computers to support software which is available today.

Provost Nathan said the proposed budget provided support for libraries to better support undergraduate efforts and to support new faculty in innovative areas. University of Iowa officials anticipate a substantial enrollment increase this fall. They have had to anticipate the increase to ensure it is in line with the 4-year graduation rate plan and to provide sufficient coursework for students. University officials have taken a number of steps to anticipate the enrollment increase. They have authorized additional resources for undergraduate colleges to add visiting faculty and additional teaching assistants to meet the need. There was also the issue of classroom availability to accommodate the additional students. He said that while Shaeffer Hall would be closed for renovation, he believed there would be sufficient classrooms.

Provost Nathan concluded by stating those were all issues University of Iowa officials had wrestled with in developing the FY 1996 operating budget.

Vice President True said university officials anticipated indirect cost recovery revenue increases. He said enrollment factors have a financial dimension both in dealing with

the cost to provide services to students and the tuition revenue estimated increase of \$6.7 million which included the surcharge for particular programs in law and pharmacy.

University officials are taking a harder look at the projected enrollments. At this time they were projecting 27,102 students up from last year's 26,932. Vice President True believed there would be additional increases.

Vice President True stated there were a number of themes in the general education budget. The graduate assistant stipend program had been continued. He said university officials provided a report 4 to 5 months ago outlining the economy and efficiency measures of the university in the last year. Much of the reallocation (\$6.9 million) stems from programs presented several months ago.

With regard to the National Advanced Driving Simulator program, Vice President True stated that President Rawlings provided the Regents with an update of the project two months ago. Not much had changed. The State support was contingent upon Federal support. He said two things will occur in the near future. The General Accounting Office is required to perform a number of evaluations and report back to Congress indicating the university is on target and financial plans are in place. It has taken a very favorable view of the university's efforts. The other action to take place in the next 30 days is for the National Highway Transportation Safety Council to appoint one of two contractors. With that decision, a lot of activities will happen quickly this year including the selection of architects and engineers to begin planning the facility.

Regent Dorr asked, in light of the current activity in Congress, to what extent was the university subject to a loss of ongoing Federal support of the National Advanced Driving Simulator facility. Vice President True responded that the Congress and General Accounting Office require that the facility be supported with no more than 50 percent Federal funds.

Regent Dorr asked whether the original plan anticipated Department of Transportation support. Vice President True said he did not recall and suspected that Professor Haug had anticipated a mix of funding. He said the university had never before had a standard imposed on it; now there is. Thirty to 60 days ago the Department of Transportation research board spent a good bit of time on campus providing due diligence that the project would go forward and be productive.

Regent Dorr asked whether university officials had a plan relative to the source of the 50 percent of the funding that is non-federally funded. Vice President True responded that university officials had extensive interviews with a group from the transportation research board. They are in the process of assuring themselves that those private sector uses are there. There are a variety of organizations besides the transportation sector that will utilize the driving simulator, including pharmaceuticals.

Regent Dorr said it appeared that the university would have greater responsibility for these types of joint funding efforts than it had in the past which meant there would be a need for new systems and approaches. To what extent are university officials involved in analyzing the totality of the funding needs and resources? All of the research projects from non-State funds may end up having such an obligation.

President Pomerantz stated that Mr. Richey had worked at the State level reviewing Federal funding changes, and asked that he report on those efforts. Mr. Richey stated that the Board of Regents has a policy that the institutions cannot accept any outside grant funds for which additional State appropriations will be required without Board approval. If the institution cannot absorb the additional funding needs through reallocation or in-kind matching funds, the program has to be brought to the Board for prior approval and action relative to the funding aspect.

Mr. Richey stated that the Governor has, on a statewide basis, established a series of committees called "clusters" to monitor all Federal action relative to possible cutbacks. The possible cutbacks are very broad in terms of potential risk, everything from library support, equipment support and student aid support which could have massive indirect impact on enrollments and funding of the institutions. He noted that the Ames Laboratory at Iowa State University is a huge Federal program employing 800 individuals. Possible funding cutbacks by the National Science Foundation, National Institutes of Health, Endowments for the Humanities, Corporation for Public Broadcasting, were all being monitored. Everything is in a state of flux at the moment, the president having yesterday vetoed the rescission bill. Mr. Richey said it was hard to know the status of the funding issues from day to day. He assumed that most of the issues would be back before the Board in one way or another over the coming months, both in terms of rescissions for the current year and appropriations for future years. The potential cutbacks were being monitored very closely.

President Pomerantz asked for an update on the ratio of senior faculty in the undergraduate classrooms.

Provost Nathan responded that the news was good. Five years ago the business college relied rather heavily on teaching assistants and visiting faculty for some of its gatekeeping courses -- courses in quantitative methods, beginning economics, macroeconomics and microeconomics. The College of Business is moving rapidly toward a situation where all of that instruction is offered by tenured and tenure-track faculty. All of the quantitative methods courses were now taught by tenured and tenure-track faculty. The college has reallocated away from teaching assistants in favor of additional appointments especially to meet the needs of the expanding MBA program. The College of Business either has achieved or will within a semester achieve

a situation where all of the entry-level courses such as quantitative methods, microeconomics and macroeconomics are virtually all taught by tenured and tenure-track faculty.

Provost Nathan stated that the College of Liberal Arts, as a function of the framework for instructional enhancement, envisions an increase of considerable magnitude in tenured and tenure-track faculty. College officials are looking carefully at small enrollment in the advanced undergraduate and graduate courses and altering the time those courses are offered in order to free up faculty to return to the undergraduate classroom. He said the University of Iowa has more tenured and tenure-track faculty in the undergraduate classroom than before. The use of teaching assistants in liberal arts in any courses other than general education sections including rhetoric and languages has been virtually eliminated. He said that was not the case five years ago. The use of teaching assistants to teach 100-level courses has virtually been eliminated. In only one department -- sports studies -- were one or two courses still being taught by teaching assistants.

President Pomerantz asked for a comparison of the percentage of courses taught by teaching assistants five years ago and the percentage today. Provost Nathan responded that in terms of upper division undergraduate courses, the change had been dramatic -- from 30 percent of the courses taught by teaching assistants to virtually zero. He said that in the lower division courses, exclusive of the general education rhetoric and language courses, the reduction had been profound. Many teaching assistants were continuing to teach lower division courses where small enrollments could be maintained which will encourage classroom discussion and presentation. He said the university had the data and he would be happy to provide it to the Regents.

Regent Collins asked where university officials wanted to be. What was the goal? Provost Nathan responded that in his judgment teaching assistants should not teach any courses other than general education, rhetoric and language where enrollments in classes can be limited to 15 to 22 students. Teaching assistants were perfectly equipped to provide that kind of instruction. However, when it comes to upper division undergraduate courses, Provost Nathan felt it was inappropriate for teaching assistants to teach those classes.

With regard to the distribution between undergraduate and graduate teaching by faculty, especially senior faculty, Provost Nathan said it was his view that every senior faculty member ought to be teaching undergraduates. He would like to see an increase in the amount of undergraduate teaching being done by senior faculty because some of them are absolutely superb teachers and have a great deal to offer.

Provost Nathan noted that as university officials continue to review carefully the enrollment in graduate programs, it may well be that as those enrollments are adjusted downward in view of the market for new Ph.D.s, additional faculty would be freed up.

Regent Collins asked if university officials had a goal. Provost Nathan responded that the university was about 70 percent of the way toward where he thought they wanted to be within the next three years. He said they had made astounding progress in part because of the willingness of faculty to embrace the concept of providing quality undergraduate education. Faculty had responded with great enthusiasm to the challenge that the Regents and the citizens of Iowa had posed.

Regent Collins stated that if university officials could articulate to the general public where they wanted to be, it would assist in their effort to get there. They have to be sure everyone has the same goal before moving forward.

President Pomerantz said he felt that the willingness to share the data so the public knows exactly where the university stood and then some kind of indication at a university level what the goal was, would satisfy today's issue.

Regent Tyrrell asked what additional resources would be needed to get the university where university officials wanted it to go. He noted that several years ago a special effort was made to fund undergraduate education at Regent institutions. Should they be looking at a special request for additional funding in order to attain the goal?

Provost Nathan responded that compounding the problem was the anticipated increase of rather substantial dimensions in the number of undergraduates. The university has to provide enough faculty and classroom space, enough library facilities and enough residence hall space for those students. At the same time the students would bring with them additional tuition. He felt that considering the additional tuition and reallocation, the university would be able to handle the additional needs in the near future.

President Pomerantz asked if university officials saw a correlation between the university's strategic direction of more senior faculty in the classrooms and the increase in enrollments. Provost Nathan responded that he could not help but believe that the fact that more students were staying on at the University of Iowa and the projected substantial number of additional transfer students and freshmen meant the university was doing something right; that students feel they can come to the University of Iowa and get a quality undergraduate education.

Regent Dorr asked if the University of Iowa projected growth in enrollment of out-of-state and in-state students correlated with the university's existing plan regarding the number of out-of-state students.

Provost Nathan responded affirmatively, stating that university officials expected the ratio to be maintained, and that doing so was important to them. They wanted to be able to provide opportunities to every Iowa student who wants to come to the University of Iowa.

Regent Dorr asked whether the differential in the out-of-state tuition detracted from the ability of the university to attract non-residents. Provost Nathan responded that the differential in tuition charges apparently was not causing a decline in non-resident enrollments.

Regent Newlin asked for the effect of the President's veto of the rescission bill on Federal funds. Mr. Richey responded that it was known where the cuts would have been if the bill had not been vetoed. The effect of the veto was to restore the status quo.

President Jischke stated that the circumstance with the Swine Center was that funding was restored for construction of the laboratory facility. The funding reverted back to the original \$12.6 million which had been appropriated and passed into law.

Mr. Richey stated that another possibility would be a university-owned facility versus a federally-owned facility.

President Jischke noted that the wording of the conference committee was a bit ambiguous. The design had been completed and bids had been solicited. A bid could be accepted soon and groundbreaking could take place within 1 to 2 months.

Regent Dorr asked whether the original legislation authorized operational moneys for a specific period of time. President Jischke responded that the appropriations were capital appropriations for a facility. The plan was for collaborative funding by both the State and Federal governments. The State funding was part of the 3x5 program. University officials intended to continue the commitment they had at the beginning of the development of this project.

President Pomerantz asked that further discussion concerning Iowa State University be postponed until the Regents had finished discussing the University of Iowa's preliminary budget.

Vice President Manasse provided highlights of the health sciences center budget, which he said had four components. Last September the Board approved amended guidelines to the faculty practice plan for variable compensation for faculty. Salaries would reflect an analysis of productivity. He said the aggregate percentage increase for the entire plan averaged 4.73 percent and represented the whole range of salaries going up and down. A second component of the health sciences budget concerned a request relating to the university's primary care initiative for which it had received additional funding. Health professional students from four colleges were being trained in community-based primary care. The university has had positive experience this year and looked forward to next year. The third component of the health sciences budget related to the statewide family practice residency program. The university had 181 residents in family practice. The fourth budget component was the University of Iowa Hospitals and Clinics and the statewide health services units.

Regent Tyrrell referred to the faculty practice plan and asked how the standards of excellence of instruction were maintained considering the additional emphasis on clinical performance.

Vice President Manasse responded that his discussions with Dean Kelch led to the policy that all clinical faculty should be good teachers. Much of the policy specifically addressed teaching and its quality. He asked Dean Kelch to talk about how the policy has been operationalized.

Dean Kelch stated that during the development of the new faculty practice plan, each department participated in the criteria for evaluation of teaching quality. He was pleased to report that faculty put tremendous emphasis on academic activity. The faculty practice plan provides the ability to adjust to changing markets in a business-like manner. Commitments and rewards were more clearly defined.

Regent Tyrrell asked about clinical professorship in non-tenured programs. Dean Kelch said the College of Medicine had recently initiated a full-time salaried clinical track. Physicians in the track could have the title of assistant professor of the particular clinical discipline. He said the college would be processing slightly less than 40 new appointments, some of which were in other tracks currently and some were entirely new. Dean Kelch said that almost all the faculty members' remuneration would be based on clinical service whereas the typical faculty in the clinical department now has an academic component of about 50 percent of total salary and 50 percent clinical components. He said the clinical dollars subsidize the academic portion of the salary.

Director Howell provided the Regents with an overview of the University of Iowa Hospitals and Clinics preliminary budget for FY 1996. He said the University of Iowa Hospitals and Clinics was concluding a solid year of financial performance. The budget

was supportive of the current and updated strategic plan, and would allow the hospital to maintain a position of prominence and to take a leadership role. He said the FY 1995 budget was developed on a forecast of conservative growth and continued development of managed care. He said the forecast regarding the impact of managed care had proven to be correct. Offsetting the decline in reimbursements was an increase of 5.3 percent in clinic visits and a 60 percent increase in admitted outpatients. The continued forecast was for an increasing influence of managed care. To support the level of operations, hospital officials projected an overall increase in the budget of 1 percent which was predicated on the ability to respond to the increasing need to manage costs.

Director Howell noted that UIHC officials were in the process of instituting a program of managing value within the institution which was intended to align cost structures more closely with the marketplace over a 4-year period. He said that by designing a 4-year plan, hospital officials intended to respond proactively to the marketplace while permitting sensitivity to the impact of the difficult budgetary decisions on staff and the community. However, actions of Congress or the marketplace could require quickening the pace. He said the \$20.6 million for salary and inflationary increases was offset by cost reductions of over \$18 million. Hospital officials anticipated a need for a 5.05 percent rate increase.

President Pomerantz congratulated UIHC officials on taking a very strong initiative to recognize the health care environment and said it spoke well of the leadership. He expressed concern about the 4-year plan to align cost structures with the market, noting that four years was a long time in the public sector. They might very well have to accelerate the plan. If that was the case, he said it would be a good idea to have a contingency plan thought through.

Director Howell stated that UIHC officials would be back before the Board if an accelerated plan was determined appropriate.

President Pomerantz said it was clear that they must move toward a more efficient operation. His understanding of the program described by Mr. Howell was that so far there were no thoughts about downsizing staff but that staff may be reduced through attrition and reassignments. While there would be some nervousness about dramatic changes taking place, so far it appeared as though downsizing would be handled through reassignments and dealing with changes in an orderly manner. He stressed the importance that such a philosophy should be communicated to the people of the state; that should be a strong plank in the foundation as they move forward. The budget numbers presented today were the best judgment today; numbers could change tomorrow as conditions change. He said they were on the right path and he applauded them. The Regents stood ready at the Board level to support hospital officials. They

clearly had one of the jewels in the state of Iowa. They must maintain an emphasis on quality.

Mr. Richey asked Mr. Howell to address the indigent patient program. Director Howell responded that continual support of the state's indigent care responsibility consumes 10 percent of the budget and comprised 8 percent of the revenue budget. UIHC officials were absolutely committed to maintaining that responsibility and had incorporated that responsibility into the budget.

President Pomerantz addressed Dean Kelch and acknowledged his part in the cooperation between the College of Medicine and the University of Iowa Hospitals and Clinics. He said the cooperation was noteworthy and very much appreciated.

MOTION: Regent Pellett moved to (1) Approve the FY 1996 preliminary general operating budget for the University of Iowa in the amount of \$726,619,661. (2) Approve rate increases, effective July 1, 1995, for the University of Iowa Hospitals and Clinics (5 percent), Psychiatric Hospital (7 percent), Hospital School (7 percent), and Hygienic Laboratory (3 percent). (3) Approve a budget ceiling increase of \$1.2 million for the general educational fund for fiscal year 1995. (4) Approve the change in fringe benefit policy that effective January 1, 1996, faculty or staff who wish to participate in the domestic partner programs at their own expense may choose from any of the university's health care options, as previously approved for Iowa State University. Regent Collins seconded the motion. MOTION CARRIED UNANIMOUSLY.

(b) Iowa State University. The Board Office recommended the Board (1) approve the preliminary FY 1996 general operating budget for Iowa State University in the amount of \$316,403,801 and (2) disapprove the proposed change in the mileage reimbursement rate.

The preliminary FY 1996 general fund operating budget for Iowa State University of \$316,403,801 was 3.3 percent greater than FY 1995.

The FY 1996 State appropriation of \$216,500,278 was 4.9 percent greater than FY 1995.

The funds were distributed among budget units as follows:

General University	\$247,109,458
Ag. Experiment Station	35,646,198
Cooperative Extension	27,373,660
Inst. Physical Research & Tech	4,123,400
Special Purpose Approps.	2,151,085
Total General Funds	<u>\$316,403,801</u>

The preliminary FY 1996 budget was prepared in accordance with the university's strategic plan.

Tuition revenues were constant despite the tuition increases approved by the Board last fall, because of decreasing enrollments.

University officials proposed to reallocate \$4.1 million to fund mandatory cost increases and strategic planning initiatives.

A total of \$5.2 million new and reallocated revenue would be used for strategic planning initiatives in accordance with the six goals of Iowa State University's new strategic plan:

Goal #1: Undergraduate Education -- \$2,566,372, including \$675,000 for retention initiatives, \$250,000 for Hixson scholarships (through ISU Foundation), \$290,400 for library acquisitions, and \$454,757 for department supplies and services.

Goal #2: Graduate/Professional Education and Research -- \$1,104,004, including \$333,334 for healthy livestock (1/3), \$159,669 for academic program initiatives, and \$529,440 for research initiatives.

Goal #3: Outreach Efforts -- \$636,329, including \$333,333 for healthy livestock (1/3), \$150,000 for distance education (1/2 from WOI earnings), and \$75,000 for NAFTA export and trade summit.

Goal #4: Stimulating and Supportive Environment -- \$337,437, including \$100,000 for custodial services and \$60,000 for employee orientation and training.

Goal #5: Technology and Computation Services -- \$150,000 for distance education (1/2 from WOI earnings).

GENERAL
June 8, 1995

Goal #6: Economic Development Initiatives -- \$373,333, including \$333,333 for healthy livestock (1/3) and \$40,000 for information systems initiative.

University officials requested Board approval to increase the rate of reimbursement for private mileage for university business from 21 cents to the Internal Revenue Service maximum allowable rate of 30 cents per mile, an increase of 25 percent.

University officials proposed to fund mandated collective bargaining agreements for all general services staff, including a 3.0 percent increase July 1, 1995. In addition, eligible employees will receive step increases.

Salary increases for continuing faculty and continuing professional and scientific staff will be based on performance and estimated funding of 4.0 percent.

GENERAL
June 8, 1995

(Insert table)

General University

Revenue components include:

State appropriations for operations (+5.4%)	\$159,428,645
Tuition and fees (-0.1%)	\$ 77,531,813
Indirect cost recovery (0.0%)	\$ 7,400,000
Interest income (+61.5%)	\$ 1,276,000
Sales and services of (+23.5%)	\$ 210,000
Other income (-5.7%).	\$ 1,263,000

Despite increases in tuition rates for FY 1996 of 4.2 percent for resident and 6.0 percent for nonresident students, tuition revenue was projected to decrease by \$87,759 from the FY 1995 budgeted level, reflecting the reduced enrollment that occurred in 1994-95, a continuing increase in the percentage of students who are enrolled part-time, and a decrease in the proportion of students who are non-residents.

Interest earnings were estimated to increase \$486,000, due to higher interest rates and increased cash balances that resulted from Iowa State University's participation in the Direct Student Loan Program.

Federal appropriations for FY 1996 were reduced by \$50,000 because Congress is no longer appropriating funds for land-grant institutions under the Morrill-Nelson Act.

Internal reallocations within the general university for FY 1996 of 1 percent of the FY 1995 budgets of the president, provost, and vice presidents, modified to exclude some budget items such as student scholarships and library acquisitions that were protected from any reductions for FY 1996, totaled \$2.1 million and included:

- o Reorganization of the Department of Speech Communication to be completed July 1, 1995, which will result in the reallocation within the College of Liberal Arts and Sciences (LAS) of approximately \$940,000 by reducing the number of LAS departments by one enhancing the quality of academic programs by bringing together faculty with similar research and teaching interests who currently are housed in different departments;
- o Changed operating procedures in the financial management area which will enable reductions in administrative data processing costs, campus LAN network support, and contract payments for processing student collections;

- o Reorganization of human resource services resulting from a seven-month review of current and alternative organizational structures for providing services, which creates an Office of Human Resources Services, effective July 1, 1995; and
- o Elimination of some outdated or low priority services provided by the Registrar's Office and Financial Aid.

The general university internal reallocations included benefit and sick leave payout savings of \$558,567, increased administrative charges of \$77,000, and other internal reallocations of \$1,079,331, for a total of \$3,843,680.

While not part of the general university budget, \$300,000 of the earnings from the endowment created with the funds received from the sale of WOI-TV were part of the funds internally reallocated for FY 1996. In addition, \$250,000 of the earnings from the endowment in the ISU Foundation for the Hixson scholarships were part of the funds available for FY 1996 allocation.

Together, the FY 1996 revenue increases, internal reallocations, and endowment earnings totaled \$12,802,919 available for allocation.

The new revenues and reallocations identified above would be used for salary expenditures, mandatory cost increases and strategic planning initiatives.

General university salary adjustments and annualization totaled \$6.8 million. Mandatory cost increases were expected to total \$733,510.

Utility Increases	\$277,032
Opening New Buildings	142,148
Regulatory Costs	127,600
Fire Protection Contract with City of Ames	40,552
Bus Service (Cy Ride)	10,075
State Auditor Charges	23,912
Property Insurance Increases	16,500
Space Rental Increases	7,000
Postal & Printing Cost Increases	52,441
Treasurer's Collections Cost	15,000
FP&M Paper Products Cost Increase	<u>21,250</u>
Total	\$733,510

Iowa Agriculture and Home Economics Experiment Station

The FY 1996 preliminary budget for the Iowa State University Agriculture and Home Economics Experiment Station was \$35,646,198, an increase of 3.1 percent over FY 1995.

The State appropriation of \$31,728,488 represented a 3.4 percent increase.

The estimated FY 1996 Federal appropriation of \$3,912,710 through the Hatch Act represented a 1.1 percent increase over the amount budgeted in FY 1995.

Continuing challenges facing the agriculture sector include:

- o increasing international competition in the market place for raw agriculture commodities;
- o the potential for changing government subsidy programs;
- o enhanced concerns for the protection of our environment;
- o agriculture's impact on human health; and
- o the need for the expansion of efforts to increase jobs and sustain further rural development.

Approximately one-third of the funds for agricultural research (3x5 Program) were budgeted to be available for high priority projects on a yearly basis and were reallocated in FY 1996 as follows:

- o \$285,000 to the Center for Agriculture and Rural Development and the Economics Department to strengthen research programs which will result in more competitive markets for raw agricultural commodities;
- o \$255,000 to strengthen odor and environmental research;
- o \$105,000 additional funding for social science research related to the Rural Health Center and other areas of rural and community development;
- o \$200,000 to help correct greenhouse space problems; and

- o \$300,000 for maintenance and safety concerns, with emphasis on facilities in the Department of Agriculture and Biosystems Engineering, Microbiology, Immunology and Preventive Medicine, Agronomy, and outlying research units.

Cooperative Extension Service

The FY 1996 preliminary budget for the Cooperative Extension Service of \$27,373,660 represented a 2.2 percent increase over FY 1995.

The State appropriation of \$19,068,660 represented a 4.4 percent increase.

Federal revenue for FY 1996 was budgeted at \$8,300,000, a 2.4 percent decrease from the FY 1995 budget.

Funds reallocated in FY 1995 to establish an agriculture hot line and fund additional extension youth violence prevention efforts would be continued in FY 1996.

In FY 1996 an additional \$400,000 would be reallocated to focus on four high priority programs: value-added agriculture, managing livestock for environmental quality, building sustainable rural communities, and youth and family violence prevention.

Institute for Physical Research and Technology (IPRT)

The proposed budget of \$4,123,400 for the State of Iowa component of the Institute for Physical Research and Technology (IPRT), which is entirely funded from State appropriations, represented a 3.8 percent increase.

The FY 1996 funding for IPRT included support for outreach programs (\$1.0 million), center capabilities (\$2.0 million), and Iowa-focused technology development and commercialization (\$1.0 million).

In FY 1995, the total budget for IPRT was more than \$60 million.

Special Purpose Appropriations

<u>Unit</u>	<u>FY 1995</u>	<u>FY 1996</u>	<u>% Increase</u>
Livestock Producers Assistance	\$ 200,000	\$ 100,000	-50.0%
Leopold Center	560,926	560,593	-0.1%
Small Business Development Ctr.	1,151,173	1,214,470	5.5%
Livestock Disease Research	<u>276,186</u>	<u>276,022</u>	<u>-0.1%</u>
	\$2,188,285	\$2,151,085	-1.7%

The Small Business Development Center incremental appropriation increase of \$32,699 would be used to fund salary and benefit increases for personnel at the sixteen non-Iowa State University offices.

The special appropriations provided by the Iowa Legislature for the Livestock Producers Assistance Program were \$300,000 in FY 1994, \$200,000 in FY 1995, and \$100,000 for FY 1996 based on the intent that LPAP would become self supporting through user fees. Experience through the first two years indicated that while user fees are sufficient to cover operating expenses such as travel, telephone, and supplies, they are not sufficient to cover the salaries of the faculty and technicians who deliver LPAP information to producers; the budget for FY 1996 reflected this reduced scope.

Proposed Change in Mileage Reimbursement Rate

University officials requested Board approval to increase the rate of reimbursement for private mileage for university business from 21 cents to the Internal Revenue Service maximum allowable rate of 30 cents per mile, an increase of 25 percent.

The collective bargaining contract covering Regents blue collar, security, technical and clerical employees specifies reimbursement at 21 cents per mile if a pool car is available and 24 cents per mile when a pool car is not available.

The proposed increase would apply only to noncontract-covered faculty and staff.

Current Board policy revised in September 1994 of 21 cents per mile if a pool car is available and 24 cents per mile if a pool car is not available was identical to the State policy.

University officials stated that many extension staff members do not have access to state pool vehicles and must use their own vehicles as a job requirement.

The university claimed the current reimbursement rate was inadequate compared to the estimated cost of \$0.387 per mile for compact and mid-size vehicles according to the American Automobile Association.

University officials estimated the annual cost of the increase to be \$316,000 for all funds; the Board Office estimated Regent-wide costs of \$650,000 per year.

The Board Office recommended that this proposal be disapproved since it would differ from the current rate of the State and other Regent institutions. Because the proposed mileage reimbursement rate exceeds the current State rate, adoption of this rate could

create problems in maintaining the Regents authority over motor vehicle fleets, travel policies and other areas.

The Board has statutory authority to establish mileage reimbursement policy.

President Jischke introduced the newly-elected president of the Iowa State University Professional & Scientific Staff Council Darlene Gluck, and said she was a wonderful member of the university community.

President Jischke stated the proposed budget would allow Iowa State University to continue to make progress. He was especially pleased that State appropriations fully funded the State salary policy which was the first time that had happened in the five budgets he had prepared. He was also very pleased for the support for healthy livestock to serve agriculture in Iowa. It was an important addition to the College of Veterinary Medicine. He said the budget included substantial reallocation of over \$4 million which was part of the ongoing effort to improve efficiency and effectiveness of the university. In the last 7 years Iowa State University officials have reallocated or rescinded \$45 million of its budget, which he said was a very significant movement of money. The budget was consistent with the strategic plan, particularly the emphasis on undergraduate education.

President Jischke stated that in February Iowa State University received the largest cash gift (\$5 million) in the university's history which was an endowment for Christina Hixson opportunity awards. There would be 100 \$2,500 awards annually, targeted at students with extreme financial need. University officials have worked very hard since February to identify the first 100 recipients. There were 700 applicants. University officials were unable to narrow the list of recipients below 105; therefore, there would be 105 awards given this coming academic year. Two nights ago President Jischke had dinner with some of the students and their parents. He said it was one of the most rewarding evenings he has experienced. He was pleased with the academic quality of the students, some of whom brought astonishing stories with them. He said they were remarkably tough, resilient young people who were very excited about the opportunity to study at Iowa State University. President Jischke stated that the larger message in this program was that there remains in Iowa very capable young people for whom finances are an obstacle. Anything university officials can do to develop funds to continue access to Iowa public higher education must be done.

With regard to the Board Office recommendation on the issue of mileage reimbursement, President Jischke said the proposed increase in reimbursement was particularly important to extension personnel. The university cannot operate vehicles in

the pool for less than 35 cents per mile. He asked for an adjustment in the reimbursement rate.

President Pomerantz asked what might be done to enhance the student aid program.

President Jischke responded that anything university officials can do to keep costs down was important. He noted there was a tradeoff with quality since it takes funds to operate these institutions. They must emphasize effectiveness and efficiency to contain costs. Secondly, they must recognize there is still a substantial number of young people for whom the Regent institutions are expensive. Job opportunities on campus, loans, etc., need to be enhanced. University officials also need to find ways to increase the number of people like Christina Hixson to provide incentive programs and matching programs. Ms. Hixson's gift of \$5 million was used to kick off a \$26 million fund-raising campaign for scholarship funds.

President Pomerantz stated the Hixson opportunity awards program was a terrific program and one of critical importance to the university. Private sector initiatives, as was done at Iowa State University, should be initiated at the other universities. The foundations of the University of Iowa and the University of Northern Iowa should embrace the idea and talk about a program to encourage and enhance private funds into the system.

Regent Tyrrell stated that he brought up the subject with the University of Iowa foundation a year ago and also spoke with officials of the other two universities. He sensed resistance within the university to use the potential fund raising contributions for scholarships because of other institutional priorities. He said the Regents should stress the importance of scholarships to marginal, talented students in this state. Institutional officials needed to understand how important this was to the future of the Regent institutions.

Regent Pellett stated that mileage reimbursement in other Midwest states were higher - Nebraska = 27.5 cents, Kansas = 28 cents, Missouri = 26 cents. She said Iowa State University's extension personnel were treated unfairly and that she was in favor of raising the reimbursement amount.

President Pomerantz said it appeared that extension personnel had been disadvantaged and that he would entertain a motion to raise the reimbursement rate for extension personnel or for personnel who did not have access to state vehicle pools. He suggested a motion to go part way toward the amount requested by university officials this year and then to take up the matter again next year, saying that it would be a good move toward fairness and equity.

MOTION: Regent Newlin moved to increase the rate of reimbursement for private mileage for university business from 21 cents to 28 cents per mile for those noncontract-covered employees of Iowa State University who do not have access to the university motor pool. Regent Pellett seconded the motion.

Vice President True stated there were fewer personnel at the University of Iowa who were in a similar circumstance but that they should be treated the same as Iowa State University employees. The University of Iowa has programs such as the specialized child health clinics where individuals do not have access to a State vehicle.

President Pomerantz invited the University of Iowa, the University of Northern Iowa and the special schools to bring information to the Board in July if they wished to be included in the new mileage reimbursement policy.

Vice President True said University of Iowa officials would use the same standard in identifying the university's employees, those with no access to a State pool vehicle.

Regent Dorr cautioned against deviating from the State policy on mileage reimbursement. Although the above-mentioned personnel may be disadvantaged in the area of mileage reimbursement, he suspected they had benefits that other State employees do not have. He said they should leave the policy as it was. If the State legislature elects to change the policy, that was fine but he said this was micromanagement.

Regent Pellet asked for someone to speak to the issue raised by Regent Dorr about other benefits extension personnel have that others do not have.

President Jischke responded that there was nothing distinctive about the extension staff. He said it was clearly within the authority of the Board of Regents to set reimbursement rates. He noted that the Regents had this same type of discussion last year before increasing the reimbursement rate for the same employee groups, and the State subsequently increased its mileage reimbursement amount. Perhaps the Board was showing initiative. He said that when employees are carrying out the duties of their positions they should not be expected to subsidize the university.

Regent Tyrrell asked if university officials had some sense of the financial implications. President Jischke said it would not be unusual for an extension employee to put 20,000 miles on their own car in a year. It was not a trivial amount of money; the policy change would amount to approximately \$300,000 annually, which they were prepared to absorb.

VOTE ON THE MOTION: The motion carried with Regents Dorr and Johnson-Matthews voting "no".

Regent Dorr said President Pomerantz earlier alluded to the importance of reallocation and questioned whether a 1 percent annualized reallocation was adequate. He was not convinced that institutional officials had done an adequate amount of reallocation. They must do everything possible to maintain high-quality programs and begin to aggressively look at the areas President Pomerantz referred to as "marginal". There is very good work in progress but the institutions need to become more aggressive in how they utilize funds and create opportunities for students. He hoped that as the next budget comes around university officials look closely at capital expenditures and reallocations.

President Jischke said he believes that reallocations are an important part of the university's continuing effort to improve quality. He said the 1 percent fund reallocation goal was exceeded times two at Iowa State University this year, and in previous years was as much as 3 percent. He said that was a substantial and sustained amount of reallocation. He said it was not fair to minimize what had already been done; it had improved the institution.

President Pomerantz said he believed that Iowa State University had done the best job of reallocation in the Regent system, which was a very definite statement of leadership in that area.

President Jischke noted that it was a team effort.

President Pomerantz stated that Regent Dorr was onto an important issue. These funding streams at best today are unpredictable. Institutional officials have to have plans.

President Jischke said he could not agree more. Iowa State University officials have begun to ask themselves what if proposals of the Department of Energy which impact the Ames Laboratory take place, for example. The Swine Center funding, given the President's veto of the previous day, was secure at this point in time. If it comes to a point where the Federal government should like for the university to operate the

laboratory, they would have to ask questions such as who would pay for the overhead costs. University officials were beginning to anticipate those types of questions.

President Pomerantz asked what President Jischke thought the answer would be for the Department of Energy. President Jischke said there was no question that the university would have to absorb some of those costs, and they had better be prepared to reallocate to do so.

President Pomerantz said there was a theory around Washington that there might not be a Department of Energy in the future. President Jischke said there are responsibilities of the Department of Energy that have to be carried out in certain areas of science. The Department of Energy capability in physics is at the heart of this country's capability in basic science. How much can the university afford and where would it be spent were very important questions. However, the demise of the Department of Energy did not mean activities like those of the Ames Laboratory would cease.

President Pomerantz said the demise of the Department of Energy should not mean a demise of Iowa State University. President Jischke agreed.

Regent Dorr suggested it may be advisable to begin strategic planning to develop some contingency plans both institutionally and system wide so there is some idea of how to respond to the possible changes in funding. President Pomerantz said such an effort would clearly be under the mantle of strategic planning.

Regent Tyrrell asked that President Jischke address the issue of undergraduate education, how Iowa State University was doing in that area, whether additional resources were necessary and if he was satisfied with their efforts.

President Jischke stated that Iowa State University has a very fine undergraduate program. One-half of the discretionary money this year was dedicated to undergraduate education. Substantial progress has been made in improving the quality of classroom teaching and improving retention. For this coming year university officials have committed the largest single allocation in the budget to fulfill commitments for increased 4-year graduation rates and higher retention rates. With regard to whether university officials could spend more money, he said absolutely. They asked for additional funding from the State this year, focused on retention and undergraduate education. They did not get what was asked for and would request additional funding next year.

Although there were some things Iowa State University officials could do that would improve the quality of undergraduate education, they were making substantial progress.

President Jischke said the fraction of credit hours that are taught by tenure-track faculty versus the fraction that are taught by graduate teaching assistants demonstrated the university's commitment as did the restructuring of some of the courses. Additional funding for supplemental instruction in courses in which students typically have more difficulty has been added. There has also been a massive investment in freshman English in creating computerized laboratories for students to do their writing on computers for ease in editing. President Jischke concluded by stating that Iowa State University officials had made substantial progress and substantial investments.

President Pomerantz asked about the university's marketing in light of the anticipated enrollment decline. President Jischke stated that a number of issues accounted for the projected reduction in enrollment. The university was absorbing an adjustment from last fall which was absorbed in the budget for this year. They were also seeing a long-term trend toward more part-time enrollments. National enrollment trends reflected the trends being experienced at Iowa State University. The university was receiving fewer non-resident students although they had done a good job of attracting in-state students. Nationally enrollments in agriculture, veterinary medicine, design, and family and consumer sciences were down. Part of the reason for the enrollment decline in those disciplines was change in student interest. Next year university officials will pay more attention to marketing and enrollments.

Regent Tyrrell noted that Iowa State University had received good publicity as a result of the \$5 million Christina Hixson opportunity awards program.

MOTION: Regent Tyrrell moved to approve the preliminary FY 1996 general operating budget for Iowa State University in the amount of \$316,403,801. Regent Collins seconded the motion. MOTION CARRIED UNANIMOUSLY.

(c) University of Northern Iowa. The Board Office recommended the Board approve the FY 1996 preliminary general fund operating budget for the University of Northern Iowa in the amount of \$100,542,000.

The proposed budget was 4.3 percent higher than the FY 1995 revised budget, which was the sum of the original budget and the budget ceiling adjustments approved by the Board at its May 1995 meeting.

Revenue

State appropriations of \$71,673,771 for operations would increase by \$3.5 million or 5.2 percent. Included within this amount was \$239,745 for the Recycling and Reuse Technology Transfer Center; which was the same amount as for FY 1995.

General fund revenue from tuition and fees was estimated to increase by \$890,190 or 3.4 percent above the FY 1995 revised budget. This estimate was based on Board-approved rate increases and a slight reduction in enrollment (.6 percent).

Because of large graduating classes in recent years, university officials believed it prudent to be conservative with tuition projections rather than face budget reductions after the fiscal year begins.

Other institutional income was budgeted at \$1,425,000 for FY 1996; this amount was a 14.9 percent decline (\$250,000) from the FY 1995 revised budget. Interest income was budgeted at \$200,000 for FY 1996, a decline of 42.9 percent (\$350,000) from the FY 1995 revised budget. The sum of \$750,000 was included for indirect cost revenue; this amount was a decline of \$100,000 from the revised budget. Sales and service revenue was budgeted in the same amount as for FY 1995.

Expenditures

The increase in State appropriations included the sum of \$2,858,026 for salary adjustments, and \$891,784 for program and strategic planning initiatives. The appropriation also included a base reduction of \$200,000 for the Family Opportunity Plan to encourage the university to privatize services.

Consistent with the university's primary strategic goal of strengthening its academic distinctiveness, the sum of \$300,000 of new funding would be designated for improving undergraduate education. Quality instructional programs, distinguished faculty and support areas all contribute to the undergraduate experience and quality of life for students.

Proposals from all divisions of the university were being reviewed to determine priority needs for allocating these funds.

To strengthen undergraduate majors and academic focal areas, the sum of \$150,000 in new funding would be devoted to the Industrial Technology program to increase the number of students enrolled.

To achieve national leadership in teacher education the sum of \$178,784 in new funding would be allocated to establish model programs leading to master degrees for Iowa's classroom teachers.

State appropriations of \$99,000 will provide an inflationary increase for library acquisitions; the sum of \$164,000 would be budgeted for costs associated with opening the fourth floor of the Donald O. Rod Library.

University officials did not propose any major reallocations in the proposed budget.

The university will implement during FY 1996 a number of items to improve its efficiency and effectiveness:

- o A computerized self-registration system should be available for FY 1996 spring semester advance registration; demand for classes will be known immediately giving academic departments the opportunity to respond accordingly.
- o The university will begin participation in the William D. Ford Direct Loan Program; the program will improve service to students since loan proceeds can be applied directly to students' bills and refund checks mailed rather than students waiting in long lines to endorse loan checks.
- o A procurement card program, designed for departmental purchases under \$500, will be implemented; savings in Department of Purchasing personnel time, paper and printing costs will result.

Individual salary decisions for United Faculty members would be made consistent with the Master Collective Bargaining Agreement in effect July 1, 1995, and would average 4.0 percent for FY 1996. Academic administrators and professional and scientific staff would receive average salary increases of 4.0 percent. The AFSCME Collective Bargaining Agreement provides for a 3.0 percent increase effective July 1, 1995, and individual merit step increases during the year.

Consistent with the university's plan presented last fall, increased tuition revenue from undergraduate rate increases will be allocated for instructional technology.

Approximately \$100,000 would be allocated to the library to purchase equipment and electronic resources to permit on-line access to library materials.

Additional sums would be used to provide computer equipment and related software for all colleges to begin to bring student instruction to the level of quality envisioned in the Regents' strategic plan.

Resources for the Recycling and Reuse Technology Transfer Center would continue to provide a program manager, faculty research projects and graduate assistants.

The sum of \$580,000 was being set-aside to increase financial aid to students. This amount was \$357,000 more than would be needed for the set-aside to keep pace with tuition rate increases. The additional scholarship funding was included to offset a reallocation of student wages (UNI work-study awarded on the basis of need) previously categorized as student aid and now properly identified as hourly wages.

Tuition revenue generated as a result of graduate rate increases would be dedicated to graduate education; ten additional graduate assistant positions would be allocated, including full scholarship funding. Student aid represented 19.5 percent of total tuition revenue in FY 1996.

Acting President Marlin referred to Regent Tyrrell's comments earlier in the meeting regarding fund raising for scholarships versus other university priorities. During the time period Regent Tyrrell was referring to (one to two years ago), University of Northern Iowa officials were in the midst of a capital campaign. The highest priority in that capital campaign was funding for the Performing Arts Center. University officials were very successful in raising just over \$30 million during the campaign. She noted that there was a scholarship component in that campaign which raised in excess of \$7 million for scholarships. University officials would now turn their development activities toward scholarships.

Acting President Marlin stated that university officials were very pleased that the funding provided this year by the legislature would allow them to move forward and improve the quality of the University of Northern Iowa. They were able to fund increases in salaries, provide needed funds for the library, instructional technology, and increased financial aid to students. She noted that the increase in student financial aid to which she referred was beyond the set-aside required to meet the tuition increase. The number of graduate assistantships would also be increased.

Acting President Marlin highlighted the initiative included in the university's budget for professional development for Iowa teachers. She said the state of Iowa, for all its strengths educationally, has one of the lowest percentages of practicing teachers holding master's degrees in the country; Iowa is ranked 42nd out of the 50 states in terms of teachers holding master's degrees. With these funds university officials will develop a new program designed to address the needs of teachers who want to improve as classroom teachers. University officials believe the program will have tremendous benefit; not only will it increase the number of teachers holding master's degrees but would also strengthen the teaching force within the state.

Regent Newlin asked what reallocations had taken place at the University of Northern Iowa in the last 3 to 4 years, and what was planned for the future.

Acting President Marlin responded that for several years the university was in a catch-up mode -- enrollment increases greatly outpaced the budgetary increases. Keeping with the mission of the institution of offering high-quality undergraduate education, university officials made the decision not to increase the use of teaching assistants. They devoted the new funds largely to faculty resources to respond to the enrollment growth.

Acting President Marlin said she was surprised by the Board Office statement that university officials had not reported any major reallocations. She said that perhaps reallocations were not being tracked as well as they should. As provost, she reallocates constantly within the academic division. For example, with declining enrollments in business, funds have been taken away from the College of Business and used to provide a greater number of sections to assure the 4 year graduation rate plan.

Regent Newlin asked if University of Northern Iowa officials could go back and retrack the reallocations that had taken place. Acting President Marlin said they would certainly try.

President Pomerantz said he understood President Marlin's explanation that university officials probably had reallocated but not tracked those activities well. However, he said reallocation was not only intended to deal with demographic changes but also quality. Where were the quality reallocations? The budget appeared to indicate that all of the programs currently in place were of the best quality and did not need to be changed.

President Pomerantz said he would support the granting of preliminary approval to the University of Northern Iowa budget with the understanding that between now and next month's final approval, university officials would provide the Regents with a better idea of what was being done on the quality side of reallocation as well as the quantitative side. If university officials were not reallocating proactively in terms of dealing with marginal programs and enhancing other programs, they were not doing their job.

MOTION:

Regent Collins moved to approve the FY 1996 preliminary general fund operating budget for the University of Northern Iowa in the amount of \$100,542,000. Regent Smith seconded the motion.
MOTION CARRIED UNANIMOUSLY.

(d) Iowa School for the Deaf. The Board Office recommended the Board approve the FY 1996 preliminary general operating budget for the Iowa School for the Deaf in the amount of \$6,945,560.

The FY 1996 preliminary general operating budget for the Iowa School for the Deaf was \$6,945,560, a 3.5 percent increase over the FY 1995 the revised budget. The FY 1996 State appropriation for ISD was \$6,668,097, a \$255,587 (4.0 percent) increase over FY 1995.

The FY 1996 budget reflected a \$5,000 decrease in Federal support anticipated as a result of lower Federal lunch program funding. The FY 1996 budget reflected a \$15,000 decrease in sales and services revenue from the FY 1995 revised budget, based on a lower number of students anticipated to utilize interpreting services.

Salary adjustment costs of \$189,305 would be funded from State appropriations.

- o Faculty - The teachers' salary schedule for the 1995-96 contract year resulted in increases averaging 4.0 percent, including a 2.5 percent base scale adjustment and a 1.5 percent step adjustment within the pay matrix.
- o Professional and Scientific - The salary adjustments were based on average increases of 4.0 percent based on merit within the existing pay ranges.
- o General Service - The negotiated contract provided for a 3.0 percent increase to the scale and 1.0 percent for step increases for those eligible, for an average of 4.0 percent.

The increase in State appropriated funds included the replacement of a school bus.

Savings anticipated from holding an administrative/supervisory position vacant would be reallocated to fund increased audit costs.

The FY 1996 preliminary budget would support:

- o Provision of pre-K through 12th grade instruction to 167 students;
- o The on-campus educational program which serves 95 students who live in the residences plus 40 students who live at home but attend on-campus classes;
- o Off-campus and mainstream educational programs in the Lewis Central, Council Bluffs and Atlantic schools serving other students with Iowa School for the Deaf staff providing instructional services within their students' own school districts;

- o A parent/infant education program that provides very young children who have hearing difficulties and their families with educational programs in the years before schooling traditionally begins; and
- o The Summer Learning Adventure program which targets basic skills remediation, computers and technology enrichment and pre-school learning activities for deaf and hard of hearing children.

Iowa School for the Deaf officials reported continued extensive efforts to achieve efficiency and effectiveness, including:

- o Review of all vacant positions with consideration to the reallocation, sharing, or redirection of the positions and support of staff development; and
- o Maintenance of buildings and grounds, including the conversion to more energy-efficient lighting to produce energy savings and the initiation of a campus-wide paper recycling program.

Superintendent Johnson reviewed the budget noting that it included provision for a new school bus, visual warning system and staff development.

MOTION: Regent Johnson-Matthews moved to approve the FY 1996 preliminary general operating budget for the Iowa School for the Deaf in the amount of \$6,945,560. Regent Newlin seconded the motion.
MOTION CARRIED UNANIMOUSLY.

(e) Iowa Braille and Sight Saving School. The Board Office recommended the Board (1) approve the FY 1996 preliminary general operating budget for the Iowa Braille and Sight Saving School in the amount of \$3,898,069 and (2) approve a budget ceiling increase of \$2,400 for the general fund budget for fiscal year 1995.

The FY 1996 preliminary operating budget was \$3,898,069, a 2.3 percent increase over the FY 1995 revised budget. The State appropriation of \$3,701,066, represented a \$151,914 increase (4.3 percent) over FY 1995.

The FY 1995 budget included funding of \$45,737 for ADA compliance.

The FY 1996 budget reflected a decrease in Federal support of \$6,814 which was primarily the result of a projected decrease in large print production, which had been on

the decline due to the effectiveness of the low vision clinics sponsored by the school's outreach program.

The FY 1996 budget reflected a \$11,820 decrease in sales and services revenue, which was primarily the result of a non-recurring service agreement with an area education agency to fill a void in the AEA's staffing needs.

Salary adjustment costs of \$124,913 would be funded from State appropriations (\$122,663) and reallocations (\$2,250).

- o Faculty - The teachers' salary schedule for the 1995-96 contract year resulted in increases averaging 4.0 percent, including a 2.5 percent base scale adjustment and a 1.5 percent step adjustment within the pay matrix.
- o Professional and Scientific - The salary adjustments averaged 6.2 percent based on merit within the existing pay ranges; (this classification included only two employees.)
- o General Service - The negotiated contract provided for a 3.0 percent increase to the scale and 1.0 percent for step increases for those eligible, for an average of 4.0 percent.

The increase in State appropriated funds included the replacement of a school bus.

The preliminary operating budget continued support of three main educational programs for visually impaired and blind youth from throughout Iowa:

- o The daytime instructional program included all the normal K through 12 educational programs adapted for visually impaired and blind youngsters.
- o The residential program extends the normal school day into the evenings, focusing on daily living skills, recreation, and many other educational activities.
- o The outreach program provides numerous specialized support services to visually impaired and blind students who attend school in their local school districts.

Iowa Braille and Sight Saving School officials reported continued extensive efforts to achieve efficiency and effectiveness, including:

- o The continuation of its outcomes accreditation process, which focuses staff activities closely around the assessed needs of the students;

- o Review of all vacant positions with consideration to the reallocation, sharing or redirection of the positions;
- o Continued work of many teachers toward advanced degrees, while school assistants and others will begin extensive coursework through Kirkwood Community College to better prepare them to meet the needs of significantly disabled students; and
- o Maintenance of building and grounds by continuing to monitor the cost-effectiveness of performing the work internally vs. out-sourcing projects.

Budget Ceiling Increase for FY 1995

In May 1995 the Board approved a budget ceiling increase in the school's general fund budget of \$23,750 based on revenue and expenditure experience through April 1995. A more current and ongoing financial analysis extrapolated to the end of the fiscal year currently projected that revenues could exceed the adjusted budget level of \$2,400.

The additional projected income was attributable to indirect cost reimbursement for costs incurred in the conduct of Eisenhower Higher Education Grant activity.

An addition of \$2,400 coupled with the \$23,750 increase approved in May would increase the original FY 1995 general fund budget of \$3,786,275 by a total of \$26,150 (0.7 percent).

The additional revenues would be applied toward summer school costs which would have otherwise been paid out of the school's endowment funds.

Superintendent Thurman stated that Iowa Braille and Sight Saving School officials had done considerable reallocation in preparation of the FY 1996 budget as well as having done much reallocating in the past. He noted that he had not highlighted in the written budget presentation the extent of reallocation that had taken place; therefore, he would provide a better explanation of reallocation activities in July within the strategic plan presentation.

Superintendent Thurman emphasized the amount of attention being given to staff development in the proposed budget. Faculty are encouraged to obtain higher degrees. This year school officials were strongly encouraging school assistants to work toward a diploma in disability services. There is a staff development committee on campus.

Superintendent Thurman stated that he learned Monday that the \$300,000 State vision grant from the Department of Education would receive a fairly substantial reduction in the next few years. School officials were in the process of discussing the loss. It may mean loss of a valuable service the school provides to students around the state.

Regent Tyrrell asked whether the school was able to offer incentives in the form of pay increases to those employees who obtain additional education. Superintendent Thurman responded affirmatively.

MOTION: Regent Johnson-Matthews moved to (1) approve the FY 1996 preliminary general operating budget for the Iowa Braille and Sight Saving School in the amount of \$3,898,069 and (2) approve a budget ceiling increase of \$2,400 for the general fund budget for fiscal year 1995. Regent Tyrrell seconded the motion. MOTION CARRIED UNANIMOUSLY.

(f) Regional Study Centers. The Board Office recommended the Board (1) approve the distribution of the Quad-Cities Graduate Study Center's FY 1996 appropriation of \$154,278 including salary increase funds; (2) approve the distribution of the Tri-State Graduate Study Center's FY 1996 appropriation of \$74,511 including salary increase funds; (3) approve the distribution of the Southwest Iowa Regents Resource Center's FY 1996 appropriation of \$73,538 including salary increase funds; and (4) receive the supplemental report on the Regent study centers.

Each year funds are appropriated to the Board of Regents for distribution to the Quad Cities Graduate Study Center, the Tri-State Graduate Study Center and the Southwest Iowa Regents Resource Center.

The FY 1996 Iowa educational appropriations for the study centers totaled \$294,571; this was the same amount as was appropriated for FY 1995. In addition, last month the Board made a preliminary allocation of \$7,756 in salary increase funds to the regional study centers to fund an average 4 percent salary increase.

Quad-Cities Graduate Study Center

The FY 1996 appropriation for the center from the State of Iowa was \$154,278; this amount included \$3,904 to fund an average 4 percent salary increase.

Center officials anticipated receiving approximately \$172,000 from the State of Illinois for FY 1996 and estimated sales and services revenues at \$12,722 for a total budget of \$339,000.

Tri-State Graduate Study Center

The center's FY 1996 Iowa appropriation was \$74,511; this amount included \$1,976 to fund an average 4 percent salary increase.

The FY 1996 budget for the center included \$40,000 from the State of Nebraska, \$3,000 from the State of South Dakota and \$2,500 from Wayne State College. Other income, which included carryforward funds from FY 1995 totaled \$20,325; the Tri-State Graduate Study Center's total FY 1996 budget was \$140,336.

Since a portion of the FY 1996 budget was being funded with carryforward funds, there needed to be a sufficient infusion of new funds to enable the center to function adequately in years following FY 1996.

Southwest Iowa Regents Resource Center

The FY 1995 appropriation for the center was \$73,538; this amount included \$1,876 to fund an average 4 percent salary increase.

The Center is supported solely by Iowa contributions.

Supplemental Information on Study Centers

Last month Board members requested additional information on the Regent study centers. The information contained below supplements the preliminary general fund operating budgets for fiscal year 1996.

Program Quality

Quality assurances for the Regent affiliated study centers is assured in several ways: (1) the courses offered by the Regent institutions are generally taught by the same faculty that teach the same courses on campus and are evaluated by the same basic processes as faculty teaching on-campus courses; (2) the Tri-State and Quad-Cities Centers have established program review committees which periodically review all programs offered at the centers; and (3) Regent policy in effect requires that no programs can be offered off-campus that have not already been approved for offering on-campus.

The "Program Review Committees" at the Tri-State and Quad-Cities Centers will generally interpret the results of needs assessments, approve and disapprove of courses to be included in a degree program offered by any institution participating in the center, and make recommendations to the respective center governing bodies on programmatic matters.

The courses and programs offered by the Southwest Iowa Regents Resource Center conform to the principles and standards of the respective Regent institution. This center's offerings are almost exclusively offered by the Regent institutions.

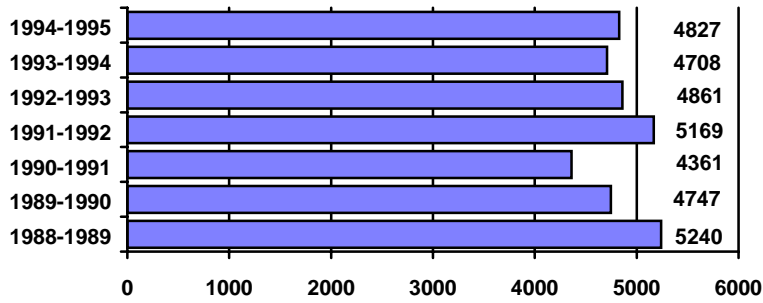
Tuition Charges

Tuition charges for each study center by the Regent institutions are consistent with Board of Regents tuition policy. Tuition at the study centers is paid to the institution offering the course.

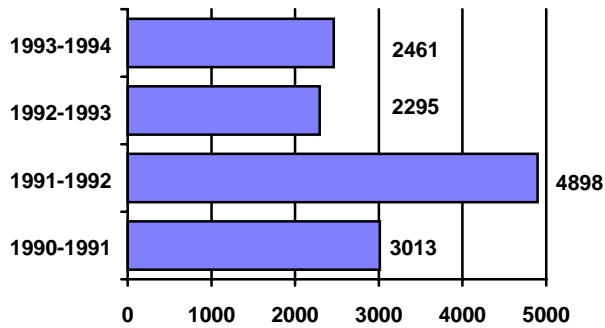
Wayne State University in Nebraska, a participating institution at the Tri-State Center, is the only institution that charges out-of-state tuition.

Enrollment

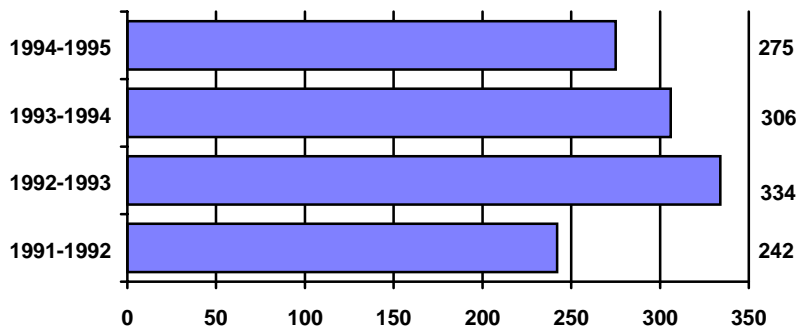
Total Enrollments by Academic Year at Quad Cities Graduate Study Center



Total Enrollments by Year at Tri-State Graduate Center



Enrollments for Credit Programs by Year at Southwest Iowa Regents Resource Center



Directors' Salaries

The annual salaries paid to the directors of the study centers were as follows:

- o Quad Cities Center - is in a range from \$55,000 to \$65,000. (currently vacant)
- o Tri-State Center - \$50,000 - (Currently vacant)
- o Southwest Iowa Regent Center - \$23,259 (part-time)

MOTION: Regent Johnson-Matthews moved to (1) approve the distribution of the Quad-Cities Graduate Study Center's FY 1996 appropriation of \$154,278 including salary increase funds; (2) approve the distribution of the Tri-State Graduate Study Center's FY 1996 appropriation of \$74,511 including salary increase funds; (3) approve the distribution of the Southwest Iowa Regents Resource Center's FY 1996 appropriation of \$73,538 including salary increase funds; and (4) receive the supplemental report on the Regent study centers. Regent Tyrrell seconded the motion. MOTION CARRIED UNANIMOUSLY.

(g) Lakeside Laboratory. The Board Office recommended the Board approve the FY 1996 preliminary general fund operating budget of \$300,000 for the Iowa Lakeside Laboratory to be funded as follows:

University of Iowa	\$150,000
Iowa State University	90,000
University of Northern Iowa	60,000
Total	<u>\$300,000</u>

In the summer of 1993 the Board of Regents approved a three-year plan and a new organizational structure for the Lakeside Laboratory including a Lakeside Laboratory Coordinating Committee and a new directorship.

The goals of the three-year plan, which began July 1, 1994, were:

Enhance the Instructional Program
Increase Enrollment

Improve Financial Situation
Reexamine Curriculum
Improve Relations with the Lake Okoboji Community
Increase Tuition Scholarships
Examine Distant Learning Potential
Enhance Research Opportunities

The Lakeside Laboratory Coordinating Committee selected Dr. Arnold van der Valk, a faculty member, as Director of the Lakeside Laboratory and he assumed this position on July 1, 1994. Dr. van der Valk serves half-time during the academic year and full time for two months during the summer.

Significant progress has been made in all of the approved goals except the one related to distance learning where the lack of a connection to the Iowa Communications Network hampers development.

Enrollment in Lakeside Laboratory 1995 summer courses was up over 50 percent from last year and exceeded the enrollment goal of 80 students set by the Board.

During the 1995 summer session, 17 courses (versus 11 in 1994) will be taught, 75 percent of which are new or substantially revised and shortened.

A detailed maintenance plan was developed in cooperation with Iowa State University Environmental Health and Safety and Facilities Planning and Management; some of the 1995 salary savings were used to complete the plan's highest priority projects.

In March 1995 the Board approved the acquisition, moving and setup of motel buildings from the Brooks Resort to provide improved housing for faculty and staff; building repair funds in the 1996 budget will partially pay for this project.

The equipment funds included in the FY 1996 budget will be used to purchase a new telephone system; phone service will be provided to the southern half of the campus, which currently is without telephone service.

Substantial improvements have been made in working with the local community.

The FY 1996 budget included one new salary item; the sum of \$1,500 in hourly funds was included for a half-time summer intern to help organize and teach the new non-credit course for local residents and visitors.

All other FY 1996 items remain as budgeted for FY 1995 except for professional and scientific supplies, which was reduced by \$1,500.

Funding by the universities was recommended as follows:

<u>Institution</u>	<u>Amount</u>	<u>Percentage</u>
University of Iowa	\$150,000	50%
Iowa State University	90,000	30%
University of Northern Iowa	<u>60,000</u>	<u>20%</u>
Total	\$300,000	100%

The allocation by university was the same as for FY 1995.

The general fund budget may be augmented by restricted funds received from gifts, grants and fee revenues.

Director Barak stated that it was a pleasure to present this budget; the Lakeside Laboratory was a success story.

MOTION: Regent Johnson-Matthews moved to approve the FY 1996 preliminary general fund operating budget of \$300,000 for the Iowa Lakeside Laboratory, as presented. Regent Smith seconded the motion. MOTION CARRIED UNANIMOUSLY.

(h) Athletic Budgets. The Board Office recommended the Board approve the FY 1996 preliminary athletic budgets for the University of Iowa, Iowa State University and the University of Northern Iowa.

University of Iowa

University officials proposed an athletic budget of \$17,986,344 for FY 1996. This amount was 3.8 percent higher than the FY 1995 estimate.

FY 1996 income from football and men's basketball ticket sales was budgeted to increase by 4.1 percent and 17.4 percent over FY 1995 estimates. These projections were based upon conservative attendance estimates and an increase in ticket prices.

Single game ticket prices would increase by \$1 for both football (\$24 to \$25) and men's basketball (\$15 to \$16). Women's goal cards, which allow admission to most women's intercollegiate athletic events, would increase by \$5 and nonstudent women's single game basketball tickets would increase from \$7 to \$8.

FY 1996 university general support (supplies & service) was budgeted to increase by 89.6 percent from the FY 1995 estimate (from \$231,000 to \$438,000); this increase would support the cost of women's crew.

The university does not have an earmarked student athletic fee for operating expenses. Student activity fees (FY 1996 budget - \$640,000) support a portion of the Recreation Building and Arena debt; income from these fees was included in the athletic budget along with debt service costs.

FY 1996 athletic conference income was projected to decline by 3.0 percent from the FY 1995 estimate. FY 1996 alumni/foundation support was estimated to decrease by \$256,820 (24.0 percent) from the FY 1995 estimate.

Expenses for men's sports were budgeted to increase .5 percent from the FY 1995 estimate. Expenses for women's sports were expected to increase 12.6 percent from the FY 1995 estimate.

Included in the FY 1996 budget were non-recurring start-up and equipment costs (estimated at \$100,000) for the new Recreation Building Addition.

Iowa State University

University officials proposed an athletic budget of \$12,778,618 for FY 1996. This amount was 3.0 percent higher (\$367,298) than the FY 1995 estimate.

The proposed FY 1996 budget was part of a five-year financial plan. In the first year of the plan, the increased expenses would be met by a portion of a newly-created reserve fund, private fund raising, corporate sponsorship, student fees and university support. In later years of the plan, increased expenses would be met by anticipated gradual increases in ticket revenues from football and men's basketball and income from the Big 12 Conference.

The FY 1996 budget included the addition of women's soccer and creation of a pool of funds to assist in recruiting female student-athletes.

No ticket price increases were built into the revenue estimate for FY 1996.

University support was expected to increase by \$156,749 (8.1 percent) over estimated FY 1995 expenditures. This increase included funds for a 4 percent salary increase, additional academic support and personnel adjustments.

Sports income was expected to decline by \$203,955 (3.9 percent) from FY 1995 estimated income.

In May 1995 the Board approved an increase from \$9.75 to \$14.75 per semester in the amount of designated tuition allocated for intercollegiate athletics; the fee was projected to generate \$778,000 in FY 1996.

Expenses for sports were budgeted to increase by 12.7 percent (\$950,344) from the FY 1995 estimate.

The 12 percent increase in sports salaries from the FY 1995 estimate to the FY 1996 budget included a full year of salaries for the new football coaching staff; in addition, merit increases and a 4 percent salary increase were projected.

Nonsports expenses were projected to decline from the FY 1995 estimate by 4.2 percent.

FY 1995 estimated income was \$1.2 million more than originally budgeted; expenses were estimated to be higher by a similar amount.

The FY 1995 budget as approved by the Board included the repayment of the FY 1994 deficit. Repayment of this deficit was deferred until FY 1998 and FY 1999 to allow the athletic department two years to build a football program which would generate increased ticket sales while meeting the operations expenditures in FY 1996 and FY 1997.

FY 1995 estimated general university support was \$144,932 higher than originally budgeted; this increase included personnel adjustments and year-end one-time funding allocated to provide computer equipment for the athletic department.

FY 1995 estimated budget expenses included a transfer to the plant fund (\$181,307) and creation of an accrual reserve fund (\$25,000), and a reserve (\$183,775).

University of Northern Iowa

University officials proposed an athletic budget of \$4,390,458 for FY 1996. This amount was 2.3 percent higher than the FY 1995 estimate.

Sports income was expected to increase by 8.5 percent from the FY 1995 estimate, although general income which included season all sports tickets (football, men's and women's basketball, wrestling and volleyball) was expected to decrease by 4.2 percent from the FY 1995 estimate.

Football guarantees were expected to increase by a net of \$150,000 from the FY 1995 budget. There would be one additional home football game during FY 1996.

At the May Board meeting the Board increased the amount of tuition designated for intercollegiate athletics by \$.50 per semester; the FY 1996 student athletic fee would be \$23.60 per semester and was projected to yield \$584,700.

Alumni/Foundation Support was projected to increase 5.1 percent (\$27,000) over the FY 1995 estimate. FY 1996 general university support would increase slightly (.6 percent) from the FY 1995 estimate.

Expenses for men's sports were expected to increase by approximately 1 percent while expenses for women's sports were projected to increase by approximately 11 percent from FY 1995 expenditures.

MOTION: Regent Dorr moved to approve the FY 1996 preliminary athletic budgets for the University of Iowa, Iowa State University and the University of Northern Iowa. Regent Collins seconded the motion. MOTION CARRIED UNANIMOUSLY.

Regent Tyrrell stated, for the record, that the Board of Regents should commend President Jischke for his work over the past couple of years in the athletic arena. He had made significant leadership initiatives and done a tremendous job helping Iowa State University to achieve stability in the athletic program.

(i) Board Office Budget for Fiscal Year 1996. The Board Office recommended the Board approve the preliminary operating budget for the Board of Regents Office in the amount of \$1,402,053 for fiscal year 1996.

The proposed operating budget for the Board Office for fiscal year 1996 from all sources of funds amounted to \$1,402,053, about \$8,000 below the estimated expenditures for fiscal year 1995. The major uncertainties in the budget for fiscal year 1996 related to the receipt of Federal funds. Both the State Postsecondary Review Entity (SPRE) and the Eisenhower Math and Science Programs were administered through the Board Office. The availability of funding to continue these programs was uncertain at this time. The final budget presented to the Board at its July meeting would include further information on this issue.

The general operating portion of the Board Office budget showed a slight decrease from the estimated level of expenditures for fiscal year 1995. Non-recurring

expenditures of almost \$29,000 were incurred in fiscal year 1995 for early retirement costs for a long-time employee. In addition, the activities on behalf of the State Postsecondary Review Entity Program were reduced significantly with a concomitant reduction in reimbursements.

Despite the inclusion of \$36,614 in the salary bill, net appropriations for the operation of the Board Office were increased by less than \$10,000 for fiscal year 1996. The base appropriation for the office was reduced by \$30,000 by the General Assembly upon the receipt of erroneous information that the non-recurring cost of the early retirement of an employee in fiscal year 1995 was financed by appropriations. In fact, this unexpected and non-recurring cost in fiscal year 1995 was paid by institutional reimbursements. Because of the primacy of other Regent appropriation issues, the restoration of the \$30,000 was not done. It was the understanding of the Board Office that the reduction of this amount was to be offset by institutional reimbursements. The recommended budget was based on that premise.

The proposed budget for salaries for the Board Office for fiscal year 1996 was based on the pay policies established by the General Assembly and adopted by the Board at its May meeting. The reclassification of two positions was funded along with adjustment for additional responsibilities of the Deputy Executive Director. There were no proposed increases in the budgeted full-time equivalent positions in the office. The total personnel complement for the Board Office included 15.63 full-time equivalent employees plus a Facilities Officer and an Affirmative Action Officer carried on the University of Iowa budget and financed by all of the institutions. Personnel required to carry out the State's responsibility for administration of Federal programs such as the Eisenhower - Title II Program and the State Postsecondary Review Entity (SPRE) were not included in the totals.

The salary of the Executive Director is set by the Governor within the statutory scale established by the General Assembly and the Governor. If the salary of the Executive Director is revised, the new amount will be reflected in the proposed final budget to be presented to the Board in July. The top of the scale for the position of Executive Director was raised to \$106,000 during the 1995 session, an increase of three percent.

The proposed budget for non-salary operating expenditures for fiscal year 1996 was reduced by \$29,000 or 12.3 percent. This reduction was possible because of a saving of more than \$12,000 in travel, lodging and maintenance expense for the Board President. The proposed budget for other operating expenses was further reduced by \$20,000 for moving and interview expense for employees below fiscal year 1995.

Although the Board of Regents will incur expenses for presidential searches in fiscal year 1996, no specific amounts were budgeted for this purpose. It was assumed that

any additional expenditures for this purpose would be offset by receipts from the presidential search fund of the institution involved.

Mr. Richey referred to the reduction of \$30,000 from the base appropriation for the office by the General Assembly upon the receipt of erroneous information that the non-recurring cost of the early retirement of an employee in fiscal year 1995 was financed by appropriations. Board Office staff, the source of the \$30,000, were told that there was not time to deal with the \$30,000 error, and that the amount would have to be recouped through the Regent institutions. They did accept the fact that the \$30,000 appropriation reduction was based on error.

Mr. Richey reviewed other items in the budget. He noted that presidential search expenses which were not estimated in the proposed Board Office budget would be directly reimbursed from presidential search accounts at the University of Iowa and the University of Northern Iowa. The expenses for one search will fall in the current fiscal year and the other in the next fiscal year.

MOTION: Regent Newlin moved to approve the preliminary operating budget for the Board of Regents Office in the amount of \$1,402,053 for fiscal year 1996. Regent Dorr seconded the motion. MOTION CARRIED UNANIMOUSLY.

CAPITAL PLANS FOR FISCAL YEAR 1996. The Board Office recommended the Board receive the report on Board of Regents FY 1996 capital improvement plans with the understanding that the proposed projects are subject to further review and availability of funding and specific project approval by the Board.

This report presented an overview of the institutions' FY 1996 anticipated capital improvement projects to be financed from all funds and an FY 1996 status report on previously-approved projects with budgets exceeding \$1 million.

Anticipated Projects

Projects included on the anticipated list were those for which the Board had not been asked to approve a project description and budget. Some of the projects will be underway during the next fiscal year; planning for others will begin during that time.

The distribution by institution of the 73 anticipated projects with an estimated cost of \$96.1 million was as follows:

	<u># Of Projects</u>	<u>Estimated Cost</u>
University of Iowa		
General University	27	\$43,263,000
University Hospitals	14	24,419,000
Iowa State University	12	22,762,055
University of Northern Iowa	14	5,412,000
Iowa School for the Deaf	3	185,000
Iowa Braille & Sight Saving School	3	62,000
Total	<u>73</u>	<u>\$96,103,055</u>

The distribution by type of project was as follows:

<u>Category</u>	<u>Estimated Cost</u>
Fire and Environmental Safety	\$ 5,579,000
Building Deferred Maintenance	8,978,055
Utility Deferred Maintenance	845,000
New Construction	21,659,000
Utility Expansion/Improvements	7,700,000
Remodel/Renovation	32,129,000
Telecommunications Improvements	5,200,000
Parking, Roads	9,947,000
Planning	2,000,000
Campus	<u>2,066,000</u>
Total	<u>\$96,103,055</u>

The proposed distribution by type of project showed the commitment of the institutions to addressing fire and environmental safety, deferred maintenance, and remodeling/renovation needs at the campuses.

University of Iowa officials proposed to use its FY 1996 capital appropriation of \$2 million for fire and environmental safety, renovation or deferred maintenance as follows: \$1 million

for fire and environmental safety; \$250,000 for deferred maintenance, \$550,000 for planning the Biological Sciences Renovation/Replacement project, and \$200,000 for planning the renovation of the Engineering Building.

Iowa State University officials proposed to spend \$1 million for fire and environmental safety and \$1 million for deferred maintenance from its capital appropriation.

The sum of \$1 million appropriated to the University of Northern Iowa would be spent on building deferred maintenance.

The distribution of the proposed projects by source of funds was as follows:

<u>FUND SOURCE</u>	<u>AMOUNT</u>
FY 1996 Capital Appropriations	\$ 5,445,000
Building Repair - Operating Budget	8,714,555
Future State Appropriations	10,947,000
UIHC Building Usage Funds	24,419,000
Federal Funds	1,721,500
Gifts	200,000
SUI College of Engineering	200,000
Residence System Reserves	2,113,000
College of Medicine	2,584,000
Telecommunication Enterprise	4,350,000
Utility Enterprise	7,200,000
Treasurer's Temporary Investments	5,080,000
Institutional Roads	547,000
SUI Laundry Revenues	5,000,000
SUI Office of Information Technology	350,000
SUI Physical Plant Improvement Funds	5,050,000
Parking System	9,490,000
Flood Related Grants	192,000
To be determined	<u>2,500,000</u>
TOTAL	\$96,103,055

FY 1996 Status Report on Projects Previously Approved by the Board

Twenty-three projects with total project costs exceeding \$130 million will be completed during FY 1996.

- o Included were \$80 million in construction at the University of Iowa including the Pharmacy Building Addition, Recreation Building - Athletic Facilities Improvement Project, and the Eye Institute at the Hospitals and Clinics.

- o Projects to be completed at Iowa State University in FY 1996 totaled almost \$40 million and included the Athletic Office and Training Facility, Carrie Chapman Catt Hall Remodel, and Gilman Hall Renovation - Phase 3.
- o The Library Addition and the Price Laboratory School - Field House Replacement will be completed at the University of Northern Iowa during FY 1996.

Construction will continue from FY 1995 into FY 1996 on five projects totaling \$33.7 million. The \$18.6 million Wellness/Recreation Center at the University of Northern Iowa was the major project in this category.

It was expected that construction would begin in FY 1996 on five projects with total budgets exceeding \$52.8 million. Included were the Center for University Advancement and Schaefer Hall Remodeling and Renewal at the University of Iowa, the Student Health Center at Iowa State University and the School of Music Classroom Building/Performing Arts Center at the University of Northern Iowa.

MOTION:

Regent Pellett moved to receive the report on Board of Regents FY 1996 capital improvement plans with the understanding that the proposed projects are subject to further review and availability of funding and specific project approval by the Board. Regent Collins seconded the motion. MOTION CARRIED UNANIMOUSLY.

AUTHORIZATION OF REQUEST FOR PROPOSALS FOR REVIEW OF THE OUTCOME OF THE ORGANIZATIONAL AUDIT. The Board Office recommended the Board authorize the issuance of a Request for Proposals to firms to review the recommendations and follow-up to the organizational audit, which was completed in 1989.

President Pomerantz proposed that the Board undertake a review of the results of the earlier organizational audits and follow-up actions.

The organizational audit, done during the 1987-89 period, was a far reaching, comprehensive process designed to focus and strengthen the mission, programs, and organizational effectiveness and efficiency of the Board of Regents and the institutions it governs. It encompassed over thirty-three separate studies and provided a wealth of information and guidance to strengthen the Regent operations.

The Board Office will issue a Request for Proposals (RFP) to qualified vendors to undertake the review. The review will be to assess progress in implementation of the recommendations approved by the Board and will develop recommendations for further actions where appropriate.

The responses to the Request for Proposals will be evaluated and a recommended contract award will be brought along with a proposed budget to the Board for approval.

President Pomerantz stated that the purpose of this item was to determine the current status of the Regent strategic planning process and recommendations on how to go forward. He believed that the strategic planning process had been of critical importance to the Regent system over the last several years. It was apparent in today's budget presentations that the planning process was embraced by all of the institutions and the Board Office. It enabled them to do a better job of managing the operations consistent with the Regents' statutory obligations.

President Pomerantz said it had been a long time since the Regents had reviewed the status of their planning efforts. He suggested that an outside consultant evaluate the progress that has been made from the original plans, and make recommendations going forward. He said it would not be as comprehensive or expensive as the original plan.

Regent Tyrrell asked who would write the Request for Proposals. He noted that there was a perception on some of the campuses that this was a business orientation and not an educational institutional orientation which caused some distress at the institutional level. Regent Tyrrell expressed concern about the cost. It was his understanding that tremendous time and resources were expended at the institutional level on the original audit. He questioned the scope of the review, how thoroughly it would review the original audit, and the cost.

President Pomerantz said it was his sense that the Board Office, specifically Executive Director Richey, would write the Request for Proposals.

Regent Tyrrell asked about the Board's instructions to Mr. Richey on writing the Request for Proposals. President Pomerantz responded that he thought Mr. Richey might first use his own resources. He could talk to selected consultants around the country and get a view from them, incorporate those views into a write up with some estimate of the cost. He said that in the authorization there would have to be a certain maximum level of cost for the project which the Regents would have to approve before moving forward. They would then go forward with requesting competitive quotes and selecting the resources.

President Pomerantz emphasized his belief that there had been nothing in the recent history of the Board of Regents that had been more important to its ability to manage these institutions than the organizational strategic planning efforts. How do the Regents know they are in compliance with their responsibilities under the law and with their fiduciary responsibilities? It takes more than passing motions on preliminary budgets on a year-to-year basis. How do they ever break out of the pack and do something that is meaningful if they do not know where they are? How can they determine those answers without a self evaluation? How could they possibly know if they are doing an adequate job, in the context of operations with total annual budgets of a couple of billion dollars, unless they bring in the resources from time to time to benchmark what was being done?

Regent Collins said he assumed the proposed effort would track the organizational audit that was done in the late-1980s. The Regents may want to discuss whether they want some change in format.

Regent Pellett asked about the appropriateness of the timing considering that the Regents are in the process of choosing two university presidents. President Pomerantz said he felt that the timing could not be better. A new president coming into office would have an evaluation of the institution's current status. He said it would be a valuable tool for that person in moving forward in terms of planning for the institution.

Regent Newlin said he assumed there may be 6 to 10 qualified vendors for the opportunity. Do the big eight CPA firms perform this type of function?

President Pomerantz said he was not sure that all eight firms performed these types of services. Peat Marwick and Coopers & Lybrand have experience with the educational component. The Board will look at several and choose one. He noted that he had no hidden agenda as to who performs the review, as long as the firm is competent.

Regent Tyrrell asked what the Regents wanted to delegate to the Board Office as far as the scope of this effort.

President Pomerantz stated that the first time the Regents engaged in this type of effort there were also concerns of scope. Therefore, they performed a preliminary audit to determine the scope, which identified 36 areas of concentration. He said it was not a simple question as to what the scope should be.

Mr. Richey suggested the Board Office develop general requirements, consult and get feedback, then refine those in terms of the cost and issue an RFP for various alternatives.

Regent Tyrrell asked if they were talking about two RFP processes. Mr. Richey responded that there would be a preliminary RFP before the final RFP.

Regent Tyrrell stated that if they go forth with the preliminary process to determine what is available, review and consult with the Board, and then request specific proposals, it may be as late as September before a consultant is selected.

President Pomerantz stated that this process needed to be done within a short time frame. He noted that in 1988 when the Board of Regents began its organizational audit process, there were no more than six universities in the country that had done what Iowa's Regent universities were doing. Today many institutions were performing similar reviews. The process was more common today and was being utilized as a tool in governance. He suspected that if institutional officials were asked for their feelings, they would be generally supportive. This was not intended to be a lightning rod but rather to see how they were doing. As to the detail of the write up, he said the Board Office should draft something in consultation with the Board. It was not intended to be punitive but rather enable the Board to do a better job.

Regent Tyrrell said he appreciated the discussion and felt better about the process.

MOTION: Regent Dorr moved to authorize the issuance of a Request for Proposals to firms to review the recommendations and follow-up to the organizational audit, which was completed in 1989. Regent Tyrrell seconded the motion.
MOTION CARRIED UNANIMOUSLY.

REPORT OF THE BANKING COMMITTEE. The Board Office recommended the Board accept the report of the Banking Committee and approve the proposed transaction to acquire athletic facilities scoreboards at the University of Iowa and authorize the Executive Director to execute the formal agreement.

Regent Dorr stated that the Banking Committee had met earlier that morning and had a fairly short docket. They received a progress report on upcoming bond sales for Iowa State University. Bond advisors reported that the market looked extremely positive and that due diligence had been done for a successful offering. The Banking Committee members spent some time reviewing the Regents' overall investment policy, as requested by President Pomerantz at last month's meeting. He said it was a good exercise and brought an historical perspective to the policy development. There was some discussion on allocation of investment portfolios and a general consensus that the procedures and policies were in good condition.

Regent Dorr stated that the Banking Committee members received a request from the University of Iowa to approve proposed transactions for purchase of athletic facilities scoreboards.

MOTION: Regent Dorr moved to accept the report of the Banking Committee and approve the proposed transaction to acquire athletic facilities scoreboards at the University of Iowa and authorize the Executive Director to execute the formal agreement. Regent Collins seconded the motion, and upon the roll being called, the following voted:
AYE: Collins, Dorr, Johnson-Matthews, Newlin, Pellett, Pomerantz, Smith, Tyrrell.
NAY: None.
ABSENT: Kennedy.

MOTION CARRIED.

APPOINTMENTS TO BOARDS AND COMMITTEES. The Board Office recommended the Board approve the committee appointments, as presented.

A number of vacancies occurred in committee membership due to the expiration of the terms of members of the Board of Regents. President Pomerantz recommended committee appointments.

President Pomerantz noted that the Regents had been presented with a revised schedule of appointments.

MOTION: Regent Collins moved to approve the committee appointments, as revised. Regent Dorr seconded the motion. MOTION CARRIED UNANIMOUSLY.

APPROVAL OF CONFLICT OF INTEREST VENDORS. The Board Office recommended the Board approve the request of Iowa State University to add the Iowa House to the list of approved vendors with a potential conflict of interest.

Iowa House is an eleven-room guest house located one block from the Iowa State University campus.

Susan Lassila, sole proprietor of Iowa House, is married to Kenneth Lassila, a member of Iowa State University's Physics Department. Kenneth Lassila is not involved nor does he supervise anyone involved in the decision-making process at Iowa House.

Iowa House is a targeted small business that has special features designed to enhance the experience of international visitors to the area.

Susan Lassila's educational background includes a master's degree in international education, as well as international life and career experience.

Although Ames has a number of lodging choices, the close proximity and international flavor of Iowa House offer unique advantages.

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

MOTION CARRIED.

BOARD OFFICE PERSONNEL TRANSACTIONS. The Board Office recommended the Board approve the following personnel transactions:

Appointment: SARAH E. BROWN as Administrative Assistant effective June 12, 1995, at annual salary of \$36,000 plus the usual fringe benefits.

Appointment: JANET K. PRESSEY as Associate Director Business and Finance effective June 16, 1995, at an annual salary of \$57,000 plus the usual fringe benefits.

MOTION: Regent Dorr moved to approve the personnel transactions, as presented. Regent Johnson-Matthews seconded the motion. MOTION CARRIED UNANIMOUSLY.

PETITION FOR DECLARATORY RULINGS. The Board Office recommended that the Board confirm the authority delegated to Iowa State University to conduct such an

academic hearing, and upon a satisfactory evidentiary showing, to rescind the degree conferred in 1989. The hearing shall be conducted in accordance with the procedures outlined in the letter from Iowa State University to Dr. Graham, attached to Dr. Graham's petition.

The Board received a petition for declaratory ruling pursuant to Iowa Code chapter 17A.9. That section provides that the Board shall promptly dispose of petitions for rulings "as to the applicability of any statutory provision, rule or other written statement of law or policy." The petition itself with attachments was provided to the Board. Some of the record on this issue is privileged attorney-client communication, provided to the members of the Board, but not made part of the public record.

Petitioner, an attorney for Dr. Graham, requested a decision of the Board on (1) the authority of Iowa State University to conduct a hearing regarding an allegation of plagiarism in the dissertation submitted by Dr. Graham in 1989 to obtain her Ph.D. (2) the authority of Iowa State University to rescind the Ph.D. if plagiarism is proven (3) procedures which the Regents would require of Iowa State University to conduct the hearing on such an allegation (4) whether the Board would require an administrative law judge to conduct that hearing.

General Counsel Schantz introduced Diane Stahle of the Attorney General's Office. He said Ms. Stahle was a student when he was teaching at the University of Iowa law school and he thought she would be a very valuable addition to the Regents' legal team. Ms. Stahle will generally do work for the Regents that was previously performed by John Parmeter.

Ms. Stahle said she was pleased about her career change and looked forward to meeting each of the Regents in the future.

With regard to the Petition for Declaratory Rulings, Ms. Stahle asked if the Regents desired to go into executive session to discuss this matter.

Mr. Richey stated that the Regents had been presented with a confidential memorandum and the public had been presented with the public record. Unless the Regents had questions and assuming Ms. Stahle was comfortable with the recommendation, he said there was no need to go into executive session.

The Regents discussed the procedures for discussing and taking action on this matter, and whether there was a need to meet in executive session. The consensus was that they did not need to meet in executive session.

MOTION:

Regent Dorr moved to confirm the authority delegated to Iowa State University to conduct such an academic hearing, and upon a satisfactory evidentiary showing, to rescind the degree conferred in 1989. The hearing shall be conducted in accordance with the procedures outlined in the letter from Iowa State University to Dr. Graham, attached to Dr. Graham's petition. Regent Johnson-Matthews seconded the motion. MOTION CARRIED UNANIMOUSLY.

REPORT ON MEETING OF THE IOWA COLLEGE STUDENT AID COMMISSION.

The Board Office recommended the Board receive the report of meeting of the Iowa College Student Aid Commission on May 16, 1995.

The Iowa College Student Aid Commission held its regular monthly meeting on May 16. Major issues on the agenda were the legislative report, proposed operating budgets for fiscal year 1996 and recommendations regarding the reserve fund for guaranteed student loans of the commission.

Total appropriations amounted to \$43.2 million for fiscal year 1996 compared to \$39.8 million for fiscal year 1995. An increase of more than ten percent, or \$3 million, was provided the Tuition Grant Program.

The commission approved a request to the Secretary of Education to segregate the non-federal portion of the commission's student loan reserve effective July 1, 1995. Certain of the funds in the student loan reserve were provided by the State several years ago at the inception of the federally guaranteed student loan program.

ACTION:

This report was received by consent.

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

June 28, 1995	Telephonic (11:00 a.m.)	
July 19-20	Iowa State University	Ames
September 20-21	University of Iowa	Iowa City
October 18-19	University of Northern Iowa	Cedar Falls
November 15-16	Iowa State University	Ames
December 13-14	Hotel Fort Des Moines	Des Moines
January 17, 1996	Telephonic	
February 21-22	University of Iowa	Iowa city

GENERAL
June 8, 1995

March 20-21	University of Northern Iowa	Cedar Falls
April 17-18	Iowa State University	Ames
May 15-16	Iowa Braille and Sight Saving School	Vinton
June 19-20	University of Northern Iowa	Cedar Falls

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

President Pomerantz 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 Thursday, June 8, 1995.

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

Register of Personnel Changes for April 1995.

Approve the reappointments of DOUGLAS TRUE as Treasurer and DOUGLAS YOUNG as Secretary in accordance with Chapter 262.9 of the Code of Iowa for the fiscal year beginning July 1, 1995.

Approve the appointment of DAVID CHRIS JOHNSEN as Dean of the College of Dentistry effective September 15, 1995, at an annual salary of \$175,000.

Approve the resignation of GERALDENE FELTON as Dean of the College of Nursing effective June 30, 1996.

Receive notice of appointment of MICHAEL L. McNULTY as Associate Provost for International Programs effective June 1, 1995, at an annual salary of \$95,174.

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

PROFESSIONAL AND SCIENTIFIC CLASSIFICATION SYSTEM. The Board Office recommended that the Board approve the addition of one new classification and the pay grade change in another classification as indicated below within the Professional and Scientific Classification System of the University of Iowa: (FY 1995 salary ranges)

- (1) Approve the new classification of Executive Director -- UI Research Foundation, UI Technology Innovation Center and Oakdale Research Park, pay grade 17 (\$56,845 - \$99,415).
- (2) Approve the change in pay grade of the Assistant to the President and Director of Affirmative Action from pay grade 14 (\$44,885-\$78,495) to pay grade 16 (\$52,540 - \$91,895).

The Board was asked to approve the new position of Executive Director -- UI Research Foundation, UI Technology Innovation Center and Oakdale Research Park in pay grade 17 (\$56,845 - \$99,415). The responsibilities of this classification include leadership of the university's technology transfer activities. The three director positions have been aggregated to maximize coordination of the technology transfer functions shared by the three units.

The Executive Director has responsibility for:

- o Assuring appropriate management of the UI intellectual property.
- o Assuring success of the UI efforts to create and nurture new businesses.
- o Assuring success of the institution's research park.

The pay grade assigned to the classification was based on the point count evaluation of the scope of the classification. Funding for the position is shared by the three different entities.

The Board was asked to approve the change in pay grade of the Assistant to the President and Director of Affirmative Action from pay grade 14 (\$44,885-\$78,495) to pay grade 16 (\$52,540 - \$91,895).

The responsibilities of this position have become increasingly complex with the addition of coordinating campus compliance with the Americans with Disabilities Act.

Other challenges surrounding affirmative action have demanded more creativity and involvement in decision making.

The pay grade assigned to the classification was based on the point count evaluation of the scope of the classification.

MOTION:

Regent Dorr moved to approve the addition of one new classification and the pay grade change in

GENERAL
June 8, 1995

another classification as presented within the Professional and Scientific Classification System of the University of Iowa. Regent Johnson-Matthews seconded the motion. MOTION CARRIED UNANIMOUSLY.

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

PERMISSION TO PROCEED WITH PROJECT PLANNING

Biomedical Research and Education Building and Related Capital Planning at the Health Sciences Center

University officials requested permission to proceed with project planning to select and engage the services of a planning consultant and/or architectural firm to develop the Biomedical Research and Education Building and related capital planning at the Health Sciences Center. The consultant will develop a master plan to resolve educational space deficiencies of the College of Medicine. The plan will also address the research space needs of the highly successful bioscience programs conducted independently by the College of Medicine and in conjunction with other health science colleges and units of the Colleges of Liberal Arts and Engineering. The detailed design of the new building may require the selection of a separate architectural firm at a later date.

As noted by the Dean of the College of Medicine in a May 1995 report to the Board of Regents, educational space deficiencies cited by the Liaison Committee on Medical Education (LCME) need to be corrected, and facilities need to be developed for the new generalist curriculum. The LCME report cited inadequate classroom space to accommodate both whole-class lectures and multiple small-group conferences, inadequate student relaxation space, and the lack of computer-assisted instructional capabilities.

Adequate facilities are critical to the recruitment and retention of high quality department heads and faculty. Many of the current laboratory facilities in the Medical Laboratories Building (constructed in 1927), the Medical Research Building (completed in 1957), and the Bowen Science Building (completed in 1972) must be upgraded to meet safety requirements and the demands of more complex modern day research projects.

The Board's FY 1996 - FY 2000 capital plan included a request for \$30 million from the State, spread over several years, to assist the university in completing the first phase of a Biomedical Research project. University officials wish to proceed with a detailed

master plan for meeting these needs. Time is of the essence and failing to proceed could lead to curtailment of an otherwise productive and successful program of sponsored research activity. The comments in the College of Medicine accreditation report underscore the need to move forward to address facility needs.

The university will provide the funds necessary to begin planning for this project, principally through College of Medicine earnings and gifts. University officials proposed to initiate a search for architectural assistance for the project using the Board's standard search procedure for major planning projects. University officials will return to the Board with a recommendation at the conclusion of this procedure.

Vice President Manasse distributed a map of the health sciences campus. He stated that there had not been much integrated planning. University officials have taken a careful look at the needs in the Steindler Building. There has been decay over the years and university officials were considering tearing it down. As remodeling continues at the University of Iowa Hospitals and Clinics and space becomes available, university officials are reviewing possible future uses for the vacated space. Vice President Manasse stated that the College of Medicine was the only college on the University of Iowa campus that did not have its own building.

Dean Kelch discussed the rationale for the project, the scope of the project, and the importance of the project to the College of Medicine. He said the college was in the process of recruiting seven new department heads. The facilities being shown to candidates are of various ages. With regard to the Medical Research Building, he said the growth in the college's research program has been remarkable. The college has been forced to lease space at a distant site. The future of biomedical research is very bright and it is a growth industry. If the university takes the step being proposed, the college will remain in the forefront.

Another rationale for the proposal was the college's educational programs. The LCME accreditation site visit, which was reported to the Regents last month, addressed the critical need for space. Dean Kelch stated that with the near completion of the University of Iowa Hospitals and Clinics capital replacement plan, health science officials were reviewing how best to utilize the space that was becoming available.

Dean Kelch discussed the scope of the project. He said there will need to be new construction in addition to space freed up at the UIHC. He preferred to take a cautious, well thought out, global view versus a piecemeal approach to addressing the capital needs of the College of Medicine.

MOTION:

Regent Tyrrell moved to grant permission to proceed with project planning for the Biomedical

GENERAL
June 8, 1995

Research and Education Building and Related
Capital Planning at the Health Sciences Center.
Regent Pellett seconded the motion. MOTION
CARRIED UNANIMOUSLY.

APPROVAL OF PROGRAM STATEMENTS AND DESIGN DOCUMENTS

Library Area Master Plan--North Pedestrian Walkway and South Plaza Developments

University officials requested approval of the schematic design documents for the North Pedestrian Walkway and South Plaza developments as well as to proceed with design development, construction documents, and construction of the project.

The Library North Pedestrian Walkway development will provide for the construction of a pedestrian walkway and terrace on the former Washington Street right-of-way, which is a university-owned street. The existing street pavement and sidewalks will be removed and replaced by a pedestrian walkway with landscape paving, seating areas, bicycle parking, new lighting, trees and other plantings. Service access to the Samuel L. Becker Communications Studies Building will be retained. The project will provide improvements for persons with disabilities, including the development of parking spaces and improved access to the north entrance of the Main Library. The project will also include the addition of new plantings, lighting improvements and sidewalks in the area between the Library and Iowa Avenue to the west of the Becker Communications Studies Building.

The Library South Plaza development will include construction of a parking lot for short-term library access parking to replace existing parking being displaced on the north and south sides of the library. The remaining open space between the library and Burlington Street will be renovated into a tree covered lawn with new walkways, seating areas, new lighting, trees and other plant material.

PROJECT DESCRIPTIONS AND BUDGETS

Library Area Master Plan--North Pedestrian Walkway and
South Plaza Developments \$1,771,500

Preliminary Budget

Construction	\$ 1,385,000
Design, Inspection and Administration Consultants	185,150
Architect/Engineering Services	62,850
Contingencies	<u>138,500</u>

TOTAL \$ 1,771,500

Source of Funds:

Income from Treasurer's Temporary Investments and Building Renewal	\$ 1,281,500
Gifts to the University	400,000
Parking Operations	<u>90,000</u>

TOTAL \$ 1,771,500

University officials requested approval of the project description and budget in the amount of \$1,771,500. The project will be funded by a combination of funds including Income from Treasurer's Temporary Investments, Building Renewal funds, gifts to the university, and Parking Operations.

Medical Research Center--Correct Fire Safety Deficiencies \$437,600

Source of Funds: Building Renewal

Preliminary Budget

Construction	\$ 356,600
Design, Inspection and Administration Consultants	23,300
Architect/Engineering Services	22,000
Contingencies	<u>35,700</u>

TOTAL \$ 437,600

University officials requested approval of a project description and budget in the amount of \$437,600 to correct fire safety deficiencies identified by State Fire Marshal inspections and the application of the Fire Safety Evaluation System, in the Medical Research Center.

University Hospitals and Clinics--Pomerantz Family Pavilion \$378,000
Main Entrance Drop-Off Clinics
Source of Funds: University Hospitals Building Usage Funds

Preliminary Budget

Construction	\$ 302,700
Architectural/Engineering Support	30,000
Planning and Supervision	15,000
Contingency	<u>30,300</u>
TOTAL	<u>\$ 378,000</u>

University officials requested approval of a project description and budget to develop a drop-off drive at the main entrance of the Pomerantz Family Pavilion. The project will also include the construction of access sidewalks to the north canopied entrance of the facility.

A two-lane concrete drive, including curbs and gutters with storm sewer connections, will be constructed, and driveway and sidewalk grading provided. A snowmelt system will be incorporated into portions of the entrance driveway and handicapped drop-off areas.

This project will also provide subdrainage and site landscaping adjacent to the walkways, drop-off lighting beneath the canopy, pedestrian and vehicular traffic separation, and exterior signage.

* * * * *

University Hospitals and Clinics--Renovation of Cardiac Angiography and
Electrophysiology Laboratories
Source of Funds: University Hospitals Building Usage Funds

Original Budget \$418,295
Revised Budget \$434,950

Project Budget

GENERAL
June 8, 1995

	Original Budget <u>July 1994</u>	Revised Budget <u>June 1995</u>
Construction	\$ 338,700	\$ 369,950
Architectural/Engineering Support	28,790	25,000
Planning and Supervision	16,935	25,000
Contingency	<u>33,870</u>	<u>15,000</u>
TOTAL	<u>\$ 418,295</u>	<u>\$ 434,950</u>

University officials requested approval of a revised project budget in the amount of \$434,950, an increase of \$16,655, for the renovation of 1,400 square feet of space in the Adult Cardiovascular Diseases Diagnostic Laboratories in Carver Pavilion.

Bids were received for construction of this project in February 1995. All of the bids exceeded the engineering estimate by at least 43 percent. The Executive Director authorized the university to reject the bids and reevaluate and re-bid the project at a future date.

University officials revised the bid documents; the project was re-bid on May 10, 1995 which resulted in the receipt of four bids. All of the bids were within the engineering estimate of \$465,025. However, they all exceeded the construction budget by at least 9 percent.

The low base bid in the amount of \$369,949 was 5.12 percent less than the next bidder, and 8.39 percent less than the highest bidder, indicating good competition. The project architect and engineer reviewed the contractor's estimate and determined that the low bid contains very good prices. It was also determined that the project could not be redesigned to achieve significant additional cost reductions. Further reductions in the project scope would severely impair the functionality of this diagnostic service.

* * * * *

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

* * * * *

ARCHITECT/ENGINEER AGREEMENTS

Library Area Master Plan--North Pedestrian Walkway and South Plaza Developments \$157,934
Michael Van Valkenburgh and Associates, Inc., Cambridge, MA

University officials requested approval to enter into an agreement with Michael Van Valkenburgh and Associates for the preparation of design development documents for the North Pedestrian Walkway and the South Plaza portions of the master plan. The agreement will complete the design process and includes construction and bidding documents and construction observation services.

The agreement provides for a fee of \$157,934, including reimbursables.

Amendments:

University Hospitals and Clinics--Material Distribution Support Facilities Development \$2,197
Hansen Lind Meyer, Inc., Iowa City, Iowa

University Hospitals and Clinics--OB/GYN Clinic Exam Room and Corridor Refurbishing \$1,040
Hansen Lind Meyer, Inc., Iowa City, Iowa

University Hospitals and Clinics--Multidisciplinary Faculty and Staff Office Development \$800
Hansen Lind Meyer, Inc., Iowa City, Iowa

CONSTRUCTION CONTRACTS

University Hospitals and Clinics--Renovation of Cardiac and Electrophysiology Laboratories \$369,949

University officials requested award of the construction contract to the low bidder, as follows:

GENERAL
June 8, 1995

Award to: McComas-Lacina Construction Company, Inc., Iowa City, Iowa
Base Bid of \$369,949

(4 bids received)

Institutional Roads--UIHC Emergency Drive--Contract 3-- \$490,192.93
North and South Emergency Roads

Award to: Metro Pavers, Inc., Iowa City, Iowa
(2 bids received)

Pharmacy Building--Remodel Zopf Auditorium \$415,300.00

Award to: O. F. Paulson Construction Company, Cedar Rapids, Iowa
(3 bids received)

University Hospitals and Clinics--Material Services Processed Linen \$283,000.00
Storage and Dispensing Facility

Hillebrand Construction of the Midwest, Inc., Davenport, Iowa
(4 bids received)

CHANGE ORDERS TO CONSTRUCTION CONTRACTS

Lower Finkbine--Repair Flood Damage Deduct \$99,186

L. L. Pelling Company, Inc., North Liberty, Iowa

University officials requested approval of a deduct change order to the agreement with L. L. Pelling Company for the repair of flood damage at the Lower Finkbine Athletic/ Recreation Complex. The change order reflects the reduction in scope and contract price for electrical and concession stand repairs, and the deletion of the bike path overlay and wet well construction.

One bid, which exceeded the engineering estimate by more than 33 percent, was received for the construction contract for this project in October 1994. Although the contract was awarded within the project budget, there were certain elements within the bid that appeared to be unreasonably high. Subsequent negotiations with the contractor resulted in the reduction or elimination of some of these costs as listed above. These scope reductions will not diminish the quality of the project.

Recreation Building--Athletic Facilities Improvement Program Deduct \$35,000
Addition

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

University officials requested approval of a deduct change order in the amount of \$35,000 with Mid-America Construction Company. The change order will delete allowance #1 which provides signage for the project. The university has determined that it can achieve better results at a lower cost by receiving quotes directly from the signage contractors.

West Campus Steam Distribution Improvements and Extensions Deduct \$30,000
Tunnels and Associated Piping
Iowa Bridge and Culvert, Inc., Washington, Iowa

University officials requested approval of a deduct change order in the amount of \$30,000 to the agreement with Iowa Bridge and Culvert. The change order will delete the use of capped extensions from the existing Field House vault for future piping. The change order will also provide for the deletion of associated pipe supports and hangers for these extensions.

This change order was negotiated with the contractor in an attempt to reduce the cost of the construction contract. This was a condition for approval of a revised project budget and award of the construction contract as presented to the Board in August 1994.

Pharmacy Building Addition Add \$32,152
Mid-America Construction Company of Iowa, Iowa City, Iowa

University officials requested approval of a change order to the agreement with Mid-America Construction Company in the amount of \$32,152. This change order will provide for an increased number of controls on the HVAC system serving selected areas in the first floor manufacturing area. This change order was required to accommodate recent changes in federal Food and Drug Administration regulations that govern the activities of pharmaceutical services as explained in the revised project budget approved by the Board in February 1995.

Main Power Plant--Modification of Boiler No. 11 Add \$106,000
Pyropower Corporation, San Diego, CA

University officials requested approval of a change order in the amount of \$106,000 to the agreement with Pyropower Corporation for improvements to Boiler No. 11. The change order was a result of extensive analysis and evaluation of the components after the construction contract was awarded in November 1994. The improvements were recommended by the project engineer, Stanley Consultants of Muscatine, Iowa. The change order will include air heater modifications totaling \$58,000, and improvements to the baghouse filtering system totaling \$48,000.

ACCEPTANCE OF COMPLETED CONSTRUCTION CONTRACTS

West Campus Steam Distribution Improvements and Extensions--Cross Tie
Connection--Colloton Pavilion

R. M. Boggs Company, Inc., Iowa City, Iowa

University Hospitals and Clinics--Pappajohn Pavilion Mechanical and Electrical Systems
Development

AAA Mechanical Contractors, Inc., Iowa City, Iowa

University Hospitals and Clinics--UIHC Child Care Center

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

MOTION:

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

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

University officials requested approval to renew leases as lessor with the following tenants for their use of business incubator space at the Technology Innovation Center on the Oakdale Campus:

- o Breakthrough, Inc., for 5,056 square feet of space at the rate of \$4,511.33 per month (\$12 per square foot for 4,239 square feet of office space, and \$4 per square foot for 817 square feet of storage space, \$54,135.96 per year), for a one-year period; and
- o Garvin Consulting Services for 187 square feet of space at the rate of \$132.46 per month (\$8.50 per square foot, \$1,589.52 per year), for a one-year period.

University officials requested approval to renew a lease as lessee with Towncrest Investment Associates, Inc., for the university's use of 5,236 square feet of office space located at 111 East Washington Street, Iowa City, at the rate of \$3,845 per month (\$9.34 per square foot for 2,964 square feet, and \$8.12 per square foot for 2,272 square feet), for an annual rental of \$46,140, for a 22-month period.

University officials requested approval to enter into a lease as lessee with Towncrest Investment Associates, Inc., for the university's use of 8,300 square feet of office space in the Brewery Square Building located at 123 North Linn Street, Iowa City, at the rate

of \$7,435.42 per month (\$10.75 per square foot, \$89,225 per year), for a two-year period.

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

MOTION CARRIED.

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

Vice President Manasse announced the appointment of Dr. Mary Gilchrist as director of the University Hygienic Laboratory. He noted that her original microbiology degree was earned at the University of Iowa. From 1980-82 she was assistant chief of the Bureau of Disease Control for the University Hygienic Laboratory. Dr. Gilchrist will join the university effective July 1. He said he looked forward to her building very strong bridges between the university, the Department of Natural Resources, the Department of Health, and the Environmental Protection Agency in managing and monitoring water quality and infectious diseases, and air and soil quality.

IOWA STATE UNIVERSITY

The following business pertaining to Iowa State University was transacted on Thursday, June 8, 1995.

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

Register of Personnel Changes for May 1995 which included five requests for early retirement and three requests for phased retirement.

Approve the reappointments of MARGARET PICKETT as Secretary and JOAN THOMPSON as Treasurer in accordance with Chapter 262.9 of the Code of Iowa for the fiscal year beginning July 1, 1995.

MOTION: Regent Dorr moved to approve the university's personnel transactions, as presented. Regent Johnson-Matthews seconded the motion.
MOTION CARRIED UNANIMOUSLY.

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

PERMISSION TO PROCEED WITH PROJECT PLANNING

University Child Care Facility

University officials requested permission to proceed with project planning for construction of a child care facility to serve university students, faculty and staff. The estimated cost to construct the facility was \$1.3 million, which was proposed to be funded with Treasurer's Temporary Investment earnings. University officials presented the preliminary report and requested Board approval to secure architectural services for the project.

As previously reported to the Regents Priority Study Group on Child Care and in annual reports to the Board on child care, Iowa State University officials have been studying the feasibility of developing an additional child care facility on campus. The current demand for additional child care space on the campus is in excess of 300 slots. A child care facility feasibility study utilizing the expertise of Baldwin White Architects and Agnes Kovacs, an independent qualified child care consultant, was undertaken.

In cooperation with the University Child Care Committee, Facilities Planning and Management, and the university's consultants, university officials recommended the development of an approximately 7,500 gross square feet child care facility to be located adjacent to the College of Veterinary Medicine. The proposed facility would be designed to accommodate 88 children, including infant, toddler, pre-kindergarten and school-age children, and would provide before and after school child care. The proposed size of the facility was based upon the child care consultant's recommendation to achieve optimal staff efficiency and to serve a portion of the projected mix of needed levels of child care. The proposed facility, however, would not fully meet the demand for child care on the Iowa State University campus.

The proposed site for the facility was an area located north of the College of Veterinary Medicine. The recommended site would provide good vehicular access from a number of major thoroughfares. Building access is anticipated directly from dedicated parking areas and bus or van drop-off without pedestrians crossing vehicular traffic. The College of Veterinary Medicine supports this location for the child care facility, which will serve a significant number of users affiliated with the college.

The development of this facility was consistent with the university's long-range strategic plan.

PROJECT DESCRIPTIONS AND BUDGETS

Carver Hall--Room 225--Remodel for ICN Classroom \$365,000

Preliminary Budget

Contracts	\$ 170,000
Design Services	20,100
Construction Administration	8,650
University Services	1,000
Miscellaneous	1,000
Fixed Equipment	120,000
Movable Equipment	20,000
Building Automation	3,000
Telecommunications	1,000
Project Reserve	<u>20,250</u>

TOTAL \$ 365,000

Source of Funds:

General University Funds	\$ 250,000
College of Business	75,000
ISU Foundation	<u>40,000</u>

TOTAL \$ 365,000

University officials requested approval of a project description and budget to remodel approximately 1,700 square feet of space in Carver Hall. This project will accommodate new computer technology to provide statewide signal distribution through the Iowa Communications Network, and nationwide and worldwide signal distribution utilizing other technologies, particularly low orbit satellite.

The ICN capability of the room will facilitate the availability of the Saturday MBA program throughout the state. The project will provide a high quality room for both graduate (primarily MBA students) and undergraduate students in the College of Business, as well as other university students. The satellite capability will enable the College of Business to participate in national business programs and will facilitate the expansion of international programs.

The project will incorporate state-of-the-art architectural/engineering and media devices. Included will be an infrastructure that allows computer/electronic interaction

between students and instructor, and between classrooms, offices and data bases both on and off campus.

Fire Safety Improvements--FY 1995--Group 2 \$300,000
Source of Funds: General University Funds

Preliminary Budget

Contracts	\$ 185,000
Design Services	28,500
Construction Administration	7,920
University Services	50,000
Miscellaneous	1,000
Building Automation	2,000
Project Reserve	<u>25,580</u>
 TOTAL	 <u>\$ 300,000</u>

University officials requested approval of a project description and budget to address fire safety issues identified by the State Fire Marshal in several campus buildings. The buildings included are: Agronomy Hall, the College of Design, Bessey Hall, the Applied Science Center, Hamilton Hall, and the Communications Building. Design and construction for this project will be performed by a combination of university staff and an outside contractor.

The project will be funded by General University Funds which were being committed in accordance with Section 8.33 of the Code of Iowa.

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GENERAL
June 8, 1995

West Campus--Construct Parking Lots

November 1994 Budget \$620,000
Revised Budget \$504,000

	<u>Project Budget</u>	
	Nov. 1994 Budget	Revised Budget June 1995
Contracts	\$ 464,000	\$ 328,560
Design Services	65,800	65,800
Construction Administration	29,500	29,175
University Services	6,000	8,000
Miscellaneous	3,000	3,000
Landscaping	8,000	20,000
Utilities Extensions	13,000	20,000
Project Reserve	<u>30,700</u>	<u>29,465</u>
 TOTAL	 <u>\$ 620,000</u>	 <u>\$ 504,000</u>
 Source of Funds:		
Parking Systems	\$ 195,000	\$ 250,500
Student Health Center Reserve	425,000	249,000
General University Funds		4,000
Music Department	<u> </u>	<u>500</u>
 TOTAL	 <u>\$ 620,000</u>	 <u>\$ 504,000</u>

University officials requested approval of a revised project budget in the amount of \$504,000, a decrease of \$116,000, for the construction of parking lots on the west campus. The revised budget resulted primarily from savings on the construction contract due to the receipt a low bid which was below the engineering estimate.

The revised budget also reflected a reduction in funding of \$176,000 from the Student Health Center project, and an increase in funding in the amount of \$55,500 from Parking Systems. This was the result of the reduction in the number of parking stalls to be funded by the Student Health Center project.

The revised budget also included two additional fund sources totaling \$4,500. General University Funds and the Department of Music will provide funding for lighting improvements for the marching band rehearsal field, which was incorporated into the project.

Lake LaVerne Restoration

June 1994 Budget \$386,500
Revised Budget \$476,500

Project Budget

	<u>June 1994 Budget</u>	<u>Revised Budget June 1995</u>
Contracts	\$ 240,000	\$ 219,776
Design Services	55,000	81,957
Construction Administration	15,000	15,520
University Services	13,000	33,150
Miscellaneous	1,000	1,000
Landscaping	26,000	86,000
Utilities Extensions	10,000	10,000
Project Reserve	<u>26,500</u>	<u>29,097</u>
TOTAL	<u>\$ 386,500</u>	<u>\$ 476,500</u>

Source of Funds:

General University Funds	\$ 286,500	\$ 376,500
ISU Foundation	<u>100,000</u>	<u>100,000</u>
TOTAL	<u>\$ 386,500</u>	<u>\$ 476,500</u>

University officials requested approval of a revised project budget in the amount of \$476,500, an increase of \$90,000, for the restoration of Lake LaVerne. The revised budget will increase the scope of the project to include plantings, paths and benches to improve the aesthetics of the lake. These additions to the project will be funded by General University Funds.

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University officials reported 4 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

Amendments:

Carrie Chapman Catt Hall Remodeling \$4,700
Baldwin White Architects, Des Moines, Iowa

Veterinary Medicine--Energy Conservation Remodeling \$15,000
KJWW Engineering Consultants, Des Moines, Iowa

Parking Lots 28 and 29 Improvements \$3,000
Shive-Hattery Engineers and Architects, West Des Moines, Iowa

CONSTRUCTION CONTRACTS

Armory--Roof and Curtain Wall Replacement--Phase 1 \$366,100
Award to: Woodruff Construction Company, Fort Dodge, Iowa
(1 bid received)

Utilities--Increased Chilled Water Capacity--Phase 1--
Cooling Tower Area Restoration \$28,265
Award to: Manatt's, Inc., Ames, Iowa
(2 bids received)

Parks Library--Room 430--Conservation and Restoration Library \$215,939
Award to: Mehl Construction, Story City, Iowa
(3 bids received)

ACCEPTANCE OF COMPLETED CONSTRUCTION CONTRACTS

Applied Science Center--Office Building--Phase 2
Woodruff Construction Company, Fort Dodge, Iowa

FINAL REPORTS

Campanile Renovation \$708,999.73

MOTION: Regent Newlin moved that the Register of Capital Improvement Business Transactions for Iowa State University be approved. Regent Johnson-Matthews seconded the motion. MOTION CARRIED UNANIMOUSLY.

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

University officials requested approval to renew a lease as lessee with Loran Simpson for the university's use of 24,887 square feet of storage and research space located in Ames, Iowa, at the rate of \$4,645.57 per month (\$2.24 per square foot, \$55,746.84 per year) for a one-year period.

University officials requested approval to renew a lease as lessee with Determan Investments for the university's use of 800 square feet of space located in Mason City, Iowa, for use by the Human Development and Family Studies Child Welfare Research and Training Project at the rate of \$400 per month (\$6 per square foot, \$4,800 per year) for a one-year period.

MOTION:

Regent Tyrrell moved to approve leases, as presented. Regent Johnson-Matthew seconded the motion, and upon the roll being called, the following voted:

AYE: Collins, Dorr, Johnson-Matthews, Newlin, Pellett, Pomerantz, Smith, Tyrrell.

NAY: None.

ABSENT: Kennedy.

MOTION CARRIED.

President Pomerantz 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 Thursday, June 8, 1995.

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

Register of Personnel Changes had not been received and would be reported next month.

Approve the reappointments of GARY SHONTZ as Secretary and JOHN CONNER as Treasurer in accordance with Chapter 262.9 of the Code of Iowa for the fiscal year beginning July 1, 1995.

Approve the appointment of ROBERT E. LEESTAMPER as Acting Provost effective June 1, 1995, at an annual salary of \$120,000 until the effective date of appointment of a permanent president.

MOTION: Regent Dorr moved to ratify the university's personnel transactions, as presented. Regent Johnson-Matthews 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, as presented.

PROJECT DESCRIPTIONS AND BUDGETS

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

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

PROPERTY PURCHASE AND EASEMENT AGREEMENT. The Board Office recommended the Board (1) authorize the University of Northern Iowa, subject to approval of the Executive Council of Iowa, to enter into an agreement for the purchase of property located in Cedar Falls, Iowa, from University Bible Fellowship; and (2) subject to approval of the property purchase, authorize the university to enter into an easement agreement with University Bible Fellowship, subject to approval of the Executive Council of Iowa, for the Fellowship's use of the north 50 feet of the property.

University of Northern Iowa officials requested approval to purchase a tract of land from University Bible Fellowship of Cedar Falls. The property consists of a 75 feet by 365 feet strip of land (approximately 0.62 acres) adjacent to the university warehouse, which is located southwest of campus along University Avenue in Cedar Falls.

University officials wish to purchase the property to allow continued full utilization of the warehouse building; the current property line bisects the warehouse parking lot, truck turn-around area and driveway to University Avenue.

The purchase price for the property, based on two appraisals, was established at \$25,000, which was within Board policy. Funds for the purchase were available from Treasurer's Temporary Investments.

The property is within the university's campus master plan.

Subject to approval of the property purchase, university officials also requested approval to enter into an easement agreement with University Bible Fellowship. University Bible Fellowship requested the easement for its use of the north 50 feet of the property, including the driveway. The easement will provide University Bible Fellowship with access to its remaining property for construction of a church on the site.

University Bible Fellowship agreed to operate, maintain and repair access to its land in the easement area. The university agreed to be responsible for the maintenance and repair of the driveway. University Bible Fellowship agreed to indemnify, defend and hold harmless the university, the Board of Regents, and the State of Iowa from damages resulting from its use of the premises.

The property purchase and the easement were reviewed by the Attorney General's Office and were recommended for approval. Approval of the Executive Council is required for the property purchase and the easement.

MOTION: Regent Collins moved to (1) authorize the University of Northern Iowa, subject to approval of the Executive Council of Iowa, to enter into an agreement for the purchase of property located in Cedar Falls, Iowa, from University Bible Fellowship; and (2) subject to approval of the property purchase, authorize the university to enter into an easement agreement with University Bible Fellowship, subject to approval of the Executive Council of Iowa, for the Fellowship's use of the north 50 feet of the property. Regent Dorr seconded the motion, and upon the roll being called, the following voted:
AYE: Collins, Dorr, Johnson-Matthews, Newlin, Pellett, Pomerantz, Smith, Tyrrell.
NAY: None.
ABSENT: Kennedy.

MOTION CARRIED.

President Pomerantz 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 Thursday, June 8, 1995.

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

The Register of Personnel Changes had not been received and would be reported next month.

Approve the reappointment of JAMES HEUER as Secretary and Treasurer in accordance with Chapter 262.9 of the Code of Iowa for the fiscal year beginning July 1, 1995.

MOTION: Regent Dorr moved to approve the personnel transactions, as presented. Regent Johnson-Matthews seconded the motion. MOTION CARRIED UNANIMOUSLY.

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

Iowa School for the Deaf officials presented the following project descriptions and budgets for Board approval.

Visual Alert Installation--Phase II \$80,000

<u>Project Budget</u>	
Project Cost	\$ 75,000
Architect/Engineer Fee	<u>5,000</u>
TOTAL	\$ 80,000

GENERAL
June 8, 1995

Source of Funds:	
State Appropriation	\$ 50,000
FY 1995 Building Repair Funds	<u>30,000</u>
TOTAL	\$ 80,000

This project will address the fire detection needs for Long Hall by providing a fully-integrated warning system for both fire and severe weather situations.

Girls Residence--Ground Level Interior Refinishing \$28,000
Source of Funds: FY 1995 Building Repair Funds

This project will address the interior refinishing needs of the Girls Residence. The project will also provide modifications to meet accessibility requirements of the Americans with Disabilities Act in order to utilize this area for student health services.

MOTION: Regent Newlin moved to approve the Iowa School for the Deaf Register of Capital Improvement Business Transactions, as presented. Regent Collins seconded the motion. MOTION CARRIED UNANIMOUSLY.

President Pomerantz 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 Thursday, June 8, 1995.

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

Register of Personnel Changes for the period of April 23 to May 20, 1995.

Approve the reappointment of LUANN WOODWARD as Secretary and Treasurer in accordance with Chapter 262.9 of the Code of Iowa for the fiscal year beginning July 1, 1995.

MOTION: Regent Dorr moved to approve personnel transactions, as presented. Regent Johnson-Matthews seconded the motion. MOTION CARRIED UNANIMOUSLY.

APPROVAL OF 1995-96 CALENDAR. The Board Office recommended the Board approve IBSSS' proposed calendar for school year 1995-1996.

IBSSS' proposed calendar scheduled 180 instructional days, 189 faculty days, and included the following holidays for Merit staff, institutional officials, and professional and scientific staff:

Weekday	Date	Holiday
Tuesday	July 4, 1995	Independence Day
Monday	September 4	Labor Day
Thursday	November 23	Thanksgiving Day
Friday	November 24	Campus Holiday
Monday	December 25	Campus Holiday
Tuesday	December 26	Campus Holiday
Monday	January 1, 1996	New Year's Day
Friday	April 5	Campus Holiday
Monday	May 27	Memorial Day

This calendar was consistent with State requirements for instructional days, with Board policy, and with past calendars. The calendar paralleled as much as possible the calendar of the Vinton/Shellsburg Community School District, IBSSS' partner district for specialized academic instruction.

ACTION: President Pomerantz stated the Board approved IBSSS' proposed calendar for school year 1995-1996, by general consent.

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

APPROVAL OF CONTRACTS FOR OCCUPATIONAL THERAPY SERVICES, PHYSICAL THERAPY SERVICES AND PROFESSIONAL MEDICAL SERVICES. The Board Office recommended that the Board approve contracts for services for the 1995-1996 school year as follows:

- 1) with KAREN RANDALL, Registered Occupational Therapist, to provide Occupational Therapy Services at a rate of \$40 per hour, consisting of four days at the beginning of the year and a maximum of three hours per week during the year;
- 2) with KAREN HARTING, Licensed Physical Therapist, to provide Physical Therapy Services at a rate of \$40 per hour, consisting of four days at the beginning of the year and a maximum of three hours per week during the year;
- 3) with DR. SHERMAN L. ANTHONY, Vinton, for medical services at a base fee of \$2,270 and an examination fee of \$28 for each student examined or administered service.

The agreements were reviewed by the Attorney General's Office and were recommended for approval.

With the renewal of the agreement with Ms. Randall, occupational therapy services will be provided for the 1995-1996 school year at an hourly rate of \$40, which was the same rate as the agreement for the previous school year.

With renewal of the agreement with Karen Harting, physical therapy services will be provided to students for the 1995-1996 school year at a cost of \$40 per hour, which was the same rate as the agreement for the previous school year.

The agreement with Dr. Anthony for medical services for students provided for a base fee of \$2,270 for the 1995-1996 school year, which was an increase of approximately 2 percent over the current rate of \$2,225. The cost of \$28 for each student examined was the same rate as the previous agreement.

The total estimated FY 1996 cost for occupational and physical therapy services, based on actual FY 1995 costs, was \$4,500 each.

Provision of these services was a partial fulfillment of Federal and State regulations for school services for disabled students.

MOTION: Regent Tyrrell moved to approve contracts for services for the 1995-1996 school year, as presented. Regent Johnson-Matthews seconded the motion. MOTION CARRIED UNANIMOUSLY.

APPROVAL OF CONTRACTS FOR LANGUAGE ARTS INSTRUCTIONAL SERVICES AND SCHOOL PSYCHOLOGICAL SERVICES. The Board Office recommended the Board (1) approve the contract with Woody Miracle for language arts instructional services and (2) approve the contract with Grant Wood Area Educational Agency for services of a school psychologist.

Iowa Braille and Sight Saving School officials submitted two academic services contracts to the Board for its approval.

The instructional services contract with Woody Miracle was identical to the contract of this past school year. Mr. Miracle, a former IBSSS employee, provides 1.5 hours per day language arts instruction, which school officials believe fulfills its needs in the language arts area. The maximum contracted amount was \$7,560.

The contract with Grant Wood AEA will provide a certified school psychologist for 2.5 days per week with a maximum of 95 days for the school year. The maximum contracted amount was \$21, 860. This contract was basically the same as last year's contract except that an additional half day per week was contracted in addition to a higher rate under the new contract.

These contracts were reviewed by the Attorney General's Office.

MOTION: Regent Dorr moved to (1) approve the contract with Woody Miracle for language arts instructional services and (2) approve the contract with Grant Wood Area Educational Agency for services of a

school psychologist. Regent Collins seconded the motion. MOTION CARRIED UNANIMOUSLY.

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

EXECUTIVE SESSION. President Pomerantz requested the Board convene in closed session pursuant to Code of Iowa section 21.5(1)(i) upon the requests of employees whose performance was being considered.

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

MOTION CARRIED.

The Board having voted at least two-thirds majority resolved to meet in closed session beginning at 1:45 p.m. on Thursday, June 8, 1995, and recessed therefrom at 2:52 p.m.; reconvened at 2:53 p.m. and recessed at 3:50 p.m.; reconvened at 4:00 p.m. and adjourned at 4:30 p.m.

ADJOURNMENT.

The meeting of the State Board of Regents adjourned at 4:30 p.m., on Thursday, June 8, 1995.

R. Wayne Richey
Executive Director