

The Board of Regents, State of Iowa, met on Wednesday and Thursday, March 13 and 14, 2002, at Iowa State University, Ames, Iowa. The following were in attendance:

| | <u>March 13</u> | <u>March 14</u> |
|--|-----------------|----------------------|
| <u>Members of Board of Regents, State of Iowa</u> | | |
| Mr. Newlin, President | All sessions | All sessions |
| Ms. Ahrens | All sessions | All sessions |
| Dr. Arbisser | All sessions | All sessions |
| Dr. Becker | All sessions | Arrived at 9:03 a.m. |
| Mr. Fisher | All sessions | All sessions |
| Dr. Kelly | All sessions | All sessions |
| Mr. Neil | All sessions | All sessions |
| Ms. Nieland | Excused | Excused |
| Dr. Turner | Excused | Excused |
| <u>Office of the Board of Regents, State of Iowa</u> | | |
| Executive Director Nichols | All sessions | All sessions |
| Deputy Executive Director Barak | All sessions | All sessions |
| Director Elliott | All sessions | All sessions |
| Director Wright | All sessions | All sessions |
| Associate Director Hendrickson | All sessions | All sessions |
| Associate Director Kniker | All sessions | All sessions |
| Associate Director Racki | All sessions | All sessions |
| Assistant Director Brunson | Excused | All sessions |
| Assistant Director Gonzalez | Excused | All sessions |
| Assistant Director Lodge | All sessions | Excused |
| Assistant Director Stratton | Excused | All sessions |
| Minutes Secretary Briggie | All sessions | All sessions |
| <u>State University of Iowa</u> | | |
| President Coleman | All sessions | All sessions |
| Provost Whitmore | Excused | All sessions |
| Vice President Jones | Excused | All sessions |
| Vice President Kelch | Excused | All sessions |
| Vice President True | All sessions | All sessions |
| Interim Director Rice | Excused | Arrived at 1:00 p.m. |
| Director Parrott | All sessions | All sessions |
| General Counsel Schantz | All sessions | All sessions |
| <u>Iowa State University</u> | | |
| President Geoffroy | Excused | Arrived at 9:11 a.m. |
| Provost Richmond | Excused | All sessions |
| Vice President Hill | Excused | All sessions |
| Vice President Madden | Excused | All sessions |
| Executive Assistant to President Dobbs | Excused | All sessions |
| Assistant to President Chidister | Excused | All sessions |
| Assistant Vice President Pickett | All sessions | Excused |
| Director McCarroll | Excused | All sessions |
| Director Steinke | Excused | All sessions |
| <u>University of Northern Iowa</u> | | |
| President Koob | Excused | Excused at 1:34 p.m. |
| Provost Podolefsky | Excused | Excused at 1:34 p.m. |
| Vice President Romano | Excused | Excused at 1:34 p.m. |
| Interim Vice President Dell | Excused | Excused at 1:34 p.m. |
| Assistant Vice President Gaston | Excused | Excused at 1:34 p.m. |
| <u>Iowa School for the Deaf</u> | | |
| Superintendent Johnson | All sessions | Excused at 1:34 p.m. |
| Director Heuer | All sessions | Excused at 1:34 p.m. |
| Interpreter Reese | Excused | Excused at 1:34 p.m. |
| Interpreter Chicoine | Excused | Excused at 1:34 p.m. |
| <u>Iowa Braille and Sight Saving School</u> | | |
| Superintendent Thurman | Excused | Excused at 1:34 p.m. |
| Director Woodward | Excused | Excused at 1:34 p.m. |

THE CORRESPONDING DOCKET MEMORANDUM FOR
EACH AGENDA ITEM IS AVAILABLE ON THE
BOARD OF REGENTS WEBSITE AT:

www.state.ia.us/educate/regents

COPIES OF THESE MEMORANDA CAN ALSO BE
OBTAINED FROM THE BOARD OFFICE
BY CALLING 515/281-3934.

GENERAL

The following business pertaining to general or miscellaneous business was transacted on Wednesday and Thursday, March 13-14, 2002.

President Newlin welcomed everyone to the March meeting of the Board of Regents, State of Iowa. He then recognized President Geoffroy.

President Geoffroy introduced the new dean of Iowa State University's College of Agriculture, Dr. Catherine Woteki. He presented highlights of Dr. Woteki's professional career, most of which was in Washington, D.C. She has received numerous honors and awards, one in particular was election to the National Institute of Medicine.

Dean Woteki expressed her excitement about joining the College of Agriculture. She said she is reminded every day how important agriculture is to this state. She acknowledged the controversy surrounding agricultural systems, and noted that the College has an enormous contribution to make to resolving the controversy. In collaboration with colleagues at the University of Iowa, the College is conducting a study on air quality standards for livestock facilities.

President Newlin welcomed Dr. Woteki and thanked her for accepting the role of Dean of the College of Agriculture.

Regent Fisher stated that he has spoken with many people in agriculture recently. It was his impression that agriculture will change dramatically over the next 10 years. There are big challenges in the future of agriculture, and he hoped that Dr. Woteki and Iowa State University will participate in developing solutions.

Dean Woteki said she agreed with Regent Fisher's assessment and that she also thinks the College can contribute much in providing solutions.

Regent Fisher said he hoped that Iowa State University would provide the leadership for all agriculture. He wished Dr. Woteki well in her endeavors.

**APPROVAL OF MINUTES OF BOARD MEETINGS OF JANUARY 16,
FEBRUARY 19, FEBRUARY 20 AND FEBRUARY 23, 2002.**

President Newlin announced that the Board members were provided with suggested revisions to the minutes of the February 20 Board meeting; however, he said approval of those minutes would be deferred until next month. He asked if there were additional corrections to any of the minutes. There were none.

ACTION: President Newlin stated the Board approved the minutes of the January 16, February 19 and February 23, 2002, meetings, as written, by general consent.

CONSENT ITEMS.

Approve the addition of Data Survey Research Consulting Services (D.S.R.C.S.) to the University of Iowa's list of approved vendors with a potential conflict of interest;

Approve the Board meetings schedule;

Approve Iowa School for the Deaf's Cooperative Athletic Agreement with Lewis Central;

Refer the proposed curriculum changes for the University of Northern Iowa to the Board Office and the Interinstitutional Committee on Educational Coordination for review and recommendation;

Approve the transfer of \$1.0 million from the Residence System (Dormitory) Surplus Fund to the Improvement Fund;

Receive the University of Iowa College of Pharmacy's report on a proposed new center – the Center for Improving Medication Use in the Community; and

Approve Iowa State University's request to discontinue the undergraduate minor in Athletic Training.

President Newlin noted changes to the April Board meeting dates. He said the bulk of the business would take place on April 17. There may be committee meetings in the late-afternoon of April 16.

MOTION: Regent Fisher moved to approve the consent docket, as presented. Regent Ahrens seconded the motion. MOTION CARRIED UNANIMOUSLY.

INTERINSTITUTIONAL COMMITTEE ON EDUCATIONAL COORDINATION.

(a) Changes to Department of Health, Leisure and Sports, University of Iowa.

Provost Whitmore presented the recommendation of the Interinstitutional Committee on Educational Coordination.

President Newlin stated that, in 1993, University of Iowa officials merged the two departments. Were they now asking to de-merge the departments?

Provost Whitmore responded affirmatively. He said University officials tried to put too many activities into a single department. The merger did not work as successfully as it might have. University officials believe that leisure studies will function better as an independent program.

MOTION: Regent Arbisser moved to (1) approve the division of the faculty of the Department of Health, Leisure, and Sport Studies at the University of Iowa into two administrative groups and (2) approve the division and renaming of the Department's current degree programs. Regent Neil seconded the motion. MOTION CARRIED UNANIMOUSLY.

ACCREDITATION REPORTS, UNIVERSITY OF IOWA.

(a) School Psychology Program (Ph.D.), College of Education.

Provost Whitmore presented a summary of the accreditation report.

Regent Ahrens noted that several concerns were raised by the accrediting body relating to additional financial needs of the program. She asked if University officials had been successful in obtaining the needed funding.

Professor Kathryn Gerken, Program Director, responded that, if the question related to finances for a new faculty person, the answer was "no". She said the University of Iowa offered the first program in school psychology in the state in the 1950s, with one faculty person. In the 1970s, a second faculty member was added to the program. For this reason, the program was not accredited sooner than 1992. All searches at the University are closed, due to budget constraints.

Regent Becker stated that the special education directors of the state's 15 area education agencies have discussed the difficulty finding school psychologists. There is interest in working with the University of Iowa to develop a cohort of students and to partner with practitioners in the field for mentoring. Such collaborations might help with the program's funding issue as well as help expand the program. She said this is an important area, and one which enjoys a lot of interest in the state.

Professor Gerken stated that several positive events have happened. First, in May 2001, a consultant with the Iowa Department of Education formed a state committee to review the shortage of school psychologists. Second, Professor Gerken has been working with faculty of the University of Northern Iowa to develop a distance education program. University of Northern Iowa and University of Iowa faculty are working together with the EDS-level certificate program in school psychology to offer distance education courses that would count toward an individual's degree. Third, University officials are working with the area education agencies to provide some mentoring.

Professor Gerken added that Iowa is one of the lowest paying states for school psychologists in the nation.

Professor Gerken said she was proud that, of the program's 39 graduate students, 48 percent are of racial ethnic minority and three are international students.

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

(b) Substance Abuse Counseling Program, College of Education.

Provost Whitmore presented a summary of the accreditation report.

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

(c) Industrial Hygiene Program (M.S.), College of Public Health.

Provost Whitmore presented a summary of the accreditation report.

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

(d) Intensive English Program (English as a Second Language), College of Liberal Arts.

Provost Whitmore presented a summary of the accreditation report.

Regent Ahrens asked if enrollment has increased since the self study was written. Associate Director Kniker stated that 50 student were enrolled at the time of the accreditation visit. Program Director Maureen Burke stated that, in the fall, enrollment was 63. Enrollment currently is less than 50; enrollment has declined as a result of the events of September 11.

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

RECOGNITION OF CONTRIBUTIONS OF ROBERT J. BARAK AS INTERIM EXECUTIVE DIRECTOR.

Upon the request of President Newlin, Deputy Executive Director Barak came to the Board table. President Newlin then announced that the Board members wished to thank Dr. Barak for his service as Interim Executive Director during the summer and winter of 2001. The Board also wished to express its appreciation for Dr. Barak's 29 years of service to the Board of Regents. He said the Board relies on Dr. Barak, not only for his knowledge of what has happened in the past, but also for his assistance and advice. He then presented Dr. Barak with a plaque commemorating his contributions as Interim Executive Director, and read the inscription.

Dr. Barak received applause.

SPRING ENROLLMENT REPORT.

Assistant Director Gonzalez provided the Board members with a PowerPoint presentation of the spring enrollment report. She noted that the Regent universities have experienced enrollment increases every year since 1998. Areas highlighted in the presentation included fall 1998-spring 2002 total headcount and by university enrollment; data on undergraduate non-returnees and new students for spring 2002 (new information requested by Board members for inclusion in the enrollment report); headcount enrollment by residence; headcount enrollment and FTE index; and data on distance education enrollment throughout the state.

Regent Ahrens thanked Dr. Gonzalez for adding to the report the information on graduates, undergraduate non-returnees and new students.

Regent Fisher said it was interesting to note that, despite significant tuition increases, enrollments continue to grow.

President Newlin asked about the average FTE index for the Iowa community colleges. Assistant Director Gonzalez responded that it was much lower than for the Regent universities, around 0.5 to 0.6.

Regent Neil asked if data are available. Assistant Director Gonzalez said there is a report that is produced for the Iowa Coordinating Council on the number of credit hours being taken and the number of full- and part-time students. The report is included in the Board's fall enrollment report.

Regent Neil said it would be interesting to see the comparison between the community colleges and the Regent universities.

President Newlin asked for the reasons that the three universities' enrollments are high and record high. Assistant Director Gonzalez said she believes that families still look to the Regent universities for value and for opportunity. In talking with people about college selection, they choose a college because 1) they are looking for a particular program and only a particular institution has it, or 2) they are looking for the value offered by the Regent institutions.

President Coleman said there are numerous factors in determining why enrollments are high. The Regent universities offer great value. Over the last decade, there has been an increasing desire of people to attend college. Another factor is the state of the economy. She said University officials have seen no indication of a slow down in demand for a college education.

President Geoffroy stated that Iowa State University is seeing an increase in retention, which impacts on the number of students enrolled.

President Koob said the demand for higher education, the increase in retention and the economy all play a role in the University of Northern Iowa's enrollment increases. He stated that, while enrollments have increased, the University's resources have declined. University officials are struggling with how to balance the rising demand and sharply-reduced resource structure. He was not optimistic that the University of Northern Iowa can maintain its current level of enrollment, much less grow.

Regent Becker said it was very important for Iowa economically to help students move through and obtain their degrees. Doing so improves the economy of the entire state. Legislators need to understand that the investment in higher education is an investment in Iowa's economic growth.

Regent Neil questioned whether the budgets of the Regent institutions have been reduced to a point where the quality of instruction is being impacted. Is this a time when enrollment should be capped or the universities restructured. Is it time for the University of Northern Iowa to return to a teachers college and for the education programs at the other two universities to be moved to UNI? Is this a time when the athletic programs should be "mothballed" and those dollars plowed back into the universities' missions? He stated that those are discussions that will have to be entertained if the quality of education is to be maintained. There are many tough decisions that will need to be made because of declining state revenues.

President Coleman stated that the budget reductions resulting from declining state revenues is a topic of considerable concern. She said the Regent institutions have sustained major budget cuts. No one wants the quality of the institutions to erode. Questions that need to be answered include, "How will the Regent universities serve the state of Iowa in the future? Are the universities at the stage where a change in admission requirements needs to be considered?" University of Iowa officials have begun to tighten up deadlines for applications, etc., in an effort to better manage enrollments. University officials are taking a hard look at the admission index.

President Geoffroy stated that, at Iowa State University, the number of students is steadily increasing while the number of faculty and staff is declining. In 1995, the ratio was 15.2 students per faculty member; that number is now 18.5, a 20 percent increase in the student/faculty ratio in 6 years. Student/faculty ratio is a key number at universities. He said class sizes have increased, resulting in less direct contact between faculty and students. The quality of education is suffering and is threatened further by the budget challenges. University officials have had to limit enrollment in high-demand programs such as management information systems and computer engineering. The University cannot accommodate all the students who want to enroll in those programs. University officials will have to take a serious look at overall enrollments. There is currently an over-taxing of the University's faculty and infrastructure due to the larger number of students and reduced budgets.

President Koob stated that, in this fiscal year, the Regent system has undergone an \$81.4 million reduction in state appropriations. The entire appropriation to the University of Northern Iowa is \$83.9 million; therefore, state government has taken out the equivalent of a University of Northern Iowa from the Regent appropriations. This year's final budget at the University of Northern Iowa will be equivalent to or slightly smaller than the 1998-99 budget, while the University is serving 1,000 more students. Something will have to be done.

Regent Kelly questioned whether, before quality is adversely effected, entrance standards should be increased substantially. He stated that, by doing so, the volume of students would be reduced.

Regent Neil noted that Regent Arbisser had pointed out to him that the Ivy League schools' student-to-faculty ratio is 6-7 to 1. Are the Regent universities trying to be everything to everybody? Is the Regent system too large for the will of the Iowa people to support? He said political columnists say the Board of Regents should downsize the institutions. If the institutions are restructured, how much money would be saved and would doing so meet Iowa's needs? He noted that the Board of Regents has to make do with what the legislature sends its way.

Regent Becker said she believes that, if the economic situation continues, the Board of Regents will be forced to do some things that are not in the best interest of the students. She then said she is the daughter of a person who went to Purdue University after fighting in World War II. At that time, the country educated a great deal of people who, economically, would not have been able to go to college otherwise. As a result, the United States has a huge number people in the upper middle class who provide tax dollars. If the number of students allowed to attend college is limited, the economy will be limited because people will not pay as much in taxes. If people are not educated, they will be poorer, our state will be poorer.

Regent Fisher stated that this is the first year in 50 years that state revenues have not increased. He said he has had the recent privilege to spend some time with the Federal Reserve Bank of Chicago, the district which includes Iowa. He learned that the country's economy is beginning to improve; however, those tax revenues will not be realized until 2003. He was optimistic that Iowa's tax revenues will come back, but there will be a 12-month delay in receipt of those tax revenues. He believes that elected officials have a commitment to higher education. The Board of Regents and institutions still need to plan for how to deal with the reduction in revenues.

Regent Neil pondered whether the political will in this state is to fund education or to provide more tax cuts. He then stated that Regent Fisher's idea of a plan for dealing with the reduction in appropriations was very good. He asked what his colleagues thought about having institutional officials put forth a plan of what this will look like on the down side.

President Newlin said the Regents have their work cut out in terms of the FY 2003 budget. Once the FY 2003 appropriations are known, developing such a plan will be the next step.

Regent Kelly expressed his support for the development of such a plan. He said there should be a "thorough shakedown".

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

ANNUAL REPORT ON INTERNATIONAL AGREEMENTS AND STUDY ABROAD.

Associate Director Kniker provided a PowerPoint presentation summarizing the annual report on international agreements and study abroad. He described the benefits, scope purposes and funding of internationalization; presented data on the status of international agreements; presented information on study abroad locations and student profile; and discussed trends in study abroad programs.

Regent Ahrens said she found it interesting that the gender profile of program participants is 1/3 male and 2/3 female. She asked if there was any idea why twice as many women than men participate in study abroad.

Associate Provost Steven Hoch, University of Iowa, responded that the University has experienced nearly three decades of disparity. However, progress has been made. Previously, the ratio was almost 3/4 female and 1/4 male. He said participation in study abroad is largely reflective of the integration of a student's major. More women major in foreign language. There has been considerable progress in attract students in other colleges such as Business and Engineering to study abroad.

Regent Ahrens stated that study abroad programs provide a great benefit to students. Participating in study abroad has prepared her in her field with a broader knowledge of the field worldwide.

Regent Fisher asked for a comparison of the number of students coming to the U.S. to study versus U.S. students going abroad. Associate Director Kniker responded that over 500,000 international students come to study in the U.S. annually while 140,000 American students go to other countries. He noted that, in last year's figures, the University of Northern Iowa was ranked 10th in comprehensive university students in the country for students studying abroad. Iowa State University ranked 20th for Research I (doctoral) institutions. He stated that Iowa's Regent universities are doing more than most of their peer institutions in this area.

Regent Fisher noted that Iowa State University has a large amount of inactive international agreements. What do University officials propose be done to change that?

President Geoffroy responded that University officials need to go through the agreements and purge the ones that are no longer of importance. University officials may wish to put more energy into others.

Regent Arbisser stated that two of his four children have studied abroad. Such experience is important for the students individually and for enriching the milieu for the students at the Regent universities. Participation in study abroad adds significantly to students' experience.

ACTION: President Newlin stated the Board received the report on international agreements, including study and work abroad programs of the Regent universities, by general consent.

REPORT ON MEETING OF THE IOWA COORDINATING COUNCIL FOR POST-HIGH SCHOOL EDUCATION.

President Koob stated that the Coordinating Council recently changed its mode of program approval to one of listing programs on a list serve. Doing so has taken what was previously a very lengthy discussion to a much briefer discussion. In addition to the traditional function of the Council for program approval, consideration is being given to other issues around Iowa that affect education. He noted that he also reported at the meeting on actions of the Governor's Education Roundtable, of which he is a member.

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

ANNUAL REPORT ON STATEWIDE FAMILY PRACTICE TRAINING PROGRAM.

Assistant Director Gonzalez stated that a number of changes had been made in the annual report on the Statewide Family Practice Training Program in response to Board members' questions. Changes included student characteristics such as race and ethnicity of the physicians. She introduced Assistant Dean Roger Tracy to comment on the report.

Assistant Dean Tracy provided an overview of the information contained in the meeting materials. He presented statistics of the program and of program participants. He said the number of residency opportunities are declining in metropolitan areas. He called the Board's attention to a four-year pattern that is true across the nation in all medical schools. The level of student interest in family practice careers has moderated and declined to 10 percent of the U.S. medical graduates. At the University of Iowa, family practice is still the most popular specialty choice. Eighteen percent of the graduates in

the 2001 class chose family practice. He then discussed the financial aspects of the program. He closed with comments about the value of the program.

Regent Arbisser stated that one of the benefits of the program is that it provides medical school graduates with an opportunity to train and work within communities which results in many of them staying in Iowa. He said Iowa is at the bottom nationally for Medicare reimbursement. As such, it is an unattractive place economically for medical professionals to discover on their own.

Assistant Dean Tracy said there is a close relationship between where one trains and where one eventually practices.

President Newlin asked if any major changes were anticipated in the program in the next year or two. Assistant Dean Tracy responded that there were not. He said enrollments are about where they should be; the marketplace is moderating the enrollments.

President Newlin thanked Assistant Dean Tracy for the report.

Assistant Director Gonzalez noted that one of the new features of the report was to identify characteristics of the 683 practicing physicians from the program. She stated that over 75 percent of the physicians are graduates of Iowa medical programs.

ACTION: President Newlin stated the Board received the report on the Statewide Family Practice Training Program, by general consent.

REPORT ON LEGISLATIVE SESSION.

Executive Director Nichols first discussed the non-budget legislative actions. He stated that, during the February 20 telephone conference call, the Board of Regents discussed legislation relating to 4-H fees and "cloning". He said the legislation related to 4-H fees is "withering on the vine" in the legislative process. Regrettably, the "cloning" legislation has passed one house of the legislature in a slightly amended form. The amended form of the bill is slightly better than the first form but significant concerns remain over research activities. He anticipated the bill will be actively discussed in the House this week.

President Coleman stated that the amended language in the "cloning" legislation related to in vitro fertilization clinics. The original language would have criminalized any research on stem cells. The new version permits in vitro fertilization clinics to operate. It also permits research on stem cell lines that are created outside of the state but

prohibits research on those from within the state. She said the bill has two parts. The first part bans human cloning, with which University of Iowa officials agree. The second part of the bill relates to therapeutic cloning of stem cells. She emphasized the importance of stem cell research, noting that the cells have the potential to become the various organs in the body. Little is currently known about the potential of stem cells.

Vice President Kelch discussed the potential of therapeutic cloning. He said stem cells are pluripotent cells, which are cells that can differentiate into different body parts. University of Iowa researchers would like to be involved in the study of undifferentiated cells. The research will provide vast information about human biology. He said the debate about stem cell research often centers around the ways the research is done. Sometimes a differentiated cell is fused with an egg that has had its nucleus removed. This is done with a cell mass which the medical literature refers to as a pre-embryo stage.

Executive Director Nichols stated that, as a practical matter, the Regent legislative liaisons are working with other interested parties in the health care community to draft an amendment to the bill. The amendment would retain the language that outlaws human cloning for reproductive purposes and allow appropriate scientific research.

Executive Director Nichols then referred to a bill to change the membership of the Board of Regents and said it was not moving forward at this time.

Executive Director Nichols referred the Board members to two handouts which provided updated information on the budget. With regard to the additional FY 2002 appropriations cuts, he said the net reduction in institutional operating budgets in FY 2002 is \$81 million to \$82 million less (11-12 percent) than the institutions had at this time last year. He noted that discussion had taken place earlier in this meeting about the management problems created by the appropriation reduction, particularly in light of the additional enrollments experienced at each institution.

With regard to preliminary plans that institutional officials are considering to implement the appropriation reductions, Executive Director Nichols presented the following:

- Denial of access to students:
 - Eliminate 11 summer session course sections, 222 student enrollments, 809 credit hours and concurrently \$175,000 in tuition revenue (University of Iowa)
 - Suspend admission into the MIS program at Tippie College of Business (90 students) (University of Iowa)

- Strictly enforce enrollment management guidelines for fall 2002 (April 1 deadline)
 - Reduce student employment opportunities
 - Reduce hours available to students who need the services provided by Student Counseling and Student Financial Aid
 - Reduce services to off-campus and adult students, disabled students, and minority students
 - Defer critical building repair and maintenance projects, thereby increasing substantially deferred maintenance, leading to a continuing erosion of university facilities
- Reduction in faculty and staff
- Slow or halt searches for major academic leadership positions
 - Reduce faculty by 22.8 FTE and permanently eliminate VP position (University of Iowa)
 - Not fill currently open positions in academic and support areas
 - Close as much of campus as possible during the week of spring break
 - Reduce purchases of supplies and equipment for instruction and research
 - Reduce travel to professional venues for presenting research findings and exploring new funding opportunities
 - Delay staff retirement opportunities, potentially doubling this cost in the next fiscal year and increasing the need to lay off staff in the next fiscal year (University of Northern Iowa)
- Reductions in services to citizens:
- Reduce travel, supplies and outreach, including travel for economic development and Extension

Executive Director Nichols stated that, when those plans are quantified more fully, the Board members will be presented with more detailed information. He said the Board Office is participating in the reduction exercise. A number of discussions about managing the potential reductions have already taken place. For example, later in this meeting, the Board will be asked to reduce the salary of the Executive Director to contribute toward the budget reduction of the office. Other costs will be reduced for the

Board Office interns, the Board's newsletter, shortening of the April Board meeting, as well as in the areas of travel and membership dues.

The other document handed out to Board members related to the Governor's FY 2003 appropriation recommendations. Executive Director Nichols said he had hoped to have both the Governor's and the legislative targets for the FY 2003 budget. However, the legislative leadership had not yet announced its targets. He described the Governor's appropriation recommendations as "modestly positive". Total estimated operating appropriations were \$711,382,464, compared to final FY 2002 appropriations of \$668,310,347.

Executive Director Nichols stated that there is yet another potential erosion of state revenues in the form of the federal economic stimulus bill. Two major provisions of the bill are 1) extension of unemployment to certain individuals and 2) provision of accelerated depreciation and other changes in corporate tax law. He said the second provision was troublesome from a state budget perspective. If state government chooses to couple state law to the new federal corporate tax provisions of this bill, the state may face another \$15 million to \$20 million of lost revenue in the current fiscal year because the bill is retroactive. There would be an additional \$45 million to \$50 million in lost revenue next fiscal year, which may impact on the FY 2003 budget recommendations across state government.

Regent Fisher asked how the \$82 million appropriation reduction figure was arrived at. Executive Director Nichols responded that there was a 6 percent reduction on the appropriated amount from FY 2001 to FY 2002. The cumulative total reductions since then include the across-the-board reduction that occurred last fall and the recent reduction, totaling another approximate 6 percent reduction.

President Coleman reminded Board members that, in FY 2002, the University of Iowa has experienced three appropriations reductions totaling \$38.1 million university-wide – on July 1, 2001, there was a 6 percent reduction of \$18.7 million; on November 1, 2001, there was a 4.3 percent reduction of \$13.5 million; and, on March 1, 2002, there was a 1.96 percent reduction of \$5.9 million. In addition, in FY 2001 and 2002, the University experienced a salary shortfall totaling \$10 million. She stated that mid-year reductions, particularly the most recent one, are very difficult to cope with. The University of Iowa has experienced increased spring enrollments and most of the budget funding is already committed at that time of the fiscal year.

University officials have observed full-time job loss in the general education fund, through attrition, at the rate of one-half percent per month – 24 positions per month are being lost. With regard to allocation of the March deappropriations, President Coleman stated that non-collegiate units took a 50 percent higher cut than did academic units, in

order to protect the academic units. Financial aid and library acquisitions were also protected from the cuts. She expressed gratitude for the permissive furlough language in the deappropriation bill so the university was not mandated to implement furloughs. Employee compensation comes from many different sources, and it would have been difficult to administer mandatory furloughs within the institution.

President Coleman provided the following implications for the University of Iowa of the March 1 budget reductions of \$5.9 million university-wide and \$4.9 million in the general education fund. Searches for major academic leadership positions will be slowed or halted. Eleven course sections, 222 student enrollments, and 809 credit hours are being eliminated in the summer session. Although \$175,000 in tuition revenue will be lost as a result, the University will save money. Admissions to the graduate MIS program at the College of Business will be suspended. In the College of Education, the University has closed enrollments in journalism education, communication studies education, health occupation education, as well as a minor in human relations. The University has experienced an additional reduction of 22.8 FTE faculty that will be carried forward into FY 2003. She said there has been an immediate reduction in support for faculty start up. For those start-ups to which the University was already committed, University officials "cannibalized" faculty lines for next year. Student hourly employees in the library have been reduced. Reductions have also occurred for equipment grant matches and travel and outreach, including travel related to economic development. Equipment replacement has been deferred. More salaries have been moved to grants. International activities on campus have been reduced, particularly visiting lecturers. There is strict enforcement of enrollment management guidelines. The cost of financial management and oversight of capital projects has been shifted from operating budgets to individual capital project budgets.

President Coleman stated that each budget cut has affected the indigent patient care program, the psychiatric hospital and the hospital school. One consequence is a continued erosion of the financial base for the University of Iowa Hospitals and Clinics. The costs for admissions and other student service programs have been shifted to students through mandatory fees. A vice president position has been permanently eliminated. Other positions throughout the University have been eliminated, resulting in employees taking on more duties.

Regent Neil asked if, based on the Governor's proposal for FY 2003 and the 20 percent tuition increase for academic year 2003, University officials will have to maintain the reductions that are taking place.

President Coleman responded that the tuition increase will recapture about 40 percent of the funding that was lost this year. As much of those funds as possible will be applied to the academic areas. She reminded the Board members that last fall she

presented a plan to revitalize liberal arts. Doing so is crucial to the long-term health of the institution.

President Geoffroy stated that this was the third time in less than 12 months that Iowa State University has had to reduce the University's operating budget. He said SF 2304 will require University officials to reduce \$4.5 million to \$5 million of the budget this late in the fiscal year. University officials have decided not to furlough employees. They have tried to protect the academic components of the University. The University's provost, vice presidents and president collectively must identify \$2 million in reductions. He said faculty hiring will be delayed. Travel will be restricted. Purchase of equipment and supplies will be curtailed. There will be a reduction in the hours available in student counseling and financial aid offices. As much of the campus as possible will be closed during spring break. Voluntary leave is being encouraged to close offices, which will result in energy savings. A number of important building repair and maintenance projects will be deferred.

President Geoffroy said the 4.3 percent appropriation reduction in November was addressed at Iowa State University via a series of one-time budget reductions. Those one-time reductions now have to be folded into the University's base budget for fiscal year 2003. He has appointed a budget process task force. The task force has requested budget plans from the campus units. Final decisions on how to respond to the appropriation reduction will not be made until FY 2003 budget figures are known. He expects there will be a series of program reductions and personnel changes. University officials anticipate that, by the next meeting of the Board of Regents, they will be able to report on those changes.

President Koob stated that University of Northern Iowa officials handled the cuts, in response to this year's first appropriation reduction, in a temporary way, mainly by freezing positions. As the second reduction came through, adjunct faculty contracts were not continued. With this last appropriation reduction, the thinking has shifted from temporary to permanent reductions. Initially, reductions were made wherever funds were available. Such reductions were not done in a planned way because the expectation was that University officials would be able to return the funds to the particular budget area. Replacing the funds is no longer possible, and University officials have to think about reshaping the University. He said University officials had anticipated there would be a jump in the requests for early retirement. However, the money set aside to fund those early retirements is now gone. Therefore, those retirements have to be delayed until next year. Additionally, the number of student credit hours taught will be reduced to fit the number of dollars available. Another way to respond to the appropriations cuts is to reshape the programs.

President Koob said the important point was not to get too attached to any one mechanism. University officials will come to the Board with suggestions on how to accommodate the cuts. In determining the cuts, University officials will be guided by the University's strategic plan. He said they have to close the gap between class size and quality of instruction.

Regent Neil asked that, as University of Northern Iowa officials develop the plan for downsizing, there be a clear indication of what is being taken out of the system.

President Koob stated that, under the presumption that the budget shortfall would be temporary, the Board raised tuition significantly (30 percent in two years). The next step will be to impact access unless a conscious choice is made to reduce quality.

Superintendent Johnson stated that the dollar amount of reductions for the special schools was much less than for the universities. Most of the cut for Iowa School for the Deaf was felt in the beginning of the fiscal year. The biggest impact was in the area of faculty, where positions were not filled. School officials also did not fill some positions that became vacant in the dormitory area. He expressed appreciation that School officials were not required to use furloughs as a way of addressing the latest budget reductions. The summer school program was reduced. He said those were some of the activities of the Iowa School for the Deaf to address the appropriations cuts.

Superintendent Thurman stated that many of the tactics undertaken at Iowa School for the Deaf were also done at Iowa Braille and Sight Saving School. He thanked the Board members for helping to spare the special schools from the 4.3 percent mid-year appropriation cut. Appropriation reductions will be handled by reallocation from savings this year, particularly in heating costs. There will also be reallocations in next year's budget to compensate for the shortfall.

Executive Director Nichols stated that, in the next week, there will be a number of appearances at the legislature by the five institutional heads, President Newlin and himself. He encouraged Board members to carry the same message he intends to carry there. Whenever he goes to the Statehouse, he is confronted by people who say the Regents are getting a lot of money. The scorecard so far this fiscal year is that there has been a 12 percent reduction in state operating funds and increased enrollments of 3 percent. The Regent system is doing its part to address the state budget situation.

ACTION: President Newlin stated the Board received the monthly report on the 2002 legislative session, by general consent.

RESIDENCE SYSTEMS – ANNUAL GOVERNANCE REPORTS, TEN-YEAR PLANS, PRELIMINARY FY 2003 BUDGETS, AND PROPOSED 2002-2003 RESIDENCE RATES.

Associate Director Hendrickson provided the Board members with a PowerPoint presentation of highlights of the residence systems reports. She said the residence systems are self-supporting and receive no state appropriations. In FY 2001, 20,532 students, 29.8 percent of total enrollment, were housed in the residence systems. The ten-year plans include enrollment and occupancy projections, capital renewal plans, and financial forecasts. She noted that the proposed rates at the University of Iowa included telecommunication and dining fees, which were previously charged separately. The universities proposed rate increases for 2002-2003 for a double occupancy room with full board as follows: \$584 at the University of Iowa, \$354 at Iowa State University, and \$242 at the University of Northern Iowa. When combining the tuition and fee increases approved in Fall 2001 with the proposed residence system increases, the total incremental cost to an undergraduate student would be \$1,253 at the University of Iowa, \$1,022 at Iowa State University, and \$920 at the University of Northern Iowa. The preliminary budgets indicated that gross revenues would be \$107 million, with estimated voluntary reserves as follows: \$10 million at the University of Iowa, \$7.3 million at Iowa State University, and \$5.7 million at the University of Northern Iowa.

ACTION: President Newlin stated the Board received the summary report on university residence systems, by general consent.

(a) University of Iowa.

Regent Fisher asked for the amount of increase at the University of Iowa when the two fees (telecommunications and dining dollars) are not included. Vice President True responded that the increase would be 6.6 percent.

Associate Director Hendrickson stated that the telecommunications package will save money for most students. The University will be able to offer more television channels as well as lower long-distance telephone rates.

Regent Becker asked if students were supportive of the proposal for the dining dollars. Vice President Jones said there has been a good response to the system. There was confusion on campus because flex dollars were billed separately to give students a tangible objective of how much they could spend on food outside of the residence hall dining areas. The University's dining system has been under study for a number of years. One of the primary recommendations has been to increase portability. Over the

last 8-10 years, students have taken fewer and fewer meals. "Flex dollars" were included as an option this year. The flex dollars system allows students to purchase food at retail operations around the campus. There are a number of satellite food operations in gathering places. Students may also use the flex dollars in the residence halls for meals they have not purchased in their meal plan.

Vice President Jones stated that there continues to be improvements in the University's residence system. A high quality of infrastructure has been maintained while educational services within the system are being improved and enhanced. University officials believe the housing system is a part of the students' educational experience. He noted that retention has increased for students who remain in on-campus housing.

ACTION: President Newlin stated the Board, by general consent, (1) received the University of Iowa residence system FY 2001 annual report; (2) received the University of Iowa residence system ten-year plan for FY 2003 through FY 2012; (3) considered the University's academic year 2002-2003 proposed rate of \$5,255 (a 12.5 percent increase) for a combined double occupancy residence hall room and full board plan, and apartment rate increases averaging 7.8 percent; and (4) considered the University's preliminary FY 2003 residence system budget, which is subject to further review and action when the Board approves the final FY 2003 institutional budgets in July.

(b) Iowa State University.

Vice President Hill stated that Iowa State University officials proposed a rate of \$5,020 which is a 7.6 percent increase over last year. The University offers a range of rates for the standard accommodations. He noted that rooms that have not been remodeled are being offered at last year's rates.

Director Alexander provided a brief report on the University's residence halls and student apartments. He said the residence systems offers a range of accommodations to students. He reminded the Board members of the University's residence system master plan which provides for different neighborhoods targeted at the needs of different levels of students. He noted that in Fredericksen Court a new option is being offered this year. There is a discount for students who sign a 12-month contract.

Regent Fisher asked how Iowa State University handles the technology fee. Director Alexander responded that Iowa State University took the step described by the University of Iowa three years ago. The majority of students were paying the fee any way, and by incorporating the fee into the dormitory rate, the University was able to achieve a lower rate for students.

ACTION: President Newlin stated the Board, by general consent, (1) received the Iowa State University residence system FY 2001 annual report; (2) received the Iowa State University residence system ten-year plan for FY 2003 through FY 2012; (3) considered the University's academic year 2002-2003 proposed rate of \$5,020 (a 7.6 percent increase) for a combined double occupancy residence hall room and a full board plan, and apartment rate increases averaging 6.9 percent; and (4) considered the University's preliminary FY 2003 residence system budget, which is subject to further review and action when the Board approves the final FY 2003 institutional budgets in July.

(c) University of Northern Iowa.

Director Hartman stated that the University's reports were nicely distilled by Associate Director Hendrickson, which he appreciated. He proceeded to emphasize a few points about the year to date activities of the residence system. Last fall, University officials opened the Redeker Center's food court, which has been successful. He noted that a number of residence system officials spent some time in its dish room because the dining facility was understaffed for the number of students eating in the facility. There has been some sadness on campus because of the events that took place on September 11, 2001. A student passed away early in the semester. He said that, at this time every year the discussion centers around budgets and brick and mortar. However, it was important to remember that staff are the critical component for affecting students' lives. The University's students are significantly better able to cope with tragedies due to the competency of University staff. He was very grateful for the campus leaders' response to September 11.

Director Hartman noted that the residence system has partnered with Dr. Annette Lynch to provide violence prevention education through a grant program. He said he wished to acknowledge the good work of residence hall student leaders in the University of

Northern Iowa's selection to host the conference of residence hall student leaders in fall 2002. Over 700 residence hall student leaders from the Midwest will be on the campus for that conference.

ACTION: President Newlin stated the Board, by general consent, (1) received the University of Northern Iowa residence system FY 2001 annual report; (2) received the University of Northern Iowa residence system ten-year plan for FY 2003 through FY 2012; (3) considered the University's academic year 2002-2003 proposed rates of \$4,640 (a 5.5 percent increase) for a combined double occupancy residence hall room and full board plan, and apartment rate increases averaging 5.1 percent; and (4) considered the University's preliminary FY 2003 residence system budget, which is subject to further review and action when the Board approves the final FY 2003 institutional budgets in July.

PROPOSED MISCELLANEOUS FEES AND CHARGES.

Associate Director Hendrickson provided a summary of the report on proposed miscellaneous fees and charges. She noted that this was the first year that fees and charges were presented separately from tuition-related fees and charges. University of Iowa officials requested five new fees for FY 2003, increases in 21 fees ranging from 3.7 percent to 500 percent, and two decreases in fees. Iowa State University officials requested two new fees for FY 2003, increases in 13 fees ranging from 16.7 percent to 100 percent, and decreases in three fees. University of Northern Iowa officials requested 11 new fees for FY 2003, increases in 12 fees ranging from 11.1 percent to 220 percent, and decreases in six fees.

ACTION: President Newlin stated the Board, by general consent, (1) gave preliminary consideration to the proposed miscellaneous fees and charges for 2002-2003, as presented; (2) gave preliminary consideration to revise the administrative rules and submit a Notice of Intended Action regarding university application fees as follows: (a) increase Iowa State University's application fee from \$20 to \$30 for domestic student applications; and

(b) increase the University of Northern Iowa's application fee from \$20 to \$30 for domestic student applications.

PROPOSED PARKING RATES.

Director Elliott stated that this was the first year that the three universities' parking rates were presented in one consolidated agenda item. She said each of the universities have parking systems that are self-supporting and receive no state appropriations. University of Iowa officials proposed parking rates for a three-year period. The University has outstanding bonds of \$12.4 million. The three years of rates will provide a revenue stream for bonds anticipated to be sold in this coming fall for \$11.2 million. There is a new graduated cashed rate at the University of Iowa. She reported that the University of Iowa has proposed increases in its violation fees and noted that these fees had not increased since 1988. She stated that the Board Office had received a handwritten petition opposing the proposed parking rate increases, signed by University of Iowa Hospitals and Clinics employees.

Iowa State University officials submitted a parking rate schedule for FY 2003. Director Elliott said five rates were identified for three years of rate increases. Currently, Iowa State University does not have outstanding bonds for its parking system; however, a bond sale is planned for May 2004 for \$11 million for the parking system. She said University of Northern Iowa officials presented annual and summer parking rates for fiscal year 2003 as well as parking manual changes.

Regent Fisher referred to information contained in the meeting materials regarding the improvements from reserves, and asked about the apparent net loss in parking income. Director Elliott responded that it is not a net loss but a net reduction from reserves.

Regent Ahrens asked if this was the first time that three years of parking rates had been presented. Director Elliott responded that University of Iowa officials presented their rates six years ago. Vice President Madden said this was the first time that Iowa State University had presented three years of rates.

Regent Ahrens asked the reason for presenting three years of rates at Iowa State University. Vice President Madden responded that the University's master plan for improving parking includes a financing plan. Planning for parking revenues three years in advance facilities revenue projections. He noted that the student government had endorsed the three-year plan; students see the benefit of knowing the rates in advance. He pointed out that the number of cars on campus is increasing.

ACTION: President Newlin stated the Board, by general consent, (1) considered the proposed parking rate increases at the three Regent universities and parking manual changes and (2) gave preliminary consideration to revise the administrative rules and submit a Notice of Intended Action regarding the proposed changes to Iowa State University's traffic and parking rules.

REPORT OF THE BANKING COMMITTEE.

Regent Fisher stated that the Banking Committee met the previous afternoon and had a long, productive session. The Banking Committee approved the Iowa State University School of Architecture program of leasing laptop computers. The program had good participation in its first offering. University officials looked forward to increased participation next year. He said the Banking Committee received reports at length from the Board of Regents fund managers on performance in 2001. The fund managers have \$1.1 billion of institutional endowment funds under management as of December 31, 2001. The Board of Regents retains Wilshire Associates for guidance in managing those funds. He noted that the reports were available to anyone who would like to review them. The fund managers' performance mirrored the markets. Banking Committee members feel that good management is exercised by the fund managers, and that Wilshire Associates provides good guidance to the Banking Committee. Most of the fund managers indicated that, since the first of March, the funds are in the positive mode after several years of being negative. Equities are up 1 percent to 2 percent.

The Banking Committee received a report on the cost of recent bond sales, and adopted several bond resolutions. Regent Fisher recognized Barry Fick, Springsted, Inc., and Ed Bittle, Ahlers law firm, to report on the bond sale.

Mr. Fick stated that bids were received that morning for \$12,755,000 Student Union Revenue Bonds, Series U.N.I. 2002. The winning bid was submitted by a group led by U.S. Bancorp Piper Jaffray, for a true interest rate 4.82 percent. For reference purposes, he said the rate received for the University of Northern Iowa bonds was three to ten basis points below what Aaa general obligation municipal bonds were selling for on this day. The winning bid included a term bond; the 2017 to 2022 maturities were combined into a term bond.

Mr. Bittle stated that the resolutions were in order. The term bond alternative will be used in the resolution.

MOTION:

Regent Fisher moved to adopt the following resolutions: (1) A Resolution providing for the sale and award of \$12,755,000 Student Union Revenue Bonds, Series U.N.I. 2002, and approving and authorizing the agreement of such sale and award. (2) A Resolution authorizing and providing for the issuance and securing the payment of \$12,755,000 Student Union Revenue Bonds, Series U.N.I. 2002 to pay the costs of constructing additions to, remodeling and refurbishing, equipping and furnishing the J. W. Maucker Student Union, paying costs of issuance and funding a reserve fund. Regent Neil seconded the motion, and upon the roll being called, the following voted:

AYE: Ahrens, Arbisser, Becker, Fisher, Kelly, Neil, Newlin.

NAY: None.

ABSENT: Nieland, Turner.

MOTION CARRIED.

MOTION:

Regent Fisher moved to adopt A Resolution authorizing the Executive Director to fix the date or dates for the sale of up to \$14,800,000 Academic Building Revenue Refunding Bonds, Series S.U.I. 2002. Regent Becker seconded the motion, and upon the roll being called, the following voted:

AYE: Ahrens, Arbisser, Becker, Fisher, Kelly, Neil, Newlin.

NAY: None.

ABSENT: Nieland, Turner.

MOTION CARRIED.

MOTION:

Regent Fisher moved to adopt A Resolution authorizing the Executive Director to fix the date or dates for the sale of up to \$5,000,000 Academic Building Revenue Refunding Bonds, Series U.N.I. 2002. Regent Neil seconded the motion, and upon the roll being called, the following voted:

AYE: Ahrens, Arbisser, Becker, Fisher, Kelly, Neil, Newlin.

NAY: None.

ABSENT: Nieland, Turner.

MOTION CARRIED.

Mr. Bittle stated that the refunding bonds would be sold to obtain savings due to lower interest rates. The last maturity for the refunding bonds will remain the same as for the refunded bonds.

MOTION:

Regent Fisher moved to adopt A Resolution declaring an official intent under Treasury Regulation 1.150-2 to issue debt to reimburse the State University of Iowa for certain original expenditures paid in connection with specified projects. Regent Neil seconded the motion, and upon the roll being called, the following voted:

AYE: Ahrens, Arbisser, Becker, Fisher, Kelly, Neil, Newlin.

NAY: None.

ABSENT: Nieland, Turner.

MOTION CARRIED.

MOTION:

Regent Fisher moved to approve continuation of the Iowa State University College of Design computer lease program to students, subject to submission of financing plans. Regent Neil seconded the motion. MOTION CARRIED UNANIMOUSLY.

ACTION:

President Newlin stated the Board received the report of the Banking Committee, by general consent.

EARLY RETIREMENT INCENTIVE PROGRAM.

Director Wright provided the Board members with a summary of the information contained in the meeting materials. After reviewing the history of this matter, he stated that officials of all five Regent institutions recommend that there be no new Early Retirement Incentive Program approved at this time. Institutional heads have agreed

that staff who are eligible on June 30, 2002, for the current ERIP and who apply for participation and are accepted for the current ERIP will be allowed to begin participation in the ERIP between July 1, 2002 and June 30, 2004.

Regent Fisher stated that, in the past, the early retirement program has been a way for the universities to extract budget savings. In light of current budget restraints, are university officials encouraging more employees to use the early retirement program?

Vice President True stated that, at the University of Iowa, a great number of employees are requesting participation in the program because the program terminates this June 30. A large number of employees have made the decision to retire now instead of later. The retirements will provide an opportunity for additional attrition and savings. He said that after the sunset of the current early retirement program, there will no longer be an opportunity to continue the program.

Vice President Madden stated that, at Iowa State University, participation in the early retirement incentive program has been managed as requiring administrative approval. It is not an entitlement program. University officials have been unable to develop a new program that fits the University's needs economically. He expects there will be an increase in the number of people who meet the program's eligibility requirements.

President Koob stated that the response for the University of Northern Iowa was similar to that of Iowa State University. Two years ago, the University "turned the corner" in the number of early retirements of employees. Now, there needs to be a rebuilding of the faculty and staff.

ACTION: President Newlin stated the Board, by general consent, received the report on institutional recommendations concerning extension of the current Early Retirement Incentive Program and recommendations concerning new programs.

President Coleman introduced the University of Iowa's newly-elected student government leader, Nick Herbold. She said Mr. Herbold will be inaugurated in April.

REVISIONS TO POLICY MANUAL.

President Newlin stated that, contrary to information contained in the meeting materials, Chapter 2 and Chapter 4 except for section 4.11 of the Board of Regents Policy Manual were presented for approval at this meeting. Chapter 3 and Chapter 6 will be brought back to the Board after suggested changes have been incorporated.

Assistant Director Stratton stated that the Board Office and institutional officials have been reviewing the Board of Regents Policy Manual for more than a year. The intent of the review is to clarify language and to focus on policy instead of procedures. This month, two chapters were presented for Board approval: Chapter 2 and Chapter 4 with the exception of section 4.11, the nepotism section. Section 4.11, Chapter 3 and Chapter 6 were deferred until April.

MOTION: Regent Neil moved to approve the replacement of “Chapter II—Meetings” and “Chapter IV—Personnel”, with the exception of section 4.11 on nepotism, of the Board of Regents Policy Manual with revised versions of these chapters. Regent Fisher seconded the motion. MOTION CARRIED UNANIMOUSLY.

REVISIONS TO MERIT SYSTEM ADMINISTRATIVE RULES.

Associate Director Brunson presented the Board members with a summary of the information that was provided in the meeting materials. She stated that a group of representatives from the Regent institutions and the Board Office have been reviewing the administrative rules governing the operation of the Regent Merit System. The review was necessitated by recent changes in the Iowa Code, Chapter 19A and changes in pay matrices negotiated for AFSCME-covered employees. She said many of the proposed revisions concern the appointment process and the elimination from the Iowa Code of the requirement to test applicants and hire from the top six scores. Revisions also removed the two-year limitation on reinstatement eligibility, eliminated the category of emergency appointment and limited temporary appointments to 780 hours in a fiscal year.

MOTION: Regent Neil moved to (1) approve revisions in the Administrative Rules of the Regent Merit System, and (2) authorize the Executive Director to file the rule revisions in the appropriate form as required. Regent Fisher seconded the motion. MOTION CARRIED UNANIMOUSLY.

STUDENT APPEAL.

Assistant Director Stratton stated that Board members were provided with confidential materials related to an appeal by a student concerning a finding by the university that the student’s complaint did not fall within the Sexual Harassment Policy. Board Office review of materials submitted by the student and by the University suggested that the

University's position be upheld. The student requested an opportunity to address the Board and that the Board's decision in this matter be deferred to the April meeting so that he could be present.

MOTION: Regent Fisher moved to affirm the final institutional decision of the University. Regent Arbisser seconded the motion. MOTION CARRIED UNANIMOUSLY.

INSTITUTIONAL AND BOARD OFFICE PERSONNEL TRANSACTIONS.

President Newlin stated that the two items on the Board Office Register of Personnel Changes related to the appointment of Greg Nichols and to a change in his salary. The salary reduction was in response to Senate File 2304.

MOTION: Regent Fisher moved to approve the University of Iowa Registers of Personnel Changes for December 2001 and January 2002; the Iowa State University Registers of Personnel Changes for January and February 2002; the University of Northern Iowa Registers of Personnel Changes for December 2001 and January 2002; the Iowa School for the Deaf Registers of Personnel Changes for January and February 2002; the Iowa Braille and Sight Saving School Registers of Personnel Changes for December 2001 and January 2002; and the Board Office Register of Personnel Transactions, which included the following items: (1) appointment of Gregory S. Nichols as Executive Director effective February 1, 2002, at an annual salary of \$126,141 plus the usual fringe benefits, and (2) temporary change in salary of Gregory S. Nichols, Executive Director, from \$126,141 to \$119,834 effective March 1, 2002 through June 30, 2002, in accordance with SF 2304. Regent Ahrens seconded the motion. MOTION CARRIED WITH REGENT NEIL VOTING "NO".

APPROVAL OF VENDORS WITH A POTENTIAL CONFLICT OF INTEREST.

ACTION: The vendors with a potential conflict of interest were approved on the consent docket.

BOARD MEETINGS SCHEDULE.

ACTION: The Board meetings schedule was approved on the consent docket.

President Newlin then asked if there were additional general or miscellaneous items for discussion. There were none.

STATE UNIVERSITY OF IOWA

The following business pertaining to the University of Iowa was transacted on Wednesday and Thursday, March 13-14, 2002.

TEACHER PREPARATION REPORT FOR THE HEARING IMPAIRED.

Provost Whitmore presented the report, as requested by the Board at its last meeting. He said University officials have been working with the Iowa Department of Education on the details of the proposal, and will be working with Superintendent Johnson of the Iowa School for the Deaf. It is hoped that the program will begin as early as the Fall of 2002. He said that, in addition to completing the requirements for a regular license in Elementary Education or a regular teaching license in a secondary subject area, students seeking this endorsement would be required to take additional courses. Students could begin the program as undergraduates if they are already enrolled in a regular Elementary Education program, in a regular secondary subject area program, or if they are majors in Speech Pathology and Audiology. University officials expect to enroll no more than 10 students a year for the first several years.

Regent Neil asked Superintendent Johnson if the program, as proposed, meets the needs envisioned when the program was first discussed. Superintendent Johnson responded affirmatively. He said he was particularly pleased with the focus on CEASD (Conference of Educational Administrators of Schools and Programs for the Deaf) certification.

Regent Becker thanked University of Iowa officials for working on this program, noting its importance for the state. She said she was pleased with the interaction between faculty of the University of Iowa and the Iowa School for the Deaf.

Provost Whitmore pointed out that the University of Iowa had to hire one additional faculty person.

ACTION: President Newlin stated the Board received the University of Iowa's Teacher Preparation Report for the Hearing Impaired, by general consent.

PROPOSED NEW CENTER FOR IMPROVING MEDICATION USE IN THE COMMUNITY.

ACTION: This report was received on the consent docket.

NAME CHANGE – COLLEGE OF MEDICINE.

President Coleman requested that the Board of Regents name the College of Medicine at the University of Iowa the Roy J. and Lucille A. Carver College of Medicine, according to well-established Board of Regents policies. She said she made the request in recognition of a transformational gift and long-standing past and future relationships with the Carver Charitable Trust. She referred to a press conference that was held recently in Muscatine at the Trust offices. University officials appreciated the presence and support of President Newlin and Governor Vilsack. At the press conference, the Governor said this private-public partnership is about innovation in biomedical research which will lead to greater productivity and enhanced quality of life. The Governor said the University is a magnet which draws in other people. It stimulates the commercialization of research discoveries. She said an announcement was made the previous week that a company begun by a former University of Iowa biomedical professor is planning a \$54 million expansion in Coralville with a promise of 200 high-level jobs. A third point made by the Governor at the press conference was that this partnership between the University of Iowa and the Carver Trust is about vision. She said this is about the power of the public and private sectors joining forces and leveraging resources for the benefit of countless Iowans. In naming the College of Medicine, that vision is being celebrated. She noted that the gift could not have come at a better time. In difficult days, this gift and the naming request are a reaffirmation that Iowa's best days are ahead.

Vice President Kelch provided additional comments about the monumental and transformational gift pledged by the Roy J. Carver Charitable Trust. A summary of those comments follows: This gift will have a profoundly positive impact not only on the College of Medicine but also on the healthcare of current and future Iowans. The gift will provide support for the Roy J. and Lucille A. Carver biomedical research building, the core research facilities for all biomedical investigators, faculty-initiated research and significant endowment for chairs and professorships. The gift will elevate the University of Iowa's College of Medicine into pre-eminent status among the world's medical schools. The support provided by the Carver gift is critical to development of new ideas and programs. This generous commitment, despite its greatness and large nature, will not meet the core educational funding needs of the College. Naming of colleges of medicine in honor of philanthropic gifts is not common but it is becoming more common, a few examples of which were provided. The Carver Charitable Trust commitment is the largest gift in the history of the University of Iowa and the largest naming gift for a public college of medicine.

Vice President Kelch said he wished to share some wonderful news about the College of Medicine's external research funding. The previous week, the National Institutes of Health published its list of external grant award amounts. The College of Medicine's funding from the National Institutes of Health increased 26 percent last year. It ranks 10th among all public colleges of medicine; it went from 26th to 22nd among the rankings of all colleges of medicine, public and private. He stated that the College of Medicine faculty rank 5th out of 125 medical schools in grants per faculty and dollars awarded per faculty among all medical schools.

Vice President Kelch stated that, since the proposal was announced publicly last week, the overwhelming reaction to the gift has been positive. However, some concerns have been expressed, including those from students. He said some of the concerns center around a misunderstanding that the naming of the college would, in some way, lessen the association with the University of Iowa. He assured the Board members that nothing could be further from the truth. The Roy J. and Lucille A. Carver College of Medicine will be the University of Iowa's College of Medicine and it will always be the University of Iowa's College of Medicine. All diplomas, stationary and signage will prominently display the University of Iowa name. Combining the Carver names with the name and prestige associated with the University of Iowa will honor the Carvers and exemplify the power of the public-private partnership.

Vice President Kelch stated that University officials were pleased to be associated with the largest philanthropic organization in the state of Iowa: the Roy J. Carver Charitable Trust.

MOTION:

Regent Kelly moved to approve the University of Iowa's request to name the College of Medicine the Roy J. and Lucille A. Carver College of Medicine at the University of Iowa. Regent Arbisser seconded the motion.

President Newlin stated that the Board of Regents had received a resolution from the University of Iowa student government asking that the Board postpone action on the name change until its April meeting. The Board received a petition from medical school students thanking the Carter Trust and the Carver family for its philanthropic support of the University of Iowa College of Medicine, and indicating that those students believe it is inappropriate to change the name of the College of Medicine. He said the Board also received approximately 50 emails, all of which were made available to the members of the Board of Regents.

Regent Neil said he understood why this matter was emotional for some people. However, the Board of Regents has to look at the public good that will come out of this. The Carver gift will move the University forward in areas of biomedical research.

Regent Ahrens asked if the current students who are seniors in the College of Medicine will graduate under the name change. Vice President True stated that University of Iowa officials were asking for the name change to be effective immediately. However, he has assured the seniors that the diplomas for this year will not be changed.

Regent Neil stated that the Board of Regents instructs the university presidents to garner money to support their institutions. The Carver gift is especially important because of the shortfall from the state in appropriations for the Regent institutions.

VOTE ON THE MOTION: MOTION CARRIED UNANIMOUSLY.

REGISTER OF CAPITAL IMPROVEMENT BUSINESS TRANSACTIONS.

President Coleman said she was pleased to present the schematic design for the Art and Art History Building. The University of Iowa's School of Art and Art History has a distinguished reputation. The school is rated among the best in the country. In recent years, there has been a tremendous increase in student demand. This capital project will increase the amount of space for the School. The second phase of the project will be to renovate the 1930s section of the current facility. She introduced architects Rod Kruse of Herbert Lewis Kruse Blunck, and Steven Holl of Steven Holl Architects. She noted that the architects had been very responsive to the University's needs throughout the design process.

Mr. Holl stated that this was an important day to be able to bring the project to the Board of Regents for approval. He provided a slide presentation of the schematic design. Included were slides of the 1936 building, conceptual watercolor drawings, project location, site plan, model, floor plans, and views from various elevations of the new facility. The site contains a natural lagoon with a beautiful limestone bluff. The new facility will invigorate the lagoon. The glass on the north side of the building will be double insulated, with the highest energy rating possible. The new building will provide space that is not currently available. The facility will have good lighting and the programming of the space is interchangeable. With regard to building materials, the architects are investigating options. He said the architects' main charge is to unify the arts campus with coloring and glass. One material being considered is brick red-coated steel. Double glaze windows will be used with an exposed concrete precast system. The new facility will have 67,000 square feet of program space.

Mr. Kruse referred to the energy efficiency of the building. He said the architects are working with Alvine and Associates (engineering firm) to create energy models to design the building to be as cost effective and efficient as possible. The glass and overhangs are being designed for energy efficiency, similar to what was done by his firm on the University of Iowa's Athletic/Recreation Building. With regard to the flood issues along Riverside Drive, he said that has historically been a problem with storm water. A joint project between the City of Iowa City and the University of Iowa alleviated substantially those problems. The building will be above the flood plane of the river. The lagoon is not tied directly to the elevation of the river. He said the proposed roof on the building will be a single-ply rubber membrane with a 20- to 30-year life. There will be a 15-year warranty from the roof's manufacturer. The architects were considering the possibility of using lighter colors on the building to reflect heat.

Regent Fisher asked if the skin on the building will be similar to that of the Ruan Building in Des Moines. Mr. Kruse responded that it would be similar in color. He said the architects also are looking at other materials that are painted or coated, rather than a material that naturally weathers.

Regent Arbisser asked about parking for the facility. Mr. Kruse responded that there is currently a small amount of parking on the north side of the site. Another parking lot is being expanded slightly to offset the parking that will be lost with construction of this facility. He noted that there is not much need for parking. The primary need for parking in this part of campus is in the area of Hancher Auditorium.

Vice President True noted that Hancher has a large volume parking lot.

Mr. Kruse stated that, with the construction of this facility, not many parking spaces will be eliminated nor will the need for many parking spaces be created.

Regent Arbisser asked about the possible installation of pedestrian signal lights where students cross the street to reach the building. Mr. Kruse said the architects would be glad to address that matter with the city.

Regent Neil asked about handicapped accessibility. Mr. Kruse responded that there is an accessible entrance at the main door. All floors in the building are accessible by elevator.

Regent Kelly asked about the effect of lighting on the permanency of the colors inside the building. Mr. Kruse responded that most of the pieces of art will be on display for a short term. Shading devices will be utilized, where needed.

Regent Kelly noted that many artists have had lung problems from inhaling toxins. He asked about the ventilation and exhaust system in the building. Mr. Kruse responded that a majority of the toxic art procedures, such as glazing and metals, would not take place in this building. Air change requirements for all of the studios are being addressed.

President Newlin asked where the air conditioning units will be located. Mr. Kruse responded that the building will be served by the University's central chilled water and steam systems.

President Newlin asked if that meant that air conditioning mechanicals would not be on roof. Mr. Kruse said that was correct.

Regent Neil asked about the energy calculation comparisons. Mr. Kruse said the energy ratings will exceed the minimum Iowa energy code. Alternatives for the building will be evaluated on a life-cycle cost basis to determine if all of the energy goals can be achieved. Issues such as the amount of glass, how to protect the glass, etc., are still being refined. He noted that Mr. Holl is very interested in designing "green" buildings. For example, using the structural system for air distribution is being considered. Therefore, it is a green building in the sense that extensive amounts of sheet metal ductwork would not be required. The cores in the structure become the duct work. He said it is becoming a green building by using every aspect of the building to its maximum efficiency.

Regent Becker stated that it was helpful to see the conceptual water colors and the translation of those into the design. She referred to the computer generation of the interior of the building, and said it provided a feeling of how the design would translate into a "living" building.

President Newlin asked if University officials required Board approval of the schematic design and the \$260,000 for amendment to the architectural agreement. Vice President True responded affirmatively.

President Newlin noted that the 2001 General Assembly appropriated \$16 million for the building. He asked if the \$260,000 would come from those funds. Vice President True responded affirmatively, noting that fund raising was also underway to raise the remainder of the funds. He said the approximate budget for the project was \$21.5 million.

Regent Neil asked if an expansion of the square footage was the reason for a budget above the state appropriation. Vice President True said it was not. He noted that the

University's original request included a component for the state and a component for the University.

MOTION: Regent Fisher moved to approve the schematic design and ratify the architectural amendment #1 (\$260,000) for the Art Building—Phase 1 project. Regent Becker seconded the motion. MOTION CARRIED UNANIMOUSLY.

Vice President True stated that this month's capital register was rather lengthy. He said University officials requested permission to proceed with planning for the University Hygienic Laboratory. The University has received an initial federal appropriation of \$1,000,000 through the Centers for Disease Control and Prevention for a project at the Hygienic Laboratory. Of this amount, up to \$300,000 can be spent for project planning for a new facility. Another item on this month's capital register was the program statement for the Athletic Learning Center project, which would construct a new facility in the west campus residence area to provide study and tutorial spaces for student athletes. This project will be supported entirely by private gifts to the athletic department. The Board was also provided with a program statement for the Classroom Building/Journalism project. He said the Governor has recommended support for the project this year for which the Board requested approximately \$13.4 million. Private support would be added to the state appropriations.

With regard to the project budget of \$40.7 million for the Carver Biomedical Research Building, Vice President True stated that University officials may, in the future, bring a budget change forward. Earlier plans were to develop the two floors as shell space. University officials believe there are opportunities to utilize that space more quickly. If the funds are available, University officials would like to plan, design and then bid the completion of those two floors. He then stated that President Coleman would address the program statement for the Pomerantz Center.

President Coleman stated that the Pomerantz Center was a very exciting project that will bring focus to career planning and career development. A new facility would be constructed on the east campus to house expanded career counseling and placement services, other academic and student service functions, including functions of the Executive MBA Program, and general assignment classroom space.

Regent Neil asked for clarification regarding the revised architectural agreement for the Center of Excellence in Image Guided Radiation Therapy. Vice President True responded that the architectural agreement was for the "build out" of the interior of the facility on that site to house the Department of Radiation Oncology.

Regent Neil asked if the \$2,104,575 figure was the total cost of the architectural agreement. Vice President True responded affirmatively. He said there may be some items later that come up in the course of the project.

President Newlin referred to the University Hygienic Laboratory project funding from federal funds. He asked if there were any commitments for future funds. Vice President True said the \$300,000 is important in the planning process. Although it will not go a long way toward actual schematic design, it will allow development of exciting proposals that can be taken to other funding sources.

President Coleman stated that there is renewed interest at the federal level for this type of activity but there are no firm plans yet regarding funding.

Regent Neil referred to the format of the write-up in the docket memorandum for the University Hygienic Laboratory project. He suggested that having the proposal and the history together would be easier for the Board members to follow. President Newlin said Executive Director Nichols would work on it.

Vice President True stated that the Board Office has added the historical information which was not previously included.

MOTION: Regent Fisher moved to approve the Register of Capital Improvement Business Transactions for the University of Iowa. Regent Becker seconded the motion. **MOTION CARRIED UNANIMOUSLY.**

APPROVAL OF LEASES AND EASEMENTS.

MOTION: Regent Fisher moved to approve the following: farm lease renewals with Tom Williams and Scott Ogden for their use of University farm land at the Hawkeye Farm and Oakdale Farm in Johnson County, Iowa; lease agreements with Market Technology Systems, Solltech/Caviforce, and The Patient Education Institute, for their use of business incubator space at the Oakdale Research Park; easement agreement with the Cedar Rapids and Iowa City Railway (CRANDIC) for its use of a portion of University property for the maintenance of an existing CRANDIC signal house

building. Regent Neil seconded the motion, and upon the roll being called, the following voted:
AYE: Ahrens, Arbisser, Becker, Fisher, Kelly, Neil, Newlin.
NAY: None.
ABSENT: Nieland, Turner.

MOTION CARRIED.

MEETING OF THE BOARD OF REGENTS, STATE OF IOWA, AS THE BOARD OF TRUSTEES OF THE UNIVERSITY OF IOWA HOSPITALS AND CLINICS.

President Coleman introduced Ann Madden Rice, Interim Director and CEO, University of Iowa Hospitals and Clinics.

Interim Director Rice stated that, since the last quarterly report, the University of Iowa Hospitals and Clinics has received recognition for its pathology services. The laboratories were awarded accreditation with distinction following a site survey in October 2001. UIHC received another type of recognition, from students of the University of Iowa and Iowa State University. Students raised a record \$519,990 through dance marathons to support children's programs. She expressed gratification for the financial and moral support of the students for patients and their families.

With regard to operating statistical measures through December 31, 2001, Interim Director Rice stated that the demand for hospital specialty and outpatient services continues to be strong. Clinic visits are up 4.2 percent; emergency center treatments are up 4.6 percent; and major surgical procedures are up over 4 percent from a year ago. She said the University of Iowa Hospitals and Clinics is operating "in the black" although the operating margin has diminished considerably this year. The operating margin is less than budgeted because of unanticipated cuts in reimbursement from key sources. The cuts were exacerbated because they happened after the budget for FY 2002 had been approved. University of Iowa Hospitals and Clinics officials were not able to budget for the cuts in state appropriations and Medicaid reimbursements, nor for the decrease in Medicare outpatient payments of 10 percent on April 1, 2002. University of Iowa Hospitals and Clinics officials are taking rapid action to compensate for the revenue reductions. Out-of-town patients are being scheduled more efficiently to minimize overnight expenses. All non-essential expenses are being scrutinized. As a result of these actions, January's operating margin was up and that gain held in February.

As University of Iowa Hospitals and Clinics officials focus on expense management in budgeting for FY 2003, Interim Director Rice anticipates there will be more programmatic changes and re-engineering of work flow, where possible, without decreasing the quality of patient care services or wavering from the mission of providing service to all Iowans regardless of ability to pay for their care. She discussed the anticipated shortage of trained nurses and the patient growth in certain clinical areas. She said the number of FTEs employed at the University of Iowa Hospitals and Clinics in the past 6 months is up 201, or 3.7 percent, from this time last year to accommodate clinical areas where patient volume has increased. When combined with pay and benefit increases required to attract and retain talented associates, the expense category of salaries and wages was \$21 million higher than last year. University of Iowa Hospitals and Clinics officials will continue to work hard to minimize the effect of the funding challenges on the mission of the UIHC.

Associate Director Staley briefly discussed data provided to the Board members on the following topics: patient census, average length of patient stay, case mix index of all acute inpatients, clinic visits at both University of Iowa Hospitals and Clinics and outreach clinics, average daily clinic census, managed care patient volume, and progress in meeting capital replacement objectives. He stated that, during the period July 1 to December 31, 2001, clinic visits increased 4.2 percent. Acute inpatient admissions increased 1.1 percent compared to the same period during the preceding fiscal year. During the first half of FY 2002, the average length of inpatient stays increased 0.4 percent. Inpatient days increased 1.6 percent.

President Newlin referred to the exhibit relating to capital projects completed or initiated. He asked that the projects be listed according to completion status, with those completed being listed first. Associate Director Staley responded that he would be glad to do so.

Regent Fisher asked for the cost of the open MRI unit that was installed in the emergency treatment and trauma center. Associate Director Staley responded that the equipment cost approximately \$800,000.

Regent Fisher asked how many MRIs the University of Iowa Hospitals and Clinics has. Associate Director Staley responded that there are three others in addition to the open MRI. Two are general MRI units and the other is a functional MRI unit that is used specifically for cardiac exams.

Regent Arbisser referred to the increase in clinic visits, and asked if there was an increase in the number of visits per doctor or an increase in the number of doctors who

are providing services. Interim Director Rice said it depended on the service. In some areas, additional faculty have been recruited and in others, they have not. The area that has experienced the most growth has been the Family Care Center as that program has matured.

Regent Arbisser asked if there was any idea of the number of managed care patients who come to the University of Iowa Hospitals and Clinics on their own, outside of their managed care plan. Interim Director Rice said that information could be obtained easily. Associate Director Staley said there are some managed care patients who are not covered by their program when they arrive. The University of Iowa Hospitals and Clinics has a managed care office that will work with managed care programs to arrange coverage for patients.

Regent Arbisser asked if the improved operating margin in January was based on charges or collections. Interim Director Rice responded that University of Iowa Hospitals and Clinics reports on an accrual basis of accounting. The revenues are based on an estimated collection rate which is adjusted continually. The data is not skewed by days in accounts receivable.

Associate Director Hesson stated that three revisions to the bylaws of the University of Iowa Hospitals and Clinics were being presented. One revision required the Board's approval; the other two were presented as informational items. The revision requiring Board approval was as follows: Article IV, Section 7, Paragraph A modifies the deadlines for notifying physicians in Residency specialty training programs, whose progress is deemed unsatisfactory, that their residency training contracts will not be renewed. The modifications comply with changes mandated by the Accreditation Council for Graduate Medical Education.

Regent Arbisser questioned the performance of someone who knows four months in advance that he/she will be departing from the University of Iowa Hospitals and Clinics. Associate Director Hesson responded that the policy decision was made by the Accreditation Council for Graduate Medical Education.

MOTION: Regent Ahrens moved to approve the proposed Bylaw revision, as presented. Regent Fisher seconded the motion. MOTION CARRIED UNANIMOUSLY.

Interim Director Rice introduced Dr. Sue O'Dorisio, Professor of Pediatrics, and Dr. Fred Goldman, Associate Professor of Pediatrics, for a presentation on pediatric hematology and oncology services. She noted that the doctors are as compassionate as they are talented.

Dr. O'Dorisio stated that, as a child in Cass County, Iowa, she dreamed of working at the University of Iowa Hospitals and Clinics but never of speaking to the Board of Regents! She said her mom and sister graduated from the University of Northern Iowa. Her dad and seven siblings graduated from Iowa State University. One other sibling graduated from the University of Iowa.

Dr. O'Dorisio presented information on the neuro-oncology/brain tumor program. Due to advances in treatment of leukemia, most patients can be cured. She showed a photograph of two young men who are her patients and also her students. She provided data on the 417 patients who were served through Iowa's childhood cancer diagnostic and treatment program from July 1, 2000, through June 30, 2001. With regard to treatment of children with brain tumors, the survival rate is not as good as with leukemia patients. Liquid tumors are easier to cure than solid tumors. How children's brain tumors happen is not understood. Leukemia is the largest malignancy in children; the second largest is nerve tumor. Eighty percent of children with leukemia survive, while only 60 percent of children with brain tumors survive. Radiation is the mainstay of treatment for anyone with a brain tumor. Children experience learning disabilities as a result of radiating the brain. Two-thirds of children with brain tumors experience them in the back of the brain. The University of Iowa Hospitals and Clinics uses an imaging technique that transmits radiation only to the tumor. Dr. O'Dorisio said the next challenge will be the quality of life for the child following radiation treatment. Issues include cognitive functioning, behavior, appearance, and school success.

Dr. Goldman presented information on the pediatric blood and marrow transplant program. The program's mission is superb patient care, cutting-edge translational research, and education. He reviewed the history of the pediatric blood and marrow transplant program and the composition of the transplant team. He said the first transplant in Iowa was done 20 years ago. That patient is now a physician. A dance marathon donation (addressed in Interim Director Rice's presentation), funded a new transplant unit. He said 355 patients have received transplants to date. He was appointed director of the program last year. He described the types of patients who receive transplants and the types of transplants (stem cell or bone marrow) that are performed.

President Newlin asked how the matching is performed. Dr. Goldman responded that match components include the HLA antigens on the outside of the white blood cells. He said it is a complicated match, with close to 1 million combinations. He described two different types of transplants: from one's self and from another person.

President Newlin expressed appreciation to Drs. O'Dorisio and Goldman for the work they are doing.

Regent Arbisser asked if gamma knife is being used on these children. Dr. O'Dorisio stated that this procedure is just recently being brought into use with children. Usually the tumors are too big by the time the patient is seen at University of Iowa Hospitals and Clinics because the tumors are so difficult to diagnose.

Regent Arbisser asked if there are symptoms other than gross misbehavior by a child that could signal a brain tumor earlier in the disease process. Dr. O'Dorisio responded that researchers would like to be able to predict genetically what tumors family members may be susceptible to.

Regent Neil referred to the 60 percent survival rate of children with brain tumors, and asked what percentage of those patients go on to live a normal life. Dr. O'Dorisio responded that approximately 10 percent of those patients go on to live a normal life.

Regent Neil asked if the new tumor-specific radiation will increase the percentage of children who live a normal life following curing of the malignancy. Dr. O'Dorisio said such an increase will not happen rapidly. One of the next big advances will be to retrain the other side of the brain to take over some of the functions of the damaged side of the brain.

Regent Neil asked what percentage of transplants are from bone marrow and what percentage are from stem cells. Dr. Goldman responded that 80 percent of the transplants from a different person is through bone marrow. Nearly all of the transplants from the patient to him/herself is the peripheral stem cell variety.

Regent Neil asked about the usage of umbilical blood for transplantation purposes. Dr. O'Dorisio stated that she has a 2-year-old patient who was just diagnosed with a malignancy. Since the child's mother is pregnant, the child has a very good chance of being cured. University of Iowa Hospitals and Clinics doctors have recommended to the family that they harvest the cord blood. She noted that no insurance company pays for the procedure; therefore, donations from the dance marathon will pay for the procedure.

Dr. Goldman stated that he received a telephone call the previous day from the mother of a patient needing a transplant. The mother had saved and frozen the child's umbilical cord and blood, providing a potential donor source. He said it would be nice in the future if there were a cord blood bank that could be used for anyone.

Regent Neil asked for the shelf life of the cord blood. Dr. Goldman said he believes the shelf life is forever because the cord blood is frozen in liquid nitrogen.

Regent Kelly thanked Interim Director Rice and Associate Director Staley for their presentations. He then asked several questions. First, what are the medical benefits from cells from fetal organs. Second, what are the legal problems in this country related to cells of fetal organs. Third, what are the feelings of UIHC officials about the bill currently in the Iowa legislature regarding "cloning".

Dr. Goldman responded that using fetal cells for transplant is not done at the University of Iowa. Dr. O'Dorisio responded that, in the laboratory, cord blood cells can be converted into many various types of cells including beta cells of the pancreas for diabetes patients. Vice President Kelch responded that embryonic stem cells can become any type of cell. The earlier in the stage of development from which the cells are derived, the greater the potential.

President Newlin thanked University officials for their presentations.

Interim Director Rice said it was easy to see why University officials are so proud of the medical faculty.

ACTION: President Newlin stated the Board received the report on the University of Iowa Hospitals and Clinics, by general consent.

PROPERTY ACQUISITION – 125 GRAND AVENUE COURT, IOWA CITY, IOWA.

Vice President True presented the University's request to purchase property.

MOTION: Regent Arbisser moved to (1) approve the purchase of property located at 125 Grand Avenue Court, Iowa City, Iowa, from the University of Iowa Facilities Corporation, subject to approval of the Executive Council of Iowa and (2) approve the demolition of the house located on the property, if

it is not relocated for another use. Regent Ahrens seconded the motion, and upon the roll being called, the following voted:

AYE: Ahrens, Arbisser, Becker, Fisher, Kelly, Neil, Newlin.

NAY: None.

ABSENT: Nieland, Turner.

MOTION CARRIED.

RAZE BUILDINGS – 125, 127, 129, 141 GRAND AVENUE COURT, 322 MELROSE AVENUE.

Regent Becker referred to the possibility of relocating the buildings. She asked if those would be sold to a purchaser to relocate or would the University maintain the buildings and relocate them to University property?

Vice President True responded that, if relocation occurs, it would probably be the former scenario. It was unlikely that the University would be moving the buildings.

Regent Becker asked if the buildings could assist with low income housing needs in Iowa City. Vice President True responded that these buildings were not low income housing. Moving the houses would be difficult because of the terrain.

MOTION:

Regent Ahrens moved to approve the demolition of four houses on University properties located at 127 Grand Avenue Court, 129 Grand Avenue Court, 141 Grand Avenue Court, and 322 Melrose Avenue, if they are not relocated for another use.

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

AYE: Ahrens, Arbisser, Becker, Fisher, Kelly, Neil, Newlin.

NAY: None.

ABSENT: Nieland, Turner.

MOTION CARRIED.

President Newlin asked if University officials would be widening Byington Road to four lanes plus a turning lane. Vice President True responded affirmatively.

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

IOWA STATE UNIVERSITY

The following business pertaining to Iowa State University was transacted on Wednesday and Thursday, March 13-14, 2002.

REVISION IN THE IOWA STATE UNIVERSITY FACULTY CONDUCT POLICY.

President Geoffroy presented the University's proposed revision to the faculty conduct policy. He noted that the policy had not been revised for over five years.

MOTION: Regent Fisher moved to approve a new Faculty Conduct Policy for the University. Regent Arbisser seconded the motion. MOTION CARRIED UNANIMOUSLY.

REQUEST TO DISCONTINUE THE UNDERGRADUATE MINOR IN ATHLETIC TRAINING.

ACTION: This matter was approved on the consent docket.

REGISTER OF CAPITAL IMPROVEMENT BUSINESS TRANSACTIONS.

Vice President Madden stated that the capital register contained a number of projects including permission to proceed with project planning for the University Family Housing Community Center project, which would construct a replacement facility to house various student service functions for the University Village residential neighborhood. The register also contained a number of repair projects that are critical to the campus. Another item on the University's capital register was a request for approval of an engineering agreement for the North Campus Chilled Water Plant project, which will construct a new chilled water plant to support projected campus growth.

Regent Neil referred to the North Campus Chilled Water Project, and said it was his understanding that there were five Iowa respondents. Vice President Madden responded that 11 firms were initially considered on the project.

Regent Neil expressed concern about hiring an out-of-state firm for a project being financed by Iowa taxpayer money.

Vice President Madden stated that the University had a fairly extensive selection process. There is specialized work required for the project. University officials believe that hiring a firm with experience in building a chiller of this type best serves the University's interest. Unfortunately, the Iowa firms have not had experience with this type of work. He noted that a portion of the work will be done by Iowa firms including architectural and soil work. He said he believes that University officials have a responsibility to hire the best-qualified firm.

Regent Neil stated that two of the firms are very large Iowa firms, one of which has had experience with this size of a chiller plant. Had University officials interviewed those firms, they would have found that out. He said he believes University officials should go back in the process, interview the Iowa firms, and bring it back to the Board.

Vice President Madden responded that University officials offered an opportunity for the Iowa firms to appear, and they declined.

Regent Neil said University officials were now in a position of protecting a decision that had already been made. He stated that the Board has the authority to send this back for further review, and he would like further explanation of why the Iowa firms are not qualified. In his opinion, the reasons given as to why those firms were not qualified do not measure up.

Regent Becker stated that, if the firms were offered the opportunity to interview and they declined because they assumed that University officials would not be open to considering them, University officials should not have to beg them to come in and interview.

Regent Neil stated that three firms were invited to present and no Iowa firms were included on that "short" list. (Vice President Madden corrected this statement by saying that one Iowa firm was on the short list. Regent Neil countered that neither of the two large Iowa firms were interviewed.) Then, after those interviews, the Iowa firms were invited to interview. He said the Iowa firms, therefore, were handicapped. He believes that University officials are not going to all lengths to utilize Iowa firms.

Vice President Madden stated that, before University officials made the final decision, he indicated that the Iowa firms should be given an opportunity to present. University officials extended the opportunity and had extensive discussions with the CEO and president of one of the firms and their engineering staff. The firm elected not to pursue this any further. He believes that University officials have tried to be accommodating.

Regent Kelly asked if any contracts had been signed. Vice President Madden responded that no contracts were signed.

Regent Kelly asked if there were any oral agreements. Vice President Madden responded that University officials have had discussions with Sebesta Blomberg and Associates representatives, and believe the University can enter into a satisfactory contract for the work.

Regent Kelly asked if the University would be subject to a lawsuit if the firm was turned down. Vice President Madden responded that he did not believe so.

Regent Kelly asked if there was any harm in waiting to make the selection of a firm. David Miller, Director of Facilities/Utilities, Facilities Planning and Management, stated that a delay would represent a problem for the University. The original schedule for this project was to bring the agreement to the Board in February. When the Board meeting was changed to a telephonic meeting, approval of the agreement was moved to March. Essentially, a month has already been taken out of the front-end of the project. He said that, to add another month, could create a problem.

Regent Ahrens stated that, as a Board, their duty is oversight and macro managing. She said it is well-established that the Board wants to hire Iowa firms. University officials have exercised due diligence in trying to hire an Iowa firm. They need to make sure the University has a safe product.

Regent Fisher said it was previously his understanding that a major firm, Stanley Engineering, did not have an opportunity to be considered. However, University officials were indicating that they had done everything possible to get the firm involved, and the firm declined.

Regent Becker said the Board members would be remiss in changing the whole process for one particular company.

MOTION: Regent Becker moved to approve the University's capital register, as presented. Regent Ahrens seconded the motion.

Regent Neil stated that Board policy requires that if the University wants to use a firm other than an Iowa firm, there has to be an explanation for doing so. He said he does not know how an explanation can be determined when the firm has not been

interviewed. He does not believe that University officials have done what is required under Board procedures.

AMENDMENT TO MOTION: Regent Neil moved to amend the motion to remove approval of the engineering agreement for the North Campus Chilled Water Plant project from consideration on the capital register. Regent Fisher seconded the motion. MOTION CARRIED WITH REGENTS AHRENS AND BECKER VOTING "NO".

VOTE ON AMENDED MOTION: The amended motion was voted on and carried unanimously.

Vice President Madden asked what the Board expected University officials to do. President Newlin said he assumed that University officials needed to redo the process. He asked if it could be done in a month.

Vice President Madden responded affirmatively.

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

UNIVERSITY OF NORTHERN IOWA

The following business pertaining to the University of Northern Iowa was transacted on Wednesday and Thursday, March 13-14, 2002.

PROPOSED CURRICULUM CHANGES FOR THE UNIVERSITY OF NORTHERN IOWA.

ACTION: The matter was referred on the consent docket.

REGISTER OF CAPITAL IMPROVEMENT BUSINESS TRANSACTIONS.

Vice President Dell reported that the capital register was in order.

MOTION: Regent Neil moved to approve the Register of Capital Improvement Business Transactions for the University of Northern Iowa. Regent Becker seconded the motion. **MOTION CARRIED UNANIMOUSLY.**

LEASE OF PROPERTY.

MOTION: Regent Fisher moved to approve the lease agreement with Cedar Skyline Corporation dba Main Street Waterloo for the University's use of office space in Waterloo to house the UNI Regional Business Center. Regent Neil seconded the motion, and upon the roll being called, the following voted:
AYE: Ahrens, Arbisser, Becker, Fisher, Kelly, Neil, Newlin.
NAY: None.
ABSENT: Nieland, Turner.

MOTION CARRIED.

RESIDENCE SYSTEM FUND TRANSFER.

ACTION: The transfer was approved on the consent docket.

President Newlin 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 the Iowa School for the Deaf was transacted on Wednesday and Thursday, March 13 and 14, 2002.

COOPERATIVE ATHLETIC AGREEMENT WITH LEWIS CENTRAL.

ACTION: The agreement was approved on the consent docket.

REVISION TO P&S CLASSIFICATION SYSTEM.

Director Wright reviewed with the Board members the information that was provided in the meeting materials.

MOTION: Regent Ahrens moved to approve the P&S Classification of Recreation Utilization Coordinator in pay grade 3 (\$29,942 to \$43,413). Regent Fisher seconded the motion. **MOTION CARRIED UNANIMOUSLY.**

REGISTER OF CAPITAL IMPROVEMENT BUSINESS TRANSACTIONS.

Superintendent Johnson stated that the capital register was in order.

MOTION: Regent Arbisser moved to approve the capital register, as presented. Regent Fisher seconded the motion. **MOTION CARRIED UNANIMOUSLY.**

FARM LEASE RENEWAL.

MOTION: Regent Fisher moved to approve the farm lease renewal with Keith Husz for his use of farm land at the Iowa School for the Deaf farm in Pottawattamie County, Iowa. Regent Neil

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

AYE: Ahrens, Arbisser, Becker, Fisher, Kelly, Neil, Newlin.

NAY: None.

ABSENT: Nieland, Turner.

MOTION CARRIED.

President Newlin 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

President Newlin asked Board members and institutional officials if there were items for discussion pertaining to the Iowa Braille and Sight Saving School other than those which were handled on the General Docket. There were none.

ADJOURNMENT.

The meeting of the Board of Regents, State of Iowa, adjourned at 3:30 p.m. on Thursday, March 14, 2002.



Gregory S. Nichols
Executive Director