

The Board of Regents, State of Iowa, met on Wednesday, May 21 at the Iowa Braille and Sight Saving School in Vinton and on Thursday, May 22, 2003, at the University of Iowa in Iowa City. The following were in attendance:

	<u>May 21</u>	<u>May 22</u>
<u>Members of the Board of Regents, State of Iowa</u>		
Dr. Newlin, President	All sessions	All sessions
Dr. Arbisser	All sessions	All sessions
Ms. Arnold	All sessions	All sessions
Dr. Becker	All sessions	All sessions
Mr. Downer	All sessions	All sessions
Mr. Forsyth	All sessions	All sessions
Mr. Neil	All sessions	All sessions
Ms. Nieland	All sessions	All sessions
Dr. Turner	All sessions	All sessions
<u>Office of the Board of Regents, State of Iowa</u>		
Executive Director Nichols	All sessions	All sessions
Director Barak	All sessions	All sessions
Director Elliott	All sessions	All sessions
Director Wright	All sessions	All sessions
Associate Director Racki	All sessions	All sessions
Assistant Director Gonzalez	Excused	All sessions
Communications Specialist Boose	All sessions	All sessions
Administrative Assistant Hale	All sessions	All sessions
Minutes Secretary Briggie	Excused	All sessions
<u>State University of Iowa</u>		
President Skorton	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
Director Katen-Bahensky	Excused	Arrived at 1:15 p.m.
Director Parrott	Excused	All sessions
Associate Director Braun	Excused	All sessions
Associate Director Rice	Excused	Arrived at 1:15 p.m.
<u>Iowa State University</u>		
President Geoffroy	All sessions	All sessions
Interim Provost Allen	Excused	All sessions
Vice President Madden	Excused	All sessions
Executive Assistant to President Dobbs	Excused	All sessions
Assistant to President Chidister	Excused	All sessions
Director McCarroll	Excused	All sessions
Director Steinke	Excused	All sessions
Associate Director Baumert	Excused	All sessions
<u>University of Northern Iowa</u>		
President Koob	All sessions	All sessions
Provost Podolefsky	All sessions	All sessions
Vice President Romano	Excused	All sessions
Vice President Schellhardt	Excused	All sessions
Assistant Vice President Gaston	Excused	All sessions
Associate Director Saunders	Excused	All sessions
<u>Iowa School for the Deaf</u>		
Superintendent Johnson	All sessions	All sessions
Director Heuer	All sessions	Excused
Interpreter Reese	Excused	All sessions
Interpreter Gerischer	Excused	All sessions
<u>Iowa Braille and Sight Saving School</u>		
Superintendent Thurman	Excused	Excused
Director Hooley	All sessions	All sessions
Director Utsinger	All sessions	All sessions
Director Woodward	All sessions	All sessions

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

[www.state.ia.us/educate/regents](http://www.state.ia.us/educate/regents)

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

## BOARD OF REGENTS, STATE OF IOWA

The following business was transacted on Wednesday, May 21, 2003, beginning at 1:28 p.m.

President Newlin congratulated Regent Arnold on her graduation from the University of Iowa with a degree in Elementary Education. He welcomed the two newest members of the Board of Regents: Robert Downer and John Forsyth.

President Newlin made the following remarks in response to President Geoffroy's recent actions regarding the Iowa State University men's basketball program:

The Board of Regents, State of Iowa, is committed to upholding and has adopted the principles of the Knight Commission on Intercollegiate Athletics, which state that university presidents are ultimately responsible and accountable for the athletic programs and personnel on their campuses.

The Board of Regents wants to thank President Geoffroy for fulfilling this responsibility in the recent difficult situation regarding men's basketball coach Larry Eustachy. We support his actions in this matter, and we encourage the Iowa State University community to move forward with pride to fulfill its mission as a land-grant university.

President Geoffroy expressed appreciation to the Board of Regents for its support.

### **PRESENTATION BY IOWA BRAILLE AND SIGHT SAVING SCHOOL.**

President Newlin recognized Mike Hooley, Director of Education at Iowa Braille and Sight Saving School, to introduce the 2003 graduates.

Director Hooley introduced the following 2003 graduates:

- Jenny Andrews from Sigourney, who is graduating from Washington High School in Vinton. Ms. Andrews plans to attend Central College in Pella to major in Special Education.

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- Katie Dean from DeWitt, who is graduating from Central High School in DeWitt. Ms. Dean plans to attend Kirkwood Community College in the Culinary Arts program.
- Jon Essex from Mt. Vernon, who lives in Iowa City and is working. Mr. Essex is a returning Iowa Braille and Sight Saving School student.
- Danielle Ferguson of Council Bluffs, who attends the Orientation Center at the Department for the Blind in Des Moines.
- Tiffany Garlock of Ankeny, who hopes to live in a supervised apartment and will work at Pizza Hut.
- John Hurliman of Burlington, who lives at home and attends a day program.
- Jacob Menezes of Davenport, who hopes to attend Scott Community College and work part time.
- Corey Overton of Waukee, who attends the Orientation Center at the Department for the Blind in Des Moines.
- Janet Quam of Thornton, who attends the Orientation Center at the Department for the Blind in Des Moines and will possibly attend a community college.
- Chris Rannfeldt of Clinton, who lives at home and works in a workshop.
- Melissa Ritter of Marshalltown, who lives in a supervised apartment and hopes to work in a grocery store.

Director Hooley introduced Iowa Braille and Sight Saving School staff Kay Jahnel, Education Program Coordinator, and Karen Blankenship, State Coordinator for Visual Disabilities.

Ms. Jahnel and Ms. Blankenship presented Board members with information pertaining to the education of blind and visually-impaired students in Iowa. Information included a map illustrating the locations in the state of children who are served by the School; testimony given to the Government Oversight Committee; and the "National Agenda for the Education of Children and Youth with Visual Impairments." It was noted that there is a great need for an early childhood coordinator but, at this time, Iowa Braille and Sight Saving School does not have such a position.

Regent Turner asked for the percentage of Iowa's visually-impaired students who are served by the School. Director Hooley responded that there is not a state registry for that type of information. However, he believes the School reaches 90 percent of Iowa's visually-impaired students.

There was discussion related to the progress of low-vision students who are mainstreamed, the increased identification of young children with vision problems, participation/role of area education agencies, federal requirements, the population size in the future, and parents' expectations.

Regent Neil asked how many students receive direct service from the Iowa Braille and Sight Saving School. Director Hooley responded that 312 students are served directly by either a teacher or O&M Coordinator of the Iowa Braille and Sight Saving School.

At the conclusion of the Iowa Braille and Sight Saving School presentation, Board members were presented with Mayan Worry Dolls that were made by students.

President Newlin thanked School officials and students for the presentation.

## **STRATEGIC PLAN DISCUSSION.**

President Newlin invited Executive Director Nichols to introduce discussion of the Board's 2004-09 strategic plan.

Executive Director Nichols noted that the discussion on this day was not intended to result in formal action but, rather, to continue the Board's discussion of the strategic plan from the April 5-6, 2003, meeting. He said the Board would take action on the following day on the plan's mission, vision, values, and priorities. Executive Director Nichols requested Board direction on the draft culture statement and proposed objectives.

President Newlin asked the Regents for edits and other comments on the draft culture statement. Two edits were made by the individuals noted in parentheses:

### CULTURE STATEMENT (DRAFT) **How we do things**

The Board of Regents, State of Iowa, and its institutions nurture cultures, consistent with their values, that are characterized by the following:

- **A passion for learning** that enables individuals to achieve their full potential and enhances quality of life (President Geoffroy)

- **Academic freedom** that stimulates creativity, inquiry, and the advancement of knowledge
- **Leadership** in demonstrating the highest levels of integrity, honesty, ethics, and civil discourse in all activities
- **Collaboration and coordination** across the Regent enterprise and with other institutions and organizations, both public and private, to meet the needs of lowans
- **A commitment** to lowans, our students and our employees to seek continuous improvement in applying knowledge, using resources, and responding to needs and opportunities
- **Respectful interaction** among members of diverse backgrounds, cultures and beliefs in nurturing environments that promote critical thinking, free inquiry, open communication, and broad participation
- **Effective communications** that inform citizens of the roles, value and impact of the Board and its institutions
- **Governance** that demonstrates effective, accountable service to the public through strategic planning, hiring of and delegation to presidents and superintendents, responsible oversight, and effective stewardship of resources (Regent Forsyth)

The Regents next discussed the four priorities of the strategic plan, and the draft objectives for each. Edits and comments are as follows:

PRIORITIES AND OBJECTIVES (DRAFT)  
**The focus of our endeavors**

In fulfilling its mission and aspiring to achieve its vision of improving the quality of life, the Board of Regents, State of Iowa, and its institutions serve Iowa, its citizens, and the world by being a recognized leader in these priorities:

1. **Ensuring high-quality educational opportunities** for all our students.  
(President Geoffroy; Regent Nieland suggested that the word “quality” should be qualified consistently throughout the plan.)

*The Board expects the Regent institutions, in accordance with their respective missions, to*

- 1.1. Offer high-quality programs for undergraduates, graduates, professional, and non-degree students and special school students. (Regent Forsyth)
- 1.2. Attract and retain the best faculty and staff, consistent with institutional missions, to provide exceptional learning opportunities.
- 1.3. ~~Maintain~~ Enhance diverse communities of faculty, staff, and students to ~~enhance~~ expand educational experiences and foster cultural understanding. (Regent Turner / Regent Nieland)

- 1.4. Facilitate student access and transitions to the Regent universities. (In response to a question by Regent Arbisser, the Regents agreed that “transitions” include those by transfer students, and that specific strategies for this objective may include recommendations for facilitating their transitions.)

*Serving the people of Iowa, the Board of Regents and its institutions will*

- 1.5. Expand opportunities for individuals by strengthening Iowa’s educational system through collaboration with other education sectors.
- 1.6. Communicate the quality, impact, and opportunities of the state’s public universities and special schools to Iowans and other citizens.

2. **Discovering new knowledge** through research, scholarship, and creative activities.

*The Board expects the Regent institutions, in accordance with their respective missions, to*

- 2.1. Attract and retain diverse, talented, and creative faculty, staff and students.
- 2.2. Seek opportunities to widely disseminate ~~transfer~~ knowledge to other sectors to enhance applications, including those that stimulate economic development growth in Iowa. (President Skorton’s suggestion generated lengthy discussion of how broad this statement should be. The Regents decided not to “edit by committee.”)
- 2.3. Ensure access among students to research opportunities, scholarship, creative activities, and business and industry internships.

*Serving the people of Iowa, the Board of Regents and its institutions will*

- 2.4. Acquire and manage resources to maintain and upgrade facilities that support and enhance research, scholarship, and creative activities.
- 2.5. ~~Vigilantly~~ Maintain compliance with institutional and Board policies, government regulations, and legal requirements. (Regent Nieland)
- 2.6. Communicate to the public the advances and importance of the Regent institutions’ research, scholarship, and creative activities.

3. **Providing public needed services** including the promotion of economic growth. (President Geoffroy questioned whether the word “public” was too broad and would invite criticism. The Regents noted the phrase “valued services” was in a previous draft. Regent Nieland said modifiers lose their meaning when used too

often. President Skorton suggested the phrase “providing service,” of which “public service” is a subset. The Regents asked the study group to resolve the wording of this priority.)

*The Board expects the Regent institutions, in accordance with their respective missions, to*

- 3.1. Enhance individual Iowans’ knowledge, abilities, opportunities, and personal incomes through educational attainment. (Regents Turner and Forsyth)
- 3.2. ~~Draw~~ Attract investment to Iowa and grow a variety of business opportunities in the state by building on research strengths and increasing technology transfer to commercial and nonprofit entities. (Regent Turner)
- 3.3. Prepare Iowa’s workforce of the future by fostering diverse communities of learners and access to economic and service opportunities. (Regent Arnold suggested deleting “economic”; Regent Downer suggested expanding the phrase to include both types of opportunities.)
- 3.4. Improve the quality of life in Iowa through exceptional and accessible health care, educational outreach programs, cultural and recreational opportunities, and other valued public services responsive to Iowans’ needs.

*Serving the people of Iowa, the Board of Regents and its institutions will*

- 3.5. Seek sponsored research, scholarship, and program funds. (President Skorton)
- 3.6. Draw upon research and scholarship strengths of the universities to address needs and enhance economic growth in the state. (Regent Forsyth)
- 3.7. Communicate to the public the impact of our institutions on Iowa’s economy, quality of life and future.

**4. *Demonstrating public accountability and effective stewardship of resources.***

*Serving the people of Iowa, the Board of Regents and its institutions will*

- 4.1. Utilize management systems that periodically measure achievements in each of the priorities and strategies identified in the Board’s and institutions’ strategic plans.
- 4.2. Exercise exceptional stewardship of public resources and pursue continuous quality improvement in programs and services by identifying



- and implementing best ~~business~~ practices ~~relevant to education~~.  
(Regents Nieland and Forsyth)
- 4.3. Maximize benefits to Iowans and other citizens by determining appropriate needs for institutional resources and obtaining and managing them effectively.
  - 4.4. Ensure compliance with Board policies and legal mandates through responsible oversight of operations.
  - 4.5. Serve as an active and enthusiastic advocate and communicator for the Regent institutions, their students, and the citizens they serve by maintaining positive relationships with elected officials, other education sectors, the media and the public at large.

President Newlin thanked everyone for their work and comments on the draft components of the strategic plan.

Executive Director Nichols said that during the Board meeting on the following day, the Board would be asked to defer action on the strategic plan's priorities and to act on its mission, vision and values. During the June meeting, the Board will review and potentially act on revised drafts of the plan's culture statement, priorities and objectives.

President Newlin noted the objectives might need more tweaking. When the objectives are completed, Board staff will begin to engage the institutions in developing strategies.

The meeting recessed at 3:20 p.m.

The following business was transacted on Thursday, May 22, 2003, beginning at 9:59 a.m.

President Newlin recognized President Skorton.

President Skorton stated that Vice President Jones wished to introduce the newly-installed student leaders at the University of Iowa.

Vice President Jones introduced Nate Green, President of the University of Iowa Student Government, and Mayrose Wegmann, Vice President of the University of Iowa Student Government.

Mr. Green provided brief information on his background. He stated that he looked forward to working with the Board of Regents on issues that affect University of Iowa students.

Ms. Wegmann provided brief information on her background. She said she also looked forward to working with the Board of Regents on issues that affect University of Iowa students.

President Newlin congratulated the students on their elections.

President Koob introduced Emiliano Lerda, President of the Northern Iowa Student Government.

Mr. Lerda stated that he had enjoyed working with the Board of Regents last year as Vice President of the Northern Iowa Student Government, and that he looked forward to working with the Board this year as President.

President Newlin congratulated Mr. Lerda on his election.

**APPROVAL OF MINUTES OF BOARD MEETINGS OF APRIL 5-6 AND APRIL 10, 2003.**

President Newlin asked if there were any additions or corrections to the minutes. There were none.

**ACTION:** President Newlin stated the Board approved the minutes of the April 5-6 and April 10, 2003, meetings, as written, by general consent.

Regent Nieland stated that the minutes of the April 10, 2003, meeting reflected action of the Board to remove from consideration the University of Northern Iowa's request to establish a M.S. degree in Athletic Training, and to table discussion of the University's request until the conclusion of the Board of Regents' strategic planning process. She said she would like for the Board to engage in further deliberations on this matter in the near future. Therefore, she offered the following motion for Board consideration:

**MOTION:** Regent Nieland moved that the M.S. degree in Athletic Training at the University of Northern Iowa be placed on the Board of Regents docket for June 2003 for further deliberation, and that the University take no action toward offering the degree until after the June meeting. Regent Arbisser seconded the motion. **MOTION CARRIED UNANIMOUSLY.**

Director Barak stated that new academic degree programs are typically referred to the Interinstitutional Committee on Educational Coordination and the Board Office for review and recommendation, and then brought back the following month for action by the Board. He asked if the intent was to follow that process.

Regent Becker said she would like to have input from the Interinstitutional Committee on Educational Coordination.

Executive Director Nichols suggested that the University's request be docketed for June, and proceed through the normal process for consideration of new academic programs.

**CONSENT ITEMS.** (a) Board Meetings Schedule. Approval of the Board meetings schedule was requested.

(b) Institutional and Board Office Personnel Transactions. Ratification of the following personnel transactions was requested. *University of Iowa:* Register of Personnel Changes for March and April 2003. The Board was asked to approve modifications in the job description of the Vice President for Finance and University Services. Modifications include assisting the President in overseeing the Department of Athletics; assisting in oversight of the operations of the President's Office; increased oversight and controls of major budgetary units; and overseeing aspects of Information Technology Services. The Board was also asked to approve renaming the position to Vice President for Finance and Operations and University Treasurer. The Board was asked to approve a salary increase for Douglas True, Vice President for Finance and University Services, from \$194,456 to \$240,000 effective immediately. *Iowa State University:* Register of Personnel Changes for April 2003 which contained the following actions: Resignation of Teresa S. Branch, Associate Vice President for Student Affairs, effective May 31, 2003. Appointment of Terry W. Mason as Assistant Vice President for Student Affairs and Director of Student Counseling Service, effective June 1, 2003. Appointment of Kathleen M. Jones as Interim Assistant Vice President for Student Affairs, effective April 1, 2003. Notification that Carol B. Meeks, Dean of the College of Family and Consumer Sciences, will relinquish the administrative post effective June 30, 2003. Appointment of Pamela White, University Professor in the Department of Food Science and Human Nutrition, as Interim Dean of the College of Family and Consumer Sciences effective July 1, 2003. *University of Northern Iowa:* Register of Personnel Changes for March and April 2003 which included the appointment of Dr. Farzad Moussavi as Dean of the College of Business Administration effective July 1, 2003, at an annual budgeted salary of \$155,000. *Iowa School for the Deaf:* Register of Personnel Changes for April 2003. *Iowa Braille and Sight Saving School:* Register of Personnel Changes for March 2003. There were no personnel transactions reported for the Board Office.

(c) P&S Classifications Revisions, University of Iowa. Approval of proposed changes to the pay grades of four P&S classifications and the addition of eight new classifications at the University of Iowa was requested.

(d) Residence System Fund Transfer, Iowa State University. Approval was requested for the transfer of \$1,099,400 from the Residence System (Dormitory) Surplus Fund to the Improvement Fund at Iowa State University.

(e) Proposed Master of Arts Program in Rhetoric, Composition and Professional Communication, Iowa State University. Referral was recommended of Iowa State University's proposal for an M.A. program in Rhetoric, Composition, and Professional Communication to the Board Office and the Interinstitutional Committee on Educational Coordination for review and recommendation.

(f) University Calendar, University of Iowa. Approval was requested of (1) the University of Iowa academic year and summer session calendars for 2007-2008 and (2) a revision to the previously-approved calendars to allow for a five-day Thanksgiving recess for the undergraduate colleges (Liberal Arts and Sciences, Education, Engineering, Business and Nursing), the Graduate College and College of Pharmacy beginning with the fall of 2003.

(g) University Calendar Holidays for 2005, University of Northern Iowa. Approval of the University of Northern Iowa's calendar holidays for 2005 was requested.

(h) Change Name of Department of Orthopaedic Surgery to Department of Orthopaedics and Rehabilitation, University of Iowa. Approval of the University of Iowa's request to change the name of the Department of Orthopaedic Surgery to the Department of Orthopaedics and Rehabilitation in the Roy J. and Lucille A. Carver College of Medicine was requested.

(i) New Center for Excellence in the Arts and Humanities, Iowa State University. Approval of a new Iowa State University center to be called the Center for Excellence in the Arts and Humanities was requested.

(j) Post-audit Reports – B.S. Program in Environmental Science and Ph.D. Program in Physical Therapy, University of Iowa. Receipt and referral for review was requested of the post-audit reports from the University of Iowa to the Interinstitutional Committee on Educational Coordination and the Board Office.

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

President Newlin recognized Regent Arbisser.

Regent Arbisser, Chair of the Banking Committee, stated that the Banking Committee received communications at its meeting that morning from the University Apartments Residents' Action Committee at the University of Iowa. He said the Banking Committee recommended the Board:

1) Acknowledge receipt of the note from the University Apartments Residents' Action Committee, and

2) Ask the University of Iowa to prepare a report on its apartment facilities that addresses the issues outlined in the students' note and work to rectify the issues within the budget constraints available.

MOTION: Regent Neil moved to adopt the recommendation of the Banking Committee relative to the note from the University Apartments Residents' Action Committee. Regent Nieland seconded the motion.

Regent Neil noted the presence of an informational picket at the back of the meeting room about the alleged apartment conditions. He said he hoped that the conditions can be rectified based on the University's financial condition.

Regent Becker said the Banking Committee recognized there are many children as well as adults living in the apartment complex represented by the University Apartments Residents' Action Committee.

VOTE ON THE MOTION: Motion carried unanimously.

President Skorton stated that University of Iowa officials would prepare the requested report in a timely manner.

### **ANNUAL REPORT ON FACULTY ACTIVITIES.**

Assistant Director Gonzalez provided a PowerPoint presentation of the annual report on faculty activities which she said related to two of the Board's key result areas: become the best public education enterprise in the United States and provide effective stewardship of the institutions' state, federal and private resources. The Regent Policy

Manual states the report will provide the Board with more frequent exposure to faculty activities related to teaching, research and service. Major components of the report included hours worked per week, faculty allocations of time, student credit hours, sponsored research funding generated and comparisons with peer institutions.

Assistant Director Gonzalez stated the report was not intended to capture all of the nuances of faculty members' work week. She presented data obtained through surveys administered by faculty on each of the three university campuses. The report included the size of the population from which the sample was drawn, as requested last year by the Board. She said the average number of hours worked per week increased at Iowa State University and the University of Northern Iowa, and decreased slightly at the University of Iowa. The range was 55.3 to 58.1. The single largest proportion of time spent by tenured and tenure-track faculty is on teaching. The differences between tenured and tenure-track faculty show up as a higher proportion of time on administrative duties for tenured faculty and on research for tenure-track faculty.

Between Fall 1996 and Fall 2002, there was an increase of 6.6 percent in the number of student credit hours generated. Assistant Director Gonzalez said the figure corresponds to an increase in enrollment during that period. The volume of sponsored funding generated by faculty is included both in the performance indicators report and the faculty activities report. Between FY 1998 and FY 2002, there was a 52.5 percent increase in sponsored funding.

Comparisons with peer research institutions indicate that Iowa State University and the University of Iowa generally do as well as or better than their peers in the percentage of student credit hours generated by tenured and tenure-track faculty. The University of Northern Iowa is close to the midpoint in the percentage of student credit hours generated by tenured and tenure-track faculty.

Assistant Director Gonzalez reported that faculty members from each university were prepared to share their perspectives about faculty activities.

Regent Arbisser asked if the increase in the total number of student credit hours is proportionate to the increase in student enrollment. Assistant Director Gonzalez responded affirmatively.

President Newlin asked that representatives of each of the universities describe the survey methodology for the benefit of the new Regents, particularly with regard to the validity of the sample. He noted there is good consistency in the data collected every year.

Provost Whitmore responded that 25 percent of the full-time faculty at the University of Iowa are surveyed in a given year. He said 452 faculty members were surveyed this year and 74 percent (333) of those faculty members replied to the survey.

Associate Provost Clark stated that a stratified random sample, representative of the different ranks of faculty across the colleges, is conducted at the University of Iowa.

Provost Allen said Iowa State University uses the same type of approach to sampling methodology as is done at the University of Iowa, although Iowa State University's sample size is somewhat larger. The response rate of 84 percent is quite high, which he attributed to Iowa State University's process of monitoring and facilitating responses.

Regent Downer asked if there has been an exchange of ideas among university representatives for enhancing participation.

Provost Whitmore suggested the matter could be discussed by the Interinstitutional Committee on Educational Coordination. He noted that one factor in survey participation is the universities' organizational mechanisms.

Associate Provost Clark stated that the University of Iowa survey is sent directly to faculty by the surveying body, which provides complete anonymity. At Iowa State University, the survey is sent to the department and the department chair oversees the distribution and collection.

Regent Becker acknowledged the importance of the anonymity factor in the University of Iowa's system, and suggested a follow-up system could be developed for increasing the response rate.

Associate Provost Clark responded that the University of Iowa does have a follow-up system. She said University officials could develop a double or triple reminder system.

Regent Becker asked about the confidence level in the results of the surveys at each institution, in light of the difference in response rates. Associate Provost Clark said there is a small difference in the response rates but the rates were well beyond the response requirement for statistical significance.

Regent Nieland pointed out that the Board members were interested in the response rate and would like to have continuous improvement.

Associate Provost Clark noted that, despite the differences in methodology, the results are very similar across the institutions and across years.

Regent Downer said it would be advantageous if there could be uniformity and an interchange of ideas among the institutions about how to improve faculty participation in the survey.

President Koob expressed his belief that there is statistically-reliable data within an error band of +/- 4 percent for the response rates and sample sizes. He cautioned against over-interpreting the data. The variation from year-to-year was likely the result of statistical sampling within the band. He stated that unless a 100 percent sampling with a 100 percent response rate is achieved, there will have to be a margin for error.

Regent Turner expressed her support for the comments of President Koob, and said the rates of survey responses were very good.

Provost Podolefsky stated that 55 to 58 hours in a work week underscores that the faculty are working very hard.

Regent Downer responded that no one was questioning how hard faculty work. In imparting this information to the General Assembly, the higher the response rate, the higher the credibility of the data.

Regent Neil said the Regent institutions compare well to their peer institutions. The real success story is the educational opportunity provided to students.

President Newlin said it was helpful to discuss methodology for the benefit of the new Regents. He noted that he has developed ever greater confidence in the data through the years.

Regent Becker referred to the process of faculty reporting on a current week's activities rather than on a year's worth of activities. She said the process appeared to work well.

President Newlin stated that it has been useful to collect and monitor the data over time. He noted that a newspaper article reported on Provost Allen's experience. The finding was that faculty activities overall are very similar to the level of Provost Allen's activities. Provost Allen said the data reflect reality.

Regent Turner asked for clarification of the difference between the University of Iowa and the other two institutions with regard to the ratios of full-time and part-time faculty.

Assistant Director Gonzalez responded that the difference had to do with who was included in the total number of faculty. The total number of faculty at the University of Iowa was reported as 2,374 although, in last year's tenure report, the number of faculty at the University of Iowa was reported as 4,032. The figure of 2,374 does not include all



of the faculty members in the health sciences colleges. The Board Office is discussing with the University which faculty should be included and excluded from the count. Many faculty are not part of the research and service components; they are hired for the clinical component.

Regent Turner asked why the 1,658 non-tenure-track health sciences faculty, who also teach, were excluded. Assistant Director Gonzalez responded that including those faculty in the tenure report would drastically affect the percent of total tenured faculty.

Associate Provost Clark added that the vast majority of faculty in the health sciences colleges are unpaid clinical faculty.

Regent Turner stated that information should be made clear.

Provost Whitmore introduced University of Iowa College of Engineering Professor Wilfrid Nixon who is also the Director of the Center on Teaching. He stated that Professor Nixon is a full-time faculty member who also serves part-time as the Director of the Center.

Professor Nixon stated that his presentation would focus on teaching at the University of Iowa and on his role as the Director of the Center for Teaching. He provided a PowerPoint presentation that highlighted the mission of the Center, the individual challenge to faculty, and the global challenge. With regard to the individual challenge, he stated that most faculty were never taught how to teach; they are thrown in "at the deep end." Faculty need to be taught how to teach. He presented information on Lowman's two-dimensional model of teaching (intellectual excitement and interpersonal rapport). He said global challenges include the culture, research pressures/the role of teaching at a Research I university, increasing class sizes, and reward systems.

Professor Nixon concluded his presentation by stating that the Center receives marvelous support from the University administration.

Regent Neil asked about the receptiveness of senior faculty to adapting to the new culture. Professor Nixon responded that there will always be issues of adaptation. He said senior faculty are allowed a somewhat different allocation of workload. With regard to technology, he said that issue is dealt with well through the nTITLE program.

Regent Turner thanked Professor Nixon for the presentation, and noted that the Center sounded phenomenal. She asked how many faculty the Center reaches every year.

Professor Nixon responded that most of the new faculty are served by the Center through orientation. Approximately 10 percent (200 to 300) of the faculty are served during the course of a year through workshops and one-on-one consultation.

Regent Turner asked if the Center serves the professional and graduate schools. Professor Nixon responded affirmatively, noting that issues addressed included plagiarism and academic integrity.

Provost Whitmore stated that 700 to 800 faculty have been served by the nTITLE program. A majority of faculty have had the opportunity to use the most advanced technology.

Regent Neil asked if the other universities have a similar type of program. President Geoffroy responded affirmatively, stated that Iowa State University has the Center for Teaching Excellence. Provost Podolefsky responded that at the University of Northern Iowa it is the Center for the Enhancement of Teaching. The Center is currently without a director but that situation will be changing soon.

Regent Becker asked if graduate assistants participate in the University of Iowa's Center for Teaching. Professor Nixon responded affirmatively. He stated that, biennially, the Center creates a handbook for graduate teaching assistants. The Center may be creating a certificate program through the College of Education for the benefit of graduate students in a wide variety of disciplines. Graduate students could be trained in the various aspects of how to teach in college, and receive a certificate upon completion of the training. The certificate program would help in graduate teaching assistants' job searches and enhance their teaching in the University of Iowa's classrooms, as well.

Provost Allen introduced Iowa State University Professor of Zoology and Genetics Dan Voytas. He said Professor Voytas is very involved with economic development in the area of biotechnology.

Professor Voytas provided a PowerPoint presentation of faculty activity at Iowa State University, an engaged university. He presented examples of faculty activities in the areas of learning, discovery and engagement. With regard to undergraduate education, he highlighted Biology 301L, a laboratory course he teaches in genetics and molecular biology. Through this course, 200 students per year learn recombinant DNA technology. With regard to graduate education, he discussed the new graduate major in bioinformatics and computational biology. The program has 51 Ph.D. and Masters candidates, 70 faculty from 15 departments in four colleges, and has received \$20 million in external grants since 1999.

In the area of discovery, Professor Voytas presented information on a research project related to transposable genetic elements. The project, which is funded by the American Center Society, National Science Foundation, and the National Institutes of Health, has eight Ph.D. and four Masters graduates, 18 undergraduates. In the area of engagement, he stated that he and an Iowa State University student discovered plant retroviruses. A patent was filed with the Iowa State University Research Foundation and guidance was provided by the Pappajohn Center for Entrepreneurship. The result of those efforts was the founding of Phytodyne, Inc., in Spring 2000.

Professor Voytas concluded his presentation by stating that the most rewarding aspect of his activities is mentorship with students in the laboratory. He said his story reflected the stories of all of his colleagues, and that it has been a privilege to work at Iowa State University.

President Newlin referred to the discovery of plant retroviruses, and said he assumed that discovery was very important to Phytodyne. Professor Voytas responded affirmatively, adding that it was also important to his basic research mission.

President Newlin asked for the significance of a retrovirus. Professor Voytas responded that a retrovirus infects a cell and inserts its genetic information into the chromosome of the cell. The virus can be manipulated to deliver a gene to a cell which then transforms the cell with new genetic information.

President Newlin thanked Professor Voytas for the presentation.

Provost Podolefsky introduced Dr. Kimberly MacLin, Assistant Professor of Psychology at the University of Northern Iowa, to discuss her activities at the University. He noted that the television show, "20/20", interviewed Dr. MacLin and her students. The show will air some time in the future.

Assistant Professor MacLin provided a PowerPoint presentation of highlights of her activities at the University, entitled, "Studying Criminal Stereotypes: From Classroom to Courtroom." She said students become involved through her courses in introductory psychology, psychology and law, or social psychology of jurors and juries, or through research experience. She provided examples of how stereotypes are used. Criminal stereotypes are the aspects of a person's appearance that lead others to believe that he or she is likely to commit a crime. She discussed the effect of defendant demeanor on jury decision making and on sentencing. Another area of Assistant Professor MacLin's research is on lineup fairness, about which she presented examples.

In concluding her presentation, Assistant Professor MacLin presented photos of several of her students and information on what those students have accomplished since leaving the University.

Regent Turner thanked Assistant Professor MacLin for the very good presentation. She asked if her research had the potential to be useful to Iowa law enforcement.

Assistant Professor MacLin responded affirmatively, noting that she had done some work with local law enforcement, although one of her goals is to make more contacts with local law enforcement. There has also been some interest by the University of Northern Iowa's public safety department.

President Newlin thanked Assistant Professor MacLin for the very interesting presentation.

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

#### **REPORT ON FACULTY CONSULTING ACTIVITIES.**

Provost Whitmore stated that, during the most recent biennium, University of Iowa faculty consulted in the areas of economic development, legal, K-12 education, government, small business, not-for-profit agencies, health sciences/hospitals, and agriculture. He said University faculty are experts in certain areas.

Regent Neil asked for comment about the marked decline in the number of faculty consulting arrangements.

Provost Whitmore responded that he knew of no single reason for the decline. Faculty are being asked to teach more and sponsored research has increased. Therefore, he presumed that faculty time was the main factor in the decline.

Provost Allen responded that there are fewer faculty and greater demands on existing faculty at Iowa State University.

Provost Podolefsky said he would not be surprised if the economy had something to do with the decline in faculty consulting activities at the University of Northern Iowa. There are fewer dollars available.

**ACTION:** President Newlin stated the Board, by general consent, (1) received the report and (2) requested that the universities continue to review their

policies to ensure that they are consistent with the Board's *Policy Manual*.

**ACCREDITATION REPORT – BA/MSW COMBINED PROGRAMS IN SOCIAL WORK, UNIVERSITY OF IOWA.**

Provost Whitmore introduced Associate Professor Salome Raheim, Director of the School of Social Work.

Associate Professor Raheim stated that School officials were pleased with the process and outcome of the accreditation activities.

Regent Turner asked what specific activities were taking place in response to the suggestions for improvement. Associate Professor Raheim stated that each of the responses was included in the report.

Regent Turner asked if there was any one issue that was of the greatest concern. Associate Professor Raheim responded that the diversity issue was a concern. At the time the report was written, the School was in the process of hiring a minority faculty member. Subsequently, an additional faculty member of color was hired, and another will join the faculty in January 2004.

Regent Turner asked about diversity of the student body. Associate Professor Raheim responded that there was also concern about diversity of the student body. Recruitment plans have been developed in response to the concern.

**ACTION:** President Newlin stated the Board received the BA/MSW Combined Programs, School of Social Work, accreditation report from the University of Iowa, by general consent.

**ANNUAL REPORT ON CHILD CARE.**

Director Wright presented highlights of the annual report on child care. He stated that each university provides on-campus child care centers and participates in community referral services. The campus centers operate at full capacity with extensive waiting lists: 180 at the University of Iowa, 150 at the University of Iowa Hospitals and Clinics, 220 at Iowa State University, and 70 at the University of Northern Iowa. He said all of the universities operate referral programs to assist parents seeking options for quality child care.

Director Wright stated that the majority of children served at the campus child care centers are children of students, and those fees are subsidized. Financial contributions by the universities allow centers to charge student parents lower fees. All three universities receive federal funds through a U.S. Department of Education grant (Child Care Access Means Parents in School) to help support child care. The University of Iowa receives federal funds of \$55,454 annually, until September 2005. Iowa State University receives federal funds of \$89,312 annually for four years. The University of Northern Iowa receives \$54,500 per year for four years.

The centers could not continue to operate if they cared only for children of students within the current subsidized rate structures. Based upon anticipated appropriations, Iowa State University and the University of Northern Iowa increased their general fund child care budgets for FY 2004 by less than 1 percent and by 3 percent, respectively. The proposed University of Iowa budget shows a 1 percent decrease. Director Wright referred Board members to the location in the meeting materials of the institutional child care budget summaries.

Regent Becker pointed out that there have been long waiting lists for child care every year since she has been on the Board. She asked if there is enough unmet need to warrant the creation of additional child care facilities to expand the offerings for students with children.

President Skorton introduced Laura Reed who oversees the University of Iowa's child care opportunities. Assistant Director Reed responded that University officials have seriously looked at the creation of additional child care opportunities, although there is nothing definitive at this time. University officials have developed community partnerships and also seek opportunities for federal funding.

Regent Becker referred to a study conducted by Iowa State University that indicates that much of the home care for children is very poorly regulated in Iowa. There were some situations that were not helpful for child development or safety. She then asked if the University of Iowa has a timetable for increasing its child care opportunities.

Assistant Director Reed responded that the study has been completed and she hoped to have a recommendation by Fall 2003. With regard to the issues related to home care, she said University officials have identified quality measures and are providing additional training and support to families.

Vice President Madden presented highlights of Iowa State University's child care report. He said University officials believe there is adequate availability of child care within the Ames community. The challenge is the financial aspects of child care. The student government has increased its allocations to child care. The University Child

Development Department is also reviewing how to accommodate children's need for educational teaching and learning experiences. He expects that some child care spaces on campus will be added.

Vice President Romano presented highlights of the University of Northern Iowa's child care report. She said University officials have been focusing on student and staff needs for child care and have partnered with community resources. Fifty-four children are accommodated on campus, the majority of whom are children of students. University officials would like to double the University's child care slots to 100. Difficulties in doing so include the loss of work-study funding and University budget cuts. University officials are seeking space for additional child care opportunities, and hope that finances will allow them to proceed. Additional grant opportunities will be pursued.

Regent Turner asked about the difference in federal grant funds received at each of the universities. Vice President Madden attributed Iowa State University's success in receiving federal grants for child care to the University's grant writer's concerted effort. Vice President Romano responded that the University of Northern Iowa's grant is for evening care. Funds are provided for students whose education is supported with Pell grants. Assistant Director Reed responded that the difference in dollar amounts is related to the grant itself, which is proportionate to the number of Pell grant recipients enrolled at a university.

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

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

Regent Becker stated that the May 7 meeting of the Iowa Coordinating Council for Post-High School Education was well attended. She said the majority of the Council's business was well outlined in the Board meeting materials. The Council received a presentation by Lynn Walding of the Iowa Alcoholic Beverages Division, and adopted a resolution to support six recommendations contained in the report on "High Risk Drinking on College Campuses." The Council members agreed to endorse those principles and to partner to promote responsible use of alcohol. The Council approved a proposal for an economic impact study and allocated up to \$10,000 for the study. The study report will be ready for distribution by mid-December 2003. The purpose of the study is for an outside group to take a non-biased look at the economic impact on the state of Iowa private and public higher education institutions. She said there was also a change of leadership of the Council. The Council appointed the following officers for 2003-2004: Chair – Nancy Williams, President of AIB College of Business, Vice Chair – Dan Kinney, President of Iowa Western Community College.

Regent Neil thanked Dr. Skorton for finishing Dr. Boyd's term as Council chair.

Regent Downer referred to the Council's discussion of high-risk drinking, and said the recommendations contained in the report emphasize the importance of education.

President Newlin expressed appreciation to those who represented the Regents at the meeting.

**ACTION:** President Newlin stated the Board received the report on the May 7, 2003 meeting of the Iowa Coordinating Council for Post-High School Education, by general consent.

#### **REPORT ON MEETING OF THE IOWA COLLEGE STUDENT AID COMMISSION.**

Executive Director Nichols called attention to two items from the April meeting of the Iowa College Student Aid Commission. He said the Commission's Executive Director was authorized to sign a 28E agreement with the Iowa Student Loan Corporation to create an Iowa-based student loan guarantor-servicing center. This project will allow for student loans originating in Iowa to be serviced in Iowa. Secondly, the Commission agreed to waive the guarantee fee that is allowed by the federal government to be charged to students. Accumulated reserve funds will be utilized to offset those costs.

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

#### **REPORT ON LEGISLATIVE SESSION.**

Executive Director Nichols stated that, on May 1, the regular legislative session was adjourned. There is currently planned a special session on May 29 to take up a number of items. He said his report would address items for which action was completed in the regular legislative session as well as some pending items.

Executive Director Nichols reported that the education appropriations bill essentially funded the FY 2004 operating budgets for the universities consistent with the level in FY 2003. He said the special schools were granted a 2 percent increase consistent with the state's policy of 2 percent allowable growth for local K-12 schools. The funding contained in the education appropriations bill was reduced in a second bill (the "reinvention bill" which is also known as the "property tax on students and their families" bill). He said that bill did not contain specific language about a capital charge but did contain a reduction of just under \$18 million in general operating funds. The net effect of those two bills on general operations is a 2 percent increase for the special schools and a \$17.88 million reduction for the universities.



Funding within the economic development appropriations bill was maintained at the FY 2003 level. The significant reductions in economic development appropriations that were made in FY 2003 were not restored. With regard to the salary bill, Executive Director Nichols stated that salary adjustment increase funds were provided for the special schools but not for the universities or the Board Office. Salaries will have to be funded out of non-state-appropriated dollars. He stated that the infrastructure appropriations bill did not change funding for ongoing projects. In the "11<sup>th</sup> hour", a total of \$550,000 was provided for new capital projects at the special schools and for the Old Capitol project at the University of Iowa, and \$500,000 for the National Playground Safety Program at the University of Northern Iowa. Projected tuition replacement appropriations needs were included in the bill. He noted that each of the appropriations bills is subject to both veto and item veto by the Governor. However, he did not anticipate any significant changes in the dollar amounts.

Executive Director Nichols stated that one other bill which passed during the legislative session creates a new state department by combining several stand-alone enterprises. The legislation makes significant changes in the state's administrative services. He said the bill included a provision to allow the Regents to independently decide about their participation in that enterprise. There are ongoing conversations about how the new department might impact the Regents and how the Regents might impact the new department.

Executive Director Nichols stated there were three specific items anticipated to be addressed in the special legislative session. With regard to the "Iowa Values Fund" and related economic development initiatives, he said the Regent enterprise is expected to have a role, particularly in life sciences research and business development activities. He noted that the Regent section of the bill is the only part of the bill about which there appears to be agreement. There appears to be an emerging issue for the special session regarding state income tax policy. The Senate, House and Governor all have different ideas about the policy. He said the Senate version of the income tax legislation (SSB 1192) could have a significant impact on the Regent universities by eliminating charitable deductions in the calculations of Iowa income tax. Regent bond counsel has reviewed the Senate proposal and is not overly concerned about the impact on Regent bonding. An additional item which may be addressed in the special legislative session relates to the Government Oversight Committee's consideration of combining various aspects of state government, including the Commission for the Blind, the Division of Deaf Services and other human rights activities. In response to the Committee's request, representatives of the two special schools provided testimony about what overlapping activities there were or were not, and how that conglomeration of activities might be managed in the future.

President Newlin asked Executive Director Nichols to restate the situation relative to the Board Office and the universities not receiving any salary increase funds. Executive Director Nichols stated there was a special provision in the salary bill to allow for salary increment funding for the two special schools in an amount to be determined by the Department of Management. There was no such provision for the three universities or the Board Office for bargained or non-bargained units.

President Koob pointed out that the \$500,000 appropriation from the infrastructure fund for the National Playground Safety Program is to provide playground surfaces around the state. Executive Director Nichols stated those funds for the National Playground Safety Program represent a pass-through appropriation for the program that is administered by the University of Northern Iowa.

Regent Forsyth asked for the historical context of the legislative report. He said it was his understanding that the treatment of the Regent institutions by the legislature was unprecedented. It was also totally incongruent with information provided by community leaders during that day's lunch in terms of the value of the Regent institutions. He added that the Regents' #1 capital priority, the University of Iowa Chemistry Building, also was not funded.

Executive Director Nichols first addressed the salary bill in which the universities and Board Office were excluded from funding. He stated that inadequate funding for salaries has been a trend of two to three years' duration. From a historical perspective, there has been a computed salary increment obligation to state agencies and the Regents through collective bargaining. He said that obligation was essentially funded by the legislature and approved by the Governor for a number of years. Depending on whose estimates are utilized, the allocation in the salary bill that the legislature passed this session was for one-half of the funds needed to meet the obligation that was previously incurred. The choice the Regents were presented with two months ago was whether to receive full funding for base operating appropriations or to take a \$25 million cut in base operating appropriations and funding in the salary bill that had yet to be written. The Regents were told to expect no more than 50 percent of the projected need for salary appropriations. The decision was that it would be better to receive the allocation of operating appropriations. He noted that the projected need to fully fund obligations for Regent salaries could be as much as \$30 million.

Regent Forsyth said there seemed to be a significant disconnect between the value of the Regent institutions by community leadership around Iowa and by the legislature, which the Regents need to address before the next legislative session.

Regent Neil said the state of Iowa is in difficult financial straits while, at the same time, both houses of the legislature are proposing tax cuts. He projected that, in the future,

the Regents would not be treated much better or even as well as they are in this legislative session. Insufficient appropriations will present significant challenges to the institutions and to the Regent system as a whole. He questioned how the Regents can plan for the future when they also have to set rates of tuition almost a year in advance. He said the Board cannot continue to increase tuition as was done in this last year. Doing so only shifts the cost to young people who are currently in high school.

Executive Director Nichols said the potential benefits of the Iowa Values Fund have been well documented by the institutions. He referred to Regent Neil's concerns about a tax bill in the special session and said such a bill could lead to reduced state revenues in the next fiscal year.

**ACTION:** President Newlin stated the Board received the monthly report on the 2003 legislative session, by general consent.

#### **PRESENTATIONS ON SALARY AND BENEFITS FOR NON-REPRESENTED FACULTY AND STAFF.**

Director Wright stated that employee groups represented by a collective bargaining agent include the faculty at the University of Northern Iowa, graduate assistants at the University of Iowa, tertiary health care employees at the University of Iowa, and merit staff. In an effort to receive information about the position on salary and benefits of employee groups who are not represented by collective bargaining, he said the Board had invited non-represented employees to make presentations to the Board prior to approval of budgets for the coming fiscal year. He reported that the institutional heads were prepared to introduce the speakers from their respective institutions.

President Skorton presented tables of data related to faculty salaries. The first table was an index of faculty salaries compared to the Regent comparison group. The second was the 2002-2003 average faculty salaries in the Regent comparison group. He pointed out that the University of Iowa ranked 10<sup>th</sup> of 14 in average faculty salaries.

Regent Forsyth noted that different comparison groups were used for salaries and for faculty workload. Provost Whitmore responded stated there is only one workload study comparison in the country. The only database available for workload comparison purposes is the "Delaware study".

Regent Forsyth said it would be helpful to have comparability in Regent studies.

Regent Becker asked if the comparison group utilized for faculty salaries was the Regents' usual comparison group. Provost Whitmore responded that it was the usual

comparison group for the University of Iowa. He said each Regent university has its own comparison group.

President Skorton introduced Margaret Raymond, the new President of the University of Iowa Faculty Senate. He said Dr. Raymond is a distinguished professor in the College of Law. He expressed appreciation for her accepting the responsibility of representing the Faculty Senate.

Professor Raymond presented comments on behalf of the University of Iowa Faculty Senate regarding salaries and compensation. She provided information on the competitiveness of the market for faculty, the direct relationship between faculty compensation and access for students, the need to consider more than salary in determining faculty compensation, particularly with the increasing cost of health care. She noted there is not a monolithic view among faculty of what should be the salary model.

President Skorton introduced Charles Eastham, Chair of the University of Iowa Staff Council. He said Mr. Eastham is a very well-qualified, published and prominent scientist.

Mr. Eastham thanked University of Iowa administrators for encouraging staff participation in decisions that affect P&S staff compensation. He first discussed the University's FY 2004 salary guidelines. Salary increments are to be based on performance. Average salary increments will be 1-1/2 to 2-1/4 percent. There will be modest increases in P&S pay matrices. There will be recognition of increased health insurance costs, particularly for employees making lower salaries. Layoffs are to be considered only after a process of thorough review. He next presented concerns of P&S staff: 1) increased health insurance rates will offset salary increases, 2) the difference in percentage of salary increase between bargaining and non-bargaining staff; and, 3) the need to achieve salary funds by reallocation. He anticipated that one more year of reallocation to provide salary increase funds would result in significant lay off of P&S staff.

Mr. Eastham said it was evident that state funding for the University was undergoing a shift. He asked that the Board of Regents invite leaders from the legislature, the Governor's office, and the universities to discuss the balance of state appropriations, tuition revenue and cost adjustments that can be achieved over the next three to five years to support the shared mission of becoming the best public education enterprise in the United States.

President Geoffroy presented tables of data related to faculty salaries. The first table was an index of faculty salaries compared to peer land grant universities. The second

was the 2002-2003 average faculty salaries of peer institutions. Iowa State University ranked 10<sup>th</sup> of 11 in average faculty salaries. President Geoffroy stated that, if all of their peers next year were to give their faculty a 2 percent salary increase, Iowa State University would have to give faculty a 6-1/2 percent salary increase in order to move to the mid-point. Unfortunately, the plan calls for only a 2 percent salary increase. He said it was, therefore, not likely that the University will make any upward movement on the comparison chart.

President Geoffroy stated that a competitive compensation package includes benefits. Iowa State University has a very attractive benefit package. One benefit the University does not have, which would be addressed by the University's representatives, was a family-friendly policy for the arrival of children. He said the policy initiative was brought forward by faculty and staff groups who feel very strongly about the policy. He endorsed the policy and forwarded it to the Board Office for consideration.

President Geoffroy introduced Jack Girton, President of the Iowa State University Faculty Senate. He said Dr. Girton is a Professor of Zoology and Genetics.

Professor Girton stated that the quality of a University is determined, to a great extent, by the quality of the faculty. He questioned how Iowa State University can continue to attract individuals with great talent to Iowa. To be competitive in attracting and retaining top faculty, a University needs competitive salaries, a stimulating and supporting environment, and policies that foster appreciation among faculty. He presented examples of faculty who have remained loyal to their employing universities because of the presence of the qualities important to faculty.

Professor Girton referred to the proposed policy on extended leave for the arrival of children. He said the Board would be provided with additional information about the policy at a later date. The Board will be asked to carefully consider a request for a three-year trial of the policy.

Regent Nieland asked for the length of the proposed leave for arrival of children. Professor Girton responded that the proposed policy provided for a six-week paid leave.

President Geoffroy introduced Rex Heer, chair of the Iowa State University P&S Council.

Mr. Heer said he had recently spoken with a University employee who had moved from a merit position to a P&S position. The employee was upset because her former colleagues, who are covered by a collective bargaining agreement, are making more money than her and are paying less for their insurance coverage.

Mr. Heer gratefully acknowledged the responsiveness of Iowa State University administration to employee concerns. He said Iowa State University employees believe in the land grant mission.

Mr. Heer stated that, for the foreseeable future, Iowa State University will not be able to attract and retain employees by salary offerings alone. He expressed P&S staff's support for the proposed low-cost policy on leave for arrival of children which he said would foster a family-friendly environment at the University.

Mr. Heer concluded his presentation by thanking the Regents for their work on behalf of public higher education in Iowa.

President Koob stated that salary policy for faculty and merit employees of the University of Northern Iowa is determined through collective bargaining. He said University officials have allowed P&S staff to follow the faculty contract in principle.

President Koob introduced Bob Frederick, chair of the University of Northern Iowa P&S Council.

Mr. Frederick stated that P&S staff believe the University has reached a crossroads. Quality is being impacted as a result of the University budget cuts necessitated by state appropriations reductions. He said professional staff have been asked to perform more with less but morale continues to be strong and expectations continue to be high in meeting the needs of the University. The professional staff enjoy a close working relationship with the University President and his cabinet. Mr. Frederick provided examples of activities in which the professional staff have been involved in the past several years. Staff agreed to the creation of an across-the-board flat pay increase for all professional staff for the benefit of those being paid in the first pay matrix. Recently, P&S staff voted to forego salary adjustments for four months to address budget shortfalls.

Executive Director Nichols introduced Christine Remmert, a representative of the Regent Interinstitutional Supervisory and Confidential Advisory Council. Because of the nature of their supervisory duties, these employees are not members of the collective bargaining unit but their salary guidelines are set pursuant to the AFSCME agreement.

Ms. Remmert stated that she is a Secretary IV in the University of Iowa College of Medicine. She expressed appreciation for and a desire to maintain the open line of communication of the Regent Interinstitutional Supervisory and Confidential Advisory Council with the Regents and the Board Office. She said the Council represents over 1,000 non-bargaining employees including merit supervisory and exempt confidential

employees. She urged the Board to support salary policies for her colleagues that are at least equal to that of merit staff.

President Newlin thanked all of the employees for their presentations.

**ACTION:** President Newlin stated the Board received the oral presentations of institutional faculty and staff who are not represented by a collective bargaining agent concerning salaries and benefits for fiscal year 2003-04, by general consent.

### **BUDGET ISSUES FOR FY 2004.**

Director Elliott stated the agenda item on budget issues was designed for identification and discussion of major policy issues in preparing the FY 2004 budgets. In June, the Board would be asked to review preliminary detailed general fund operating budgets for each institution and, in July, to approve the budgets. She reminded Board members that the preliminary budgets for the residence systems and parking systems were presented in March. Athletics budgets would be presented in June at the same time as the general operating budgets.

Director Elliott referred Board members to the seven major budget policy issues that were listed in the meeting materials:

- (1) revenue changes,
- (2) reallocations,
- (3) salary increase policies,
- (4) unavoidable mandatory and inflationary costs,
- (5) general fund support for athletics,
- (6) economic development issues, and
- (7) capital projects and building repairs.

Director Elliott said state appropriations provide a substantial resource for the main educational budgets of the institutions. Appropriations cuts have resulted in an approximate 20 percent reduction in base state funds since FY 2000. For FY 2004 budgets, the three universities will experience a \$17.9 million cut in appropriations. She stated that, last fall, the Regents approved a significant increase in tuition for the FY 2004 school year which will result in a net increase of \$39 million, based on level enrollments. At the time the Board approved the tuition increase, University officials

provided proposed uses of the additional tuition revenues. However, as a result of cuts in state appropriations, there may have to be a modification in how those funds are spent.

Director Elliott stated the Board of Regents had utilized the services of a consultant to perform an organizational review, one aspect of which was a review of the Board's reallocation policy. In September 2002, the Board reaffirmed its need for a reallocation policy and requested that the Board Office work with the institutions to develop a clear definition of reallocation. She referred Board members to the proposed definitions for a Board policy on reallocation and said the Board would be asked to vote on acceptance of the reallocation definitions at this meeting. When the detailed preliminary budgets are presented in June, the Board will also be presented with 1) a modified version of the reporting mechanism for reallocations and 2) the meaning of the reallocations based on the proposed definitions.

Director Elliott stated the Board had received employee presentations at this meeting on salary policies. The Board had also received presentations in the past on collective bargaining issues. Next month, the Board would be asked to act on faculty and P&S pay policies, all of which will have a major impact on budgets.

Regent Forsyth referred to the budget issues related to capital projects and building repairs. He asked if the Board would be provided with information about the need in that area. Director Elliott responded affirmatively, stating that deferred maintenance and fire and environmental safety needs are presented in the fall.

Regent Forsyth asked how the numbers compare as a percentage. Executive Director Nichols responded that he did not have information on the percentage. It was his recollection that, until FY 2002, the deferred maintenance backlog was being reduced.

Associate Director Racki said she believed the information presented to the Board last November reported \$142 million in deferred maintenance backlog. She offered to confirm that figure following the Board meeting.

Regent Forsyth said it was his understanding that the historical purpose for reallocations was to allow the institutions to reinvent themselves over time. He stated that the four examples of appropriate reallocations outlined in the meeting materials (1-funds reallocated to meet a reduction in state appropriations; 2-funds reallocated between central administrative units, from central administrative units to colleges, among colleges, among departments and/or separate units within a college or other major administrative unit; 3-funds reallocated across expenditure categories; 4-funds reallocated from one programmatic category to another within the same department) were anything but an effort to reinvent the institutions. He stated he would not want to



have the four examples outlined above serve as the guideline for the next five years. If reallocations are conducted year in and year out according to those definitions, it will impact adversely on the quality of the institutions.

President Newlin suggested delaying approval of the proposed reallocation definitions until Board members have had sufficient time to discuss the points made by Regent Forsyth.

Executive Director Nichols stated that Regent Forsyth's point about whether or not this was a long-term policy was well taken. This matter was before the Board at this meeting because the consultant determined there was inconsistency in how reallocations were defined from institution to institution. The proposed definitions were developed in consultation with institutional officials. He said it might be more useful, as suggested by Regent Forsyth, to designate the proposal as the reallocation policy for FY 2004. The policy could then be revisited for a longer-term definition.

Regent Neil stated that what was proposed as the definition of reallocation was somewhat different than the process of reallocation three to four years ago. He said reallocation in the last two fiscal years has not been undertaken for the intended use of reallocation due to the budget shortfalls.

**MOTION:** Regent Forsyth moved to approve the revised policy on reallocations for FY 2004 with the understanding that the policy will be reviewed next year for strategic direction. Regent Neil seconded the motion.

Regent Turner asked if the four examples of appropriate reallocations referenced by Regent Forsyth were only examples. Director Elliott responded affirmatively.

Regent Turner referred to the statement at the beginning of the proposed policy which indicated that reallocations will require approval at a central level of authority, and asked if institutional officials had agreed to that language. Director Elliott responded affirmatively.

President Geoffroy stated that Iowa State University officials will begin development of the FY 2005 budget in September of 2003. He said it would be helpful to have clarification of what constitutes reallocation before the beginning of that process.

Regent Turner asked President Geoffroy for his understanding of the proposed policy. President Geoffroy responded that the 2 percent reallocation policy has been somewhat moot because of all of the budget cuts. He said his understanding of the reallocation

policy is that everything that would fall under the 2 percent reallocation would require approval by the President, Provost and Vice Presidents. Reallocation would be permitted within the colleges.

President Skorton said it would be helpful for institutional officials to receive from the Board the definitions for FY 2005 in the next two to three months.

President Koob suggested there may be confusion between the strategic directions of the universities and the mechanics of how one gets there. At the University of Northern Iowa, all budgeting is undertaken in the context of the strategic plan. Funds are moved through the levels of responsibility as appropriate to a particular reallocation. He said it was possible for the approval to return back through the system, although it seemed to add to the bureaucracy. He stated it would be far more desirable to have a common understanding of the University's strategic direction to ensure that reallocation decisions are made accordingly. He asked that the Board be clear in what it hopes to achieve by its deliberations on this issue. He encouraged the Board to hold institutional heads accountable for the strategic goals rather than to become concerned with the mechanics of how those goals are achieved.

VOTE ON THE MOTION:                    MOTION CARRIED UNANIMOUSLY.

Regent Neil suggested that the Board Office provide the Board with a proposed FY 2005 reallocation policy for action in September.

Regent Forsyth made the following observations: From everything that he has seen as a citizen of the state of Iowa for the past seven years, Iowans are blessed with three outstanding universities and two special schools. One reason why a state the size of Iowa has such a rich history of education is its broad-based public support of education. A second reason is a high-quality, diverse student body. A third reason is an excellent, diverse and highly-motivated faculty and staff. He contrasted Iowa's rich history of public support for education with Executive Director Nichols' presentation on the diminished support from the legislature. It was his understanding that state support of the Regents' FY 2004 budget will be less than state support of the FY 1998 budget. Tremendous adjustments have had to take place within the system to accommodate the reduction in state support for the Regent institutions.

Regent Forsyth stated that the broad-based support of the general population for the Regent universities has begun to erode due to the level of tuition increases the Board of Regents has been forced to implement. He said the Regent universities have experienced continued enrollment growth; therefore, the universities continue to be effective. Despite the budget issues, interface by the Regent institutions with K-12 schools and community colleges is not only solid, but has been enhanced. He said the

major challenge related to students is the rate of increase in tuition. There cannot continue to be increases in the rates of tuition as has been experienced in the last several years. He hoped that, during its next deliberation, the Board would not increase resident tuition by more than 9 percent.

From a faculty and staff perspective, Regent Forsyth stated the Board had received many outstanding presentations at this meeting in the areas of teaching, scholarship and research. He said it was a tribute to faculty and staff that the national rankings of the Regent institutions have not declined and, in some cases, have increased, over the last five years, considering the budget problems. The Board must ensure competitive faculty and staff programs. The core of a great institution is a great faculty and a great staff. He believes the Regents have done a good job over time of finding innovative ways to reduce overhead across the system, as have the institutional leaders. Reductions in overhead expenses have to continue to be an important part of their endeavors.

Regent Forsyth said there has to be a time when the Board takes a step back and re-thinks building construction. There appeared to be a business-as-usual mindset at a time when business was anything but usual. He suggested the Board of Regents place a 12-month moratorium on new building construction while continuing to have an increased focus on maintenance and renovation. He stated that his suggestion had nothing to do with the quality of the ideas related to buildings. However, each new building has operating expenses associated with it. In some instances, future philanthropy is pledged to complete the funding of a building project. Another form of funding has been treasurer's temporary investments, funds which could be used to help pay for existing infrastructure. He acknowledged that there was some risk associated with his suggested approach. There was the risk of losing a donor who may want to give money for a specific building; however, he believed that was not a great risk with a short-term moratorium. There was a risk related to bond market interest rate increases, but he believed that was a minor risk. There was a risk associated with inflationary cost increases in the construction trades over the next year, but there was no indication that would be the case.

**MOTION:**

Regent Forsyth moved that, for the June 2003 Board meeting, the Board direct the Board Office, in consultation with institutional leadership, to prepare a proposal for the Board's consideration to place a moratorium on new construction projects for FY 2004. This would not include routine or major maintenance projects or major renovation projects. For new construction projects that have already received prior Board action, the

report should identify each such project and provide analysis for future Board action. Regent Neil seconded the motion.

Regent Downer asked about amending the motion to address revenue-generating projects. He said there are elements within the institutions, particularly at the University of Iowa Hospitals and Clinics, that would not be financially supported in the manner to which Regent Forsyth referred. He did not want to prevent the institutions from constructing facilities where the financing was not tied to appropriations.

Regent Forsyth said he would be willing to entertain an amendment to the motion but he believed the Board should make exceptions on a case-by-case basis.

Regent Downer said he hoped the Board would not be bound by virtue of this policy to reject a proposal for a revenue-generating project. Regent Forsyth responded that it would be foolish for the Board to deny a project if there was a return on investment.

Regent Becker said she would not want to be precluded from approving grant-funded building projects that also provide for the ongoing costs. She would support a moratorium that provided for exceptions for projects funded, for example, by revenue-generating enterprises or grant funds.

Regent Forsyth expressed his belief that the Board needs to make a statement. If many exceptions are made to the rule, there is no longer a rule. If a project comes up that is totally self sustaining, the Board obviously has the authority to approve it. However, there may be instances where the Board determines it is not a good judgment to approve a project even if it is self sustaining.

Regent Nieland stressed the importance of the Board making a statement simply, clearly and as unencumbered as possible.

Regent Arbisser acknowledged the necessity of sending a strong and clear message. However, he said he was uncomfortable with proceeding in this direction without receiving input from the universities. Regent Forsyth pointed out that the motion included Regent staff consultation with institutional leaders prior to the Board's adoption of a moratorium.

There was discussion among the Board members about whether or not to take up this matter in June or July, based on Board member attendance at those meetings.

Executive Director Nichols stated that capital projects are typically included in the budget presentations in June and July. Next month, the Board will review capital

projects for FY 2004 and finalize those in July. Regardless of the policies, consideration of capital projects will have to be finished in July. He said the Board will determine the framework for making those decisions.

Regent Turner stated that the motion on the floor would require reconsideration by institutional officials of what to present to the Board in the capital budgets. She said she wanted to make sure the institutions have the opportunity to gather information in an appropriate fashion.

Regent Neil expressed his reasons for supporting the motion. He stated the Board cannot continue shifting costs to the students. Investments must be made wisely because it is apparent, from the actions of the legislature, that state support for the Regent institutions has declined. He said it was important for the Board to make a strong statement that it is no longer "business as usual".

President Newlin referred to comments about exceptions for revenue-generating facilities, and asked if dormitories would be included. Regent Downer responded that he believed dormitories would get into concerns with regard to costs to students. He said he was referring to the University Hospitals and the Hygienic Laboratory, for example.

President Newlin asked if Regent Downer wanted to propose an amendment to the motion. Regent Downer responded that an amendment was unnecessary if all of the comments that were made during this discussion are taken into account by staff in developing a policy.

President Newlin pointed out that, later in the meeting, the Board would be presented with a schematic design for a capital project at the University of Northern Iowa. He asked how Regent Forsyth would like to proceed on that matter. Regent Forsyth responded that the moratorium would begin when the policy is approved. If the project is approved at this meeting, it would be considered an approved project. He did not intend for the moratorium to be applied retroactively to projects that the Regents have already approved.

Regent Turner asked if the Board members would like to review ongoing capital projects as a part of this activity. Regent Neil said his understanding was that ongoing projects would be included in the review.

Executive Director Nichols referred to the different stages of approval for construction projects. He stated that one issue about which there would have to be serious discussion with the institutions prior to next month's meeting is what stage of the approval process is considered the determining stage. Regent Forsyth said he

assumed that if the Board has approved the sale of bonds, a project is approved. Executive Director Nichols said there are many other stages of the process about which there will need to be more specific direction.

Regent Forsyth stated that the intent of the motion was that if a project has been approved by the Board, including the final funding, it is an approved project. Until that occurs, it is in process and not an approved project.

President Skorton pointed out that, earlier in the day, the University Presidents and President Newlin held a press conference about the Iowa Values Fund, the funding for which would consist mostly of capital funds. If the Iowa Values Fund becomes effective for the new fiscal year, University officials would immediately begin to work on the program. He asked that Board members consider the universities' activities related to the Iowa Values Fund in the context of the proposal for a moratorium on capital projects.

President Newlin stated that President Skorton had made a good point.

VOTE ON THE MOTION:                    MOTION CARRIED UNANIMOUSLY.

President Newlin said Board members looked forward to a report in June.

Regent Downer requested that the comments of President Skorton about the Iowa Values Fund be considered in developing the policy on construction projects.

Regent Neil said he believed the Board would take appropriate action if the legislature approves funds to create research facilities at the institutions.

Director Elliott stated that institutional officials were prepared to comment on the budget issues.

President Skorton stated that the process is underway at the University of Iowa to develop FY 2004 budgets for Board review. In the report of the University of Iowa Hospitals and Clinics to be presented later in the meeting, Director Katen-Bahensky would discuss the Hospitals' budget processes which fit within the University of Iowa overall budget development.

With the current projections for FY 2004 general education fund appropriations, President Skorton said he anticipated that, for the first time, the University of Iowa's general education fund would be funded less than one-half (48 percent) by state appropriations. Tuition will provide 42 percent of general fund revenues and 9 percent will come from other sources. He referred to the reduction of \$17.9 million in general

operating funds within the educational appropriations bill, and said the University of Iowa's share of the cut would be \$8.4 million. The state will also provide no incremental support for salaries. The central budget of the University will supply incremental salary funding to each unit with preference given to academic and curricular units.

President Skorton said there remains a commitment to direct new incremental revenue to student financial aid, library acquisitions, and expenses related to enrollment increases.

The University of Iowa 2000-2005 strategic plan is the operative guide for budget development. President Skorton said the main principles are to maintain the 4-year graduation plan, protect student financial aid and library acquisitions, and maintain the vitality of research programs. Twenty percent of the additional tuition revenue will be directed to student financial aid.

With regard to the need to reallocate funds, President Skorton stated the overall decision making will be at the unit director, dean and vice presidential levels. Organizational units will be asked to achieve an average salary increment of 1.5 to 2.25 percent for faculty and Professional & Scientific staff. Salary increments will include adjustments for performance, promotions, reclassifications and equity.

President Skorton stated that, since FY 2000, the University of Iowa's building repair budget has decreased by 20 percent. He said unavoidable mandatory inflationary costs include utilities, student aid, library and insurance. With regard to the cost implications of new buildings coming on line, University officials anticipate the use of incremental tuition funds for the Belin-Blank Honors Center because of the nature of the Center's activities. Overhead expenses of research-related buildings in the Oakdale Research Park will be recovered from grant funds.

President Geoffroy stated that the FY 2004 budget for Iowa State University is shaped by four factors. The first factor is the 2.9 percent (\$7 million) reduction in the University's state appropriations for the general fund. He said the general fund encompasses the basic and instructional operations of the University. Within the reductions identified in the educational appropriations bill were the following University units: Agricultural Experiment Station, Cooperative Extension, Leopold Center, and the Healthy Livestock Research program. A second factor in budget development is average salary increases of 2 percent for faculty and Professional & Scientific staff. When increased costs of the merit contract and benefits are included, the total is \$10 million. Another factor influencing Iowa State University's budget is \$11.7 million for unavoidable operating cost increases and for new initiatives.

President Geoffroy stated that new revenues of \$26.9 million, the fourth factor in budget development, will come from increased tuition and fees and increases in indirect cost funds. He said the 2.9 percent appropriations reduction will be applied as follows: \$5.5 million to the general university budget, \$900,000 to the Agricultural Experiment Station, \$600,000 to Cooperative Extension, and, \$20,000 to the Leopold Center. The general fund units will also be required to self-fund the cost of salary increases. He said the \$26.9 million in new revenues will be applied to unavoidable cost increases, the 2.9 percent state appropriations reduction to the general university budget, and a portion of the salary increase package for the general university budget. Student financial aid will be increased in accordance with Regent guidelines. Some of the new resources will be used to recruit and retain top faculty, to fund eight new faculty positions, and to provide modest support for new academic initiatives that were begun last fall. The balance of the budget will be addressed through a series of internal reallocations.

Iowa State University officials will not use tuition increase revenues to offset the budget reductions and salary increase needs for the Agricultural Experiment Station, Cooperative Extension, Leopold Center or the Healthy Livestock Research program. President Geoffroy said those four units will have to accommodate the budget reduction and salary increases through reallocation, although the University will provide some financial assistance with non-recurring funds for FY 2004.

President Geoffroy stated that the top priority for the budget is to continue to advance the excellence of the University particularly in the educational programs. The second budget priority is for compensation packages that are as competitive as possible. The third priority is to add eight faculty positions.

President Koob stated that the appropriations allocated to the University of Northern Iowa for FY 2004 will be \$10 million less than the appropriations to the University five years earlier. In every year subsequent to FY 1999, the University has had to finance mandatory salary increases averaging over 4 percent as a result of bargaining with the state unit. During this time, the University has also experienced significant cost increases for utilities and employee benefits. He said the University is effectively over-enrolled by nearly 2,000 students for the dollars available.

As a result of the above challenges to the University of Northern Iowa budget, President Koob stated that significant internal reallocations have taken place, while a commitment to quality within the University has been maintained. University officials are committed to facilitating student progress toward graduation, to continuing the level of financial aid, and to continuing progress on strategic plan performance indicators. He said the quality of the University will be strengthened by reducing the number of adjunct professors and increasing the number of tenure and tenure-track faculty.



President Koob stated that the University of Northern Iowa cannot afford to maintain its size and quality. He said something has to change—either the composition of the student body or state funding of education. The impact of state appropriations cuts on education has been severe. Only drastic measures by university officials have allowed the universities to survive as well as they have survived.

President Newlin referred to the proposed moratorium on new buildings. He asked if Board members wished to consider a moratorium on new programs for FY 2004, and suggested that the Board Office return to the Board next month to address the issue of a moratorium on new programs.

Regent Forsyth said he would not support a moratorium on new programs. In order to reinvent an institution, institutional officials have to develop new program initiatives within the existing funding structure.

Regent Turner stated that a moratorium on new programs should at least be reviewed.

President Skorton encouraged Board members to consider the use of the word “program”. Would a new research program or a service component of a program be included? Discouraging entrepreneurial activities of faculty in creating scholarly programs or programs without a curricular component might send a message other than the message the Board intends to send.

President Koob referred to the earlier discussion about mandatory reallocations and questioned the intent of a reallocation if the universities cannot create new programming.

President Geoffroy concurred with the comments of his colleagues. He said University officials must continually identify disciplines that are on the cutting edge and where there are new opportunities. He expressed his belief that it would be a mistake to place a moratorium on new programs. He acknowledged the importance of considering the financial impact of programs but cautioned against stymieing the creativity of faculty and staff.

Regent Becker suggested one area which the Board could explore more carefully is programs that are already offered in one institution that might not be needed in another.

**ACTION:** President Newlin stated the Board considered the policy issues related to constructing FY 2004 budgets, by general consent.

**ALLOCATION OF MANDATORY STUDENT FEES AND DESIGNATED TUITION FOR THE 2003-04 ACADEMIC YEAR.**

Director Elliott provided a PowerPoint presentation on the allocation of mandatory student fees and designated tuition for 2003-04. She stated that, in 1999, the Board of Regents made a fundamental change in the structure of tuition and fees at the University of Iowa. University officials made a multi-year request to establish new mandatory fees for certain student activities and services rather than to use tuition revenues for those activities and services. One reason for doing so was to make the tuition revenues available for academic areas of need. She said that, in October 2000, the Board approved a similar redirection of tuition to mandatory fees for student activities and services for Iowa State University and the University of Northern Iowa. These redirections were also to be implemented over a number of years. In November 2002, the Board directed the universities to phase out all allocations of tuition and to establish all student fees as mandatory. The phase-out is now complete at the University of Iowa and Iowa State University, and will be completed at the University of Northern Iowa by 2004-05.

Director Elliott stated that University officials worked with their respective student fee committees to develop the specific allocations, as mandated by statute. Agreement was reached on the recommendations.

**MOTION:**

Regent Forsyth moved to (1) approve the allocation of the Regent universities mandatory student fees for the 2003-04 academic year, including the summer 2003 session, as set forth, and (2) approve the University of Northern Iowa's allocation of tuition designated for student fees for the 2003-04 academic year, including the summer 2003 session, as set forth. Regent Turner seconded the motion. MOTION CARRIED UNANIMOUSLY.

Regent Forsyth asked about the possibility of the Board considering tuition, mandatory fees and residence hall increases at the same time each year in order to illustrate the total impact on the student.

Regent Turner asked if the review in May of designated tuition and mandatory fees is merely an allocation of previously-approved fees. Director Elliott responded that what was presented at this meeting was the allocation of the mandatory fees. At the time the Board considers tuition, information is presented on the estimated increase in room and

board rates, and other fees. Board members are presented with the projected cost of attendance for the next academic year.

Regent Forsyth said it was his understanding that tuition and fees were presented to the Board in different months during the year.

Director Elliott responded that the allocation of mandatory fees as well as the allocation of designated tuition are presented at the same time. Dormitory rates are reported in March and April after receiving additional information on the number of students accepted for admission to the universities. Preliminary increases in residence system rates are presented in the fall with tuition recommendations.

#### **PROPOSED 2004-09 STRATEGIC PLAN COMPONENTS.**

Executive Director Nichols stated that the Board Office had submitted for Board consideration four of the first six components of the strategic plan. Pursuant to discussion on the first day of this meeting regarding the 2004-09 strategic plan, the revised Board Office recommendation was for Board approval of the components on mission, vision and values. Consideration would be given in June to the priorities and culture statement.

MOTION: Regent Becker moved to approve the mission, vision and values of the Board's 2004-09 strategic plan. Regent Arbisser seconded the motion. MOTION CARRIED UNANIMOUSLY.

#### **POLICY MANUAL REVISIONS.**

Director Wright stated that both of the recommended revisions to the Policy Manual involve the way in which the Board functions. One revision was that the Banking Committee would report once a year instead of twice a year on the use of the master lease. The other revision was to add a fifth member to the Banking Committee. He said the Board Office recommended there not be a second reading of the revisions since the Board was the only entity affected by the revisions.

MOTION: Regent Neil moved to approve for publication the revised sections of the Board of Regents Policy Manual, as presented. Regent Becker seconded the motion. MOTION CARRIED UNANIMOUSLY.

## REPORT OF THE BANKING COMMITTEE.

Regent Arbisser reported on the May 22 meeting of the Banking Committee. He said the Banking Committee approved resolutions for three bond sales; received reports on revenue bond fund audits, University of Iowa Hospitals and Clinics audit and an internal audits. Additional agenda items included the appointment of a successor trustee for University of Iowa Facilities Corporation. He recognized Mark LeMay of Springsted, the Board's financial advisor, and Ed Bittle of the Ahlers law firm, the Board's bond counsel, to report on the bids received for a bond sale.

Mr. Bittle stated that bonds were sold that morning for the dormitory system at Iowa State University. He said it was a very successful bond sale.

Mr. LeMay reported on the results of the sale. He said one bid, for a true interest rate of 3.84 percent was received from a syndicate led by UBS Paine Webber, Inc. Very attractive yields were received on the bonds. In comparing against the national yield schedule, he said Iowa State University is rated A1 by Moody's and A by Standard & Poor's. The interest rates that were received were lower than would be expected for AAA-rated bonds.

### MOTION:

Regent Arbisser moved to Adopt the following resolutions: (1) A Resolution providing for the sale and award of \$9,360,000 Dormitory Revenue Bonds, Series I.S.U. 2003A, 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 \$9,360,000 Dormitory Revenue Bonds, Series I.S.U. 2003A, for the purpose of constructing, remodeling, reconstructing, repairing, furnishing and equipping a residence hall and related facilities and making other necessary improvements to existing residence halls and related facilities, all located on the campus of the University, including funding the debt service reserve fund, and paying the costs of issuance of the Bonds. Regent Becker seconded the motion, and upon the roll being called, the following voted:  
AYE: Arbisser, Arnold, Becker, Downer, Forsyth, Neil, Newlin, Nieland, Turner.

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NAY: None.  
ABSENT: None.

MOTION CARRIED.

MOTION:

Regent Arbisser moved to Adopt A Resolution authorizing the Executive Director to take any and all action deemed necessary to effect the issuance of not to exceed \$11,325,000 University of Iowa Facilities Corporation Revenue Bonds (Pomerantz Center), Series 2003. Regent Turner seconded the motion, and upon the roll being called, the following voted:

AYE: Arbisser, Arnold, Becker, Downer, Forsyth, Neil, Newlin, Nieland, Turner.

NAY: None.

ABSENT: None.

MOTION CARRIED.

MOTION:

Regent Arbisser 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 Utility System for certain original expenditures paid in connection with specified projects. Regent Becker seconded the motion, and upon the roll being called, the following voted:

AYE: Arbisser, Arnold, Becker, Downer, Forsyth, Neil, Newlin, Nieland, Turner.

NAY: None.

ABSENT: None.

MOTION CARRIED.

MOTION:

Regent Arbisser moved to adopt A Resolution Authorizing Proceeding with the Removal of the Existing Trustee, Bank One, National Association (f/k/a American National Bank and Trust Company of Chicago) and the Appointment of Wells Fargo Bank Iowa, National Association to be the Successor Trustee with Respect to that Indenture

of Trust (Human Biology Research Facility Project) Series 1985A Dated September 1, 1985, as Amended, to be Effective July 1, 2003. Regent Becker seconded the motion. MOTION CARRIED UNANIMOUSLY.

ACTION: President Newlin stated the Board approved the report of the Banking Committee, by general consent.

### **INSTITUTIONAL AGREEMENTS, LEASES AND EASEMENTS.**

Associate Director Racki stated that the agreements, leases and easements were in order and had received necessary approval of the Attorney General's office.

MOTION: Regent Nieland moved to approve: University of Iowa—Lease agreement with the Corporation of the Presiding Bishop of the Church of Jesus Christ of Latter-Day Saints for its use of 42.61 acres of land on the University's far west campus for the Iowa Handcart Park Monument. Lease agreements with InnoMatix, Digital Artefacts, Essential Sciences and The Human Capital Company for their use of business incubator space in the Technology Innovation Center at the Oakdale Campus. Lease renewal with the University of Nebraska Medical Center, Omaha, Nebraska, for the University's use of apartment space by UI Health Care students/residents. Tenant property rental rates for FY 2004 for the University's residences and child care centers, reflecting proposed rate increases ranging from 1.4 percent to 9.1 percent for the majority of the rental units. Iowa State University—Lease renewal with AmerUs Life Holdings for the University's continued use of space in downtown Des Moines for its evening MBA program. Iowa School for the Deaf—Lease renewals with Children's Choice Country, the University of Iowa, and Loess Hills Alliance, for their continued use of space on the Iowa School for the Deaf campus. Tenant property rental rates for FY 2004 for the School's

residences and apartments, reflecting proposed rate increases of 5.3 percent. Iowa Braille and Sight Saving School—Lease agreements with the Arc of East Central Iowa and Vinton-Shellsburg Community School District for their use of space on the Iowa Braille and Sight Saving School campus. Regent Turner seconded the motion, and upon the roll being called, the following voted: AYE: Arbisser, Arnold, Becker, Downer, Forsyth, Neil, Newlin, Nieland, Turner.  
NAY: None.  
ABSENT: None.

MOTION CARRIED.

**INSTITUTIONAL REGISTERS OF CAPITAL IMPROVEMENT BUSINESS TRANSACTIONS. (a) University of Iowa.**

Vice President True offered to answer questions regarding the University's capital register. There were none.

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

**(b) Iowa State University.**

Vice President Madden stated that the projects on Iowa State University's capital register this month were primarily renovation projects.

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

**(c) University of Northern Iowa.**

Vice President Schellhardt stated that the University's capital register included a schematic design presentation of the Innovative Teaching and Technology Center (East

Gym Renovation). He said Provost Podolefsky would first provide information on this use of the East Gym for the benefit of students and faculty.

Provost Podolefsky stated that one of the most exciting developments in how students learn and how teachers teach is the use of technology. Several years ago, representatives of the Center for the Enhancement of Teaching and the Center for Educational Technology began discussing the creation of a synergistic relationship. Conceptualization began for a building that is learning rich and technologically sophisticated, that would enhance teaching by including diverse learning settings. He said the University community is very excited about the project.

Vice President Schellhardt stated that the East Gym was built in 1904. He then introduced Rod Kruse of Herbert, Lewis, Kruse and Blunck.

Mr. Kruse provided a PowerPoint presentation of the proposed schematic design of the Innovative Teaching and Technology Center (East Gym Renovation). He stated that a second floor would be added above the original pool area for classrooms, providing over 10,000 square feet of additional space. One goal of the project is to recoup the sense of life and liveliness in the building. He presented information on the location on campus of the project. Plans call for a new main entrance. There will be multi-purpose classrooms on two floors as well as academic and administrative spaces. Toilet facilities will exceed current plumbing and building Codes, as well as comply with the Board of Regents requirement of 2.5 women's to every 1 men's fixtures.

Mr. Kruse presented images of the exterior elevations. He said the building will be accessible to mobility-impaired individuals. The original façade will be preserved. Windows, gutters, roof, etc., will be repaired. The rubber roof with sloped drains will have a 20-year life expectancy.

Regent Becker expressed her pleasure with the concept of the Center. She asked whether there would be a noise problem in using metal ceilings. Mr. Kruse responded that the issue of noise will continually be reviewed. There may be some areas where the amount of metal is reduced and acoustically-absorbing material is utilized. There may also be acoustic wall treatment and the use of double paned glass.

Regent Nieland complimented University officials on the innovative use of an old building. She asked about the relative square footage cost of a project of this nature as opposed to new construction. Mr. Kruse responded that the renovation construction costs, which includes a significant amount of technology, was approximately \$140 per square foot. The cost of similar new construction is \$175 to \$200 for buildings with similar quality.



President Newlin asked if there had been any discussion about naming of this building. President Koob responded that the building is currently referred to as the Innovative Teaching and Technology Center. He said it would make a good candidate as a classical building to honor someone on campus.

Vice President Schellhardt stated that University officials requested Board approval of the schematic design.

MOTION: Regent Becker moved to approve the schematic design for the Innovative Teaching and Technology Center (East Gym Renovation) project. Regent Arbisser seconded the motion. MOTION CARRIED UNANIMOUSLY.

Vice President Schellhardt stated that the remaining items on the University's capital register were in order.

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

(d) Iowa School for the Deaf.

Superintendent Johnson stated that the School's capital register included a project for repair of the Superintendent's residence.

MOTION: Regent Neil moved to approve the Register of Capital Improvement Business Transactions for the Iowa School for the Deaf. Regent Arbisser seconded the motion. MOTION CARRIED UNANIMOUSLY.

**POLICY ON ELECTION OF RETIREMENT PROGRAM, IOWA BRAILLE AND SIGHT SAVING SCHOOL.**

Director Hooley stated that Iowa Braille and Sight Saving School officials requested approval of a modification to the School's policy on election of retirement program. He offered to answer questions about the proposal. There were none.

**MOTION:** Regent Neil moved to approve modification of the IBSSS policy and the employee handbook, to provide that employees eligible for TIAA-CREF on January 1, 1996 may not modify their election of a retirement program. Regent Downer seconded the motion. **MOTION CARRIED UNANIMOUSLY.**

**HONORARY DOCTORATE OF SCIENCE DEGREE TO ROY L. WHISTLER, IOWA STATE UNIVERSITY.**

President Geoffroy presented Iowa State University's request for Board approval to award an honorary Doctorate of Science degree to Roy L. Whistler. He said Dr. Whistler's credentials were presented in the meeting materials.

**MOTION:** Regent Neil moved to approve awarding an honorary doctorate of science degree to Roy L. Whistler at Summer Commencement. Regent Forsyth seconded the motion. **MOTION CARRIED UNANIMOUSLY.**

**REORGANIZATION OF THE BIOLOGICAL SCIENCES – 2<sup>ND</sup> PHASE, IOWA STATE UNIVERSITY.**

Provost Allen presented the request for Board approval of the second phase of reorganization of Biological Sciences at Iowa State University. He said the first phase, merging of the Departments of Animal Ecology and Forestry to form the Department of Natural Resources Ecology and Management was approved by the Board last June. The second phase involves a complete reorganization of six departments. He said this reorganization will improve efficiencies and effectiveness. This complex process has involved the Faculty Senate leadership, the deans of two colleges and the faculty.

**MOTION:** Regent Neil moved to approve the second phase of the reorganization of the Biological Sciences at Iowa State University. Specifically, to complete the reorganization of six departments: Animal Ecology; Biochemistry, Biophysics & Molecular Biology; Botany; Forestry; Microbiology; and Zoology & Genetics into four departments: Biochemistry, Biophysics & Molecular Biology; Ecology, Evolution, & Organismal Biology; Genetics, Development & Cell Biology; and Natural Resources Ecology & Management.

Regent Becker seconded the motion. MOTION  
CARRIED UNANIMOUSLY.

**RENAME THE HYDRAULICS LABORATORY AS THE C. MAXWELL STANLEY  
HYDRAULICS LABORATORY, UNIVERSITY OF IOWA.**

President Skorton presented the request for Board approval to rename the world-famous Iowa Hydraulics Laboratory as the C. Maxwell Stanley Hydraulics Laboratory. He said Mr. Stanley was one of the University of Iowa's most outstanding and distinguished graduates, and noted that additional information about Mr. Stanley was included in the meeting materials.

MOTION: Regent Neil moved to approve renaming the Hydraulics Laboratory as the C. Maxwell Stanley Hydraulics Laboratory at the University of Iowa. Regent Arbisser seconded the motion. MOTION CARRIED UNANIMOUSLY.

**PURCHASE AND LEASE OF PROPERTIES – 4 MELROSE PLACE AND 8  
MELROSE PLACE, UNIVERSITY OF IOWA.**

Vice President True stated that included in the meeting materials was information on the University of Iowa's request to purchase and lease two properties that will go into the tenant properties rental pool. Both of the properties are on Melrose Place on the west campus.

MOTION: Regent Neil moved to (1) approve the purchase of the following properties, subject to approval of the Executive Council of Iowa: (a) 4 Melrose Place, from Diana Wagner, at the purchase price of \$180,000; and (b) 8 Melrose Place, from Brent Brown, at the purchase price of \$169,000. (2) Authorize the University to add the dwellings to its tenant property inventory, each to be leased at the rate of \$1,000 per month effective June 15, 2003, through July 31, 2004. Regent Becker seconded the motion, and upon the roll being called, the following voted:  
AYE: Arbisser, Arnold, Becker, Downer, Forsyth, Neil, Newlin, Nieland, Turner.

NAY: None.  
ABSENT: None.

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 Skorton commended the long-time and present leadership of the University of Iowa Hospitals and Clinics for maintaining and enhancing quality in a competitive and difficult environment. He introduced Donna Katen-Bahensky.

Director Katen-Bahensky welcomed the two new Board members Robert Downer and John Forsyth. She introduced Charles Helms, Chief of Staff, to present the request for changes in the bylaws of the University of Iowa Hospitals and Clinics. She noted that Dr. Helms was recently re-elected to another three-year term as Chief of Staff.

Dr. Helms presented for Board consideration and approval two bylaws amendments which had been reviewed and approved by the University of Iowa Hospitals and Clinics Advisory Committee. He said the first amendment related to surgical pathology review. The recommended change would provide mechanisms by which to exempt from examination those tissues which are not deemed to be clinically relevant.

MOTION: Regent Arbisser moved to amend the Bylaws Article V, Section 3 to clarify the requirement for submitting clinically relevant human tissue for pathologic examination, and to provide a mechanism for exempting tissue deemed to be not clinically relevant. Regent Forsyth seconded the motion. MOTION CARRIED UNANIMOUSLY.

Dr. Helms stated that the second proposed amendment to the bylaws was related to disasters, particularly those related to acts of terrorism. The proposal would provide temporary privileges for a doctor or dentist with a specific type of expertise for membership on staff when there is clearly a need. The revision would allow examination for privileges to take place retrospectively.

Regent Arbisser asked about the possibility of providing temporary staff privileges to identified individuals in advance of an emergency to allow for proper review of credentials, issuance of identification badges, and notification of protocols.

Regent Becker asked if the proposal links with full-scale disaster planning for "code red" situations. Dr. Helms responded affirmatively.

Regent Forsyth asked for the procedure if the chair and vice chair of the Hospital Advisory Committee are not available in an emergency situation. Dr. Helms responded that, as Chief of Staff, he has to take over as incident commander in a biological disaster. He would designate someone else if he were going to be out of town or unavailable.

Director Katen-Bahensky stated that the President of the University of Iowa requires that she designate a Director and CEO whenever she is gone from the office. She said she is chair of the Hospital Advisory Committee and Dr. Helms is the vice chair. If a disaster happens at the institution, someone from the credentials committee would have to serve in that capacity. In the type of disaster which would be covered under the proposed policy, she questioned whether there would be much concern about protocols.

Regent Arbisser stressed the importance of establishing a protocol ahead of time to ensure that disasters are responded to in an orderly fashion.

President Skorton stated that he would make the ultimate designation of who would be able to step in. He acknowledged that there was not a more detailed chain of command such as there is in the federal government, for example. The idea was to establish a policy because of the current environment. He said the possibility of the Director or her designee or the vice chair of the Hospital Advisory Committee or his designee not being available was remote. He asked that the Board act on the proposed policy at this meeting and instruct University officials to further identify the chain of command.

Regent Forsyth stated that he had the opportunity to speak with the CEO of the closest hospital to the site of the World Trade Center shortly after September 11, 2001. From that conversation, he became aware of the need to expect the unexpected. He suggested that the Board approve the proposed bylaws amendment and that University officials establish a protocol to mitigate overall liability. He supported Regent Arbisser's suggestion to determine in advance what specialties might be needed in a disaster and to pre-credential the appropriate health care providers.

Regent Arbisser asked if Board members wished to approve the bylaws revision for one quarter until the verbiage is rewritten. Regent Neil suggested the Board approve the bylaws revision with the understanding that the language would be brought back for review during the next quarterly report. Regent Forsyth suggested that the timeline for returning to the Board be whatever is necessary for the University's process.

Dr. Helms pointed out that the specifics being addressed by the Board members were included in the disaster plan; whereas, the bylaw revision addresses the issue of credentialing. He said University officials can return to the Board with the language that was requested.

**MOTION:** Regent Arbisser moved to amend the Bylaws of the University of Iowa Hospitals and Clinics and its Clinical Staff, Article IV, Section 3.C.4 and Article IV, Section 4.C.3 by adding language that delineates credentialing and administrative procedures to augment clinical staffing in the event of a full-scale disaster under the provisions of the UIHC Disaster and Emergency Procedures Plan. Regent Forsyth seconded the motion.  
**MOTION CARRIED UNANIMOUSLY.**

Director Katen-Bahensky introduced Dr. Laurie Fajardo, head of the Department of Radiology, to present information on the future of medical imaging at the University of Iowa Hospitals and Clinics. She presented information on Dr. Fajardo's background, noting that she has joined the UIHC last July and had achieved remarkable accomplishments in that time.

Dr. Fajardo stated that advances in medical imaging is improving clinical care. She provided a PowerPoint presentation on advances in radiologic imaging at the University of Iowa Hospitals and Clinics. The goal of the University of Iowa Department of Radiology is to become the number one radiological department in the minds of physicians and patients. Imaging programs at the University of Iowa Hospitals and Clinics which have national prominence include:

- Neurointerventional radiology and image-guided neurosurgery,
- Image-guided venous disease therapy,
- Physiologic pulmonary imaging,
- Magnetic resonance imaging,
- Computed tomography, and
- Digital breast imaging.

Dr. Fajardo provided examples of medical problems and procedures that relate to each of the Department's areas of national prominence. With regard to the amount of annual funding by the National Institutes of Health for radiation oncology, she said the University of Iowa is ranked 13<sup>th</sup>.

Regent Arbisser congratulated Dr. Fajardo on the Department's success.

Regent Forsyth stated that it had been an excellent presentation. He commended Vice President Kelch for his recruitment of Dr. Fajardo.

Director Katen-Bahensky proceeded with the quarterly report. She said this quarter's (as of March 2003) report is presented in a new format. The quarter's key issues were:

- Increasing costs of supplies and staffing
- Recruitment and retention of nurses
- Safety and security
- Physician leadership recruitment
- Billing and scheduling system conversion

Director Katen-Bahensky stated that another format change was the introduction of the balanced score card, a process she introduced shortly after arriving at the University of Iowa Hospitals and Clinics. The following four areas were identified on the score card:

- fostering growth,
- improving efficiencies,
- pursuing excellence, and
- workplace of choice.

Director Katen-Bahensky provided examples of activities that have taken place as a result of the score card.

In the area of improving efficiencies, a pilot program will begin the following week with obstetrical patients to provide room service style of meal deliveries. Patients will be able to telephone a meal request when the patient is hungry instead of all patients receiving their meals at the same time. Hospitals officials anticipate a reduction in wasted food and the ability to close the large kitchen at certain times. In compliance with the Joint Commission on Accreditation of Healthcare Organizations, and in an effort to improve efficiency, patient-completed advanced directives are kept on file in the event a patient cannot communicate his/her choices about care.

In the area of workplace of choice, Director Katen-Bahensky stated that open staff forums were held in April. Staff were presented with information on the Hospitals' vision, current issues and the environment, and were provided an opportunity to bring up issues and suggestions.

Regent Forsyth commended Director Katen-Bahensky on utilization of the balanced score card, which he said can be a very effective management tool. He referred to the issue of on-time completed performance evaluations in the area of "workplace of

choice” and questioned whether that was an actual measure. Director Katen-Bahensky responded that the Joint Commission on Accreditation of Healthcare Organizations requires 100 percent completion of performance evaluations within the time designated in the institutional policy.

Regent Forsyth referred to the layout of the four areas identified on the score card and questioned why “pursuing excellence” was not listed first. Director Katen-Bahensky responded that the areas were shown as presented to indicate that all four areas have equal importance.

Associate Director Rice reviewed the summary of operating statistics and financial performance measures through March 31, 2003. She said volume continues to be up, particularly surgeries and births. The case-mix index is also up, particularly for the Medicare population. The operating margin for the first nine months of the year is at 2.5 percent compared to a goal of 3 percent. She said it was unlikely that the operating margin will be as high as 3 percent at the end of the fiscal year although the 2.5 percent is a dramatic improvement over a year ago.

Associate Director Rice stated that the Hospitals’ billing system was converted on March 1, 2003. Accounts receivable is increasing as a result of the conversion and is expected to come back down by June 30. The cost per discharge is relatively flat compared to a year ago primarily because the average length of stay has declined from 7.4 days to 7.06 days.

Regent Arbisser asked for a comparison with other university hospitals of the percentage of the net revenue by payor. Associate Director Rice responded that the percentage is more comparable to other universities but less comparable than the typical Iowa hospital because of the large pediatric unit.

Regent Turner asked about the reason for the decreased length of patient stay. Associate Director Rice responded that reducing the length of patient stay has been a focus for several years. There are several reasons for the reduction, the first being the Surgical Navigator program. In this program, specially-selected registered nurses are assigned to specific units. The nurses have developed data bases and are tracking root causes for extended lengths of stay. Another activity is the identification of post-discharge care plans and arrangements at the beginning rather than at the end of the patient stay.

Regent Neil asked if the Board-approved rate increases accounted for the improved “bottom line”. Associate Director Rice responded that the combination of rate increases, volume and case mix accounted for the improvement. Additionally, expenses are not growing as fast as they were last year.



Regent Neil asked if the additional 15 percent full-time equivalent positions this year was primarily nursing positions. Associate Director Rice responded affirmatively.

Regent Neil asked if progress was being made in replacing contract nurses. Associate Director Rice responded affirmatively. She noted that contracts with nursing agencies had been re-negotiated with regard to pricing.

Regent Neil asked if there had been success in reducing dependence on temporary staff agencies. Associate Director Rice responded affirmatively, stating the trend was much better. Director Katen-Bahensky stated that the scheduled hourly effort will allow the Hospital to offer more pay to the hourly employees in lieu of benefits. She said this option has been very popular in informal discussions with nursing staff. All departments have a goal to reduce the number of agency staff next year. She noted there has also been a reduction in nursing staff turnover.

Regent Forsyth asked if occupancy is based on licensed or staffed beds. Associate Director Rice responded that occupancy was based on staffed beds, and is flat.

Regent Neil pointed out that if not for the rate increases, the University of Iowa Hospitals and Clinics' budget would barely break even. Director Katen-Bahensky pointed out there is very little that a rate increase can impact within the current payor mix.

Regent Forsyth asked if there was a concern about the increase of 29 percent in bad debts. Associate Director Rice responded that bad debt seemed to be up at hospitals across the state. Patients are having a difficult time meeting co-pays and deductibles. Some changes were made recently when the Hospitals' billing system was switched. There has been an increase in counseling of patients prior to treatment. Even with those efforts, because of the economy, she said she did not expect to see immediate improvement.

Regent Forsyth pointed out that the bad debt number reflects bad debt after accounting for the state papers program. He suggested it would help in defending the state papers program to be presented with the other value that is being provided to the state in the form of charity care.

Associate Director Rice stated that, in addition to care provided to patients in the state papers program, the University of Iowa Hospitals and Clinics provides another \$55 million in charity care which is separate from bad debt.

Regent Forsyth suggested that UIHC officials develop a format for presenting the incremental value of the University Hospitals to the state of Iowa. Associate Director Rice responded that they would be happy to do so.

Regent Neil said he thought that charity care was included in the category of bad debt. Associate Director Rice responded that accounting rules require that charity care not be included in bad debt.

President Newlin thanked University officials for the presentation.

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

**EXECUTIVE SESSION.** President Newlin requested that the Board meet in closed session pursuant to Iowa Code §21.5(1)(c) to discuss a matter with counsel which is either in litigation or where litigation is imminent; pursuant to Iowa Code §21.5(1)(j) to discuss the purchase of real estate where disclosure could reasonably be expected to increase the price for the property; and, pursuant to Iowa Code §21.5(1)(i) upon the request of an employee whose performance was being considered,.

MOTION: Regent Downer moved to enter into closed session. Regent Becker seconded the motion, and upon the roll being called, the following voted:  
AYE: Arbisser, Arnold, Becker, Downer, Forsyth, Neil, Newlin, Nieland, Turner.  
NAY: None.  
ABSENT: None.

MOTION CARRIED.

The Board having voted at least two-thirds majority resolved to meet in closed session beginning at 6:02 p.m. on May 22, 2003, and adjourned therefrom at 7:25 p.m. on that same date.

**ADJOURNMENT.**

The meeting of the Board of Regents, State of Iowa, adjourned at 7:25 p.m. on Thursday, May 22, 2003.

  
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Gregory S. Nichols  
Executive Director