

**THE CHARTS FOR PAGES 109-203, 207-210 AND
214-225
CAN BE ACCESSED ON THE MINUTES PAGE
RIGHT UNDER THE NOVEMBER 14-15 MINUTES**

The Board of Regents, State of Iowa, met on Wednesday and Thursday, November 14 and 15, 2001, at the University of Northern Iowa, Cedar Falls, Iowa. The following were in attendance:

	<u>November 14</u>	<u>November 15</u>
<u>Members of Board of Regents, State of Iowa</u>		
Mr. Newlin, President	All sessions	All sessions
Ms. Ahrens	All sessions	All sessions
Dr. Arbisser	All sessions	All sessions
Dr. Becker	All sessions	All sessions
Mr. Fisher	All sessions	Excused at 10:40 a.m.
Dr. Kelly	All sessions	All sessions
Mr. Neil	All sessions	All sessions
Ms. Nieland	All sessions	All sessions
Dr. Turner	All sessions	Excused at 10:30 a.m.
<u>Office of the Board of Regents, State of Iowa</u>		
Interim Executive Director Barak	All sessions	All sessions
Director Elliott	All sessions	All sessions
Director Wright	All sessions	All sessions
Associate Director Hendrickson	All sessions	All sessions
Associate Director Kniker	All sessions	Excused
Associate Director Racki	All sessions	All sessions
Assistant Director Anania	All sessions	All sessions
Assistant Director Gonzalez	All sessions	All sessions
Minutes Secretary Briggie	All sessions	All sessions
<u>State University of Iowa</u>		
President Coleman	All sessions	All sessions
Provost Whitmore	All sessions	All sessions
Vice President Jones	All sessions	All sessions
Vice President True	All sessions	All sessions
Associate Vice President Willard	All sessions	All sessions
Dean Kelch	All sessions	Excused
Director Howell	All sessions	Excused
Director Parrott	All sessions	All sessions
Associate Director Braun	All sessions	All sessions
<u>Iowa State University</u>		
President Geoffroy	All sessions	All sessions
Provost Richmond	All sessions	All sessions
Vice President Hill	All sessions	All sessions
Vice President Madden	All sessions	All sessions
Assistant to President Chidister	All sessions	All sessions
Director McCarroll	All sessions	All sessions
Director Steinke	All sessions	All sessions
Associate Director Baumert	All sessions	All sessions
<u>University of Northern Iowa</u>		
President Koob	All sessions	All sessions
Provost Podolefsky	All sessions	All sessions
Vice President Romano	All sessions	All sessions
Interim Vice President Dell	All sessions	All sessions
Assistant Vice President Gaston	All sessions	All sessions
Associate Director Saunders	All sessions	All sessions
<u>Iowa School for the Deaf</u>		
Superintendent Johnson	All sessions	Excused at 11:53 a.m.
Director Heuer	All session	Excused at 11:53 a.m.
Interpreter Reese	All sessions	Excused at 11:53 a.m.
Interpreter Gerischer	All sessions	Excused at 11:53 a.m.
<u>Iowa Braille and Sight Saving School</u>		
Superintendent Thurman	All sessions	Excused at 11:55 a.m.
Director Utsinger	All session	Excused
Director Woodward	All sessions	Excused

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

www.state.ia.us/educate/regents

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

GENERAL

The following business pertaining to general or miscellaneous business was transacted on Wednesday and Thursday, November 14 and 15, 2001.

President Newlin welcomed everyone to the November meeting of the Board of Regents, State of Iowa.

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.

MOTION: Regent Turner moved to enter into closed session. Regent Nieland seconded the motion, and upon the roll being called, the following voted:
AYE: Ahrens, Arbisser, Becker, Fisher, Kelly, 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 11:55 a.m. on November 14, 2001, and adjourned therefrom at 12:17 p.m. on that same date.

Upon reconvening in open session, President Newlin stated that a guest from Nebraska was in attendance. He introduced Kent Schroeder, Vice Chair of the Nebraska Board of Regents, and welcomed him to the meeting.

APPROVAL OF MINUTES OF BOARD MEETING OF OCTOBER 17-18, 2001.

President Newlin asked for additions or corrections to the minutes. There were none.

ACTION: President Newlin stated the Board approved the minutes of the October 17-18, 2001, meeting, as written, by general consent.

CONSENT ITEMS.

Approve the following additions to Iowa State University's list of approved vendors with a conflict of interest: Mr. Tom Maze and Freelance Garden Writer;

Ratify the personnel transactions at the Regent institutions;

Approve the University of Iowa request to terminate the B.A. degree in Social Studies; and

Approve the University of Iowa request to suspend the graduate admissions to the M.A. degree in Russian language and literature.

MOTION: Regent Turner moved to approve the consent docket, as presented. Regent Nieland seconded the motion. **MOTION CARRIED UNANIMOUSLY.**

REPORT OF THE BANKING COMMITTEE.

Regent Fisher stated that the Banking Committee met on the morning of November 14 and had a full agenda. He said the Banking Committee approved, and recommended the Board approve, the proposed bond issuance schedule for calendar year 2002.

MOTION: Regent Fisher moved to approve the proposed bond issuance schedule for calendar year 2002. Regent Neil seconded the motion, and upon the roll being called, the following voted:
AYE: Ahrens, Arbisser, Becker, Fisher, Kelly, Neil, Newlin, Nieland, Turner.
NAY: None.
ABSENT: None.

MOTION CARRIED.

Regent Fisher stated the Banking Committee approved electronic bidding of Board of Regents bonds. He said the 2000 General Assembly passed a law permitting the use of electronic bidding for bonds and notes by a public body. The Board's financial

advisor has used the electronic bidding option for a number of its clients and reports positive results. There is no cost to the issuer to use electronic bidding.

MOTION: Regent Fisher moved to adopt a Resolution approving electronic bidding procedures. Regent Nieland seconded the motion, and upon the roll being called, the following voted:
AYE: Ahrens, Arbisser, Becker, Fisher, Kelly, Neil, Newlin, Nieland, Turner.
NAY: None.
ABSENT: None.

MOTION CARRIED.

Regent Fisher said the Banking Committee members had a lengthy discussion regarding the employee compensation endowment. The Regent universities have held insurance policies with companies which are a part of the Principal Financial Group for many years. The proceeds of the demutualization of Principal will be allocated to policy holders. He said that, in order to insure that the assets which are distributed to the universities as policy holders are used for the purposes permissible by law, legal counsel recommended that the Board adopt a resolution, which establishes a separate permanent endowment to receive the proceeds at each university.

The purpose of such endowments is to provide financial support for the various health and welfare benefit programs each institution provides for its employees.

The endowments are to be managed pursuant to Board of Regents, State of Iowa and institutional guidelines and policies for the investment and expenditure of endowment principal and earnings.

The resolution further provides that the annual expenditures from endowment earnings are to be allocated as follows:

(1) the demutualization proceeds distributed to each institution attributable to employee contributions will be used to improve proportionately the specific benefits for employees which were originally purchased with employee premiums.

(2) the demutualization proceeds distributed to each institution attributable to employer contributions will be used to support the employer costs of funding and administering the full range of welfare benefits offered by individual institutions to their employees.

MOTION: Regent Fisher moved to approve the resolution for the employee compensation endowment, as presented. Regent Neil seconded the motion, and upon the roll being called, the following voted:
AYE: Ahrens, Arbisser, Becker, Fisher, Kelly, Neil, Newlin, Nieland, Turner.
NAY: None.
ABSENT: None.

MOTION CARRIED.

Regent Fisher stated that three proposals were received to handle the Board's master lease agreement. Upon the recommendation of institutional representatives, the Board's bond counsel and the Board's financial advisors, the Banking Committee selected Wells Fargo Brokerage Services, Inc. to provide this service. The maximum amount which could be borrowed over the life of the agreement would be increased from \$15 million to \$20 million.

With regard to the selection of an investment advisor, Regent Fisher stated that a committee composed of Banking Committee, institutional and Board Office representatives met the previous week and interviewed three firms. The Banking Committee approved the recommendation to continue with Wilshire Associates as investment advisor. Wilshire Associates has performed well and also made the best presentation.

MOTION: Regent Fisher moved to approve the selection of 1) Wells Fargo Brokerage Services, LLC as master lease provider and 2) Wilshire Associates as investment advisor. Regent Becker seconded the motion. MOTION CARRIED UNANIMOUSLY.

Regent Fisher said the Banking Committee approved a modification of banking relationships for the University of Iowa and Iowa State University to increase the amount allowed to be on deposit with Wells Fargo Bank from \$50 million to \$75 million to handle cash transfers when there is a disruption in the system.

MOTION: Regent Fisher moved to approve the modifications to banking relationships. Regent Ahrens seconded the motion. MOTION CARRIED UNANIMOUSLY.

Regent Fisher said the Banking Committee members spent considerable time discussing the sale of bonds. He then recognized Barry Fick, Springsted, Inc., to report on the bond sales.

Mr. Fick stated that, on the morning of November 14, bids were accepted on behalf of the Board of Regents for two bond issues. With regard to the UNI Fieldhouse revenue bonds, the winning bid was submitted by a group led by A.G. Edwards, Inc., for a true interest rate of 4.48 percent. He said it was a very favorable rate. The interest rate was below the Delphis Hanover rate for AAA general obligation bonds. The bid reflects strong demand for Board of Regents issues and double tax-exempt bonds.

Ken Haynie, Ahlers law firm, said there will be one change, at the bidder's option, for term bonds of the last six maturities. The term bond option will not effect the number of bonds retired each year of the maturity schedule.

MOTION: Regent Fisher moved to (1) approve A Resolution providing for the sale and award of \$5,625,000 Field House Revenue Bonds, Series U.N.I. 2001, and approving and authorizing the agreement of such sale and award and (2) approve A Resolution authorizing and providing for the issuance and securing the payment of \$5,625,000 Field House Revenue Bonds, Series U.N.I. 2001, for the purpose of defraying costs of repairing the structure and roof and providing other improvements to the UNI-Dome Field House located on the campus of the University of Northern Iowa, funding a reserve fund, and paying the costs of issuance. Regent Ahrens seconded the motion, and upon the roll being called, the following voted:
AYE: Ahrens, Arbisser, Becker, Fisher, Kelly, Neil, Newlin, Nieland, Turner.
NAY: None.
ABSENT: None.

MOTION CARRIED.

Mr. Fick reported on the bids received for the sale of \$4,835,000 Iowa Memorial Union Revenue Refunding Bonds, Series S.U.I. 2001. He said the winning bid was submitted by a group led by A.G. Edwards, Inc., for a true interest rate of 3.315 percent. He said these bonds replace bonds with coupon rates of 6.1 percent.

MOTION:

Regent Fisher moved to adopt (1) A Resolution providing for the sale and award of \$4,835,000 Iowa Memorial Union Revenue Refunding Bonds, Series S.U.I. 2001, 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 \$4,835,000 Iowa Memorial Union Revenue Refunding Bonds, Series S.U.I. 2001, for the purpose of defraying costs of refunding Iowa Memorial Union Revenue Bonds, Series S.U. I. 1986, now outstanding in the amount of \$5,025,000, funding a reserve fund and paying the costs of issuance. Regent Neil seconded the motion, and upon the roll being called, the following voted:

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

NAY: None.

ABSENT: None.

MOTION CARRIED.

Mr. Haynie stated that the effect of refunding the Memorial Union bonds of the University of Iowa is to reduce the interest cost for the life of the bond issue by approximately 36 percent.

Regent Fisher stated that the Banking Committee recommended the Board adopt a Resolution for the Sale of Dormitory Revenue Bonds for Iowa State University. The bonds would be sold to construct a new community center for the Union Drive Neighborhood residential community.

MOTION:

Regent Fisher moved to adopt A Resolution authorizing the Executive Director to fix the date or dates for the sale of up to \$15,100,000 Dormitory Revenue Bonds, Series I.S.U. 2002. Regent Arbisser seconded the motion, and upon the roll being called, the following voted:

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

NAY: None.
ABSENT: None.

MOTION CARRIED.

Regent Fisher said the Banking Committee received a report from the Board's investment advisor on investment and cash management for the quarter ending September 30, 2001.

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

INTERINSTITUTIONAL COMMITTEE ON EDUCATIONAL COORDINATION. (a) Post-Audit Report on Master of Engineering in Systems Engineering, Iowa State University.

Provost Whitmore stated that the program has been very successful. The program has 68 full-time students, which exceeds the enrollment projections. The systems engineering program at Iowa State University is now cooperating in a joint effort with the University of Iowa to provide an Executive Engineer Dual Masters Degree Program especially created for mid- to upper-level engineering managers and executives.

ACTION: President Newlin stated the Board approved the post-audit report on the Master of Engineering in Systems Engineering at Iowa State University, by general consent.

PRELIMINARY REVIEW OF STRATEGIC PLANS. (a) University of Iowa.

President Coleman presented the University of Iowa's report on its strategic plan. She stated that one of the best investments a state can make for its economic, social and cultural health is in the accessible education, advanced research, and responsive services of its first-rate public universities. Iowans understand this, as their decades-long support for higher education shows. However, state support has declined over the years—now less than 19 percent of the University's total budget and only 57 percent of its general education fund.

President Coleman said this year's annual report showed what happens when the University campus is intertwined with the public good. For example, through QuarkNet, public school physics teachers provide components to the Large Hadron Collider being built in Switzerland. The State Hygienic Laboratory assists in prompt identification of many common food-borne illnesses. The University's teacher training programs are

infused with an ethic of social service. The University's public mission has inspired an education professor to provide literacy education to one of the state's most diverse immigrant communities. The College of Public Health tracks information about the health situations of thousands of employees who were exposed to hazardous materials at the Iowa Army Ammunitions Plant. She said urban and regional planning professors have helped Iowa leaders understand key components of economic development in the state. The School of Management has taken its MBA evening and executive programs directly to Newton, Cedar Rapids, Des Moines and Davenport. The University of Iowa's renowned International Writing Program creates a global community by fostering individual connections among visiting writers from places as far-flung as Slovenia, Vietnam and Nigeria.

President Coleman stated that state appropriations are the basis from which University officials leverage all other revenues. The University's success is measured through the strategic plan's 24 targeted indicators. University officials have just completed the second year of the five-year period under the "New Century Iowa: Bridges to the Next Horizon" strategic plan. She said this year's report was mixed. The strategic plan goals are in jeopardy because of the state budget cuts totaling \$44 million over the last two years.

President Coleman presented highlights of areas about which University officials are excited and those about which they are concerned. One of the most exciting projects in the near future is construction of the new Pomerantz Career Center, to be completed in 2004. The goal for the first performance indicator is to increase the number of undergraduates taking advantage of this new center. She said undergraduate completion of disciplinary curricula leading to graduation with honors continues to increase steadily. Last year, 298 students achieved this distinction, moving steadily toward the target of 359. The 2003 completion of the new Blank Honors Center will surely give the program a boost. University officials are trying very hard to protect the four-year graduation plan. Maintaining this priority will be increasingly difficult if the number of classes the University is able to offer declines due to budget cuts. However, the four-year graduation rate is holding steady at 37 percent. Better news is found in the six-year graduation rate, which rose to 64.7 percent.

Graduate and professional students continue to perform at expected levels of excellence, consistently scoring above national averages on certification exams in their disciplines. However, the number of Ph.D. students who did not obtain employment within six months of graduation rose to 9 percent. The weakening economy is no doubt responsible for much of the trouble in this area, but University officials need to be diligent about investing resources that will help doctoral students obtain employment.

One of the highest priorities in the face of budget difficulties is maintaining high quality in the academic programs for students. President Coleman was proud that, in the past several years, the University of Iowa has boasted top 10 programs in a number of disciplines, as ranked by *US News and World Report* and such disciplinary organizations as the National Communication Association. This past year, the University held steady with 23 programs in the top ten. She said rankings are determined by specific criteria and even subtle changes can lower a program's status. For example, *US News and World Report* rates institutions on class size. One inevitable result of budget cuts is increased class size as faculty resources dwindle.

President Coleman stated that perhaps a more important indicator of academic quality is the heart of the University, the library. University officials have established a goal of maintaining the libraries' ranking in the top 15 but, unfortunately, University libraries has dropped to 18th. This decline in ranking happened at a time when University officials have protected the libraries from budget cuts.

President Coleman was proud of how faculty continue to create top-ranked programs by achieving excellence, even in the face of budgetary constraints. Yet there are signs that the University's declining ability to support faculty fully in their professional activities impacts the strategic goals regarding a high-quality faculty. Another measure of the quality of faculty activity is the number of intellectual property disclosures. This number also has declined. She stated that, without the proper resources to support the faculty, the University cannot fulfill its mission as a national public research university. This year, University officials suspended six internal research grant programs in response to the most recent 4.3 percent state budget cut. These grants provide necessary seed money in order for faculty and staff to be successful in obtaining external grants.

One of the most worrisome trends to President Coleman is the significant decline in the University's ability to increase funding for facilities renewal to 1 percent of building value. She said these funds come exclusively from the general education fund and are especially vulnerable to loss of state support. A bright spot in the report was the University's continued success in recruiting and retaining minority faculty and professional and scientific staff.

President Coleman stated that the University of Iowa Hospitals and Clinics continues to increase its patient satisfaction rates, currently at 4.3 on a 5.0 scale. She concluded with comments about the University's public service mission, stating that the University of Iowa is inextricably linked to other public institutions across Iowa.

Regent Neil asked, of those University indicators that are the same as Board of Regents' indicators, which are the most significant and the most difficult to maintain as a result of the budget cuts.

President Coleman responded that University officials have tried to protect accessibility of courses for students. The library is also extraordinarily important. It will be difficult to protect both of those areas. Whatever the University does to address budget cuts will impact the University's ability to move forward.

Regent Neil asked which areas will see significant declines. President Coleman said she is worried about the ability to place graduate students. She hopes the leveling off of the 4-year graduation rates is simply a "pause". She worries about the ability of faculty to continue to move forward if the University cannot continue to support them. She said it was hard to predict all of this because it is so intimately intertwined. All of the areas she mentioned are at risk. University officials have cut one-third of the equipment budget. Six internal grant programs have been suspended. Building renewal funding has been cut.

Regent Neil asked if President Coleman predicted a general decline in quality as a result of the budget cuts. President Coleman said that was what she feared would happen. It is difficult to cut \$44 million out of the University's budget over two years and not have an impact.

President Newlin noted that University of Iowa officials also protected the four-year graduation contract from budget cuts. President Coleman stated that 75 percent of entering students this fall signed the contract. When the University started the program, fewer than 50 percent of students signed the contract. University officials are determined to provide the number of classes students need. University officials nearly doubled the budget cuts taken in administration to those taken in the collegiate units.

Regent Fisher said he believed that the pressure would increase on the four-year graduation plan with the proposed increase in tuition.

President Coleman stated that, as tuition goes up, students will begin to see the importance of careful planning.

President Newlin congratulated President Coleman on the progress made on the strategic plan despite cuts in the budget. He said he liked the way the information was presented in the booklet.

GENERAL
November 14-15, 2001

President Coleman said the booklet was a very useful information tool on the campus, as well.

President Newlin said he appreciated that University officials have concerns relative to the targets but at least there are targets.

The following charts and graphs were presented in the University's PowerPoint presentation of its strategic plan progress report.

GENERAL
November 14-15, 2001

GENERAL
November 14-15, 2001

GENERAL
November 14-15, 2001

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November 14-15, 2001

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November 14-15, 2001

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November 14-15, 2001

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November 14-15, 2001

ACTION: President Newlin stated the Board reviewed the progress report on the University of Iowa's strategic plan.

(b) Iowa State University.

President Geoffroy presented highlights of Iowa State University's first progress report on the strategic plan that was adopted in June 2000, entitled "Pursuing Excellence". He said that when he first saw the plan, he was extremely impressed with the goals and content of the plan. He strongly supports the overall goal of the strategic plan to become the best land-grant university. The three goals of the plan are learning, discovery and engagement. He reviewed some of the major benchmarks and highlighted some of the stories behind the data. With regard to the first goal, learning, he said learning has been enhanced through exceptional learner-centered teaching services and enrichment opportunities. The number of students who choose to attend Iowa State University has been steadily rising. For the second year in row, the University has set an enrollment record. He noted that enrollment growth is a double-edged sword. With regard to the components of the enrollment numbers, he said this year's freshman class included 110 national merit scholars, 15 national achievement scholars and 10 national Hispanic scholars. First-year persistence rates are 84 percent for all students, which is too low; the University is aiming for 90 percent. First-year persistence rates for minority students is higher than those of majority students.

President Geoffroy addressed the impact of learning communities on the campus. He said there are 41 learning communities. Two- and three-year persistence rates are 12 percent higher for those in learning communities than for those not in learning communities. With regard to six-year graduation rates, he said the effect of the learning communities has yet to "kick in". He then discussed the six new degree offerings that have been instituted in the past year.

With regard to the second goal, discovery, President Geoffroy stated that total sponsored funding set a record for the third consecutive year. The College of Education, with 93 faculty members, published 33 books and increased the amount of research funding obtained. Results of discovery activities, as provided in rankings of the Association of University Technology Managers, ranked Iowa State University 4th in the number of licenses and options yielding income, 2nd in licenses executed on intellectual property, 16th in the number of patents, 14th in invention disclosures, and 2nd in total R&D 100 awards received. The University's 24 R&D awards ranks it second in the nation only to the Massachusetts Institute of Technology.

Iowa State University's Plant Sciences Institute is in its fourth year. The Institute has nine centers, and involves faculty and staff from 25 University departments, as well as

350 graduate students. The Institute receives \$10 million per year in state funding. Another example of “discovery” activities is the Center for Food Safety and Infectious Disease, which is a federal initiative.

With regard to the third goal, engagement, President Geoffroy stated that land-grant universities evolved from engagement. Engagement is the business of the entire university. Measures of progress in engagement are indicated in the number of citizens served through extension and continuing education. Other activities engaging with Iowans take place through the Iowa State University Research Park and the Small Business Development Center. He said one of the most successful ways of engaging the entire university with the state of Iowa is with the University’s themes. Last year the theme was “strengthening families”.

President Geoffroy next addressed service learning interactions throughout the state, which touches all three goals of the strategic plan. He described activities undertaken by University Museums, University Athletics and University Libraries. He noted that the overall athletics program strength is 7th among the top 115 universities ranked by *Sporting News*.

With regard to funding the strategic plan, President Geoffroy addressed the effect of budget reductions combined with enrollment increases. There has been an increase in student-to-faculty ratio. State funding per student is continuing to decline. Iowa State University ranks last among its peers in the area of combined funding per FTE student. He stated that it is challenging to achieve the University’s overall aspiration when the University is funded at the bottom of its peers. In the area of investing in people, he said the University has raised private dollars to support faculty and students.

President Geoffroy concluded by publicly thanking the members of the Board of Regents for support of Iowa State University and public higher education in Iowa.

Regent Kelly referred to diseases transmitted from plants to animals to humans. He asked if Iowa State University faculty will be encouraged to pursue such research. President Geoffroy responded affirmatively.

Regent Kelly referred to class size and asked if it was reasonable to expect to be able to increase class size with electronics.

President Geoffroy responded that the internet and electronic teaching resources can be very valuable. However, those cannot replace the active discussion and interaction that takes place in the classroom. Intellectual stimulation cannot be replaced with electronic media.

Regent Ahrens stated that, in her years of experience with different class sizes, she has gotten the most from those classes where she has had interaction with her classmates.

Regent Ahrens asked what are the areas that show that Iowa State University is an engaged university. President Geoffroy responded that there were two such areas: 1) the number of Iowans who are served through the University's programs and 2) the degree to which the University stimulates economic development in Iowa.

President Newlin asked the three presidents to supply copies of their overheads to the Board Office so each of the Regents can receive a copy. He then congratulated Iowa State University officials on the implementation of its strategic plan.

The following charts and graphs were presented in the University's PowerPoint presentation of its strategic plan progress report.

GENERAL
November 14-15, 2001

GENERAL
November 14-15, 2001

GENERAL
November 14-15, 2001

GENERAL
November 14-15, 2001

ACTION: President Newlin stated the Board reviewed the progress report on the Iowa State University strategic plan.

(c) University of Northern Iowa.

President Koob presented the progress report on the University of Northern Iowa's strategic plan. He said the title, "Students First", was adopted at the University of Northern Iowa as a shorthand term for the general university. He presented a seven-minute video of students' comments on the University of Northern Iowa.

Following viewing of the video, President Koob provided a PowerPoint presentation highlighting areas of the strategic plan. He said the culture of the University of Northern Iowa is characterized by a long-standing commitment to student learning and to excellence in teaching. With regard to the percentage of faculty using instructional technology (including computers), he said he was not sure whether this performance indicator was useful now that the University had reached its target. Attention is turning to what will be done with technology in the future. The Board members were presented with an example of students' personalized gateways to the university, through a computer program called "MyUNiverse".

President Koob presented data related to the performance indicators on: (#3.2.1) headcount enrollments in credit/non-credit courses offered through extension and continuing education; (#3.2.2) off-campus student enrollment in degree programs offered through distance learning; (#1.7.2) number of international students; and (#4.1.1) racial/ethnic composition of student populations in percentages. He noted that the University's initiative to recruit out-of-state minority students was clearly working. He presented data on the performance indicator on (#4.1.2) six-year graduate rates by ethnic/racial composition in percentages. In terms of sponsored funding per year in millions of dollars (#2.2.1), he said the target was exceeded significantly. The University does not make sponsored funding an objective of the campus; however, a target was established in the strategic plan. He stated that it may be worthwhile to discuss with the Board members whether sponsored funding should become a focus for the University. He acknowledged that the University of Northern Iowa emphasizes teaching rather than the pursuit of sponsored funding.

President Newlin said he would be pleased to discuss the matter of sponsored funding with President Koob. He stated that the University of Northern Iowa is a comprehensive university.

President Koob stated that the dollars contributed are way ahead of expectation. Dollars available from the Foundation for scholarships reached the target last year. He

said University officials expect to see that number decline this year because of the equity markets.

President Koob referred to the question Regent Neil asked earlier regarding the impact of budget cuts on the University's performance indicators. He presented data on average undergraduate class size, which increased in 2000-01; percentage of student credit hours taught by tenure/tenure track faculty (which declined in 2000-01); the continued diminution of tenure-track faculty; and student enrollment versus the number of faculty. He said University officials have asked that the Board replace some of the budget shortfall with a tuition increase. An alternative would be to "shrink" the University, which the Board has not been enthusiastic about University officials pursuing. Another alternative, which University officials have instituted this year, is a May term in order to move students to less-utilized periods of the year. The May term quickly became the University's most popular session. It increased the undergraduate enrollments in the summer by nearly nine percent, and overall enrollments by seven percent. The May term has resulted in increased tuition revenue with marginal cost increases. He stated that the logical conclusion is that the University might be able to accommodate extra students by spreading the enrollments throughout the year into less utilized terms. All of the universities' enrollment data are based on third week enrollment in the fall semester. If the University of Northern Iowa moved enrollment out of the fall semester and into the less-utilized spring semester and even less-utilized summer semester, the University would appear to experience a decline in enrollment in the fall semester. In fact, the University would be serving more students.

President Newlin asked if that data would be demonstrated in the four-year graduation number. President Koob said it would be demonstrated most directly in the number of student credit hours integrated over a single year.

Regent Becker asked if there was any reason why the universities have not used unduplicated counts of students during a semester. President Koob said that was a very good idea. He said it could be done on a student credit hour basis and for the full year rather than a single semester. A second possibility is a redefinition of the academic calendar to increase the number of contact hours per student. He said there were a number of ways that the current budget situation is putting pressure on the University.

President Newlin said the Board members were very much open to the evolution of performance indicators that can allow the University to meet its mission.

Regent Fisher asked what was the most significant increase in performance indicators and what gave President Koob the most concern. President Koob responded that the most significant increase was the University's success in fund raising. The most

dangerous was any combination of factors that affect quality. Whenever the ratio of students to faculty is increased above 1 to 14 or 15, the University is on the path to reducing quality.

Regent Fisher asked, in light of the University's mission, what was the most meaningful performance indicator? President Koob responded that performance indicators which reflect the quality of the academic experience, such as the student-faculty ratio, are the most meaningful.

President Newlin said the report on the May term experience was excellent.

Regent Fisher asked for the length of the May term. President Koob responded that the May term was four weeks in length. He noted that, by increasing class length from 50 minutes to one hour, a semester could be reduced from 16 weeks to 13 weeks with no loss of teaching time. University officials are contemplating how to make the best use of facilities.

President Newlin expressed appreciation to President Koob for his commitment to effective utilization of facilities, for the introduction of the May term and, particularly, for the strategic planning report.

The following charts and graphs were presented in the University's PowerPoint presentation of its strategic plan progress report.

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ACTION: President Newlin stated the Board, by general consent, received the preliminary review of progress indicators for the University of Northern Iowa's Strategic Plan for 2001-2006, "Focused on Education."

(d) Iowa School for the Deaf.

Superintendent Johnson introduced Cindy Angeroth, Iowa School for the Deaf Outreach Coordinator, to provide a PowerPoint presentation regarding the progress made on the School's strategic plan.

Ms. Angeroth presented data on the progress on critical issues. Information included enrollment by grade, enrollment by county of residence, enrollment by ethnic origin, graduation statistics, assessment test scores, reading comprehension, vocabulary, math skills, athletics, honor societies, enrollment history and extracurricular activities. She noted that the class of 2001 had 11 graduates including two exchange students – one from Iceland and one from Germany. She presented information on the post-secondary aspirations of the most recent graduates.

Superintendent Johnson discussed the major challenges for the School. The major focus will be on reading. The Iowa School for the Deaf Advisory Committee will provide input and assistance from the universities in the area of reading. Five critical issues identified in the strategic plan, for which trends were presented, were science, mathematics, career transitioning, reading, and community.

Regent Turner asked what performance indicators were the most important for the School. Superintendent Johnson responded that reading was probably the most important indicator. Deaf individuals who like to read do much better academically.

Regent Turner asked if those who like to read are the ones who tend to go on to post-secondary education. Superintendent Johnson responded affirmatively.

Regent Becker asked if statistics on the students who have been integrated into the public school system were presented separately. Superintendent Johnson responded that School officials do not test the mainstream students. Such testing would be the responsibility of the local education agencies. He noted that those students who stay at Iowa School for the Deaf six years or more read at a level two years higher than those who are not at the School that length of time.

Regent Becker asked if Iowa School for the Deaf officials have discussed with the state's special education directors what would be an appropriate measure for those

students who are mainstreamed. Superintendent Johnson said he would be happy to talk with the special education directors. He suggested that an appropriate time for those discussions to take place may be after School officials have received feedback from the universities regarding reading models. Those models would be shared with the area education agencies, also.

President Newlin expressed appreciation to Superintendent Johnson, his staff, the Iowa School for the Deaf Advisory Committee and Associate Director Kniker for the work on the School's strategic plan. He noted that the School's accrediting agency said the strategic plan was exemplary.

ACTION: President Newlin stated the Board received the preliminary review of Iowa School for the Deaf's strategic plan, by general consent.

(e) Iowa Braille and Sight Saving School.

Superintendent Thurman stated that, unlike the other institutions, the progress report for the Iowa Braille and Sight Saving School represented the last year of the School's strategic plan. The report identified the proprietary activities that will take place to prepare for next year. He said he was confident that the reason so much has been accomplished at the School is due to the strategic planning process. The purpose of the strategic planning process is to change the focus of what the school does. School officials are trying to create an institution that, in its 149th year, is something radically different than what it has always been.

With regard to the vision of Iowa Braille and Sight Saving School, Superintendent Thurman said there is no distinction between students on campus and those students in public schools throughout the state. He addressed the key result areas of quality and access. With regard to focusing services, there were four strategies: residential, summer programs, professional development, and comprehensive services. With regard to the residential option, he said the organizational audit identified several areas for School officials to look at. With regard to environmental assessment, he said the single most significant activity that School officials can do is determine the needs of the School on an ongoing basis. A considerable amount of time has been devoted to development of the School's summer programs. This past summer, 112 students participated in summer programs, exceeding the goal of 90 students. He noted that summer programs are not dictated by the individual education plan. This past year, the School sponsored a sports camp which served 18 students for 5 days. Information was sent back to the home school district on how the student could participate in local sports programs.

Superintendent Thurman stated that the Orientation to the World of Work program has been very successful. He fears that the program will not continue because it is funded through the Iowa Department of the Blind. Funds for the program cannot be replaced with funds from the Iowa Braille and Sight Saving School budget. He described the summer technology institute. Funds are available for the institute for two three-week sessions in the summer of 2002.

Superintendent Thurman expressed appreciation for the Board's support in the last round of state budget reductions. He then introduced Karen Blankenship, State Vision Consultant.

Ms. Blankenship presented the Board members with information on an exciting joint project of professional staff development for the state relating to quality of teachers and family empowerment. The multi-faceted approach provides learning opportunities for administrators. Delivery includes statewide conferences and workshops, Iowa Communications Network sessions, on-campus activities in Vinton, and biannual professional meetings.

Regent Turner asked if the project was geared toward students who resided at Iowa Braille and Sight Saving School. Ms. Blankenship responded affirmatively.

Regent Turner asked if the next step would be to serve students who are in the public school system. Ms. Blankenship responded affirmatively. She said the state needs to know what happens with its students.

Superintendent Thurman noted that another strategy is to develop comprehensive services throughout the state. He said the Iowa Braille and Sight Saving School is transitioning and has transitioned. The School cannot be thought of simply as the school in Vinton. This past year, the School served 604 students throughout the state. School officials will be addressing how to serve the needs of children in the early childhood age range. He does not think that money for this activity will be a problem. For the moment, it is in somebody else's pocket! The School will have to fund raise. He stated that, currently, Iowa Braille and Sight Saving School is accredited by the North Central Association, as is Iowa School for the Deaf. School officials are going to examine the process by which the School is accredited. The School has been pursuing outcomes accreditation through the North Central Association. He was unsure whether the School has the staff time to do this type of accreditation. He said the School has been asked by Texas to develop the QPVI (Quality Programming for Visually Impaired) program for residential schools.

Regent Fisher suggested that School officials institute an annual fund-raising campaign. A group of people with close association with the School could be helpful in that effort.

Superintendent Thurman stated that a component of the organizational audit is fund-raising, development and public relations.

Regent Fisher said he believed that volunteers could do the fund raising once the effort is organized. Volunteers could turn their passion for the School into fund raising.

Superintendent Thurman noted that there is a community group that has started to work on fund raising for the School's pool.

Regent Becker referred to the School's early childhood effort, and suggested consideration of a high-risk screening program for infants.

Superintendent Thurman stated that focus groups are taking place in the area of early childhood services. He anticipates that, like everything in special education, there will be requests for a continuum of services.

Regent Becker asked if the study was to see if locating students early enough is more about the services.

Superintendent Thurman said the study was about what can or what should Iowa Braille and Sight Saving School do for preschool students.

Regent Becker referred to the part C of IDEA funds which support infant hearing screening. She said children with vision and hearing impairment are targeted in the state plan.

Regent Arbisser stated that identification of the children has to occur very early.

President Newlin stated that, last year, School officials presented a set of charts and graphs of performance indicators. Director Utsinger said she believed those charts and graphs of this year's performance indicators progress would be ready the following week. President Newlin asked that those be sent to the Board Office for distribution to Board members.

ACTION: President Newlin stated the Board reviewed the progress report on the Iowa Braille and Sight Saving School strategic plan, by general consent.

(f) Board of Regents.

Interim Executive Director Barak referred the Board members to the location in the meeting materials which outlined each of the Board's key result areas. He said the annual strategic plan review focuses on the links between each institutional strategic plan and the Board of Regents' plan, as well as implementation of various action steps. The process of developing a revised strategic plan for the Board of Regents will begin in the next year.

President Newlin said the Board members need to make preliminary plans for preparing for the next five-year plan.

ACTION: President Newlin stated the Board, by general consent, (1) reviewed the report and (2) encouraged the Board Office and institutions to maintain and expand close links between each institutional strategic plan and the Board of Regents' plan.

FALL ENROLLMENT REPORT – PART II.

Assistant Director Gonzalez provided the Board of Regents members with a PowerPoint presentation of the fall enrollment report, part II. This month's report included ten-year history of headcount enrollment, enrollment by residency, high school rank of new freshmen, off-campus enrollment by county, distribution of transfer students by source, six-year headcount enrollment by high education sectors in Iowa, and international student enrollment. She noted that the majority of international students come from Asia. She presented data on the mean age of students by educational level, ten-year female student enrollment, enrollment of students with disabilities, and enrollment projections.

Regent Neil asked for a comparison of the percentage of international students enrolled from Asia to international students enrolled at other universities around the country. Assistant Director Gonzalez responded that the majority of international students tend to be from countries in Asia.

Regent Fisher referred to the enrollment of students with disabilities, and asked if University officials track whether those students have a positive experience at the Regent universities.

President Coleman stated that the University of Iowa has a very active Center for Disabilities where students can be tested and accurately diagnosed. The Center keeps

in touch with students to determine how they are doing. The University will provide whatever the student needs in the classroom to accommodate a physical disability. Students are encouraged to self identify. She noted that there has been an increase in the number of students with disabilities enrolling at the universities.

President Newlin asked for President Coleman's opinion of what effect the present national situation will have on enrollment of international students. President Coleman stated that several bills were introduced in Congress regarding tracking of international students. Once an international student comes to the United States, it is not necessarily known whether the student actually enrolls in the university or stays enrolled in the university. Discussion has taken place about universities establishing systems to track whether international students stay enrolled in a university. The other bill being considered by congress is the barring of students coming from certain countries that are on watch lists or terrorist organizations. She stated that having international students on campus has been extremely beneficial for the University of Iowa. She hopes that an acceptable procedure can be worked out so that international students can continue to come to the University.

Regent Arbisser asked about the impact on students going abroad for educational experiences. President Coleman stated that, since September 11, University officials have been in touch with students in study abroad programs to make sure the students feel safe. Whether the terrorist activities will have a dampening effect on students' desire to go abroad, she did not know. She hopes that students will continue to seek out opportunities for international experiences. University officials will continue to provide the utmost in safety for students.

Regent Ahrens asked about the rationale for the enrollment projections, particularly the University of Iowa's anticipated increase in excess of 1,000 students. President Coleman said she believes the numbers are less reliable the further out one gets. There are so many factors that can affect students' decisions to come to the University. Although there is a very active enrollment management group at the University of Iowa, there are many factors that cannot be controlled.

Regent Neil noted that several undergraduate programs experienced hefty enrollment increases. He asked if those increases cause limits on enrollments. President Coleman responded that University officials look at whether the University can accommodate the students. In some programs, University officials will work with the deans to include grade point average requirements for admission or suspend admission to a program until students are juniors. One of the budgetary investments in the College of Liberal Arts is in areas where there are large increases in enrollment.

Regent Neil asked if the reverse were true for programs where there are not enough students. President Coleman responded affirmatively, stating that those sorts of adjustments go on all the time.

President Newlin asked President Geoffroy to answer the same three questions. President Geoffroy stated that his responses were similar to those of President Coleman. With regard to the handling of students with disabilities, he said the situation was exactly the same at Iowa State University as at the University of Iowa. Likewise, with regard to enrollment of international students and to enrollment projections, his response was similar to that of President Coleman. He noted that Iowa State University faces significant increases in undergraduate programs, some of which have experienced enrollment caps. For example, management information systems and computer engineering are very popular programs.

Regent Fisher addressed the enrollment projections. He said the quality of the universities continues to increase. He believes there will be a great demand for enrollment at the universities. As the universities attain even higher quality, they will attract more out-of-state students.

Regent Turner noted that the enrollment numbers reflect increased retention of students.

Regent Neil referred to the enrollment projections and asked how long projections have been made. He asked if there was historical information that would indicate enrollment predictions for 2001 compared to enrollments for 2001. Interim Executive Director Barak said that type of comparison has been done in previous years. Projections were not far off the actual enrollment. The general overall shape of the curve remains the same.

President Newlin asked if the Board Office could go back five years and show what was projected and what the enrollments actually were. Interim Executive Director Barak responded affirmatively. Assistant Director Gonzalez stated that table 17a of the meeting materials for this item showed the accuracy of enrollment projections from 1975 through 2001.

Regent Neil stated that the information provided was sufficient to respond to his question. President Newlin directed that the Board Office need not do any additional work on the subject.

President Geoffroy stated that a higher percentage of high school graduates nationally choose to undertake higher education each year.

President Koob asked that Vice President Romano present information on the University of Northern Iowa's student services. Vice President Romano stated that the University of Northern Iowa has a Center for Disability Services. The Center documents students' disabilities and creates the best accommodations and assistance for students. She offered to find out if students with disabilities are tracked by the Center. She noted that University officials do not know the effect that the events of September 11 will have on international student enrollment or on students going abroad.

President Koob stated that University of Northern Iowa officials try not to cap program enrollments. Enrollment in programs such as management information systems are strained because of difficulty hiring faculty. University officials make judicious use of the reallocation process to ensure the movement of faculty from areas of lower demand to those of increasing demand.

President Newlin referred to Assistant Director Gonzalez's charts for this agenda item and said they were "fantastic"; the letters and numbers were big enough to read and there was no background shading. He hoped that Dr. Gonzalez's colleagues would do their charts the same way. He expressed appreciation for her work.

Assistant Director Gonzalez thanked her colleagues at the universities for their assistance in the development of the annual report on enrollment.

MOTION: Regent Becker moved to (1) receive the report and (2) approve the enrollment projections for Fall 2002 to Fall 2011. Regent Ahrens seconded the motion. MOTION CARRIED UNANIMOUSLY.

GOVERNANCE REPORT ON STUDENT RETENTION AND GRADUATION RATES.

Assistant Director Gonzalez provided the Board members with a PowerPoint presentation on the annual report on student retention and graduation rates. She noted that a new feature of the report this year was one-year retention and six-year graduation rates for entering freshmen by high school rank, ACT score, first-term GPA, gender and residence. In addition to those data, she presented data on two-year retention rates, six-year graduation rates by university, six-year graduation rates by gender, by race/ethnicity, and six-year graduation rates for transfer students. She stated that last year there was a Board directive to develop an annual non-persister study. An annual non-persistence study is currently being developed and will replace the five-year non-persister study.

Regent Becker referred to the graph on the retention of students by ACT score. She asked if the legend at the bottom was in error because it was missing ranges for scores

of 19-27. Assistant Director Gonzalez responded that she only included the top two ranges and the bottom two ranges.

Regent Becker referred to the data on graduation rates by ACT score. She said the data appeared to indicate that the students with the lower ACT scores were not academically prepared to enter the universities.

Assistant Director Gonzalez stated that, included in the report, was a breakdown by high school rank. There was concern that not all high schools use a ranking system and also about home schooled students.

Regent Becker stated that she spoke with a school superintendent who said that school districts' college-going rate was very good but many of the students were not completing their college education. The superintendent thought that perhaps students were not taking the tougher classes in order to make their grade point average better, which leads to poorer success rates at the universities. Regent Becker asked if there was information regarding the level of high school courses undertaken.

Assistant Director Gonzalez said she was unsure whether those data are available.

Regent Ahrens noted that Iowa State University's one-year retention rate went down from 1999-2000 which was contrary to what she would expect because of the University's learning communities. President Geoffroy said he did not have an explanation for the decline in the retention rate. He said the learning communities have been in existence for two to three years and are factored into the retention rates for the last three years. Obviously, the reduction in retention is something about which University officials are very concerned.

President Newlin noted that Iowa State University has a goal of 70 percent for 6-year graduation rates. He asked if there were some particular strategies to reach that goal. President Geoffroy responded that learning communities was one strategy. He said there is no magic bullet. Graduation rates also relate to academic advising, financial aid and course availability.

Regent Neil noted that four-year graduation rates went down at all three universities, including a nearly 5 percentage point decline at the University of Northern Iowa. President Geoffroy stated that students are spending more time trying to determine a major. More students are trying to double and triple major (including Regent Ahrens). Participation in cooperative education and internships causes delays in graduation. He said he would argue that those are all valuable parts of students' educational experiences. He would not want to deter students from taking part in those opportunities.

Regent Neil asked if President Geoffroy was saying that the reason for the decline in four-year graduation rates was student choice versus the inability of students to get the courses they need. President Geoffroy stated that, by and large, he did not think that the inability to graduate in 4 years was due to an unavailability of courses. It was more likely due to students changing courses or not having prerequisites for courses.

Regent Ahrens stated that students must maintain an average 15 credit hours to graduate in 4 years. Some students take only 12 credit hours, the required number of credit hours to be considered a full-time student. Students in the College of Agriculture are increasingly receiving six-month internships instead of three-month internships.

Regent Neil asked if University officials anticipated that student behavior with regard to length of time to graduation will change as a result of the increased tuition. Will the need to work require students to take a smaller class load?

President Geoffroy said he believes that, nationally, it is a factor in the increased time to graduate. Students who work take fewer credit hours each semester.

Regent Ahrens said it would be interesting to see the economic difference for students taking loans out in order to take a full-time load versus students working and taking 12 credit hours and longer to graduate. She said it would be interesting to see such an analysis.

Regent Becker said she thought it would be interesting to have but difficult to get. It is difficult to know how many students are working.

President Koob stated that it does make a difference whether a student works on campus versus off campus. He thanked President Geoffroy for providing the long list of good reasons why four-year graduation is not necessarily a good performance indicator. Four-year graduation has not been a goal for the University of Northern Iowa. University officials prefer to allow students to graduate on their own schedule. Not all academic programs allow students to graduate conveniently in 4 years. The average credit load per student is 14 hours which does not enable students to graduate in four years. University officials put much emphasis on experiential learning which enriches a student's education but extends the time to graduation.

Interim Executive Director Barak referred to the Board's governance reports, such as those that had just been presented on enrollment and on retention and graduates rates. He said those reports had been coming to the Board for many years. Over the years, with every Board meeting at which the reports were presented, the reports grew a little bigger as a result of requests by Board members for additional information. The

governance reports are comprehensive reports. The dilemma is that the reports become very large. Does the Board need to receive all of the data all of the time. There have been trends that became apparent through the receipt of annual governance reports that have caused the Board to take specific action, such as the four-year graduation plan. Had the Board not been receiving the information over a long period of time, the trend may not have been apparent. Having the governance reports enables the Board to make decisions; however, there is sometimes criticism of the size of the governance reports.

President Newlin stated that Dr. Barak had made some good observations. The reports are important in the aggregate. He said Assistant Director Gonzalez digests the data for the Board members and makes it easier to handle.

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

GOVERNANCE REPORT ON ECONOMIC DEVELOPMENT AND TECHNOLOGY TRANSFER.

Associate Director Kniker provided a PowerPoint presentation of highlights of the annual report on economic development and technology transfer. He said the universities turn research into action. The institutions' economic development and technology transfer activities relate to specific performance indicators established by the Board, including: the number of intellectual property disclosures (for all three universities); the number of new technologies licensed (Iowa State University); and the number of new licenses generating revenues and total revenues (Iowa State University). He noted that there were several other Board of Regents performance indicators related to sponsored research and external funding proposals that include more than technology transfer initiatives.

Vice President Skorton stated that the detailed data for the University of Iowa was included in the Board's report. The University's business incubator is called the Technology Innovation Center. Last year was a record year for the University in the area of technology transfer, due mainly to one single invention. The CMV Promoter for Increased Protein Expression is becoming a widely used tool in the biotechnology industry. It is being used in the production of several protein-based therapeutics and, in the future, may be used in gene therapy and DNA vaccine products. Non-exclusive licenses for use of the CMV Promoter have been negotiated with 57 industrial partners, up from 45 licenses at the end of FY 2000. He noted that information was contained within the University's report on growth in employment and average salaries for the Technology Innovation Center and Research Park affiliates and laboratories over the last three years, which the Board members had requested to receive.

President Newlin asked what the numbers would be over the last five years. Vice President Skorton responded that most of the growth took place in the last two years. He said he would get the information that President Newlin had requested.

Vice President Skorton referred to the number of invention disclosures received. He said there were 182 disclosures of intellectual properties, compared with 198 disclosures in FY 2000, and 244 in FY 1999. University officials were unsure whether the decline related to cyclical activity. With regard to patents filed and issued, he said this was a record year for patents issued to the University of Iowa. University of Iowa Research Foundation total income reached a record high of \$4.5 million in royalty/license fees. The single-most important reason for the increased income was the CMV Promoter.

Regent Neil asked how University officials would respond to media criticism that some of the companies are failing and leaving the research park.

Vice President Skorton responded that some of the companies do fail. University officials carefully select companies to “stack the deck” in the University’s favor. He noted that the Small Business Development Center assists in the review of tenant applications. He stated that the majority of companies do make it and do, in fact, stay in the area. Some of the companies are bought by larger companies, particularly due to the enormous research strength of the health sciences companies. He said University officials would like to see the state consider some way to capture biotechnology development in the state.

Regent Fisher referred to the \$4.5 million in royalties and license fees to the University and asked if those funds go into the general fund of the University. Vice President Skorton responded that the funds do not go to the University general fund. The Research Foundation manages the intellectual property. The monies that come back to the Research Foundation pay for patent execution costs for the next good idea. He noted that it usually takes more than a decade before an idea pays off. Some of the funds are returned to the Research Foundation.

Regent Fisher asked how the University of Iowa compares with its peers in the receipt of royalties. Vice President Skorton said he would provide the chart from 1999 to the Board Office for distribution to the Board members relating to peer comparisons. He noted that other universities in the country are ranked in this area about the same as their rankings for external research funding. The data can be affected by a single invention.

Regent Fisher asked about the artificial blood product developed at the University of Iowa. Vice President Skorton said that was no longer an active issue.

Regent Kelly asked about National Institutes of Health and corporate funding. Vice President Skorton responded that overall external funding totaled \$278 million. Of that, \$130 million was from the National Institutes of Health and \$26.8 million was in corporate funding.

Regent Kelly stated that the country is faced with widespread destruction of anthrax spores in laboratories across the U.S. He asked to be directed to an authority about this subject. Vice President Skorton said he would be glad to put something together and send it to the Board Office for distribution to the Board members. He noted that the decision to destroy anthrax spores is very complicated and he did not think there was a "black and white" answer.

Vice Provost Bloedel discussed the critical framework for technology transfer at Iowa State University and provided highlights of the University's FY 2001 report. He presented trends for several measures of technology transfer, described the point of contact system, and discussed partnerships in engagement. He presented data on award of R&D 100 awards, total Iowa State University Research Foundation active license/option agreements and disclosures received as well as sales by companies of licensed Iowa State University technologies. Total sponsored funding was a record \$217.7 from federal and non-federal sources. The University also receives business and commodity group research funding. He discussed activities of the Iowa State University Research Park, Iowa State University Research Foundation companies, centers and affiliates.

Vice Provost Bloedel stated that Iowa State University continues to have a very strong national technology transfer program. Several activities directly interface with Iowa businesses. Initiatives continue between the University's program, the Iowa Department of Economic Development, and other Regent universities. He said the bottom line is that success is dependent on a great faculty. The University must have a strong emphasis on recruitment and retention of faculty.

Regent Fisher noted that Iowa State University's royalties had grown in the last year. Vice Provost Bloedel said University officials discovered rather late in the process that the University had a patent for the fax machine. The University received \$38 million over the lifetime of the patent. He noted there was one extremely successful product that had skewed the data this last year. The inventor of that product also won an R&D 100 award.

Regent Neil thanked University officials for addressing the one-stop contact request made by the Iowa Department of Economic Development.

Professor Randy Pilkington presented the report on behalf of the University of Northern Iowa. He noted that the University's approach is quite different than that of the other two universities. The University of Northern Iowa is a "hands-on" university. Economic development and technology transfer activities are also hands on. The University's efforts in this regard focus on its niche strengths. He described the University's integrated approach and presented highlights of its outreach programs. Activities included economic development contributions to the state and business training workshops. The new Regional Business Center opened in downtown Waterloo in March 2001. The Center features a business incubator, a 14-station computer lab, virtual conferencing/training facilities, seven incubator suites, and a "one-stop" approach to small business assistance in Eastern Iowa. Two companies that are spin offs of the University's activities are ELM which produces and markets soybean-based greases and lubricants, and a manufacturing entity created to produce the Laser Touch™ targeting device for spray-painting guns.

Professor Pilkington stated that he is the Board of Regents' representative to the Iowa Department of Economic Development Board this year. He discussed the percentage increase in external funding (non-general fund sources) for the University of Northern Iowa. Through partnering, the University doubled its projects in all 99 counties, increased its outreach budget by 58 percent, and expanded its client base by 530. He said the University's one stop contact information could be found at www.bcs.uni.edu.

President Newlin expressed the Board's appreciation to Executive Director Pilkington for the report.

ACTION: President Newlin stated the Board, by general consent, (1) received the reports on economic development and technology transfer from the University of Iowa, Iowa State University, and the University of Northern Iowa, and (2) encouraged the universities to place even more emphasis upon economic development activities in future reports.

BOARD MEETINGS SCHEDULE.

President Newlin stated that there were proposed revisions to the Board meetings schedule, as follows: discontinue the December 2001 meeting, reinstate the January 2002 meeting to a full meeting to be held on January 16 and 17, discontinue the

February 2002 meeting. Since the University of Iowa was the scheduled host for the February meeting, the University of Iowa will host the January meeting. The April 17-18, 2002, meeting at the Iowa School for the Deaf was reinstated. With regard to 2003 Board meetings, he said his preference was to make these changes and see how it goes before making any other cancellations. Future meetings in December, January and February could be handled similarly.

ACTION: President Newlin stated the Board approved the Board meetings schedule, by general consent.

REGENT LEGISLATIVE PROGRAM.

Interim Executive Director Barak stated that this agenda item included two parts: 1) a list of items for the legislative session that begins January 14, and 2) a report on the recently-completed special session. He said there was an additional item about which President Coleman wished to comment.

President Coleman said she wished to alert the Board that the University of Iowa is having continuing costs at the University Hygienic Laboratory because of the bioterrorism issue. There is an ongoing issue regarding security and the number of tests the Laboratory has to do, which is putting a tremendous cost pressure on the Laboratory. The legislature recently restored the 4.3 percent appropriation cut to the Laboratory. She said there may be an issue relating to funding of the Laboratory, but the University had no specific recommendation at this time.

Interim Executive Director Barak reported on the legislative session that occurred the previous week, during which six pieces of legislation were passed. HF 759 restored appropriations for the Iowa School for the Deaf, Iowa Braille and Sight Saving School, University Hygienic Laboratory, and tuition replacement. Another item passed by the General Assembly was SF 551 related to early retirement. The bill establishes two early retirement incentive programs. One program does not include the Board of Regents. A second program relating to sick leave and vacation leave allows the Board of Regents to elect whether or not to participate in the program. Another aspect which was viewed as positive for the Board of Regents was the repeal of the workforce attrition program. A third piece of legislation that had some impact on the Board of Regents had to do with modifications to the state's budget process.

Interim Executive Director Barak thanked the Board's legislative liaisons (Mark Braun, University of Iowa; Andy Baumert, Iowa State University; and Keith Saunders, University of Northern Iowa) who, he said, did an excellent job of keeping the Board Office informed of what was going on during the special session.

MOTION: Regent Ahrens moved to approve the proposals noted for inclusion in the Board's legislative program for the 2002 session. Regent Neil seconded the motion. MOTION CARRIED UNANIMOUSLY.

President Newlin thanked the legislative liaisons, institutional officials and Board Office staff for their work during this special session. He said the prospect of a 7 percent appropriations cut was going to be disastrous. An across-the-board 4.3 percent reduction lessens the impact on the Regent institutions. The restoration of appropriations for the special schools was very much needed, as well.

Regent Neil noted that the Board of Regents President, Owen J. Newlin, participated in the "education" of legislators for this special session. On behalf of the other Board members, he thanked President Newlin for the time he put into that effort.

REVISED BUDGETS FOR FY 2002.

Interim Executive Director Barak stated that this docket item on revised budgets was before the Board for action due to the deappropriations. The legislature restored funding for the special schools, the University of Iowa Hygienic Lab, and tuition replacement. Therefore, the budget reductions for these appropriations units are not necessary.

MOTION: Regent Becker moved to approve the revised FY 2002 general fund operating budgets as amended by legislation. Regent Neil seconded the motion. MOTION CARRIED UNANIMOUSLY.

Regent Neil referred to information in the meeting materials that indicated that the University of Iowa Hospitals and Clinics will focus on curtailing certain services while continuing to serve the same number of patients. Certain items that are not covered by Medicaid, such as eyeglasses, hearing aids and replacement prosthetics, will only be available under this program on a very limited basis. He questioned whether University officials were starting a two-tiered health care system at the hospital.

President Coleman assured Regent Neil that University officials were not setting up a two-tiered system at the University of Iowa Hospitals and Clinics.

GOVERNANCE REPORT ON FIRE AND ENVIRONMENTAL SAFETY.

Associate Director Racki provided the Board members with a PowerPoint presentation of the annual report. She said the report related to the Board's key result area of accountability. Regent institutions' facilities total more than 31 million gross square feet, with a replacement value in excess of \$5.6 billion. The replacement value of utility and telecommunications system is more than \$0.6 billion. She said the report focuses on general fund facilities and utilities. From FY 1993 to FY 2001, projects totaling \$30.5 million were completed. FY 2002 projects total \$6.2 million. She stated that future progress will be challenged by safety standards, aging buildings and changes in building usage. Institutional officials need to continue to address and correct deficiencies.

Regent Ahrens referred to reports of Iowa State University, the University of Iowa, and Iowa School for the Deaf. She said it seemed like progress was made in some years and then not made in other years. She asked for an explanation of why that was happening, and especially the reason for the increase from no additional funding needed to correct fire safety deficiencies to the estimated cost of \$85,000 at Iowa School for the Deaf.

Vice President Madden said there was a combination of a number of factors. The principal reason was that Iowa State University is not investing resources to address the needs. University officials are deferring further some of the maintenance and repair projects as a result of the budget cuts. Another short-term impact is that the Fire Marshal's office performs inspections every two years. University officials have found that the level of consistency from one year to the next is not there. The same staff do not perform the inspections each time. University officials address life safety needs first.

Superintendent Johnson stated that Iowa School for the Deaf's response was similar to that of Iowa State University. Buildings are becoming older. Each time the Fire Marshal performs an inspection, a new list is created by a new person.

Regent Ahrens asked how the University of Northern Iowa has managed to keep its fire safety needs to zero. President Koob stated that that University of Northern Iowa has been fortunate to have a 10-year plan to renovate the central campus. Many of the deficiencies occur in the older buildings. Fire safety deficiencies have been addressed in the remodeling projects, such as Lang Hall. He commended his staff for working hard to maintain the facilities on campus.

Regent Ahrens said the University of Northern Iowa had done a great job and University officials were to be commended.

ACTION: President Newlin stated the Board, by general consent, (1) received the governance report on fire and environmental safety and (2) encouraged the institutions to continue to correct identified deficiencies as expeditiously as possible within the limits of available funding.

GOVERNANCE REPORT ON DEFERRED MAINTENANCE.

Associate Director Racki presented the Board members with a PowerPoint presentation of the annual report. She provided a common definition of “deferred maintenance” (included in the docket materials) and stated that the institutional reports addressed the amount of deferred maintenance, type of deferred maintenance and funding for deferred maintenance. From FY 1993 to FY 2001, deferred maintenance projects totaling \$103.3 million were completed. For FY 2002, projects total \$12.3 million. Outstanding deferred maintenance totals \$146.4 million, including \$88.1 million in individual projects, and \$58.3 million in components of major renovations. She pointed out the decline in general university building repair expenditures for the past two fiscal years.

Regent Kelly thanked Associate Director Racki for her usual good report. He said the report on deferred maintenance, which began some time ago, identified projects as HVAC, building envelope, windows, roof, etc. He asked if this year’s report continued those classifications. Associate Director Racki responded that institutional officials continue to report data in that format. She anticipates that the information will continue to be reported in that manner.

ACTION: President Newlin stated the Board, by general consent, (1) received the governance report on deferred maintenance and (2) encouraged the institutions to continue to correct identified deficiencies within the limits of available resources.

GOVERNANCE REPORT ON PURCHASING.

Assistant Director Anania presented the Board members with a PowerPoint presentation of the annual report on purchasing. She said the report related to the Board’s key result area of accountability. The report presented information on institutional resources, compliance with state purchasing statutes, and identified cooperative and collaborative efforts. She presented specific information related to central purchasing activities of the institutions including cost savings and value-added purchasing, procurement cards, electronic procurement initiatives,

sole source purchasing, emergency purchases and vendor complaints. Purchases from lowa-based businesses in FY 2001 totaled \$237,638,400, an increase of 16.2 percent from FY 2000. Targeted small business purchases totaled \$11 million. With regard to cooperative purchasing, she stated that such efforts included joint Regent contracts and state of Iowa contracts. Purchases from Iowa Prison Industries in FY 2001 totaled \$2,661,469, up from \$2,306,438 in FY 2000. Six new vendors with a potential conflict of interest were approved in FY 2001.

ACTION: President Newlin stated the Board received the annual governance report on purchasing activity at the Regent institutions for FY 2001, by general consent.

GOVERNANCE REPORT ON FRINGE BENEFITS.

Director Wright provided the Board members with highlights of the summary information contained in the meeting materials. He stated that total employer cost of insurance and retirement programs at the Regent institutions and the Board Office was \$296.2 million, which is an increase of 13 percent over the previous year. Overall, the institutions spent about \$18 million (20 percent) more on health insurance in FY 2001 than in FY 2000. In FY 2001, the average sick leave use per employee was 6.6 days per year, which was the same average usage in FY 2000. In total, Regent employees used 357,705 days of vacation leave in FY 2001 valued at \$66.2 million. This is an average usage of 18.4 days.

ACTION: President Newlin stated the Board received the FY 2001 fringe benefits report, by general consent.

APPROVAL OF TUITION AND FEES.

Interim Executive Director Barak presented the Board members with the Board Office recommendation on tuition and fees. Changes since this was presented to the Board in October included modification of the percentage of tuition to total general university expenditures due to the midyear 4.3% deappropriations of FY 2002 state funds which reduced university budgets. He said the Board Office had provided, as the Board requested, financial aid information on the total number and percentage of students applying for financial aid compared to total enrollments and summaries of financial aid for five years based on funding sources and types of aid. Information on part-time tuition and fees was also included this month.

President Coleman said the University of Iowa's position on the tuition proposal remained the same as last month. She was highly supportive of the Board Office recommendation. The proceeds from the tuition increase will yield about one-half of the amount of funding that was cut from the University's budget since July 2000.

President Geoffroy stated that Iowa State University officials strongly support the Board Office recommendation. One issue that came up at last month's meeting was the amount of financial aid set aside from tuition at Iowa State University. He said the University currently applies about 18 percent of tuition income to financial aid. Three years ago, University officials committed to a 5-year plan to increase the pool of financial aid resources. In FY 2003, University officials intend to continue with that 5-year commitment. At least 18 percent of the total increase will be placed into the student financial aid program.

President Koob stated that University of Northern Iowa officials supported the Board Office recommendation for all of the reasons shared with the Board the last few months. An important need at the University is to address the need for faculty. He said this tuition proposal will help with that need.

President Newlin recognized Nick Klenske, University of Iowa student government president.

Mr. Klenske thanked the Board members for the opportunity to address the proposed tuition increase. He said he realized that he would not change any minds today. He was there to make sure the Board members and the university presidents hear the other side of the argument one more time: affordability and the effect of the proposed tuition increase on students. Many families of students will have to think twice about attending a Regent university. Students will graduate with even more debt. The universities will become elitists. He said the Board had an opportunity to acknowledge the importance of affordable and accessible education. He noted that there was no discussion on tuition by the Board members at the October Regents meeting. The student voice apparently does not matter. He concluded his remarks by distributing to the Board members "pink slips" from 1,500 students, asking "Don't downsize us".

President Newlin thanked Mr. Klenske for his remarks. He then recognized Andy Tofilon, Iowa State University student body president.

Mr. Tofilon began his remarks by thanking President Geoffroy for the increase in student financial aid. He stated that many students will be hurt by this increase. Many will just give up. There was nothing new he could tell the Board members today. There will be some students whose faces he would never see again. He said the Board members will never be held accountable for their actions to the students. The students

who have to leave want to be just like the Board of Regents members: doctors, lawyers, business people. Students want to be the leaders of tomorrow. He would not be saying goodbye to the sons and daughters of doctors, lawyers and business people. He would be saying goodbye to the sons and daughters of farmers, teachers, single mothers and single fathers, and parents with disabilities.

Mr. Tofilon referred to comments overheard between Regents last month. He said they joked that lowering the tuition increase to 15-1/2 percent would only save students enough money to buy ten pizzas. He said they were wrong. It is 58 pizzas for out-of-state students. It is seven months' gas. It is four months of health insurance. Every dollar counts. Any amount the tuition increase is lowered will help. He asked that the Board of Regents show the students of Iowa that they are concerned about their future.

President Newlin recognized Adam Briddell, Northern Iowa Student Government President.

Mr. Briddell thanked the Board members who contacted the student government offices after last month's Board of Regents meeting. He said students sympathize with the Board's position. It is important to maintain quality education. Students are the last group that would want to reduce quality. A second principal upon which they agree is the importance of access. The University of Northern Iowa is a public institution of higher education. Students should have an opportunity to attend an institution of higher learning. He noted that the proposed increase would be 19.7 percent, not 18.5 percent, after fees are added. He provided examples of how the budget cuts have affected the university, including a lack of Christmas lights and larger class sizes. There must be a strong voice supporting the role of higher education. Students pledge their voices over the next and continuing legislative sessions. He hoped the Board of Regents would be the strongest advocate.

Regent Neil asked to respond to Mr. Tofilon's reference to comments about pizza. He said the issue was about money, not pizza. It was not easy for him to vote for the proposed tuition increase, and he would not do so if he did not think it was necessary. He stressed that the fight was not here; the fight was "under the dome" in Des Moines. Even with reduced revenue forecasts in the last legislative session, the legislature still saw fit to provide tax cuts. He said Iowans live in a small state with three great Regent universities. He said that, while he would vote for the tuition increase, he agrees the appropriation cuts have to stop. The trend has been for an increasing percentage of the cost of education to be supported by tuition.

Regent Fisher stated that his decision to support the tuition proposal was based, in part, on the information provided on tuition and fees as a percentage of per capita personal income. He said the percentage was very consistent going back to 1991. The national

average is 13.5 percent. The per capita income is going up, also, not only for families but also for students. He said he heard on the television that morning that in the 1960s the amount of tuition increase was 67 percent.

MOTION: Regent Fisher moved to approve the following for the 2002-03 academic year tuition and fees, effective with the summer session 2002:

- (1) Approve an increase of 18.5% in base tuition, derived from the following two components:
 - (a) By 9.5% to maintain quality and effectiveness through an inflationary adjustment based on the Higher Education Price Index (HEPI); and
 - (b) By 9.0% to improve quality to achieve the aspirations of the Board's strategic planning goals of excellence.
- (2) Approve the retention of the percentages of tuition set-aside for financial aid without modification. The institutional financial aid set-aside would increase in proportion to tuition to assure access for students.
- (3) Nonresident tuition (University of Iowa only)
 - (a) Approve the University's proposal to increase the nonresident tuition by 15.5% to remain competitive.
 - (b) Approve the University's proposal to increase certain nonresident professional tuition rates at the same dollar amount as the resident tuition increases rather than at the same percentage increase.
- (4) Approve, in addition to the proposed base tuition increases, the changes to the mandatory fees for the 2002-03 academic year, as detailed.
- (5) Approve, in addition to the proposed base tuition increases, the surcharges proposed by the University of Iowa and Iowa State University, as outlined.
- (6) Approve the tuition-related miscellaneous fees and charges, as outlined.
- (7) Approve the per semester credit hour tuition rates, as outlined.

Regent Kelly seconded the motion.

Regent Becker stated that she is concerned about the increasing privatization of the Regent institutions, especially if access by students is affected. In an economic downturn, the state should not save money by taking funds away from the Regent institutions. The state should save money by creating new funds by taking students

from low income financial situations and giving them a college degree. Educating students helps to build the state's economic development. She noted that she applauded the Governor's proposal for tuition tax credits. Keeping students in the state following graduation is very important. She concluded by stating that she would support the proposed tuition increase.

Regent Ahrens stated that, as a student and a Regent, she wears two hats. As a Regent, she sees the need for the tuition increase. She was also concerned about the message being sent to the legislature. By the Board increasing tuition 18.5 percent, it is, essentially, telling the legislature to go ahead and cut the budgets because the funds will be made up by increased tuition. Wearing her student "hat", she understand the impact of the tuition increase on students. She has friends who already work one or two jobs. For them, the 18.5 percent increase would pay several months' rent. For her out of state friend, the increase is even greater. When fees are added to tuition, the increase in cost is 19.7 percent. She said she would like to entertain discussion among the Board members about a total increase of 18.5 percent. By reducing the proposed tuition increase from 18.5 percent to 17.5 percent, it will help to avoid a nearly 20 percent increase in cost. The Board needs to play the balancing act. It is the students who the Board is serving. They must keep the students in the schools.

Regent Ahrens expressed concern about the differential treatment of out-of-state students at the University of Iowa. She said she found it interesting that, two months ago, the university presidents wanted to increase tuition by 15.5 percent. Now the proposal was increased to 18.5 percent and that was still not enough money. She said the Board has the flexibility to reduce the tuition increase by one percent to show the students that the Board is helping them. She stated that the Board has tried to govern the universities as one Board. She expressed concern about a paradigm shift toward differential treatment of the universities.

President Newlin stated that the proposal to increase tuition was for the 2003 academic year. It appeared that the state would face additional budget cuts of \$200 million to \$300 million in 2003, and the Regents would be expected to take some portion of that cut. The proposed tuition increase of 18.5 percent will not make up for even one-half of what the cuts have been; therefore, there will probably be cuts in quality in 2003. He said the delicate balance between quality, access and affordability is being addressed. Choices will have to be made.

Regent Kelly said he agrees that the financial issues need to be addressed at the Statehouse. The problem is the economy. Three independent economists told him that the Iowa economy will not start to turn around until 2004. If that is the case, the Board can look forward to decreased appropriations from the state for the next few years.

Regent Turner stated that this tuition increase was probably one of the hardest decisions the Board has had to make. She said Iowans are almost at a crossroads for education in the state. At one time, one of Iowa's most significant commodities was its education and education system. Around the country, when students say they are educated at an Iowa institution, they are afforded a certain amount of respect. If Iowans do not continue to protect that, Iowa will not be looked at as a place where one can receive a good education. Quality is the only thing that will keep our state in the forefront.

With regard to the decrease in state revenues, Regent Turner said the Board has to deal with the hand it is dealt. Iowans elect the people who make the appropriations decisions. Iowans tell their elected officials what their priorities are. She suggested that Iowans should think about what their priorities are and elect people who have the same priorities.

VOTE ON THE MOTION: Motion carried with Regent Ahrens voting "no".

EARLY RETIREMENT PROGRAM PRINCIPLES.

Director Wright stated that, at its July meeting, the Board of Regents asked, in part, that 1) a set of principles for future early retirement programs be developed for action by the Board in November 2001 and 2) the Board be presented with a proposal no later than the Regent meeting in February 2002 for an early retirement program for any institution wishing to implement one effective July 1, 2002. He presented a summary of the information that was provided in the meeting materials.

Regent Neil asked if, under these guidelines, all employees will have the opportunity, if the need arises, to take early retirement. Director Wright responded that the way the early retirement incentive programs have functioned at the institutions varies by institution. At one institution, virtually anyone can apply and be considered for early retirement because the cost of the program is centrally pooled. At the two other universities, each department has to be able to fund the early retirement. He noted that Board members had received inquiries from one group of employees and from an individual employee who asked if the program will be set up in such a way that employees in small departments that may not have the money can be included in the program. He said the Board Office cannot yet answer that question because the institutions have not formulated new programs.

Regent Neil said it was his interpretation that employees in a small department will not be eligible for the early retirement program. Director Wright responded that, at some institutions, that appears to be correct.

Regent Neil said he would be interested in at least having early retirement programs that are applicable to everyone. Director Wright stated that the Board Office will see that is considered by the institutions as the institutions consider developing new programs.

President Newlin asked if the principles provide sufficient guidance to the institutions to allow development of programs by the February meeting. Director Wright responded that the institutions and Board Office believe they do provide sufficient guidance. The most critical principle is the first one: to comply with the governing law. He said the law seems to have "moved" a bit since July. The Board Office will be watching that closely with the Attorney General's Office to make sure the requirements are met.

Interim Executive Director Barak noted that some kind of adjustment would need to be made in the recommendation since the February 2002 Board meeting has been cancelled. Director Wright said he believed that institutional officials would welcome moving the presentation of a proposal for an early retirement program to March 2002.

MOTION: Regent Becker moved to approve the principles for the development of early retirement programs. Regent Nieland seconded the motion. **MOTION CARRIED UNANIMOUSLY.**

APPROVAL OF VENDORS WITH A POTENTIAL CONFLICT OF INTEREST.

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

BOARD OFFICE PERSONNEL TRANSACTIONS.

The Board Office Register of Personnel Changes contained no transactions this month.

STUDENT APPEAL.

Interim Executive Director Barak stated that the Board members had received a confidential packet of information on the appeal.

MOTION: Regent Kelly moved to deny the request for appeal. Regent Arbisser seconded the motion. **MOTION CARRIED UNANIMOUSLY.**

STUDENT APPEAL.

Interim Executive Director Barak stated that the Board members had received a confidential packet of information on the appeal.

MOTION: Regent Kelly moved to deny the request for appeal. Regent Neil seconded the motion.
MOTION CARRIED UNANIMOUSLY.

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

STATE UNIVERSITY OF IOWA

The following business pertaining to the University of Iowa was transacted on Wednesday and Thursday, November 14 and 15, 2001.

REGISTER OF PERSONNEL TRANSACTIONS.

The Board Office reported that the University's personnel register had not been received.

REQUEST TO TERMINATE THE B.A. DEGREE IN SOCIAL STUDIES.

ACTION: The request to terminate the B.A. degree in Social Studies was approved on the consent docket.

REVISIONS TO PROFESSIONAL AND SCIENTIFIC CLASSIFICATION SYSTEM.

Director Wright presented the request on behalf of the University of Iowa.

MOTION: Regent Becker moved to approve the revision to the Professional and Scientific Classification System at the University of Iowa, as presented. Regent Neil seconded the motion. **MOTION CARRIED UNANIMOUSLY.**

NOTIFICATION OF SUSPENSION OF ADMISSIONS TO M.A. PROGRAM IN RUSSIAN LANGUAGE AND LITERATURE.

ACTION: The request to suspend the graduate admissions to the M.A. degree in Russian language and literature was approved on the consent docket.

NAMING THE COLLEGE OF MEDICINE PROPOSED BUILDING B AS THE ROY J. AND LUCILLE A. CARVER BIOMEDICAL RESEARCH BUILDING.

President Coleman presented the University's request to name the College of Medicine Proposed Building B as the Roy J. and Lucille A. Carver Biomedical Research Building. She said the Roy J. Carver Charitable Trust has most recently provided a gift in the amount of \$10 million to support capital development of the University of Iowa College of Medicine. This is the largest single gift ever made by the Trust and University officials proposed to recognize this important contribution by naming the building in honor of the Carvers.

MOTION: Regent Fisher, with special thanks to the Carver family, moved to approve the University of Iowa's request to name the College of Medicine Proposed Building B as the Roy J. and Lucille A. Carver Biomedical Research Building. Regent Turner seconded the motion. **MOTION CARRIED UNANIMOUSLY.**

President Newlin asked that University officials convey the thanks that were expressed in the motion. He then asked for the total amount of funds given to the University by the Carver Trust. Vice President True said he believed the amount was nearly \$45 million.

NAMING THE NEW CAREER BUILDING AS THE POMERANTZ CENTER.

President Coleman presented the request of the University of Iowa that the new career building be named in honor of Marvin and Rose Lee Pomerantz, who have provided a lead gift commitment in the amount of \$10 million to support a new facility. She stated that the Pomerantz family has been extraordinarily generous with the University.

MOTION: Regent Ahrens moved to approve the University of Iowa's request to name the new career building as the Pomerantz Center. Regent Arbisser seconded the motion. **MOTION CARRIED UNANIMOUSLY.**

Regent Arbisser stated that, in addition to Mr. Pomerantz's generosity to the University of Iowa, he was quite generous to the Board of Regents with his time.

REGISTER OF CAPITAL IMPROVEMENT BUSINESS TRANSACTIONS.

Vice President True brought to the Board's attention several projects. He said University officials requested permission to proceed with project planning and

engineering agreements for the Art Building—Phases 1 and 2—Site Utilities project which would extend utilities to the site for construction of the Art Building. University officials presented a program statement for the Art Building—Phase 1 project which would construct a new facility to provide library, instructional, studio, gallery, and office space for the School of Art and Art History. University officials hope to bring the schematic design to the Board in early spring.

Regent Becker asked why University officials decided to have a free-standing addition to the Art Building. Vice President True responded that the building will be located directly across the street from the existing Art and Art History Building and across from the Museum of Art as well. There was no other suitable location for the building.

Regent Nieland noted that the facilities for art and art history are greatly in need of improvement.

Vice President True stated that University officials would present a site planning report for the West Campus Residence Hall and Student Life Facilities project which would construct a new residence hall and other student support facilities in the west campus residence area, and an architectural agreement to provide design services for the Athletic Learning Center, which University officials wish to initiate as the first component of the plan. He introduced Bradd Brown of OPN Architects.

Mr. Brown presented a site map of the proposed location. He discussed the project goals and objectives which included a 500 bed, suite-style residence hall, a future 300 bed, suite-style residence hall, a Union West/Cultural Center facility, Athletic Learning Center and pedestrian environment. Residence zones were proposed for north of Grand between Rienow and Hillcrest and south of Grand between Slater and Byington Avenue. A bus mall would be created and roads and parking would be eliminated in residential zones.

President Newlin asked if the University owns all of the structures in the area being considered. Mr. Brown responded that the University currently owns all but one of the structures.

President Newlin referred to the traffic flow and asked if consideration had been given to widening Byington Road from two lanes to four lanes up to Melrose, especially as the Hospital is expanding. Mr. Brown responded affirmatively. Vice President True stated that a great deal of time was spent reviewing traffic flow when Melrose was expanded a few years ago. University officials will have to work with Iowa City officials on any plans for the road. Several years ago, Melrose was constructed as a 3-1/2 lane road but he believes it has the capability to be expanded to a four lane road.

President Newlin encouraged consideration be given to making the road a four lane from Melrose to Riverside Drive. University officials will never have that chance again.

Regent Kelly referred to the Athletic Learning Center and asked if it was common for universities to have separate living facilities for athletes. Associate Athletic Director Mims responded that athletic academic centers are being created around the country. Students will not live there, but will come there for classes, study and tutorial support.

Regent Neil asked if the Athletic Learning Center will be built before the residence hall. Vice President True responded affirmatively, stating that the Athletic Learning Center will be the earlier phase.

Regent Neil asked why the Athletic Learning Center was being built first and how it would be funded. Vice President True responded that the facility construction would be funded from private gifts. University officials know what kind of program they want to accomplish with the Athletic Learning Center. There is much more work to be done on development of the residence halls.

President Newlin asked if the University owns all of the buildings in the athletics center area. Vice President True responded affirmatively.

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

APPROVAL OF LEASES.

MOTION: Regent Neil moved to approve agreements with Short's Travel Service and Winebrenner Red Carpet Travel for their use of office space in the General Hospital; agreement with R and R Investors for the use of office space in Urbandale, Iowa, by the Board Office; renewal with Goldfinch Diagnostics for its use of business incubator space in the Bowen Science Building; and renewal with the American Institute of Sustainable Science and Technology for its use of business incubator space at the Oakdale Research Park. Regent Kelly seconded the motion, and upon the roll being called, the following voted:

AYE: Ahrens, Arbisser, Becker, Fisher, Kelly, 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 Coleman, in introducing Director Howell, stated that this being his last meeting was a bittersweet occasion. He was attracted away by the University of Virginia. Mr. Howell has been with the University of Iowa for the past seven years as a wonderful partner in the development of UI Health Care.

Director Howell received applause.

Director Howell asked to change the order of the agenda for the University of Iowa Hospitals and Clinics report to address the leadership changes first instead of last. First, he commended the Board of Regents for the strong governance it has given to the University of Iowa Hospitals and Clinics in its capacity as the Board of Trustees of the University of Iowa Hospitals and Clinics. He said the great citizens of this state have been served well.

President Coleman presented the following items for approval.

1. Appoint Robert Kelch, UI Vice President for Statewide Health Services and Director of UI Health Care with line reporting from Interim CEO and Director of UIHC.
2. Appoint Ann Madden Rice as Interim Director and CEO of UIHC while the University conducts a national search for a successor to Ed Howell.
3. Appoint Dennis Domsic as Associate VP Statewide Health Services for oversight of financial and administrative functions UI Health Care.
4. Include non-physician members of the UI Health Care Advisory Group who report to VP Statewide Health Services in the contingent pay plan.

MOTION: Regent Fisher moved to approve the University's four requests. Regent Becker seconded the motion.

Regent Kelly stated that the proposal was flawed. He said faculty and staff at University of Iowa Hospitals and Clinics have not had any input into the proposal. There is a need for a seasoned professional administrator as soon as possible. He asked that the search for a new CEO proceed immediately, starting this month, and that a date be set for the goal of the new CEO to take over a few months from now. He asked that University officials report progress on the search to the Board monthly. He cautioned that he believed an unnecessary delay could result in the deterioration of the medical center. He said the Board should have been consulted earlier.

President Newlin asked for a vote on the motion.

VOTE ON THE MOTION: Motion carried unanimously.

President Newlin referred to Regent Kelly's comments relative to the search for a new hospital administrator. He said the plan that had been discussed is to start right after the first of the year.

Regent Kelly stated that he has not been included in any discussion about this. He questioned why there would be a wait of one and one-half months. He voted for the motion to show support for University of Iowa officials.

President Newlin asked President Coleman to speak to the timeframe for the search. President Coleman responded that the search committee has to be selected and consulted. The search will be launched in a serious way at the beginning of the year.

Regent Neil asked if the intent was to have the search committee put together before the first of the year. President Coleman responded that University officials can have the search committee in place by the first of the year.

Regent Becker asked if University officials are working on the background activities that must take place before the search is publicized. President Coleman responded affirmatively.

Regent Kelly stated that a month had been lost already since Mr. Howell announced his departure. He expressed concern that the holidays will be used as an excuse for

delaying the search. He said he was worried that the temporary appointment will last so long that it will interfere with the quality of UI Health Care.

Regent Nieland stated that she relies on Board staff for recommendations. There was no Board Office staff recommendation nor a recommendation from the UI Health Care priority study group. She would have appreciated such recommendations.

Regent Arbisser stated that all of the Board members have had an opportunity to make inquires since hearing about Mr. Howell's departure. There obviously was much discussion within the University to come up with the interim plan, which will provide stability while an organized search process proceeds.

Regent Kelly said he would like some evidence of the progress of the search, such as a monthly report.

MOTION: Regent Neil moved to direct the University to proceed expeditiously with the search for a goal of beginning by January 1, 2002. Regent Turner seconded the motion.

Regent Turner stated that there needed to be clarification of what was meant by the motion. To do a search, there has to be appointment of a search committee, development of a job description, establishment of criteria, placement of advertisements, etc. If President Coleman has the committee appointed and the committee's criteria developed by January 1, that would be reasonable.

Regent Neil agreed, noting that was why he used the word "goal".

VOTE ON THE MOTION: Motion carried.

President Coleman asked that Mr. Howell present the second quarterly report.

Director Howell stated that, with the Board's indulgence, University of Iowa Hospitals and Clinics officials would present a truncated report due to the lateness of the hour. He referred to the operating financial measures as of September 30, 2001, and said the operating margin of 3.1 percent was clearly in line with national trends.

Regent Turner asked if the national trends to which Director Howell referred related to research teaching institutions or to tertiary hospitals. Director Howell responded that the trends relate to all types of hospitals. Academic teaching hospitals are largely in a

negative operating margin situation. A three percent operating margin among academic teaching hospitals is probably in the 75th quartile.

Mrs. Rice referred to the operating financial measures as of September 30, 2001, and said the impact of the latest 4.3 percent appropriation reduction has been felt in the indigent patient care program. Appropriations for the indigent patient care program are 7-1/2 percent below the appropriation of a year ago, and were at the lowest level since 1996-97. UIHC continues to care for the same population, while health care costs continue to rise. She said the Hospital has seen an increase in acute admissions. There are shortages for certain health care professionals. She assured the Board members that University of Iowa Hospitals and Clinics officials are maintaining proper staffing. There is actually a higher staffing level than at this time last year with a higher number of FTEs. However, it is coming at a tremendous price. Staffing costs this year are 15 percent higher than they were a year ago. University of Iowa Hospitals and Clinics officials are trying to curtail costs in other areas to offset what is obviously the Hospitals' most important asset, its staff.

Regent Fisher asked if the 15 percent increase in staffing costs is across the entire hospital. Mrs. Rice stated that the base salary component, including the increased headcount, accounted for approximately 8 to 9 percent of the total salary package. The remainder of the increase was attributable to agency costs for departments experiencing difficulty hiring staff or for temporary staff who do not want to be permanently employed.

Regent Neil asked if there has been an increase in full-time equivalent positions. Mrs. Rice responded that there was an increase of 230 full-time equivalents.

Mr. Staley presented highlights of the operating statistics. He said there were no significant changes in trends this quarter. Data for the first quarter of FY 2002 indicated that the Hospital received the largest number of first quarter acute admissions than for any other first quarter in the last 5 years. He presented data on clinic visits, managed care patient volume and progress in meeting capital replacement objectives.

Director Howell stated that, in the course of a given year, the University of Iowa Hospitals and Clinics deals with 220 various regulatory agencies. He presented a summary of three survey results of the Joint Commission on Accreditation of Healthcare Organizations, which is a voluntary process. The UIHC will continue to receive the full three-year accreditation in the three survey areas. As head of the hospital trustees, President Newlin will receive a full report in the next few days.

Regent Turner asked how much the accreditation costs the institution. Director Howell responded that it is fairly expensive, over \$100,000, especially as comprehensively as the UIHC is surveyed. Organizing the survey is a huge effort.

Regent Neil asked what was the University of Iowa Hospitals and Clinics' score. Director Howell said the score was in the range of 82-83 out of 100.

Regent Neil asked for the pass-fail score. Director Howell said it was 70.

Regent Neil asked if the Hospital would be provided with a list of the shortcomings. Director Howell responded that those areas will be identified. There will also be a lengthy filing of consultative findings which are not necessarily related to shortcomings in the standards.

President Newlin asked what the University of Iowa Hospitals and Clinics' score was three years ago. Mr. Staley responded that it was 92.

Regent Fisher thanked Director Howell for his service. He said Mr. Howell was leaving the institution better than when he came. He looked forward to working with Mrs. Rice, and to her taking the UIHC to even greater heights.

President Newlin stated that Regent Fisher was speaking for the Board when he expressed appreciation. He said Mr. Howell had done a great job and was wished Godspeed in his endeavors.

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

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

IOWA STATE UNIVERSITY

The following business pertaining to Iowa State University was transacted on Wednesday and Thursday, November 14 and 15, 2001.

REGISTER OF PERSONNEL CHANGES.

ACTION: The Register of Personnel Changes for October 2001 was approved on the consent docket.

REGISTER OF CAPITAL IMPROVEMENT BUSINESS TRANSACTIONS.

Vice President Madden presented the capital register on behalf of Iowa State University. He reported on several projects, including the proposed schematic design for the Extension 4-H Youth Building. A meeting was held with three Regents a week ago to address concerns that were raised at last month's meeting. University officials proposed to modify the exterior appearance of the building to reduce the glass exposure. The energy analysis showed there was relatively little difference in energy costs with the glass as originally proposed and as revised. In addressing the concerns about the roof material, University officials proposed the use of a single membrane EDP rubber roof.

Regent Neil stated that he attended the meeting regarding the revised schematic design, and found it to be thorough and very educational. The energy study showed there was not a lot of difference in energy costs related to the amount of glass used. University officials did propose to put panels in the front of the glass to reduce harsh sunlight. He learned that windows are no longer washed at Iowa State University. The roof would be a heat-welded seam application and there would be no mechanicals on the roof. He was willing to try this "flat" roof.

President Newlin noted that the roof will slope $\frac{1}{4}$ " per foot.

Regent Neil noted that the users very much want the glass area.

President Newlin asked about the Hamilton Hall Renovation project. Vice President Madden said Hamilton Hall is the journalism building. The \$2 million renovation project

was a major component of improvements for the School of Journalism. The project will significantly improve the classroom space.

President Newlin asked if University officials already have the \$2 million in private gifts. Vice President Madden responded affirmatively. He said the funds were part of a much larger Greenlee School of Journalism project.

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

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

UNIVERSITY OF NORTHERN IOWA

The following business pertaining to the University of Northern Iowa was transacted on Wednesday and Thursday, November 14 and 15, 2001.

TOUR OF REGIONAL BUSINESS CENTER AND UNI-CENTER FOR URBAN EDUCATION (UNI-CUE).

The Center for Urban Education (UNI-CUE), located in the heart of the urban area of Waterloo, is the University's community connection. As one of the components of the University's Educational Opportunity Program and Special Community Services, it represents the University's strong commitment to cultural diversity. UNI-CUE's mission is to provide a positive environment for lifetime learning. Individuals may pursue and continue their educational goals and prepare for careers. UNI-CUE staff collaborates with other campus departments and community programs to match the Center's resources with community needs. UNI-CUE fully embraces the concept of continuing and part-time education. UNI-CUE houses a variety of programs including: Educational Talent Search (6th – 12th grade); Upward Bound (high school students); Educational Opportunity Center (19 years and up); and University courses for credit. The many opportunities provided by UNI-CUE's wide scope of programs show that UNI-CUE is maintaining and enhancing the University's commitment to life-long learning.

Delano Cox, Acting Director of UNI-CUE, welcomed the members of the Board of Regents and the Waterloo City Council. Those present introduced themselves.

Mayor John Roof provided a brief history of how the former train depot building was turned into a facility for UNI-CUE. He noted that President Koob was part of the visioning process for the building. The area of Waterloo in which the facility is located is under development.

Associate Vice President Chuck Means stated that the UNI-CUE program has received over \$18 million in federal funds in the last 18 years. He provided additional information on how the program was moved into the depot facility.

The directors of the various programs housed at UNI-CUE provided brief descriptions of their programs.

Regent Fisher asked if any private dollars are involved in this effort. Mr. Cox responded that fund raising has recently begun.

Regent Fisher told President Koob and Mayor Roof that it was great to see them working cooperatively. By doing so, each will get a "bigger bang for the buck".

Mayor Roof stated that the University of Northern Iowa has a president that believes in the concept of the Cedar Valley.

Regent Neil asked if tracking of student outcomes takes place. Mr. Cox responded affirmatively. He said 65-80 percent of participants every year go on to a 4-year institution. Of those, there is 100 percent graduation from college. He said he would provide the information to President Koob.

Associate Vice President Means stated that the Gear-up Program, which was just funded last year, works with 6th, 7th and 8th grade students.

President Koob stated that UNI-CUE was an example of the University of Northern Iowa's sponsored funding activities. The depot building was remodeled using a combination of state and federal dollars. He congratulated the UNI-CUE staff for doing such a great job.

The Board members then took a walking tour of the building, which contains a total of 17,000 square feet. The building is listed on the National Register of Historic Places.

Regent Neil asked for the amount of lease payments per year. President Koob responded that the cost was \$73,000 per year which was \$4 per square foot. The charge recovers only the direct costs.

President Newlin thanked everyone for the informative tour.

REGISTER OF PERSONNEL CHANGES.

ACTION: The Register of Personnel Changes for September 2001 was approved on the consent docket.

REGISTER OF CAPITAL IMPROVEMENT BUSINESS TRANSACTIONS.

Vice President Dell presented the capital register on behalf of the University of Northern Iowa.

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

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

IOWA SCHOOL FOR THE DEAF

The following business pertaining to the Iowa School for the Deaf was transacted on Wednesday and Thursday, November 14 and 15, 2001.

REGISTER OF PERSONNEL CHANGES.

ACTION: The Register of Personnel Changes for October 2001 was approved on the consent docket.

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

IOWA BRAILLE AND SIGHT SAVING SCHOOL

The following business pertaining to Iowa Braille and Sight Saving School was transacted on Wednesday and Thursday, November 14 and 15, 2001.

REGISTER OF PERSONNEL CHANGES.

ACTION: The Register of Personnel Changes for September 2001 was approved on the consent docket.

REGISTER OF CAPITAL IMPROVEMENT BUSINESS TRANSACTIONS.

Superintendent Thurman stated that the write-up in the meeting materials was quite clear. He offered to answer questions. There were none.

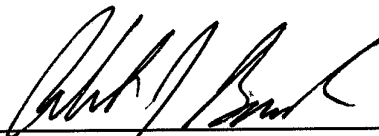
MOTION: Regent Neil moved to approve the Register of Capital Improvement Business Transactions for the Iowa Braille and Sight Saving School, as presented. Regent Arbisser seconded the motion. **MOTION CARRIED UNANIMOUSLY.**

President Newlin then asked Board members and institutional officials if there were additional items for discussion pertaining to the Iowa Braille and Sight Saving School.

Superintendent Thurman asked to take a moment to thank formally the Board, Board Office and legislative liaisons for the efforts that resulted in the School being exempted from the most recent round of state budget reductions. He said it meant a lot to the special schools and the families of students.

ADJOURNMENT.

The meeting of the Board of Regents, State of Iowa, adjourned at 12:28 p.m. on Thursday, November 15, 2001.

A handwritten signature in black ink, appearing to read "Robert J. Barak", written over a horizontal line.

Robert J. Barak
Interim Executive Director