The Board of Regents, State of Iowa, met on Wednesday and Thursday, October 15 and 16, 2003, at the University of Iowa, Iowa City. The following were in attendance:

<table>
<thead>
<tr>
<th>Members of the Board of Regents, State of Iowa</th>
<th>October 15</th>
<th>October 16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dr. Newlin, President</td>
<td>All sessions</td>
<td>All sessions</td>
</tr>
<tr>
<td>Dr. Arbisser</td>
<td>All sessions</td>
<td>All sessions</td>
</tr>
<tr>
<td>Ms. Arnold</td>
<td>Excused</td>
<td>All sessions</td>
</tr>
<tr>
<td>Dr. Becker</td>
<td>All sessions</td>
<td>All sessions</td>
</tr>
<tr>
<td>Mr. Downer</td>
<td>All sessions</td>
<td>All sessions</td>
</tr>
<tr>
<td>Mr. Forsyth</td>
<td>All sessions</td>
<td>All sessions</td>
</tr>
<tr>
<td>Mr. Neil</td>
<td>All sessions</td>
<td>All sessions</td>
</tr>
<tr>
<td>Ms. Nieland</td>
<td>All sessions</td>
<td>All sessions</td>
</tr>
<tr>
<td>Dr. Turner</td>
<td>By telephone begin-</td>
<td>By telephone from</td>
</tr>
<tr>
<td></td>
<td>ning at 2:00 p.m.</td>
<td>9:57 a.m.-12:15 p.m.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Office of the Board of Regents, State of Iowa</th>
<th>October 15</th>
<th>October 16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive Director Nichols</td>
<td>All sessions</td>
<td>All sessions</td>
</tr>
<tr>
<td>Director Barak</td>
<td>All sessions</td>
<td>All sessions</td>
</tr>
<tr>
<td>Director Elliott</td>
<td>All sessions</td>
<td>All sessions</td>
</tr>
<tr>
<td>Director Wright</td>
<td>All sessions</td>
<td>All sessions</td>
</tr>
<tr>
<td>Associate Director Hendrickson</td>
<td>All sessions</td>
<td>All sessions</td>
</tr>
<tr>
<td>Associate Director Racki</td>
<td>All sessions</td>
<td>All sessions</td>
</tr>
<tr>
<td>Assistant Director Girardi</td>
<td>Excused</td>
<td>All sessions</td>
</tr>
<tr>
<td>Assistant Director Gonzalez</td>
<td>Excused</td>
<td>All sessions</td>
</tr>
<tr>
<td>Assistant Director Newell</td>
<td>Excused</td>
<td>All sessions</td>
</tr>
<tr>
<td>Communications Specialist Boose</td>
<td>All sessions</td>
<td>All sessions</td>
</tr>
<tr>
<td>Administrative Assistant Tuttle</td>
<td>All sessions</td>
<td>All sessions</td>
</tr>
<tr>
<td>Minutes Secretary Briggle</td>
<td>All sessions</td>
<td>All sessions</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>State University of Iowa</th>
<th>October 15</th>
<th>October 16</th>
</tr>
</thead>
<tbody>
<tr>
<td>President Skorton</td>
<td>All sessions</td>
<td>All sessions</td>
</tr>
<tr>
<td>Interim Provost Cain</td>
<td>All sessions</td>
<td>Excused</td>
</tr>
<tr>
<td>Vice President Jones</td>
<td>Excused</td>
<td>All sessions</td>
</tr>
<tr>
<td>Vice President True</td>
<td>All sessions</td>
<td>All sessions</td>
</tr>
<tr>
<td>Director Katen-Bahensky</td>
<td>All sessions</td>
<td>Excused</td>
</tr>
<tr>
<td>Director Parrott</td>
<td>All sessions</td>
<td>All sessions</td>
</tr>
<tr>
<td>Associate Director Braun</td>
<td>Excused</td>
<td>All sessions</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Iowa State University</th>
<th>October 15</th>
<th>October 16</th>
</tr>
</thead>
<tbody>
<tr>
<td>President Geoffroy</td>
<td>Excused</td>
<td>All sessions</td>
</tr>
<tr>
<td>Interim Provost Allen</td>
<td>Excused</td>
<td>All sessions</td>
</tr>
<tr>
<td>Vice President Hill</td>
<td>Excused</td>
<td>All sessions</td>
</tr>
<tr>
<td>Vice President Madden</td>
<td>Excused</td>
<td>All sessions</td>
</tr>
<tr>
<td>Executive Assistant to President Dobbs</td>
<td>Excused</td>
<td>All sessions</td>
</tr>
<tr>
<td>Assistant to President Chidister</td>
<td>Excused</td>
<td>All sessions</td>
</tr>
<tr>
<td>Director McCarroll</td>
<td>Excused</td>
<td>All sessions</td>
</tr>
<tr>
<td>Director Steinke</td>
<td>Excused</td>
<td>All sessions</td>
</tr>
<tr>
<td>Associate Director Baumert</td>
<td>Excused</td>
<td>All sessions</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>University of Northern Iowa</th>
<th>October 15</th>
<th>October 16</th>
</tr>
</thead>
<tbody>
<tr>
<td>President Koob</td>
<td>Excused</td>
<td>All sessions</td>
</tr>
<tr>
<td>Provost Podolefsky</td>
<td>Excused</td>
<td>All sessions</td>
</tr>
<tr>
<td>Vice President Romano</td>
<td>Excused</td>
<td>All sessions</td>
</tr>
<tr>
<td>Vice President Schellhardt</td>
<td>Excused</td>
<td>All sessions</td>
</tr>
<tr>
<td>Assistant Vice President Gaston</td>
<td>Excused</td>
<td>All sessions</td>
</tr>
<tr>
<td>Associate Director Saunders</td>
<td>Excused</td>
<td>All sessions</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Iowa School for the Deaf</th>
<th>October 15</th>
<th>October 16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Superintendent Pickett</td>
<td>Excused</td>
<td>All sessions</td>
</tr>
<tr>
<td>Director Heuer</td>
<td>Excused</td>
<td>All sessions</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Iowa Braille and Sight Saving School</th>
<th>October 15</th>
<th>October 16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Superintendent Thurman</td>
<td>Excused</td>
<td>All sessions</td>
</tr>
<tr>
<td>Director Woodward</td>
<td>Excused</td>
<td>All sessions</td>
</tr>
</tbody>
</table>
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.
BOARD OF REGENTS, STATE OF IOWA

The following business was transacted on Wednesday, October 15, 2003, beginning at 1:31 p.m.

President Newlin thanked everyone for their cards, letters, telephone calls and prayers while he was recovering from cardiac surgery. He said he was mostly, but not completely, recovered.

President Skorton said it was great to see President Newlin looking so lean and mean, and back in the saddle.

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

President Skorton thanked the Regents and the Board Office for establishing a new tradition for a time certain for the University of Iowa Hospitals and Clinics quarterly report, and for devoting an appropriate amount of time for the discussion. He noted that, at the request of several Regents, the scorecard aspects of the report were more detailed. He stated that Director Katen-Bahensky, whom he introduced to present the report, had held a briefing for the media on the basic concept of the scorecard earlier in the day.

Director Katen-Bahensky stated that she has served as Director and Chief Executive Officer of the University of Iowa Hospitals and Clinics for just over one year. Her impressions of the University of Iowa Hospitals and Clinics after one year include the incredible intelligence of faculty and staff, strong work ethic, world class patient care, outstanding facilities, effective performance improvement program, flourishing research programs, and a strong partnership with the Carver College of Medicine.

Director Katen-Bahensky presented the vision for University of Iowa Hospitals and Clinics, as follows:

- Patient-centered philosophy
- National prominence
- Workplace of choice
• Market leader in areas of strength
• Set the standards for quality care and outcomes
• Extraordinary levels of service excellence that exceed patients’ expectations
• Operational “best practices” become commonplace
• Restoration of the public trust in the U.S. health care system (only 44 percent of Americans trust the system)
• Intimate community engagement and collaboration

Director Katen-Bahensky shared with Board members one noteworthy accomplishment of the past year for each institutional score card quadrant (workplace of choice, pursuing excellence, improving efficiencies, financial strength). She stated that the scorecard itself is an accomplishment. Staff appreciate the scorecard and the willingness to share information. All of the units are being asked to maintain their own scorecards and to keep their staff informed.

With regard to the quadrant of workplace of choice, accomplishments include new communication mechanisms, which Director Katen-Bahensky itemized. Ongoing challenges relate to recruitment, diversity in leadership, and a culture of accountability. With regard to pursuing excellence, accomplishments relate to a focus on patient-centeredness. Ongoing challenges include patient safety, technology needs, quality outcomes, and preparation for the 2004 Joint Commission on Accreditation of Healthcare Organizations site visit. With regard to improving efficiencies, accomplishments include streamlining of patient access and transfer systems, which she itemized. Ongoing challenges include timely discharge, timely introduction of new technology, and supply chain optimization. With regard to the fourth quadrant of the institutional scorecard, financial strength, Director Katen-Bahensky stated that accomplishments include efforts to ensure future financial viability. Ongoing challenges include Medicare payment inequities, indigent and Corrections populations, capital needs, rising costs, increasing regulation.

In conclusion, Director Katen-Bahensky stated that the University of Iowa Hospitals and Clinics delivers high quality care to all patients. There are significant challenges on multiple fronts. The University of Iowa Hospitals and Clinics maintains a strong financial base and continues to explore opportunities to ensure financial viability. There is a continual effort to identify and implement additional operational and quality improvements.

Director Katen-Bahensky introduced Associate Director Rice to present the quarterly report.

Associate Director Rice presented the comparative financial results for the year ending June 30, 2003. She stated that the operating results for FY 2003 are subject to audit
but she did not anticipate any significant changes. Highlights of the report include an increase in the operating margin from 1.9 percent in 2002 to 2.3 percent in 2003, which represents an additional $2.7 million. The additional $2.7 million will be applied toward the strategic capital plan. She said factors contributing to the improved operating margin were a decline in bad debt and a decreased length of stay. The overall cost per adjusted discharge has declined. While she was pleased that expenses are not increasing as rapidly as in previous years, she noted that further reductions are still possible.

Associate Director Rice stated that the volume for both in-patient discharges and clinic visits increased by 3.1 percent over the previous year. Patients had more serious health conditions, as evidenced by the 2.6 percent increase in the case mix index. She noted that the decrease in average length of patient stay is a considerable accomplishment, and is due to a number of process improvements.

Associate Director Rice referred to the recently-implemented institutional scorecard, and presented a view of the scorecard as a “spider diagram”. She said the diagram allows one to quickly assess the status of the scorecard. All but the following three areas had shown an improvement: 1) staff vacancy rate, 2) patient satisfaction and 3) supply cost/discharge. All three areas will contribute to an increased operating margin. She said she looked forward to presenting the spider diagram to the Board every quarter. She then introduced the next speaker, Charles Helms, Chief of Staff, to present the annual report on delegated governance functions.

Dr. Helms, as Vice Chair of the Hospital Advisory Committee, presented the report on delegated governance functions which include establishing and approving internal policies and procedures; evaluating the quality of professional services and utilization of facilities and services; and, granting and decreasing clinical privileges. He addressed the Committee’s role in overseeing safety, quality and performance improvement activities, which occur in departmental and interdisciplinary teams throughout the University of Iowa Hospitals and Clinics. The following are current high-priority performance improvement program areas:

- Safety (which is an environmental issue)
- SICU blood stream infection rates (patients)
- Patient fall rate (patients)
- Adverse drug events (patients)
- Patient identification errors (patients)
- Sentinel events (patients)
- Errors in blood transfusion process (employees)
- Staff sharp injuries (employees)
- Staff exertion injuries (employees)
Quality
Patient satisfaction
JCAHO ORYX measures (10)
Returns to ICU

Resource Management
Observed and expected ALOS
Length of stay opportunity days
Total and acute bed occupancy
Percent of patients discharged by 11:00 a.m.
Average case length-main OR
Average lab test/discharge
Average medical surgical supply costs
Average pharmacy and IV therapy costs

Dr. Helms stated two models are used in approaching performance improvement: continuous quality improvement (CQI) and six sigma strategy. CQI is an ongoing process that reflects a commitment to the continuous nature of performance improvement. Six sigma, which can be applied to operational processes, technologic applications and clinical outcomes, aims to reduce variability in healthcare delivery, minimizing or eliminating errors and inefficiencies, reducing waste and optimizing quality and productivity. He presented examples of two important performance improvement activities aimed at improving Hospital safety: impact of computerized incident reporting and SICU central venous catheter-associated bloodstream infections. He said the performance activities affect safety and quality at University of Iowa Hospitals and Clinics. It is critical that all incidents be reported to determine how improvements can be made. The goal is to increase the reporting of incidents.

Regent Arbisser asked how University of Iowa Hospitals and Clinics officials know the increased reporting does not mean that the number of incidents is getting worse. Dr. Helms responded that the increase is temporarily related to the introduction of the computerized reporting system. Secondly, in comparing the incidents reported with the new system to those reported with the paper system, the percentage of types of incidents is similar.

With regard to the high-priority performance improvement program areas identified by Dr. Helms, Regent Neil asked against what would the average pharmacy and IV therapy cost be benchmarked?
Regent Arbisser asked how there can be an average cost per case when the Hospital performs a wide variety of procedures which require different medications and different resources. Is each procedure being benchmarked?

Dr. Helms said he would have to get that information for the Regents.

Regent Forsyth responded that an aggregate average is determined. There will be subsets by discipline and by procedure within a discipline, which are then benchmarked to national standards.

Regent Nieland asked if a sentinel event would be a worst case of the incident report. Dr. Helms responded affirmatively.

Regent Neil asked if there is data on staff sharp injuries. Dr. Helms responded affirmatively, noting that the data go back a number of years.

Regent Neil asked if the data were being compiled to provide a benchmark for improvement. Dr. Helms responded affirmatively.

Regent Forsyth asked if the purpose of the data is to look at trends. Dr. Helms responded affirmatively.

Regent Neil commended Dr. Helms on the performance improvement activities.

Dr. Helms continued with his presentation. He stated that central venous catheters are important tools that save lives; however, one of the complications is that the catheters can become infected. He presented a graph of the University of Iowa Hospitals and Clinics’ experience related to SICU central venous catheter-associated bloodstream infections compared to national data. The data indicated that changing the prep solution resulted in a dramatic decline in the number of infections. He said the real question was whether those results can be sustained. The same prep is now being used in the intensive care units at the Hospital.

Regent Neil asked for a definition of 1,000 catheter patient days. Dr. Helms responded that at least one-third to one-half of the patients in the ICUs have central venous catheters. It is the number of days that patients have the catheters.

Dr. Helms introduced Associate Director Hesson to present the proposed bylaws amendments.

Mr. Hesson reviewed with Board members two amendments to the bylaws, rules and regulations of the University of Iowa Hospitals and Clinics and its clinical staff. He
stated that both amendments, which were related to subcommittees, were reviewed and approved by the Hospital Advisory Committee.

MOTION: Regent Forsyth moved to approve the bylaws amendment (1) changing the charge to the Pharmacy and Therapeutics Subcommittee, and (2) changing the name of the House Staff Affairs Subcommittee. Regent Downer seconded the motion. MOTION CARRIED UNANIMOUSLY.

Mr. Hesson introduced Associate Director Everett to present an update on the magnet hospital designation.

Associate Director Everett stated the magnet hospital initiative was introduced a year ago. Magnet hospital designation is the only nationally-recognized award for nursing excellence. She said the initiative is a long-term strategy for the recruitment and retention of registered nurses. Data show that magnet hospitals outperform all other hospitals in recruitment and retention. The initiative includes the creation of an environment for registered nurses that provides high job satisfaction. The following are the eight essentials of magnetism:

1. Working with other nurses who are clinically competent,
2. Good physician-nurse relationships and communication,
3. Nurse autonomy and accountability,
4. Supportive nurse managers,
5. Control over nursing practice and practice environment,
6. Support for education,
7. Adequate nurse staffing, and
8. Concern for the patient is paramount.

Associate Director Everett expressed a belief that the University of Iowa Hospitals and Clinics meets the above criteria. She next addressed the timeline for designation which includes four phases. The magnet appraiser site visit is scheduled for November 19-21, 2003 and designation is anticipated for early 2004. She said there are currently 85 hospitals with magnet designation in the United States, out of approximately 5,000 hospitals. There is Hospital-wide involvement in the magnet designation effort.

With regard to the upcoming site visit, Associate Director Everett stated that the documentation presented by University of Iowa Hospitals and Clinics for magnet designation was so superb that the site visit will only be for two days. She said the purpose of the visit is to validate the documentation and talk with the nurses on all shifts. There will be an opportunity for community involvement. The University of Iowa
Hospitals and Clinics would be one of the first 100 such hospitals in the country, and the first in Iowa. She presented a quote from an article on magnet hospitals in the September 2003 edition of Readers Digest in which a patient stated, “Locate the nearest magnet hospital. If you can easily check into a magnet hospital, you’d be foolish not to.” Associate Director Everett stated that the mainstream population is finding out about the quality of magnet hospital designation.

Regent Turner asked for the kind of documentation that was required to be presented in consideration of magnet hospital designation. Associate Director Everett responded that evidence is required of an interdisciplinary practice environment where interaction occurs, a plan of care for patient needs, autonomy, and good relationships within the hospital.

Regent Turner asked how the documentation was presented. Associate Director Everett responded that five binders with policies and procedures and examples of evidence-based nursing practice were presented.

Regent Downer asked for the process of evaluating all the data following the site visit. Associate Director Everett responded that the two certified magnet appraisers will follow a criteria list in making their assessment. Their findings and grading, along with selected documentation, will be submitted to the Magnet Commission.

Regent Downer asked if there are opportunities for improvement in the areas determined as being deficient, in the event the determination is not favorable, or whether it would be necessary to start over. Associate Director Everett responded that, in the event the decision is unfavorable, the University of Iowa Hospitals and Clinics will have an opportunity to appeal the decision and then will have an opportunity to reapply. She said she believed it would be necessary to go through the entire process again, if the appeal were unsuccessful.

Regent Arbisser asked what effect was expected on retention and vacancies as a result of magnet designation. Associate Director Everett responded that the literature is growing in evidence that hospitals with magnet designation have higher retention rates and are able to recruit larger numbers of nurses. Staff satisfaction is higher which results in improved patient care. She stated that, if the magnet designation activity has done nothing but increase the sense of pride about being a nurse, it has been worth the journey. She said there is a renewed feeling of pride in staff that she has not seen in the five years that she has been at University of Iowa Hospitals and Clinics.

Regent Neil asked how members of the public are able to respond to the request for public comment. Associate Director Everett responded that the University of Iowa Hospitals and Clinics is obligated to publish a notice in the newspaper notifying the
public of the time and place of the public comment period. University of Iowa Hospitals and Clinics is obligated to notify individuals in Iowa that the site visit is taking place. Citizens will be encouraged to attend or send in their comments. The appraisers want to dialogue with the community.

Regent Turner asked if consideration had been given to use of the Iowa Communications Network. Associate Director Everett responded that the ICN had not been considered but was a good suggestion.

Associate Director Everett introduced Lee Carmen, Chief Information Officer and Director of Information, to present the information technology strategic plan.

Director Carmen presented Board members with information on the University of Iowa Hospitals and Clinics' health care information systems. The historical perspective included internal development of major systems (electronic medical records, human resources, radiology information systems, operating room management systems), and immature commercial solutions (limited integration, not scalable).

In August 2001, a new direction began to be defined. Input was provided by faculty, staff, students, and patients. Information systems initiatives of peer institutions were reviewed. Analyses were performed of business benefits, return on investment, six sigma review of recent system implementation, and review of maturation of commercial systems. He stated it was determined there was an overwhelming need to deploy advanced information systems to support delivery of care. He reviewed the results of the analyses as they relate to return on investment and the institutional scorecard.

Director Carmen reviewed with Board members the initiative for bar coding of patient identification versus the traditional embossing system. The pilot program has been rolling out to the units. He said the National Institutes of Health awarded the University of Iowa Hospitals and Clinics a two-year $800,000 grant for the bar coding activities. Another major initiative is the computerized physician order entry system in which orders are entered online directly by physicians. He said the highly-integrated system alerts care givers to issues such as allergies, interactions and standardized care plans. The ancillaries process the provider’s orders and post the results online. The pharmacy dispenses medications and nursing charts the administration of those medications. He also presented information on the intensive care clinical information system.

In reviewing the strategic plan timeline, Director Carmen said he hoped that a vendor contract for order entry could be signed by the end of the year.

Regent Neil asked for the status of activities related to the Health Insurance Portability and Accountability Act (HIPAA). Director Carmen responded that HIPAA contains
multiple categories such as transaction and code sets relating to communications with payors and intermediaries. The deadline identified for HIPAA compliance is October 16, 2003. Contingency plans were issued which indicate that claim information would continue to be accepted until institutions could begin processing in the new compliance format. He believes the University of Iowa Hospitals and Clinics is well positioned from claim submission and transaction code sets posting standpoints. He said the privacy regulations went into place last spring. The security provisions go into place in Spring 2005. The University of Iowa Hospitals and Clinics is conducting extensive analyses for disaster recovery and reviewing business practices to comply with the security risk.

Regent Neil asked if the University of Iowa Hospitals and Clinics is on track to be in compliance with the law. Director Carmen responded affirmatively.

Regent Becker questioned whether University of Iowa Hospitals and Clinics has adequate resources for the huge investment required by HIPAA. She asked for an estimate of the cost of compliance. Director Carmen responded that, at this point in the 5-year plan, the estimated cost is $60-100 million.

Director Katen-Bahensky offered to answer questions about the University of Iowa Hospitals and Clinics quarterly report.

Regent Downer referred to the IDX registration and billing system implementation, and asked when it would be fully operational. Associate Director Rice responded that the system “went live” in March. Days in accounts receivable peaked in August, approximately six months post-go live, which was expected, although it peaked lower than expected. It was expected that the 65 days in accounts receivable might double at the height of the curve; however, it did not exceed 100 days. In September, collections for the Hospital hit an all-time record high. She said the system is right on track with expectations. University of Iowa Hospitals and Clinics officials did not go into the project with the expectation that the number of days in accounts receivable would be reduced significantly. However, the expectation is that after a full year post-go live, there will be more cash generated by the system and accounts receivable will be at least as low as when the system went live.

Regent Downer asked if the Board could be provided with an historical comparison of accounts receivable and bad debts which would provide a sense of the impact of the change in systems. Associate Director Rice responded that University of Iowa Hospitals and Clinics officials could do so; all of the data are available. Director Katen-Bahensky stated that consideration is being given to adding categories to the scorecard related to accounts receivable.
Regent Forsyth provided comment on the reports that had been presented, which he said illustrated why Iowans are proud of University of Iowa Hospitals and Clinics and hold it in high regard. He said the reports also illustrate that Director Katen-Bahensky and her team view measurements as critical. He referred to the spider diagram of the institutional scorecard and stated it was an outstanding depiction of a complex situation. The diagram pointed out the areas identified by University of Iowa Hospitals and Clinics officials for continued focus: (1) staff vacancy rate, 2) patient satisfaction and 3) supply cost/discharge. He said the magnet hospital designation is key to addressing the staff vacancy issue and to being among the 100 best hospitals. Eliminating the use of agency nurses was also key in terms of magnet hospital designation. Doing so will help with nursing morale and quality of patient care. He noted that employee satisfaction on a three-point scale is not statistically relevant in terms of the change through the two measurement periods.

With regard to the issue of workplace of choice, Regent Forsyth noted that there is improvement in the area of on-time appraisals. With regard to the issue of pursuing excellence, he said there should be concern about patient satisfaction because of the increase in the time between when the average outpatient checks in and checks out.

Director Katen-Bahensky noted that the increase in time to which Regent Forsyth referred occurred in the emergency treatment center.

Regent Forsyth stated that continuous improvement will be key to patient satisfaction.

Regent Forsyth stated that Dr. Helms' presentation indicated that Hospital officials are focused on and making progress in process improvement. He said University of Iowa Hospitals and Clinics is probably one of the few health care institutions in the state that has embraced Six Sigma and continuous improvement. Director Katen-Bahensky and her team were to be commended as leaders in that regard.

With regard to Director Carmen's presentation, Regent Forsyth said a focus of one of the University of Iowa Hospitals and Clinics Board of Trustees meetings should be on the information strategic plan and measures. He commended University of Iowa Hospitals and Clinics officials on receiving a National Institutes of Health grant for the subcomponent of bar coding. With regard to the issue of improving efficiencies, Regent Forsyth noted that significant progress had been made in bringing down the cost of supplies, at a time when both the cost and usage of supplies is increasing.

Regent Forsyth stated that the University of Iowa Hospitals and Clinics serves increasingly more and sicker patients, while at the same time it is successful in reducing the average cost per patient. At the same time, the operating margin for the institution has increased by $2.7 million.
With regard to the summary of comparative financial result for the FY 2003 versus FY 2002, Regent Forsyth stated that patient revenues increased by 5.4 percent. State appropriations declined by 3.5 percent. The write offs of people who could not pay has declined. He said another way of looking at the institution's financial strength is its market share. Clinic visits, major surgical procedures, and the debt service ratio have increased, for which he commended Director Katen-Bahensky and her team. The operation is complex and University of Iowa Hospitals and Clinics officials did a great job of presenting the information.

Regent Forsyth suggested that part of the presentation should have been about HIPAA since it becomes effective the following day. He said the concept of six sigma is very important. He asked that University of Iowa Hospitals and Clinics officials think about “dashboards” of what is being done to make it easily understood by Board members. He pointed out that the quarterly report included no policy issues for the Board at the same time that he believes there were significant policy issues in the presentation. One such policy issue is the 3 percent target for the operating margin. Although he believes that 3 percent is appropriate, the Board has not discussed what the target ought to be. He said there is a great deal of support for the academic mission of the institution, which would be an appropriate focus for policy discussion. He stated that Regent Downer has raised issues about information technology, for example, an area in which the Board could delve with some specificity at a policy level.

Director Katen-Bahensky said it was difficult to know how much information to provide. In individual meetings with Board members, she has been encouraged to provide a high level of detail. She hoped that, prior to the budget process, there can be discussion about the operating margin, about reserves, etc.

Regent Neil stated that the report presented at this meeting was the most comprehensive report from the Hospital since he has been on the Board. He said the six sigma process being instituted at the Hospital would provide a great measurement tool.

Regent Downer commended President Skorton for elevating the importance of the University of Iowa Hospitals and Clinics as part of the Regent enterprise. He then asked for the status of Parking Ramp 1.

Director Katen-Bahensky responded that Dave Ricketts indicated the parking ramp repairs should be completed by the end of November. Vice President True said there is a desire to hurry the project to get it completed before winter weather.
Regent Neil stated that in a recent visit to the University of Iowa Hospitals and Clinics, he stood in the parking ramp for 15 minutes taking note of vehicle license plates. Vehicles from 27 counties entered the Hospital parking ramp during that time. He was amazed at the amount of people who visit the Hospital. The care at the University of Iowa Hospitals and Clinics is very good, and Hospital officials continue to strive to make the care even better, which he appreciated.

Director Katen-Bahensky expressed appreciation for the support of Board members. She said that every time a Board member asks a question, it causes Hospital officials to ask questions internally, which is very helpful.

MOTION: Regent Neil moved to receive the quarterly report on the University of Iowa Hospitals and Clinics. Regent Arbisser seconded the motion. MOTION CARRIED UNANIMOUSLY.

President Skorton stated that University officials will develop all reports for the University in the manner desired by the Board. He said his understanding of the discussion was that University officials should bring policy issues to the Board. Board members will be provided with glossary for all acronyms used in reporting. He will work with Executive Director Nichols, Director Katen-Bahensky and Interim Provost Cain to develop a brief report on HIPAA for the next quarterly meeting.

President Newlin said he would also like to have a progress report on the Six Sigma project. President Skorton responded that a report could be provided on process improvement activities. He noted that, at an Iowa Business Council session six weeks ago, some of these activities were discussed in general terms.

President Newlin asked that the report on process improvement activities be presented in December.

President Skorton agreed to develop some general process improvement information on what is occurring across the campus, that would not be overly time consuming to present.

The following business was transacted on October 16, 2003, beginning at 9:08 a.m.

President Newlin welcomed everyone to the October meeting of the Board of Regents, State of Iowa. He expressed appreciation to University of Iowa officials for hosting the meeting. He then thanked everyone for their cards, letters, telephone calls and prayers while he was recovering from cardiac surgery. He said he was making progress in his recovery.
APPROVAL OF MINUTES OF BOARD MEETING OF SEPTEMBER 16-17, 2003.

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

ACTION: President Newlin stated the Board approved the minutes of the September 16-17, 2003, meeting, as written, by general consent.

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


(c) Approval of Vendors with a Potential Conflict of Interest. Approval was requested of the following additions to the respective institution’s list of approved vendors with a potential conflict of interest: University of Iowa: Big Bluestem, Thomas R. Aprile; Iowa State University: ECO Instruments, Inc.

(d) Report on Meeting of the Iowa College Student Aid Commission. Receipt of the report of the meeting of the Iowa College Student Aid Commission was requested.

(e) Annual Regent Merit System Report. The governance report on the operation of the Regent Merit System for FY 2003 was received.

(f) P&S Classification Revision, University of Iowa. Approval was requested of the Professional and Scientific Classification System revision at the University of Iowa.

(g) Interinstitutional Library Report. Receipt of the interinstitutional library report was requested as well as encouragement to the Regent university libraries to continue their collaborative activities and, where feasible, extend such efforts.
(h) Annual Committee on Educational Relations Report. Receipt of the annual report on the Committee on Educational Relations was requested.

(i) Report on Meeting of the Iowa Coordinating Council for Post-high School Education. Receipt of the report on the September 24, 2003 meeting of the Iowa Coordinating Council for Post-High School Education was requested.

(j) Purchase of Telephone Switching Equipment, University of Iowa. Subject to approval of the preliminary resolution for the sale of telecommunication bonds, approval was recommended of the purchase of telephone switching equipment totaling $4,100,000 for the University of Iowa.

Regent Forsyth asked that the University of Iowa’s request to purchase telephone switching equipment be removed from consideration on the consent docket.

MOTION: Regent Arbisser moved to approve the consent docket with the exception of the University of Iowa’s request to purchase telephone switching equipment. Regent Becker seconded the motion. MOTION CARRIED UNANIMOUSLY.

Regent Forsyth stated the matter of the University of Iowa’s request to purchase telephone switching equipment was discussed extensively at the Banking Committee meeting. He said University officials were commended for being able to extend the life of the existing equipment far beyond its useful life expectancy. He noted that the meeting materials for this item did not indicate that the University had looked at the whole issue of outsourcing, but University officials did conduct an RFP process for equipment and services. University officials will be returning to the Banking Committee with information on the strategic communications plan and the direction of the University’s telecommunications operations. He said another issue that arose at the Banking Committee meeting was the competitive costs of telecommunications and the universities’ required use of the Iowa Communications Network. Although the Iowa Communications Network is not necessarily competitively priced, there are advantages to the use of the Network as Regent Becker had pointed out. The Banking Committee asked University presidents to return with information on the pros and cons of the use of the Iowa Communications Network, considering the cost constraints of the universities. With the understanding that the University of Iowa’s strategic communications plan would be brought back to the Banking Committee, and that the universities will report back to the Banking Committee on the pros and cons of the Iowa Communications Network, he said he would support the University of Iowa’s request for the purchase of telephone switching equipment.
MOTION: Regent Forsyth moved to approve the University of Iowa’s request to purchase telephone switching equipment. Regent Downer seconded the motion.

President Skorton stated that, during the meeting of the University of Iowa Hospitals and Clinics Board of Trustees, there were questions related to the information technology plan for the Hospitals. He said University officials will return to the Board with plans for both the University of Iowa and University of Iowa Hospitals and Clinics.

VOTE ON THE MOTION: MOTION CARRIED UNANIMOUSLY.

ANNUAL STUDENT FINANCIAL AID REPORT.

Assistant Director Gonzalez provided a PowerPoint presentation of the annual report on student financial aid. She stated the report describes the amount and types of financial aid disbursed to students by the Regent universities during the prior year. Features of the report included information about student indebtedness at the time of graduation by residency and whether student financial aid is need-based or non-need based. Other features include awarding philosophy and priorities, and a two-year analysis of tuition set-aside funds by need, merit and residence. She described the types of financial aid available to students as well as the sources of funds.

More than 7 out of 10 students attending the Regent universities receive some type of financial aid. Assistant Director Gonzalez stated that, during the past five years, the number of awards has increased by 14 percent. During that time, the proportion of loan awards has been the highest, followed by grant awards, and employment awards which are approximately half of the loan awards. Last year, more than 79 percent of the financial aid awards to undergraduates were to Iowa residents. She said the amount of financial aid awarded by the Regent institutions is at an all-time high; it represents an increase of 38.5 percent during the past five years. Each of the institutions has shown an increase of at least 30 percent during that period. Approximately half of those funds are distributed in the form of loans.

Assistant Director Gonzalez pointed out that each of the universities had an increase in the total undergraduate tuition set-aside from the prior year. The proportion awarded as need-based aid ranges from 45 percent at the University of Northern Iowa to 70 percent at the University of Iowa. She emphasized that 25 percent of the graduating seniors in 2002-2003 graduated from the Regents universities without any debt whatsoever.

Assistant Director Gonzalez next discussed the ability of students to repay loans. She noted that the default rates at the Regent universities are significantly lower than the
national rates. She stated that the current interest rates for students in repayment are very low. The interest rate for a consolidation loan is at an all-time low of 3.5 percent.

Additional issues addressed in the annual report on student aid included the impact of the continued loss of state work-study funds; the amount of financial need not met by grant aid; and heavier student reliance on borrowing, due to limitations in federal and state grant aid.

Assistant Director Gonzalez stated that funds for IMAGES grants are awarded to racial/ethnic minority students who have demonstrated financial need. To affect the college-going rate of minority students, all three institutions have implemented a variety of College Bound programs. She noted that, although the target population includes 7th through 12th graders, the institutions also provide activities for much younger students.

Regent Becker referred to the grants awarded to students from tuition set-aside funds. She asked if the tuition set-aside funds are separated by graduate and undergraduate revenue sources. If so, do the set-aside funds from graduate tuition return to graduate students in the form of tuition assistance and the set-aside funds from undergraduate tuition return to undergraduates for tuition assistance?

Assistant Director Gonzalez responded that the “pot” of funds set aside from tuition revenue includes funds that will be applied to both undergraduate and graduate students.

Regent Becker asked if the amount of funds returned to graduate and undergraduate students in the form of aid is proportional to the amount of tuition paid by each.

President Geoffroy responded that, at Iowa State University, the tuition revenues are assigned to financial aid for undergraduates and to the graduate school. Exactly how much financial aid is given to undergraduates and to graduates is known, but the tuition “pots” are not maintained separately.

Director Warner stated that, at the University of Iowa, the tuition set aside program has evolved over the last 30 years. Undergraduate, graduate and professional students are supported through both need-based and merit-based aid from tuition set aside funds. He said that, over the last 15-20 years, any new dollars identified as tuition set aside have been distributed in the same ratio to graduate and undergraduate students.

Regent Becker said it appeared that the set-aside funds from tuition paid by undergraduates and graduates were not kept separate for the purpose of providing aid to the class of students from which the funds were originally derived.
Director Warner responded that the tuition set-aside program at the University of Iowa is not established in a way that would provide funds in the manner suggested by Regent Becker. He noted that, during the last few years when the Board has approved tuition increases and surcharges for particular programs, 17 percent of those funds have been earmarked for financial aid for that particular program.

President Geoffroy reported the following data: Last academic year, graduate students paid roughly $22 million in tuition. Iowa State University disbursed roughly $7 million in financial aid to graduate students, which is about 32 percent. Part of those funds were in the form of graduate assistantships. Undergraduates paid roughly $120 million in tuition. Iowa State University disbursed roughly $22 million in financial aid to undergraduate students, which is about 18-1/2 percent.

Associate Provost Lopes stated that the University of Iowa’s student financial aid advisory council is cognizant of the issue of proportionality of tuition set-aside funds going back to the appropriate student levels. Approximately three years ago, the advisory council established guidelines with regard to proportionality issues.

Director Warner said the University of Iowa’s advisory committee is charged with reviewing the distribution of set-aside funds; specifically, the percentage going back to undergraduate as well as to graduate and professional students. The advisory council has again requested that information by college as well as the distribution of the set aside by college.

Regent Neil asked how the consolidation rate of 3-1/2 percent is determined. Interim Director Johnson responded that the rate is set annually by the federal government based on the sale of a 52-week T-bill plus a percentage.

Regent Arbisser asked if the total student financial aid awarded in the last academic year was more than $600 million. Assistant Director Gonzalez responded affirmatively.

Regent Arbisser said it was his understanding that figure does not reflect employment of students outside of the University; it is unknown how much more the students may be working to support themselves.

Assistant Director Gonzalez said there is no mechanism for students to report that information. Outside employment information is not collected by the universities on a consistent basis. The speculation is that students are probably working much more outside of the universities due to the decrease in the employment opportunities at the universities.
Regent Arbisser referred to the figure that 70 percent of the students are receiving assistance in one way or another, and asked how that compares with peer institutions. Assistant Director Gonzalez responded that the figure was consistent with peer institutions.

Regent Neil asked how the determination is made as to the percentage of financial aid for need-based and for merit-based awards.

Director Warner responded that the University of Iowa’s student financial aid advisory council, in concert with the University’s enrollment management committee, determines the continuation of existing scholarships and the creation of new scholarships. He noted that the University of Iowa Foundation, with which University officials also work very closely, is in the later stages of a comprehensive campaign. He said the 70 percent of student financial aid awarded for need and the 30 percent awarded for merit is based on the criteria of the scholarships. Of the 30 percent of the students who received merit scholarships, 41-42 percent also demonstrated financial need. He said the total allocation for undergraduates is closer to 82 percent who are receiving some combination of need and merit. Few of the need-based scholarships are purely based on need. For the last 7 or 8 years, every freshman student who was in the upper 10 percent in her/his high school class qualified for aid on the basis of need. Also, some freshmen do not receive scholarships when they begin their education at the University of Iowa but are awarded an upper class scholarship based on merit. He said the need-merit award issue is very complicated.

Director Warner pointed out that the maximum tuition set-aside scholarship award, whether to a resident or a non-resident student, is the amount of resident tuition. Therefore, the resident of Iowa will have a larger percent of their tuition charge met through a scholarship.

Regent Downer asked if the full tuition award includes fees. Mr. Warner responded that the award does not include fees.

Regent Forsyth stated it would be helpful to understand student support relative to that of the peer groups. He said issues such as competing for the best students has to be balanced against access for in-state students. With regard to how much of the tuition revenue should be set aside for student support, he said it was his understanding that the Board has established a minimum of 15 percent. He said it would be interesting to compare that figure with those of peer groups. He said it would be helpful to understand the institutional criteria for distribution of each type of student financial aid. It was his understanding that the likelihood for a student’s success is greater for a student who is working on campus versus off campus. However, the ability for students to work on campus is decreasing because of reductions in funding of work-study
programs. The universities were also experiencing budget issues. He questioned whether some of the tuition set-aside funds could be used to create work-study programs.

Regent Forsyth said he had another question to which he would like to have consideration given. He asked if a loan program could be created whereby the loans are forgiven if the individual remains and works in Iowa for three years following graduation.

Regent Forsyth stated that Regent Becker and he have been discussing whether there might be value in asking the institutions for a parallel study on student support as the study on tuition is being undertaken. He believes there are some policy questions relative to student financial aid.

President Skorton expressed his belief that some of the issues addressed by Regent Forsyth are individual institutional issues, some of the issues are Board issues, and some of the issues go beyond the Regent enterprise. For example, loan forgiveness may be more of a statewide issue. He asked that the institutional heads be given an opportunity to discuss with Executive Director Nichols a systematic method for addressing the issues. He believes the issue behind both Regent Forsyth’s and Regent Becker’s questions is the level of assistance provided to students for the total cost of education. The institutional heads will also need to address the issues that will differ among the schools in terms of professional and graduate education, and out-of-state students versus in-state students. With regard to the issue of loans, he said some loans are taken because they are necessary and some loans are taken because a family feels that doing so is in the family’s best financial interest, whether or not there is a need for the money for a college education. On behalf of the University of Iowa, he said University officials would include a study of student support with the University’s study of overall tuition questions.

Regent Becker referred to a student who was given a scholarship based on merit but who also had financial need as measured by the federal formula, and asked how that award would be classified.

Assistant Director Gonzalez responded that the funds are allocated based on the characteristics of the program. If it is a need-based program and the student demonstrates need, then the award is counted as a need award. If the number one characteristic of the scholarship program is the student who is a high achiever, the award is counted as a merit award because of the characteristics of the program, even though the student who is awarded a scholarship might also have financial need.
Regent Becker expressed concern that she is unable to determine how many needy students are receiving funds because the merit designation hides the element of need. She said it would be helpful to be provided with that information. Perhaps in the merit designation there could be a separate identification of need.

Assistant Director Gonzalez responded that the information could be provided in the manner in which Regent Becker referred.

Regent Becker stated that, over the years, the Board of Regents has provided different directions to the institutions during different financial times. She suggested it might be worthwhile to review the directives/assumptions under which the institutions are operating. She believes there are students with financial need who do not believe they can come to a Regent university. She suggested that, for the coming school year, the minimum of 15 percent set aside that comes from undergraduate tuition go to undergraduates based solely on the financial need formula. Whether the policy is different for in-state or out-of-state students, she would be open to the thoughts of other Board members. She said it was crucial to provide access for Iowa residents to the Regent institutions. If there are other efforts that come forth as a result of the study suggested by Regent Forsyth, the Board can take a look at that, also.

President Geoffroy stated that financial aid is an enormous component of Iowa State University’s total enrollment strategy because it can influence enrollment to a great extent. He said the financial aid program is complex because of the many different sources of funds. University officials must be able to manage the total financial aid program with as much flexibility as possible to achieve specific enrollment objectives. He expressed concern about a lack of flexibility restricting the University’s ability to achieve its overall enrollment objectives. There are already restrictions on much of the financial aid. Many scholarships from donors and benefactors include very sharply tailored restrictions and purposes. Much of the federal financial aid has sharply-restricted purposes.

President Geoffroy stated that Iowa State University is setting aside $21 million of tuition revenues for student financial aid, and noted that amount is the largest of the three universities. The $21 million represents 20 percent of the total tuition revenue, which is significantly higher than the Regents’ mandated 15 percent set aside. Of that amount, 72 percent is dedicated to reducing need. Iowa State University’s total undergraduate financial aid from every source is $50 million, about 74 percent of which is to reduce need.

President Geoffroy stated that, if Iowa State University is required to use the tuition set-aside funds only for need-based financial aid, it will skew the University’s ability to meet
its enrollment target. There will be serious consequences of moving away from the University’s strategic objective.

Regent Becker questioned whether University officials have discussed with the Board of Regents what the enrollment objectives should be. President Geoffroy responded that he believes it is entirely appropriate and he would welcome such a discussion of enrollment objectives. He then provided the following information for Iowa State University. Three different directives from the Board are guiding the University’s financial aid program. The Board requires that 15 percent of tuition revenues be set aside for scholarships. There is also a very strong directive from the Board to increase minority enrollment, of which financial aid is a large component. Since the minority enrollment goals far exceed the minority demographics in Iowa, the universities must recruit students from out of state. Additionally, in 1995, Iowa State University received a very strong directive from the Board of Regents to increase enrollment of out-of-state students and high-ability students. Iowa State University tailored its total financial aid package to meet those Board instructions. As a result of Board directives, Iowa State University has experienced an increase in its minority enrollment, its out-of-state enrollment, and enrollment of high-ability students, all of which are enhancing the University. He said he would welcome any changes in the directions under which Iowa State University has been operating over these years.

Regent Forsyth said he concurred with President Skorton’s suggestion that the university presidents discuss with the Board Office how to frame a discussion around the key strategic policy issues. He then referred to the directive of the 1995 Board of Regents to recruit more out-of-state students, and said that Board today might not come out with that same policy because policies ought to change with the times.

Regent Becker pointed out that the 1995 directive occurred at a time of relatively low tuition. Room and board costs more today. She expressed her belief that access for Iowa students is being limited and financial aid is the way to address the issue. Maintaining access for Iowa students must be the priority. She referred to the suggestion about moving grant money into a work-study program, and said she would not support the use of grant aid for that purpose.

President Skorton said the institutions should be viewed separately because they are very different institutions. At the University of Iowa, non-resident undergraduates receive 40 percent of the set-aside funds but pay 60 percent of the undergraduate tuition. Therefore, he said the presence of students from outside of the state is enriching the University in many ways. He urged the Board not to retreat from the concepts of quality and diversity at a time of financial exigency. He said the institutional heads need to have flexibility to meet the goals. If there is not flexibility for awarding
merit-based aid, if there is not flexibility for awarding diversity-oriented aid, the nature of the state will be changed as the nature of the institution is changed.

President Skorton pled for the flexibility mentioned by President Geoffroy. He does not want the best Iowa students to go to college out of state because the Regent universities are unable to offer talent- and merit-based incentives. He has seen no evidence that the Regent institutions are being priced out of the market. The University of Iowa’s undergraduate tuition remains the lowest in the Big Ten. The University exceeds the Board’s minimum of 15 percent of tuition revenues being dedicated to student aid. He said 17 percent of the tuition is set aside.

President Skorton asked that the University presidents be given an opportunity to come back to the Board with a larger view of how the Board’s goals are actually being achieved.

President Koob expressed his strong support for the comments of his colleagues. He stated that raising financial aid to chase tuition will always be a losing proposition. A graph of the distribution of financial aid awards by student need would show a bell curve, a Gaussian distribution. The more one moves up the tuition curve, the area under that distribution function grows faster than the linear increase in the tuition. Therefore, one can never catch up with costs through financial aid alone until one gets past the mid-point. Until more than 50 percent of the cost comes from tuition, it is impossible to catch up. He said it is impractical, in mathematical terms, to raise tuition to pay financial aid.

Regent Downer stated that, although he believes that Regent Becker made some excellent points, he was sympathetic to the comments of the presidents of the three universities. He said this was obviously a highly-complex and delicate process. He advised against moving precipitously, although it was clearly something that needs to be addressed near term. From the comments of President Skorton, he believed the issues could be evaluated in a relatively short period of time to determine whether there could be any initiatives for the coming academic year.

President Newlin reminded Board members that, in February, there likely will be a committee of the whole discussion of tuition policies. He asked if Board members would be agreeable to including financial aid in the discussion of tuition policies.

Regent Downer responded that incorporating discussion of financial aid policies with tuition policies in February would be agreeable to him. He then stated that he had recently had a discussion with Student Financial Aid Director Warner at the University of Iowa with regard to timing of financial aid and expeditiously processing applications. Regent Downer asked representatives of the universities about the ability to deal with
changes in student financial aid policy for the 2004-2005 academic year if the Board felt that was necessary.

President Geoffroy responded that one major challenge was that Iowa State University is in the midst of the recruiting season for students for FY 2004-2005. Students are currently receiving an indication of the financial aid packages and programs. Changes cannot be made now to affect next year in any significant manner.

President Skorton expressed his belief that the study to be done for February should be a study of the net total cost of public higher education at the Regent institutions. He said Regent Forsyth had asked for peer comparisons of financial aid amounts, orientation and strategies. He stated that the earliest the institutions would be able to change their policies would be for FY 2006.

Regent Becker asked if President Skorton was suggesting that if the Board were to have the discussion in February 2004, the Board’s policy decisions for the institutions would affect students who enter in fall 2005.

President Skorton responded affirmatively. He then suggested that President Newlin appoint one or two Board members to work with the institutional heads to ensure the study focused on the areas envisioned by Board members.

Regent Becker responded that President Skorton had a good idea. With regard to the proposed study of student financial aid, she would like to know how many of the high school students who are in the upper half of their class could potentially have need, and whether those students are enrolling in the Regent universities. She believes that many of those students feel their only access to higher education is through the community colleges. If the students do not apply for admission to a Regent university, how can it be known how their access has been limited? She wants to know if students in the upper half of their high school classes, those who could be successful at the Regent universities, are not applying because they cannot afford to attend.

Regent Forsyth stated that in-state undergraduate accessibility is an important variable in discussion of student financial aid policies. He said the university presidents had heard the discussion and would determine what to bring forward to facilitate the policy decisions. He pointed out that, although state support has declined, the Regent institutions receive tremendous state support for accessibility for Iowa residents.

President Geoffroy stated that the simplest enrollment instructions the universities could receive, from which financial aid and recruitment packages could be designed: What is the total number of students who should attend Iowa State University? What percentage of those students should be residents and what percentage should be non-
residents? What should be the average ACT score? He noted that, although University officials could design the financial aid and enrollment efforts based on the answers to those questions, there are also problems with doing that.

Regent Neil referred to what he perceived as an attempt to guess why students are not attending the Regent universities. Enrollment is declining in the freshman class and he believes the reason is more than just tuition. Room and board rates are increasing and fees are being charged in addition to tuition. He stated he believes that interviews with the students and the students’ families need to be conducted. He said Iowa has 15 community colleges that are essentially in business to teach the first two years of an undergraduate education.

Regent Neil stated that, although the Regent institutions receive state support, the amount of support is not to the degree that it has been over the decades past. He said there has to be an understanding of how the students and the parents who are advising the students are thinking. With that information, University officials would be able to create greater accessibility for undergraduate Iowa students.

Regent Turner said she agreed that the Board needs to look at the policy issues and that it cannot make knee-jerk reactions. She stated that, as long as she has been on the Board, there has been a continuous effort to develop programs that were flexible so that Iowa students can spend two years at the community colleges and, if they desire, transition into the four-year programs of the Regent universities. She questioned whether the community colleges are more attractive to students because they have become more accessible, and suggested that consideration should be given to reviewing that aspect of these matters.

Regent Arbisser said he agreed that the policy issues have to be addressed although he was in favor of the institutions having as free a hand as possible. He then referred to enrollment projections of past years and asked at what point in time the Iowa high school enrollment was expected to peak. He said that information would be useful in developing new policies.

President Newlin responded to Regent Arbisser’s question about Iowa’s demographics. He said high school enrollment has already peaked and is on the decline. Regent Arbisser suggested the numbers may be consistent with the high school demographics rather than reflecting economics.

Regent Becker suggested there are ways to review the economics in the state. School districts offer free and reduced-price lunches for qualifying students. Perhaps there is information that would indicate how many of those students are in the upper half of their classes. She said that data could provide an indication of the students in the pool of
possible attendees. One should be able to determine how many students who are in
the upper half of their classes have chosen to come to Regent universities in the past,
and what has been the impact of the increase in tuition, fees, room and board.

Regent Becker expressed a willingness to withdraw her suggestion of making an
immediate change in student financial aid policy. She agreed to the preparation of a
study that would allow a decision to be made before student financial aid awards are
made for students entering in the fall of 2005.

President Newlin stated that a committee of the whole of the Board would discuss this
matter in February. The Board Office will work with the universities and consult with
Regents.

Regent Neil referred to a table included in the meeting materials on the race/ethnicity of
College-Bound voucher participants. He questioned why the number of participants
identified under the category of “other” had dropped significantly at the University of
Iowa. Associate Provost Coulter responded that staff have made a diligent effort to
have program participants provide data on race/ethnicity.

Regent Neil asked if the reason for the significant change in the number was due to
better data. Associate Provost Coulter responded affirmatively.

Regent Arnold asked if there are any College-Bound programs that focus on rural
communities, particularly in western or southern Iowa. Associate Provost Coulter
responded that University of Iowa officials focus their outreach efforts on where the
students are who they are trying to reach with the College-Bound program.

ACTION: President Newlin stated the Board received the
annual report on student financial aid, by general
consent.

FALL ENROLLMENT REPORT – PART I.

Assistant Director Gonzalez provided a PowerPoint presentation which highlighted
characteristics of the fall enrollment report – part I. Total enrollment decreased this year
and is 70,566. She said the University of Iowa had a slight increase; Iowa State
University had a 1.9 percent decrease; and the University of Northern Iowa had a 3.5
percent decrease. Undergraduate enrollment decreased by more than 1,500 students,
which is a 2.7 percent decrease. This is the first decrease in undergraduates since Fall
1993. She stated that undergraduates represent 77 percent of total enrollment, slightly
less than last year when undergraduates represented 78 percent of total enrollment.
New freshmen represent 18 percent of the total undergraduate enrollment. This is the second consecutive year of a decrease in the number of new freshmen although, during the last 10 years, the number of new freshmen enrolled in Regent universities has increased by more than 14 percent.

Assistant Director Gonzalez stated that the number of students who are residents of Iowa decreased by 750 students, representing a 5.1 percent decrease. She said the number of racial and ethnic minority students increased again this year to a new high of 5,490 students, an increase of 2.2 percent from last year. This number represents 7.8 percent of total enrollment. The largest increase occurred at the University of Northern Iowa at 5.8 percent followed by 2.0 percent at Iowa State University.

With regard to enrollment at the special schools and Price Laboratory School, Assistant Director Gonzalez stated that the total enrollment of 896 is approximately 55 percent in on-campus enrollment. The enrollment distribution varies significantly by school.

President Newlin asked university officials what had contributed to the decline in freshman enrollment. Associate Provost Lopes responded that University of Iowa officials intentionally decreased enrollment by being more selective about non-resident students. The reason for doing so was to maintain enrollment at an appropriate level for the resources. President Geoffroy stated there was a combination of several factors at Iowa State University that contributed to the decline in freshman enrollment. The decline in international freshman student enrollment was likely due to visa problems. The budget cuts of the last couple of years have caused a reduction in recruitment efforts. He said the impact of the tuition increases was unknown.

President Koob said he believes there is a combination of reasons for the decline in freshman enrollment. Factors include the increased cost of attendance and the decline in the number of students graduating from high school.

Regent Neil asked if University officials poll seniors and their families as to whether they are planning to attend a Regent university or a community college, and the reasons why. President Koob responded that the national testing services, both ACT and SAT, collect that kind of data. The universities can obtain data about where the students plan to attend within a list of preferred institutions where the test scores are to be sent. He noted that, two years ago, the three Regent universities participated in an ACE poll of the public’s view of higher education in the state of Iowa. The University of Northern Iowa also performs regular polling of its alums and graduates as to where they are and their perceptions about the University.

Regent Neil stated there have been terrific changes in the cost of attending a Regent university in the last three years. He believes it is critical to get a handle on what the
public is thinking and why students choose to go to a 4-year versus a 2-year program and vice versa. He encouraged the collection of that type of data so that decisions are not being made in a vacuum.

Regent Turner said it would be interesting to know how many seniors are actually graduating in the state of Iowa each year and how many of those students are actually enrolling in first-year post-graduation schools, whether those are community colleges or the Regent universities.

Executive Director Nichols stated that the ACT service, which is headquartered in Iowa City, performs surveying, profiles the graduating seniors, determines to what institutions students are interested in applying and in what academic programs the students are interested. ACT provides a nice summary of the data that the Board Office has available based on the most-recent graduating class, which can be provided to the Regents. The ACT collects information on the 2/3 of high school graduates who take the exam for college, what their interests and intentions are, what coursework they have taken to prepare for college, etc. One piece of information the ACT data does not provide, and the Regent institutions might also have a hard time collecting, is about the 1/3 of high school seniors who do not intend to go on to post-secondary institutions.

President Neil stated that if the addresses of the seniors can be obtained, they can be polled to find out why they do not intend to go on to post-secondary institutions, which is the important question. He said there is a need to know if the reason is cost and which cost, whether it is tuition, housing or fees.

Associate Provost Lopes said the University of Iowa’s resident undergraduate enrollment increased this year. The goal was 4,000 students and 4,083 was the number who enrolled. The decline in non-residents was greater than anticipated and was more than compensated for with resident students. She suggested that the number of resident students attending the Regent institutions needed to be viewed in the aggregate because there are many factors that impact whether or not the Regent universities are considered by potential freshmen.

ACTION: President Newlin stated the Board received the Fall Enrollment Report – Part I, by general consent.

At this point in the meeting, Executive Director Nichols stated he was remiss in not calling to the Board’s attention during consideration of the consent docket the Board’s proposed meeting schedule through the end of calendar year 2005. He said the Board meetings schedule is the first in a series of steps to re-engineer the Board’s processes to provide better focus and efficiency in its activities. For many years, the Board of
Regents has held a monthly meeting nine to ten months of the year. Beginning next summer, the Board will meet once every six weeks throughout the year. He noted that changes will also be made in the governance reports. Some reports will be combined and streamlined, while others will be discontinued or rescheduled.

TUITION POLICIES AND PROPOSED RATES.

Executive Director Nichols provided a PowerPoint presentation of the Board Office preliminary recommendation for the 2004-05 base tuition increase of $1 a day for resident undergraduate students. The following dollar amounts were proposed as base tuition increases:

<table>
<thead>
<tr>
<th></th>
<th>Undergraduate</th>
<th>Graduate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Resident</td>
<td>$360</td>
<td>$450</td>
</tr>
<tr>
<td>Nonresident</td>
<td>720</td>
<td>900</td>
</tr>
</tbody>
</table>

Executive Director Nichols expressed his belief that dollar amounts are more meaningful than percentage calculations because most people do not know the actual cost of tuition. He next addressed the process for setting tuition. State law mandates that the Board of Regents provide at least 30-day advance notice to student leaders of any changes in tuition and fees, and that the final tuition decision must be made no later than November of the prior year. He stated that notice of the Board Office proposal was provided to students on October 9. The next Board meeting, when the Board would be in a position to take action, is scheduled for November 11 and 12 in Cedar Falls.

As Board Office staff developed the tuition recommendation, the following specific factors, in addition to informal suggestions from Board members, were key:

- Reductions in state support
- Enrollment changes
- Market competitive rates
- Affordability and accessibility
- Return on investment

Executive Director Nichols stated that recent history indicates state support has not been stable, and presented a table which indicated state reductions/shortages and net estimated tuition revenues for FY 2000 through FY 2004. He said it would not be prudent, despite concerns about the cost to students, to expect revenues for quality
education initiatives, the Board’s number one priority in its new strategic plan, to be available from the state. For those reasons and others, the Board Office judgment was that a tuition increase should be considered by the Board for next year.

Executive Director Nichols next presented a table which indicated recent increases in resident undergraduate tuition, both in percent and dollar amount, for FY 1998 through FY 2004. In addition to considering past tuition increases and state appropriations reduction, the Board Office also considered enrollment data. He said the enrollment data indicate a recent change in the previous trend of increasing enrollment. While there are numerous reasons for the changes in enrollment figures, he said it was reasonable, based on new freshman data, to suspect that cost – or the perception of cost – may be a factor. The Board Office determined that, although an increase in tuition may be called for to preserve educational quality, the increase should be more moderate than it has been in recent years, particularly for undergraduates.

Another set of factors considered in preparing the Board Office recommendation was the market comparisons of comparable universities. Executive Director Nichols presented a table which illustrated that, for the current year, both the University of Iowa and Iowa State University, despite large increases in tuition and fees this fall, cost less than the average of comparable institutions, both for residents and non-residents. Tuition at the University of Northern Iowa is slightly above the average for comparable universities for residents, but under for non-residents. He stated that a conclusion one could draw from the market comparisons and that perspective is that a moderate increase, particularly for non-residents would not be inappropriate.

Executive Director Nichols pointed out that a recent edition of Kiplinger Report validated that Iowa’s public universities remain a competitive value. All three of the Regent universities were listed in the top 50 best values in the nation.

Executive Director Nichols presented another dimension of the data which provided indicators of affordability and accessibility. The table showed that tuition and fees, as a percent of per capita income for Iowans, has recently increased although the total for both is still below the national average and below surrounding states and comparable institutions. Again, he said the data suggest that a more moderate increase to slow recent trends is appropriate, and would keep Iowa competitively priced. He next presented a graph of affordability and accessibility indicators as a percent of per capita income over time. Clearly, Iowa has moved much closer in recent years from significantly below the national average to near the national average of tuition and fees. He stated the information again suggests a more moderate increase to avoid exceeding the national benchmark on this dimension of affordability.
Executive Director Nichols presented a graph which illustrated average salary by education level. He said it was worth repeating that, despite the unquestionably significant costs to students and their families, the investment in a quality education at Regent universities has a tremendous payback over a lifetime of earnings.

Executive Director Nichols presented data which indicated current projections of the cost to provide education and the amount charged to students. He said the data indicated that out-of-state students continue to be charged more than the cost of their education and that tuition dollars fall far short of the actual costs for Iowa students, which emphasized the importance of the state’s support for higher education. The unit cost of instruction is in excess of $9,000 for in-state undergraduate students.

The proposed base tuition for resident undergraduates for 2003-2004 is $4,342. Adding the additional $1 per day to the base tuition (8.3 percent) would bring the proposed base tuition for 2004-2005 to $4,702 for resident undergraduates. For non-resident undergraduates, the proposal was for a $720 increase. Executive Director Nichols stated that each institution also has a mix of mandatory fees paid by all students, such as the health fee. When the increases in mandatory fees are added, the combined tuition and fees would be approximately $5,400 at all universities for the next academic year. The Board Office proposed a slightly higher increase, based on the data, for graduate students than for undergraduates. The proposed increase for resident graduate tuition was $450 for a base tuition of $5,488 for 2004-2005. For non-resident graduate students, the proposed increase was twice the dollar amount, or $900 for the academic year.

Executive Director Nichols next presented a table which illustrated the projected total cost of attendance. He noted that the point was made earlier by several of the Regents that there are other costs associated with education. The table indicated estimates of total projected costs for students next year. He said tuition and fees account for approximately 35 percent of total cost, when room and board and other costs are considered. The average total cost of attendance for 2004-2005 was projected at $15,000 which was a 6.4 percent increase.

With regard to the total revenue projections implied in the Board Office proposal, Executive Director Nichols stated the uses of the tuition revenues were divided into two categories: 1) strategic investment and 2) financial aid. He presented a graph which illustrated general education funding for Regent universities with the proportions paid by students through tuition and funded through state appropriations. He stated that, if the Board’s requests for state assistance are funded and if the Board accepts the Board Office tuition recommendation, the recent trend of increasing the percentage of costs from students could be stabilized. The proportions would be relatively stable at approximately 50 percent state support and 43 percent student support.
Executive Director Nichols stated the Board Office proposal assumes a continued minimum set aside of tuition dollars for student financial aid. This means that over $83 million of tuition proceeds would be available for financial aid with an emphasis on need-based purposes. He concluded his presentation by stating that the investment, both by the state and by the students and their families, provides an excellent return and both depend on one another. The economic growth of both our state and our students depends on their continued investment in public higher education.

President Newlin stated that the student leadership would address the Board, then the presidents of the universities would be asked to speak.

Mike Banasiak, President, Government of the Student Body at Iowa State University, thanked the Board for its hard work. Students appreciated the tuition increase recommendation of less than 10 percent, and believe it is much more reasonable than the increases of the last couple of years. He said students are still very concerned about the University’s budget, especially in light of the Governor’s recent 2.5 percent across-the-board cuts to state agencies. He said students are the state’s future economy. Students cannot tolerate a larger tuition increase than was proposed.

Mr. Banasiak reported that Iowa State University students have initiated a get-out-the-vote campaign for state and local elections. Students are also creating a unified student voice among the three universities. He said student will continue to work with the state legislature but students need the help of every citizen of Iowa.

Mr. Banasiak concluded by asking for the Board’s continued assistance and support, and asked that the Board not increase the proposed tuition rates.

Nate Green, President of the University of Iowa Student Government, stated that he also appreciated the Regents’ cooperative nature in continuing Iowa’s high-quality education. He said that, in discussing how to approach the Board, students had considered several avenues. Students decided not to waste the Board’s time with an elaborate presentation. He said students came to the Board with one united voice regarding the Board Office recommended 8.3 percent increase in tuition. He asked that the Board please not raise tuition more than 8.3 percent.

Emiliano Lerda, President of the University of Northern Iowa Student Government, stated it was an honor and a privilege to represent the students of the University of Northern Iowa. He thanked the Board Office for its hard work in providing the data for this discussion. He then stated that enrollment has declined while the use of loans has increased. There needs to be an increase in need-based financial aid to provide opportunity for students. The state needs to be asked whether public higher education
is a public good or a private good. He said the future of Iowa must be protected, including its economic future. Protecting public higher education is a critical part of that.

Mr. Lerda stated the proposed tuition increase should be kept to a minimum. He asked that the Board please not increase the proposed tuition above the rate recommended by the Board Office. He said the state needs to realize that its support is critical for the quality of education. Now is the time for students and families to ensure the state maintains the public in higher education. The continued increases in tuition are moving the state toward privatization of higher education. He asked that the state please support public higher education in Iowa and that the Board of Regents please not increase the recommended amount of the tuition.

Mr. Lerda concluded by thanking the Regents for communicating with students throughout the entire tuition process.

Regent Arnold referred to the higher percentage increase for graduate students, part of the rationale was that graduate student enrollment is not declining. She questioned the number of graduate students who would be self supporting. With regard to the indication in the meeting materials that the per capita income for the state of Iowa was $28,141 in 2002-2003, she said that figure seemed somewhat high to her. She asked if there was information available on the average salary for graduating students of the Regent universities.

Executive Director Nichols responded that the Board Office would work with the institutions to try to obtain that information. He noted that, implicit in the data, is that a student who graduates with a degree beyond the bachelor’s degree has a higher projected income over a period of time than the person who graduates with a bachelor’s degree.

Regent Arnold stated that many of the undergraduates will not receive the level of income indicated for a bachelor’s degree when they are first out of school. At the same time, those students are beginning a new life for themselves and have to repay student loans.

Regent Neil commended the student leaders and their constituencies for understanding the predicament in which the state finds itself. He said the Regents’ goal for the level of increase in tuition was under 10 percent, although that amount is double the increase in the Higher Education Price Index. He said he hoped that students would follow through with encouraging the state to be a full participant in the funding of higher education. The Board of Regents was taking quite a risk in the tuition increase recommendation because it was unknown whether the legislature will fund the request for full funding of
salaries. If full funding of salaries is not received, it will probably require a downsizing of the institutions.

Regent Neil referred to a newspaper article that he read that morning in which Iowa's House Speaker suggested instituting guarantees on tuition. Although that sounded good, he stated that the excuse given two and three years ago for the cuts in state funding was that the Board of Regents needed to increase tuition because tuition was lower than tuition of its peer groups. He said the Board of Regents has raised tuition, but the legislature continues to cut the budgets. Lawmakers need to understand the value to this state of higher education and to fund it accordingly. Consistent with the lawmaker’s suggestion, Regent Neil asked that the Board Office perform a study of what tuition would be for incoming freshmen had there been a tuition guarantee policy four years ago. For example, if this year’s seniors had been paying the same level of tuition all four years, what would the charge have to be for incoming freshmen to achieve the same amount of revenue? He believes that to do as suggested by the lawmaker would essentially be a cost shift to future generations.

President Skorton thanked the student leaders and said he fully endorsed the students’ position and the Board Office recommendation. He then presented some figures for the University of Iowa which underscored the risk in maintaining a lower tuition increase. He stated that, in FY 2001, the University suffered one base reduction and a salary shortfall because the state did not fully fund salary increases. In FY 2002, the University suffered three base reductions – one in July, one in November and one in March – as well as a salary shortfall. In FY 2003, the University suffered one base reduction. In FY 2004 to date, the University suffered a base reduction at the beginning of the year and a second base reduction the prior week. He said those base reductions and the unfunded salaries amount to a $97.3 million reduction in funding to the University of Iowa over four years. Students and families have borne a larger proportion of the cost to help the University. He pointed out that the brisk tuition increases over those four years, including fees and surcharges, totaled $65 million. Therefore, the tuition increases have not and do not make up for the reduction in state funding of higher education.

President Skorton stated that the University of Iowa is taking a calculated risk that the rest of this year there will be no more reversions of funds to the state and there will be at least stable state appropriations for FY 2005.

Regent Arbisser pointed out that, earlier in the meeting, Regent Forsyth had commended University of Iowa officials for the telephone switching equipment which is approaching 20 years of age. He had attended a tour that morning of the University of Iowa Chemistry Building in which 4,000 students a year are educated. The technology
and structure of the Chemistry Building is 80 years old. He asked if any of the tuition revenues help to fund the correction of those types of structural problems.

President Skorton reviewed the various sources of funding for capital improvements and projects for the University of Iowa. There are three types of state appropriations: operating appropriations, salary appropriations and capital appropriations. He said the Chemistry Building is an important renovation project for the University. One of the focuses of the University is training students who will pursue health science careers. The Chemistry Department is the third largest department in the College of Liberal Arts. The University is unable to move forward with the Chemistry Building renovations, even though the Board has been very supportive two years in a row because the state has been unable to assist with capital appropriations. The University is entirely dependent on capital funds from the state to be able to move forward with this project.

President Geoffroy expressed his endorsement of the Board Office proposal for the tuition increase. Although he would prefer not to have large tuition increases, his most serious concern is maintaining the quality of the educational programs. The budget cuts, underfunding of salaries and inflation make the tuition increase necessary. With the new tuition revenue, after funding items remaining from last year’s budget cut plus this year’s budget cut and inflationary increases, there will be no flexibility to fund salaries. He stressed the importance of full funding of salaries by the legislature. He urged everyone to make it well understood that as a consequence of this tuition increase level, the institutions must receive full funding of salaries.

President Koob commended the Board Office for the tuition recommendation and congratulated the Board Office on finding a balance point between two very serious trends. He stated that, as of Friday of the previous week, the University of Northern Iowa had $12 million less to spend than it had just two years ago, all due to reductions in state appropriations. He said the large tuition increases of the last two years have only made up for the mandatory cost increases. Students have been extraordinarily reasonable in supporting the proposed tuition increase.

President Koob questioned whether the treatment the Regent institutions have received has been reasonable. He stated that, at no point in Iowa’s history in the last 50 years, has the extent of an appropriations reduction occurred to the extent that it has occurred in the last two years. He said the appropriations reductions have been blamed on the economy. However, he remembers many recessions that have been far more severe than what has been more recently experienced. Sales in the state are up, personal income in the state has been up since the third quarter of last year, corporate profits are up, but revenues are down. He said these factors do not pass the test of reasonableness. He believes that students correctly identified a shift in commitment in
Iowa. The Regent institutions have received far more in the way of reductions than can be justified by the changes in economic indicators.

President Koob urged the Board to address the reasonableness of state support for higher education when it prepares its legislative agenda for next month.

Executive Director Nichols pointed out that, on next month’s agenda, the Board will have items on its legislative program and revisions of the current year's budgets.

President Newlin expressed appreciation to the students for their presentations and their thoughtful efforts in dealing with the issue of tuition.

Regent Forsyth pointed out that, in addition to tuition, the Board Office recommendation also addressed surcharges and fees. He expressed his enthusiastic support for the Board Office recommendation. In that context, he offered the following comments: He appreciated the collaboration between the presidents and the students, and between the presidents and the Board Office. Students have been exceptional in understanding the climate in which the tuition recommendation was made. He believes there is a disconnect between the Board Office recommendation and the rationale supporting that recommendation, and it does not clearly tie to the Board’s tuition policy. He asked that staff consider that matter as the final tuition memorandum is developed for next month.

Regent Forsyth addressed the mandatory fees and noted that President Skorton and he had discussed surcharges for some of the University of Iowa graduate programs. President Skorton had assured him that fees will be reviewed as part of the tuition study. With that understanding, he said he would support the surcharges.

Regent Forsyth referred to the chart that showed the proportion of funding of the universities by the state and by students. The chart indicated that state support for FY 2004 was 50.3 percent. He asked for the level of state support of the universities after accounting for the most recent 2.5 percent cut.

Executive Director Nichols responded that the state support has declined now to approximately 49.5 percent.

Regent Forsyth stated the line has been crossed where the state is now providing less than 50 percent of the universities’ funding. At some point, one has to discuss the privatization of a public resource, which is a public policy issue.

Regent Forsyth referred to market comparisons of Regent undergraduate tuition and fees with those of comparable universities for both residents and nonresidents. He then noted that the University of Iowa’s freshman class has grown, which was not true of the
other two institutions. He said there was a tendency to think of each of the institutions as being similarly situated and those comparisons indicated they are somewhat different. Iowa State University had experienced a 1-year decline in in-state undergraduates. The University of Northern Iowa was in its second year of enrollment decline but the number of resident undergraduates was 102.7 percent of its peer group. He said these differences among the universities cause him to question whether a single tuition rate is appropriate for the three institutions. The data would suggest that may not be the best public policy position for the Board.

Regent Forsyth stated the recent state budget cut had caused him to re-think whether or not something different needs to be done particularly with regard to state law on the timing of setting tuition and the concept of predictability. It made no sense to be setting tuition for 1-1/2 years into the future. He said he had discussed with legislative leaders the issue of predictability and believes there is receptivity to changing the law to give the Regents incremental flexibility. At the same time, the Regents will be challenged to think about what can be done relative to predictability. The idea of a student knowing that his/her tuition will not increase beyond a certain percentage over a 4-year period is worthy of consideration, while the idea of one rate of tuition for four years is not worthy of consideration.

Regent Forsyth stated that the value of state funding that is received should not be minimized. He questioned whether the Regent institutions have been disproportionately damaged with regard to state funding, and the philosophical question of tax policy and other policies related to funding of the public good. He said that issue has to be a focus of the legislative agenda and there has to be a collective, teachable point of view.

Regent Forsyth said there was a risk in how the institutions will balance their budgets with the tuition proposal. After the most-recent appropriations cuts, funding of the institutions is at 1997 levels of state support. He believes the Board or Regents and the university presidents do an outstanding job year in and year out dealing with the budget cuts. The internal budget cuts emphasized minimizing the negative impacts on students and on academic programs.

Regent Forsyth stated that a key to continued success is the quality of education the universities provide. Outstanding students is another key for success. The tuition proposal speaks to that as effectively as possible. He said the earlier discussion about financial aid also speaks to it. Another variable is outstanding faculty and staff. The universities are in very challenging positions for faculty and staff, particularly the University of Iowa and Iowa State University in relation to their peer rankings.
Regent Forsyth stated that, as the members of the Board of Regents read about the actions of the presidents in dealing with the budget cuts, the Board members have to be very supportive of the presidents.

Regent Neil questioned how there can be predictability with uncertain and inconsistent state funding. If Representative Rants’ idea had been followed over the last four years, freshman tuition this year would have to be $12,000 to create the same level of funds as there is currently. He stated that, for a lawmaker to make such a statement about freezing tuition while expecting to maintain the same quality at the universities, shows that the legislature does not understand what the Board of Regents is up against in trying to manage the universities.

Regent Forsyth expressed his belief that it was a directional challenge rather than a proposal that Representative Rants was trying to move through the legislature. He stated that the Board of Regents members are saying they want to change the tuition policy. The Board needs some alternatives. As part of the legislative process, the Regents should suggest a more responsible way of establishing predictability.

Regent Downer commended the student leaders for highly responsible and effective leadership of the bodies of the student government. He said he had been the student body president of the University of Iowa and knows it is not easy to support a recommended tuition increase. He stated that he often tells people that his University of Iowa law degree is worth much more today than when he received it because of the increase in the quality of the College of Law over that period. Former University of Iowa President Sandy Boyd says its best when he indicates these are far better institutions than when he joined the law school faculty 50 years ago. Regent Downer said he hoped that in 50 years, people will be able to indicate a comparable improvement in the quality of these institutions. Whatever steps are necessary to communicate the message to all Iowa citizens should be taken.

Regent Becker stated that, while access means a great deal, access does not mean anything if what one has access to is not of good quality. She said the institutions have to be funded in a way that makes it worth the time and effort of students. Funding at that level is needed from the state. In approving the recommended action, the Board would be taking a leap of faith that the legislature will recognize its important role in the funding of salaries and other needs of the institutions. The students and the universities have done what they can to provide funds from other sources. She stressed that there is no better investment in the state than in the Regent universities. She stated that investing in the Regent universities will have multiple payouts in the future for this state.
President Newlin stated that the Board will take up the issue of tuition next month. Annually, the Board addresses issues of balancing quality and access. They have to make a decision as to where that balance is.

ACTION:

President Newlin stated the Board, by general consent, considered the following proposals for the 2004-05 academic year tuition and fees, effective with the summer session 2004.

INTERINSTITUTIONAL COMMITTEE ON EDUCATIONAL COORDINATION.

(a) Ph.D. in Applied Linguistics and Technology, Iowa State University.

President Geoffroy presented Iowa State University’s request to delay consideration of this Ph.D. program until University officials have had an opportunity to assess the impact of the most-recent budget reversion.

ACTION:

President Newlin stated this matter was tabled.

REPORT OF THE BANKING COMMITTEE.

Regent Arbisser reported on the October 15, 2003, meeting of the Banking Committee. He said the Banking Committee approved resolutions relating to bonds, and authorized refinancing for the University of Iowa’s Plaza Centre 1. The Banking Committee received reports on state audits from the State Auditor, on costs of bond issuance, a feasibility study of the proposed University of Northern Iowa Arena, and reviewed changes to the Board’s investment policy.

Regent Arbisser then asked for a report from the Board’s financial advisor and bond counsel on the sale of Academic Building Revenue Bonds for Iowa State University.

Barry Fick of Springsted, Inc., the Board’s financial advisor, reported on the bids that were received that morning for the sale of $7,790,000 Academic Building Revenue Refunding Bonds, Series I.S.U. 2003. He said the winning bid was submitted by a consortium led by U.S. Bancorp Piper Jaffray for a true interest rate of 3.99 percent, which he said was very favorable in the current market. While only one bid was received, he believes the rates were very favorable. The interest rate received was comparable to rates for bonds that are trading at the AAA-level although these bonds were rated AA3. He noted that Springsted took bids that morning for another entity whose bonds are AAA-rated. The rates received on the Regents bonds were two to seven basis points better than the rate received for the other entity’s bonds.
Ed Bittle of the Ahlers law firm, the Board’s bond counsel, stated that the Board was presented with two resolutions for adoption.

MOTION:  Regent Arbisser moved to adopt (1) A Resolution providing for the sale and award of $7,790,000 Academic Building Revenue Refunding Bonds, Series I.S.U. 2003, 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 $7,790,000 Academic Building Revenue Refunding Bonds, Series I.S.U. 2003, for the purpose of refunding the $7,000,000 Academic Building Revenue Project Notes, Series I.S.U. 2002, dated August 1, 2002, presently outstanding and heretofore issued by the Board to defray costs of building construction projects on the campus of Iowa State University of Science and Technology, including the debt service reserve fund, and paying costs of issuing the Bonds. Regent Becker seconded the motion, and upon the roll being called, the following voted:
NAY: None.
ABSENT: Turner.

MOTION CARRIED.

Mr. Fick stated that a second bond sale was conducted that morning which was for $6,750,000 Regulated Materials Facility Revenue Bonds, Series I.S.U. 2003. One bid was also received for this sale. The bid was submitted by a syndicate led by U.S. Bancorp Piper Jaffray for a true interest rate of 4.12 percent. He noted the interest rate for this sale was slightly higher than the interest rate for the other bond sale because these bonds extend one year beyond and start one year later than the other bond series. The interest rates were right at those of AAA-rated bonds.

Mr. Bittle stated the Board was presented with two resolutions for this bond sale. He noted that the resolution provides for establishing a self-liquidating and revenue-producing facility.
MOTION: Regent Arbisser moved to adopt (1) A Resolution providing for the sale and award of $6,750,000 Regulated Materials Facility Revenue Bonds, Series I.S.U. 2003, and approving and authorizing the agreement of such sale and award. (2) A Resolution establishing a self-liquidating and revenue-producing facility and authorizing and providing for the issuance and securing the payment of $6,750,000 Regulated Materials Facility Revenue Bonds, Series I.S.U. 2003, to pay the costs of constructing, furnishing, and equipping a regulated materials facility, including the debt service reserve fund, and paying costs of issuance. Regent Becker seconded the motion, and upon the roll being called, the following voted: AYE: Arbisser, Arnold, Becker, Downer, Forsyth, Neil, Newlin, Nieland. NAY: None. ABSENT: Turner.

MOTION CARRIED.

MOTION: Regent Arbisser moved to adopt A Resolution authorizing the Executive Director to fix the date or dates for the sale of up to $14,000,000 Utility System Revenue Bonds, Series I.S.U. 2003. Regent Becker seconded the motion, and upon the roll being called, the following voted: AYE: Arbisser, Arnold, Becker, Downer, Forsyth, Neil, Newlin, Nieland. NAY: None. ABSENT: Turner.

MOTION CARRIED.

MOTION: Regent Arbisser moved to adopt A Resolution authorizing the Executive Director to fix the date or dates for the sale of up to $14,500,000 Telecommunications Facilities Revenue Bonds, Series S.U.I. 2003. Regent Forsyth seconded the motion.
President Newlin asked Mr. Bittle to comment on the language of the resolution.

Mr. Bittle stated that the resolution in the file contains the proper language to comply with federal tax law. When funds are spent before the issuance of tax-exempt bonds, a resolution is required to reimburse the funds with the bond proceeds.

AMENDMENT TO MOTION: Regents Arbisser and Forsyth agreed to amend the motion, as follows: Adopt A Resolution authorizing the Executive Director to fix the date or dates for the sale of up to $14,500,000 Telecommunications Facilities Revenue Bonds, Series S.U.I. 2003, and declaring an official intent under Treasury regulation 1.150-2 to issue debt to reimburse the University of Iowa telecommunications system for certain original expenditures paid in connection with specified projects.

VOTE ON AMENDED MOTION: Upon the roll being called, the following voted: AYE: Arbisser, Arnold, Becker, Downer, Forsyth, Neil, Newlin, Nieland. NAY: None. ABSENT: Turner. MOTION CARRIED.

MOTION: Regent Arbisser moved to adopt a resolution authorizing the Executive Director to take action needed for the issuance of not more than $1,690,000 University of Iowa Facilities Corporation First Mortgage Notes to refinance the purchase of Units 2 and 3 of the Plaza Centre One Building Condominiums. Regent Downer seconded the motion, and upon the roll being called, the following voted: AYE: Arbisser, Arnold, Becker, Downer, Forsyth, Neil, Newlin, Nieland. NAY: None. ABSENT: Turner. MOTION CARRIED.
ACTION: President Newlin stated the Board received the remaining report of the Banking Committee, by general consent.

ANNUAL DISTANCE EDUCATION REPORT.

Assistant Director Girardi presented a summary of the annual report on distance education activities of the Regent universities and the Regional Study Centers. He said the universities provide a wide range of distance education programs and services that address a wide range of educational needs of Iowans. The annual report addressed credit and non-credit programs, and undergraduate, graduate and continuing education. Distance education is provided in a wide variety of formats, such as the Worldwide Web and streaming video.

Assistant Director Girardi provided the following key points of the written report for academic year 2002-03:

- Credit course enrollments continued a steady increase, which has been occurring over several recent years, particularly in off-campus programs and in courses offered through the worldwide web.
- While the overall number of programs has not changed much, the universities are constantly adding new programs and updating programs where needs and opportunities exist.
- With respect to the geographic distribution of students and opportunities, last year we saw continued substantial growth both in the number of courses and the number of students served by distance education. The map on the last page of the written report illustrates this distribution by Iowa county.
- With respect to the Iowa Communications Network: we saw last year a continuing decline in the number of courses offered via the ICN. The universities attribute this to: first, the relative expense of the ICN; secondly, to difficulties associated with the technical aspects of use; third, the greater availability and ease of use of other technologies like the web and streaming video. The institutions continue to regard the ICN as a valuable tool, but its uses are more limited.

President Newlin referred to the recently-announced 2.5 percent cut in state appropriations and asked if there are new concerns facing the distance education programs.

Interim Dean Bodensteiner responded on behalf of the University of Northern Iowa. He stated the budget cuts had not affected the University’s distance education programs as much as the on-campus programs have been affected. Distance education costs, such
as for faculty and Iowa Communications Network usage, are paid from tuition revenues generated by distance education. Distance education also does not pay for overhead expenses associated with on-campus offerings.

Interim Dean Rzonca responded that fewer faculty are available to teach within the University of Iowa’s distance education programming. The overall pool of faculty on campus is now smaller.

Interim Dean Bodensteiner pointed out that distance education of all three universities is provided with their own faculty. Adjunct faculty are not hired to provide distance education offerings.

Regent Arbisser asked if the credits that are awarded through distance education are accepted by other institutions. Interim Dean Bodensteiner responded that the credits are the same whether the education was received on campus or off campus. Transcripts do not distinguish whether the education was provided through distance education or on campus.

President Geoffroy referred to the impact of the 2.5 percent budget reduction on distance education offerings. He stated that the Iowa State University cooperative extension service will have to absorb its share of the 2.5 percent reversion. Many of the University’s distance education offerings flow through the cooperative extension so there will be an impact on distance education.

ACTION: President Newlin stated the Board received the annual report on distance education, by general consent.

COMPREHENSIVE FISCAL REPORT FOR FY 2003.

Associate Director Hendrickson provided Board members with a PowerPoint presentation of the FY 2003 comprehensive fiscal report. She said the report compares actual revenues and expenditures with the Board-approved budgets, identifies significant variances, identifies revenue sources, and summarizes the actual uses of the funding.

The comprehensive fiscal report focuses on the major funds at each of the institutions – the general operating funds and the restricted funds. Associate Director Hendrickson stated that general operating funds include operating appropriations, federal funds, interest income, tuition and fee revenues, reimbursed indirect costs, and sales and services. She said the actual combined general fund revenues for FY 2003 were
$1.6 billion, 99.7 percent of final budgets. This amount includes $578.2 million in revenues from Hospital appropriation units. Salaries comprise 75.0 percent of the total general fund budget excluding the Hospital appropriation units. The institutions’ salary expenditures were slightly under budget at 99.4 percent.

Associate Director Hendrickson stated that the Regent institutions began FY 2003 with reduced state appropriations. The base operating appropriations were reduced $42.6 million. In addition, the Regent salary appropriations of $25 million were $8 million less than the funding needed to implement the state salary policy. This resulted in an overall net decrease in state appropriations of $17.6 million. She said total FY 2003 tuition revenue increases, net of student financial aid, were $44.6 million.

The Regent institutions utilized $41.2 million in reallocations -- $13.8 million for strategic initiatives and $27.4 million to address budgetary shortfalls including $19.6 million at Iowa State University for the annualization of the budget shortfall that occurred during FY 2002.

Associate Director Hendrickson next addressed the restricted fund revenues which are specifically designated or restricted for a particular purpose or enterprise. Such purposes include capital appropriations, tuition replacement, gifts, sponsored funding from federal and private sources, residence system revenues and athletics, as well as other auxiliary or independent functions such as parking and utility systems. She said the actual combined restricted fund revenues were $1.2 billion (96.3 percent of budgets). This includes athletic revenues of $77.7 million and residence system revenues of $112.2 million. The residence system and athletic budgets are part of the restricted budget; however, each is presented to the Board individually for approval. Information on the revenues, expenditures and variances for those enterprises were included in the meeting materials.

Regent Forsyth noted that the University of Iowa Hospitals and Clinics and the Institute for Physical Research and Technology (IPRT) at Iowa State University are allowed to carry over funds from one fiscal year to the next. As the Regents strive to achieve greater flexibility in leading and managing the institutions, he suggested a focus on the ability to carry over other funds. Perhaps the tuition revenues could be carried over.

Associate Director Hendrickson pointed out that recent legislative language provides that all economic development units may carry forward funds.

ACTION: President Newlin stated the Board received the FY 2003 comprehensive fiscal report, by general consent.
Director Wright provided a summary of the annual salary report. He stated that average FY 2004 increases for faculty were 2.02 percent at the University of Iowa; 2.6 percent at Iowa State University; 3.5 percent at the University of Northern Iowa; 3.9 percent at the Iowa School for the Deaf; and, 5.3 percent at the Iowa Braille and Sight Saving School. Average increases for professional and scientific staff were 2.5 percent at the University of Iowa; 2.5 percent at Iowa State University; 3.5 percent at the University of Northern Iowa; 5.5 percent at the Iowa School for the Deaf; and, 6.25 percent at the Iowa Braille and Sight Saving School. For merit system employees, the AFSCME agreement provided for a 2 percent across-the-board increase and for step increases valued at 4.5 percent.

Institutional salary policies based on the state salary policy and approved by the Board provided that faculty and professional and scientific staff increases would average 2 percent plus incremental steps, which generally provide for average pay increases of 3 percent.

The state provided $306,981 to the Regents for incremental funding of the state’s salary policy for FY 2004 to be allocated to the Iowa School for the Deaf and Iowa Braille and Sight Saving School. No state appropriations were provided for salary increases at the Regent universities or the Board Office. The FY 2004 estimated unfunded salary need is approximately $33.3 million.

Director Wright provided Board members with the locations within the meeting materials for various additional salary information.

Regent Neil asked if IPERS (Iowa Public Employees Retirement System) retirement funds are included in the salary figures. Director Wright responded that the salary figures did not include retirement funds. He referred Regent Neil to the location in the meeting materials of information on total compensation.

Regent Neil asked if the Regents have any liability for the funding shortfall for IPERS. Director Wright responded that the Regents have no liability for the shortfall in terms of the way in which the state has accepted total liability for IPERS. He noted that fewer than 10 percent of all Regent employees are in IPERS.

Regent Forsyth noted that the figures show the challenges relative to faculty and P&S staff salaries, particularly at the University of Iowa and Iowa State University. He said it was helpful to note that one-half of the University of Iowa’s comparison institutions have no faculty salary increase program in FY 2004 and only three had a larger program. At
Iowa State University, four of the other ten have no salary increase program in FY 2004 and only three were greater than Iowa State University’s. He said the peer comparisons show that other institutions are facing similar challenges for funding.

President Newlin asked that each of the presidents comment on whether faculty salaries is a factor in the quality of education at the universities. For example, is the University of Iowa’s ranking 10th of 11 an indicator of quality?

President Skorton responded that faculty salary ranking is not a comment on quality. He stated that the University of Iowa has extraordinarily effective and high-quality faculty and staff. As evidence, he offered the national ranking of the University, performance in grant acquisitions, and steady enrollment numbers. He referred to the Board’s past initiative to raise faculty salaries to above the median of the peer groups. Faculty salary levels have fallen in the peer rankings to where both the University of Iowa and Iowa State University are approximately 0.96 percent of their comparison groups. He said the Regent universities are in the same situation as many other public institutions. Many faculty and staff have remained loyal to the University and to the state of Iowa.

President Geoffroy stated that faculty salaries are a major concern for Iowa State University to be competitive. He referred to a comparison table in the meeting materials which illustrated the challenge when recruiting against out-of-state universities that offer significantly higher average salaries.

President Koob stated that, as the Board is aware, salaries for faculty at University of Northern Iowa are collectively bargained. The faculty salaries have moved up in relation to those of peers. He said the University had just experienced an extraordinarily fine recruiting year because of the competitive position with respect to salaries. However, University officials were forced to cut deeper into the University to pay faculty salaries. There are now less faculty at the University.

ACTION: President Newlin stated the Board received the annual salary report for FY 2004, by general consent.

REVISIONS TO POLICY MANUAL.

Director Wright presented the proposed Policy Manual revisions, as follows:

(First reading) Proposed new §3.03S provides Board Office staff the same opportunity to be designated “emeritus” status as is provided to university administrators, faculty and staff.
(First reading) Proposed new §7.04: Investment Policy and §7.07: Compliance and Reporting, I. Banking Activity were discussed in Banking Committee at this meeting and presented on the Banking Committee report. They are presented in outline form with the request the outline be treated as a first reading of the content.

(Second reading) Proposed §7.02: General Policies, A. Budgets, 6. Re-allocation Policy was presented for first reading last month. Revisions requested in September by the Board have been incorporated in the current proposal. The policy provides reallocation of not less than 1.0 percent of base general fund budgets plus reporting requirements.

(First reading) Proposed new §1.06E: Economic Development and Technology Transfer Committee, was presented for first reading last month. It provides an opportunity for consultation among the three Regent university Presidents, three Regents, the Executive Director, and selected members of the universities’ administration and the Board Office, on achieving the Board’s objectives in economic development and technology transfer.

MOTION: Regent Downer moved to (1) approve the first reading of Board of Regents Policy Manual §3.03S: Responsibilities of the Executive Director and Board Office – emeritus status for Board Office staff; (2) Acknowledge as a first reading for the Board of Regents Policy Manual § 7.04: Investment Policy and §7.07: Compliance and Reporting, I. Banking Activity, as presented and discussed in the Banking Committee; and, (3) Approve for final reading and publication in the Board of Regents Policy Manual § 7.02: General Policies, A. Budgets, 6. Reallocation Policy (Attachment 3) and §1.06E: Economic Development and Technology Transfer Committee. Regent Forsyth seconded the motion. MOTION CARRIED UNANIMOUSLY.

INSTITUTIONAL AGREEMENTS, LEASES AND EASEMENTS.

Associate Director Racki requested that the Board approve the agreements, leases and easements, which were revised by the Attorney General’s office.
MOTION: Regent Neil moved to approve:  University of Iowa—Lease renewal with Selim Laboratories for its use of business incubator space at the Oakdale Campus. Iowa State University—Lease supplement with Livingston South (formerly Southgate Square Business Park) for the University’s use of additional office space in Ames, Iowa, for the Iowa Energy Center. Iowa School for the Deaf—New lease agreement with School employee Rebecca Stafford for her use of a residence on the Iowa School for the Deaf campus. Regent Nieland seconded the motion, and upon the roll being called, the following voted: AYE: Arbisser, Arnold, Becker, Downer, Forsyth, Neil, Newlin, Nieland. NAY: None. ABSENT: Turner. 

MOTION CARRIED.

EMPLOYEE APPEAL.

Assistant Director Newell stated that the Board members had received confidential materials outlining the Board Office recommendation. An employee is appealing a decision of the Director of the Regent Merit System regarding arbitration of the employee’s grievances. The employee asked for an oral hearing before the Board, and that the decision regarding arbitration be overturned.

MOTION: Regent Arbisser moved to (1) deny the request for an oral hearing before the Board and (2) offer the employee the opportunity to provide a written argument in support of his request for arbitration. Regent Arnold seconded the motion. MOTION CARRIED UNANIMOUSLY.

INSTITUTIONAL REGISTERS OF CAPITAL IMPROVEMENT BUSINESS TRANSACTIONS.

(a) University of Iowa.

Vice President True presented an overview of the University of Iowa capital register. He said the following projects were included this month: program statement for the Medical
Laboratories—Biological Safety Level 3 Facility; a number of University of Iowa Hospitals and Clinics projects including the Positron Emission Tomography Imaging Center Expansion; and the West Campus Chilled Water Plant Development/Expansion.

President Newlin requested comments from Senior Associate Director Staley.

Senior Associate Director Staley presented a brief summary of the requests for three University of Iowa Hospitals and Clinics projects. The first project presented was the Magnetic Resonance Imaging (MRI) Systems Installation, the design for which was included in the meeting materials.

Regent Becker noted that the Board members had visited the existing facility which is housed in tight quarters and of a patched-together nature, while serving a large number of patients. She asked that Board members be given a tour of the new facility upon its completion.

Senior Associate Director Staley responded that University of Iowa Hospitals and Clinics officials would be pleased to do so.

Senior Associate Director Staley stated that a second project presented this month for the Hospital was the Positron Emission Tomography Imaging Center Expansion. He said this project will expand the facility and accommodate a new PET scanner and a new PET-CT scanner. The project involves renovating an adjacent space.

Senior Associate Director Staley stated that a third project presented this month for the Hospitals was the Heart Care Electrophysiology Laboratory Renovation. He said this project will install a new state-of-the-art biplane angiographic imaging system and make use of a revolutionary new stereotactic positioning and magnetically controlled catheter guidance system. Catheters can be positioned in blood vessels that were once impossible to secure with conventional procedures.

President Newlin referred to the West Campus Chilled Water Plant project, and asked when University officials plan to re-evaluate the future construction of a parking deck or office space.

Vice President True responded that University officials had originally considered utilizing the space for parking. Later in the process, it was concluded that such a project would be difficult in terms of interrelating it with the adjacent Hospital Ramp 2. Currently, the University does not plan to use the space as a parking facility unless it can be determined how it could productively interact with Hospital Ramp 2. He noted that the facility will be built to hold additional weight for either parking or offices.
Director Hollins stated that future construction of the parking deck or office space remains an option for evaluation. A connection would need to be made to the existing ramp. If the University were to commit to the parking, it would request an additional investment of approximately $500,000.

Vice President True noted that another important element in the office space equation is the issue of noise. Whether the office space would be worthy of the investment because of the noise was another consideration.

MOTION: Regent Neil moved to approve the University of Iowa capital register, as presented by the Board Office. Regent Becker seconded the motion. MOTION CARRIED UNANIMOUSLY.

(b) Iowa State University.

Vice President Madden stated that the Iowa State University capital register included architectural agreements for two projects: 1) Carver Hall renovation project and 2) Jack Trice Stadium deferred maintenance.

MOTION: Regent Downer moved to approve the Iowa State University capital register, as presented by the Board Office. Regent Becker seconded the motion. MOTION CARRIED UNANIMOUSLY.

(c) University of Northern Iowa.

Vice President Schellhardt presented information on the two projects included this month on the University of Northern Iowa’s capital register. He said the first project was for permission to proceed with planning for a Business and Community Services facility. The facility will be located just west of the Center for Energy and Environmental Education. Two potential fund sources have been identified for the estimated project cost of $7.5 million: 1) U.S. Department of Energy and 2) The Grow Iowa Values Fund. He noted that Board staff had done an excellent job of summarizing the project. The second project on this month’s capital register was a program statement for expansion of the Student Health Center. He said the Student Health Center was built to accommodate about one-third of the University’s current enrollment.

MOTION: Regent Neil moved to approve the Register of Capital Improvement Business Transactions for the University of Northern Iowa, as presented by
the Board Office. Regent Arnold seconded the motion. MOTION CARRIED UNANIMOUSLY.

(d) Iowa School for the Deaf.

Superintendent Prickett presented the Iowa School for the Deaf’s request for approval to upgrade the Teen Center kitchen, primarily the electrical service for the space.

MOTION: Regent Arbisser moved to approve the Iowa School for the Deaf capital register, as presented. Regent Becker seconded the motion. MOTION CARRIED UNANIMOUSLY.

RAZING OF BOTANY PLANT HOUSE AND CHEMISTRY-BOTANY ANNEX, UNIVERSITY OF IOWA.

Vice President True presented the University’s request to raze two greenhouses. He stated that the Board’s approval was required for the University to raze buildings on campus. The cost to raze the two structures was approximately $100,000. He said the speed with which the two structures are razed may be dependent on the debate over the next week about the University’s budget. However, University officials will not allow a building to deteriorate into a derelict state.

MOTION: Regent Becker moved to approve the demolition of the Botany Plant House and the Chemistry-Botany Annex. Regent Arbisser seconded the motion, and upon the roll being called, the following voted: AYE: Arbisser, Arnold, Becker, Downer, Forsyth, Neil, Newlin, Nieland. NAY: None. ABSENT: Turner.

ADJOURNMENT.

The meeting of the Board of Regents, State of Iowa, adjourned at 2:30 p.m. on Thursday, October 16, 2003.

Gregory S. Nichols
Executive Director