

The Board of Regents, State of Iowa, met on Wednesday and Thursday, October 18 and 19, 2000, at Iowa State University, Ames, Iowa. The following were in attendance:

	<u>October 18</u>	<u>October 19</u>
<u>Members of Board of Regents, State of Iowa</u>		
Mr. Newlin, President	All sessions	All sessions
Ms. Ahrens	All sessions	All sessions
Mr. Fisher	All sessions	All sessions
Dr. Kelly	All sessions	All sessions
Mrs. Kennedy	Excused	Excused
Mr. Lande	All sessions	All sessions
Mr. Neil	All sessions	All sessions
Mrs. Smith	All sessions	All sessions
Dr. Turner	Arrived at 2:55 p.m.	All sessions
<u>Office of the Board of Regents, State of Iowa</u>		
Executive Director Stork	All sessions	All sessions
Deputy Executive Director Barak	All sessions	All sessions
Director Elliott	All sessions	All sessions
Director Wright	All sessions	All sessions
Associate Director Hendrickson	All sessions	All sessions
Associate Director Kniker	All sessions	All sessions
Associate Director Racki	All sessions	All sessions
Assistant Director Anania	All sessions	Excused
Assistant Director Gonzalez	All sessions	All sessions
Assistant Director Stratton	All sessions	All sessions
Minutes Secretary Briggle	All sessions	All sessions
<u>State University of Iowa</u>		
President Coleman	Excused	All sessions
Provost Whitmore	All sessions	All sessions
Vice President Jones	All sessions	All sessions
Vice President True	All sessions	All sessions
Dean Kelch	All sessions	Excused
Associate Provost Coulter	All sessions	Excused
Director Howell	Excused	All sessions
Associate Director Braun	All sessions	All sessions
<u>Iowa State University</u>		
President Seagrave	All sessions	Excused at 12:15 p.m.
Provost Richmond	All sessions	Excused at 12:15 p.m.
Vice President Hill	All sessions	Excused at 12:15 p.m.
Vice President Madden	All sessions	Excused at 12:15 p.m.
Vice Provost Johnson	All sessions	Excused
Executive Assistant to the President Dobbs	All sessions	Excused at 12:15 p.m.
Assistant to the President Mukerjea	All sessions	Excused at 12:15 p.m.
Director McCarroll	All sessions	Excused at 12:15 p.m.
Director Steinke	Excused	Excused at 12:15 p.m.
Associate Director Baumert	All sessions	Excused at 12:15 p.m.
<u>University of Northern Iowa</u>		
President Koob	All sessions	All sessions
Provost Podolefsky	All sessions	All sessions
Interim Vice President Dell	All sessions	All sessions
Vice President Romano	All sessions	Excused
Assistant Director Saunders	All sessions	All sessions
<u>Iowa School for the Deaf</u>		
Superintendent Johnson	All sessions	Excused at 11:40 a.m.
Director Heuer	All sessions	Excused at 11:40 a.m.
Interpreter Reese	All sessions	Excused at 11:40 a.m.
<u>Iowa Braille and Sight Saving School</u>		
Superintendent Thurman	All sessions	Excused at 11:45 a.m.
Director Woodward	All sessions	Excused at 11:45 a.m.

## GENERAL

The following business pertaining to general or miscellaneous business was transacted on Wednesday and Thursday, October 18 and 19, 2000.

**APPROVAL OF MINUTES OF BOARD MEETING OF SEPTEMBER 13-14, 2000.** The Board Office recommended the Board approve the minutes.

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

**ACTION:** President Newlin stated the Board approved the minutes of the September 13-14, 2000, meeting, as written, by general consent.

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

Approve the following additions to the respective university's list of approved vendors with a potential conflict of interest: University of Iowa--ComputerDesign, Inc. and Iowa State University--D.R. Farni Enterprises;

Approve the Board meetings schedule;

Approve the University of Northern Iowa request for change in name from Office of Public Relations to Office of University Marketing and Public Relations;

Receive the information report on a Masters of Business Administration (MBA) program to be offered in Hong Kong by the University of Northern Iowa;

Refer the University of Iowa's proposal to create a Department of Neurosurgery within the College of Medicine to the Board Office and the Interinstitutional Committee on Educational Coordination for review and recommendation;

Refer the University of Iowa's proposal to change the status of Emergency Medicine to an independent program within the College of Medicine to the Board

Office and the Interinstitutional Committee on Educational Coordination for review and recommendation;

Accept the request to close the center for RareEarths and Magnetics (CREM) at Iowa State University;

Refer the request for a new ISU Center to be named the Information Assurance Center to the Board Office and the Interinstitutional Committee on Educational Coordination for review and recommendation; and

Accept the request to close the Utilization Center for Agricultural Products at Iowa State University.

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

**APPROVAL OF CRITERIA FOR ISU PRESIDENTIAL SEARCH.** The Board Office recommended the Board approve the criteria to be used in evaluating presidential candidates at Iowa State University.

At the June Board meeting, the Board approved several items related to the Iowa State University presidential search including a request for the Iowa State University Presidential Search and Screen Advisory Committee to develop a set of criteria for use in the search. The Iowa State University Search and Screen Advisory Committee has met twice since being appointed and, at its September 15, 2000 meeting, adopted a set of criteria developed by a subcommittee headed by David Hopper, President of the Iowa State University Faculty Senate, and a member of the Iowa State University Search Committee.

The criteria adopted by the Iowa State University Presidential Search and Screen Advisory Committee includes a "Preface" that provides an overview of the criteria and the use of the criteria including a list of desirable "General Attributes" that each candidate should possess in "high measure"; a set of "Specific Attributes" in which the candidates should have an outstanding ability; and, a list of "Personal Qualifications" which the Committee regards as indispensable.

The "criteria" are comprehensive and thoughtfully developed. They are generally consistent with those developed for past presidential searches as modified to meet current needs and concerns.

Dean Ben Allen reviewed with the Regents the Committee's proposed criteria. He thanked the Board for allowing the Search Committee the additional time to develop the criteria.

Regent Fisher complimented the Search Committee on a job well done. He said it would certainly be a good working document in the Committee's process of selecting individuals for the Board of Regents to interview.

**MOTION:** Regent Ahrens moved to approve the criteria to be used in evaluating presidential candidates at Iowa State University. Regent Neil seconded the motion. **MOTION CARRIED UNANIMOUSLY.**

President Newlin thanked Dean Allen, the Search Committee and, particularly, the subcommittee that developed the criteria. He thanked them, also, for the ongoing task ahead of them and for all of the work that had been accomplished so far.

**FALL ENROLLMENT REPORT -- PART I.** The Board Office recommended the Board receive the report.

The Fall 2000 enrollment report is presented in two parts. Part I includes general information on enrollments and trends at the Regent institutions. Part II will be presented in November 2000 and will include eight specialized reports, which will provide greater detail on enrollments at the Regent institutions.

During Fall 2000, Regent universities are serving more students, as measured both by headcount enrollment and FTE enrollment, than the prior year. The Fall 2000 headcount enrollment is at an all-time high of 68,930, with a combined total of 421 new students (+0.6 percent).

The full-time equivalent (FTE) enrollment at Regent universities grew at a proportional level to the growth in headcount enrollment. The index of FTE to headcount enrollment for Fall 2000 is 0.88. An index of 1.00 would mean that all students enrolled at the universities would be classified as full-time. The implications of an index which is close to 1.00 are the breadth and scope of services which must be provided by the universities for full-time students.

In addition to providing educational opportunities on campus, Regent universities are doing an excellent job of reaching out to meet the needs of Iowans through off-campus offerings. More than 2,500 students are receiving instruction at one of approximately 250 off-campus sites available during Fall 2000. The off-campus headcount enrollment remained constant from Fall 1999.

Approximately 74 percent of all students enrolled at Regent universities are residents of Iowa. The percentage of resident students decreased by 0.5 percent from Fall 1999.

The number of racial/ethnic minority students at Regent universities increased by 45 from 4,934 in Fall 1999 to 4,979 during Fall 2000. However, there were perceptible differences among universities within certain groups at different educational levels.

At the University of Iowa, there were decreases in the number of African-American, Asian-American, and Native American students and an increase in the number of Hispanic-American students.

At Iowa State University, there were decreases in the number of African-American and Native American students and increases in the number of Asian-American and Hispanic-American students.

At the University of Northern Iowa, there were increases in the number of African-American, Native American, and Hispanic-American students and a small decrease in the number of Asian-American students.

The total enrollment (on-campus and off-campus) for Regent special schools and Price Lab School in Fall 2000 was 1,125. The Iowa Braille and Sight Saving School enrolled 33 students in on-campus services and 308 students in off-campus services. The Iowa School for the Deaf enrolled 139 students in on-campus programs and 104 students in off-campus programs. Price Lab School enrolled 541 students, all of whom are on-campus students.

Assistant Director Gonzalez provided a power point presentation of various aspects of the enrollment report including ten-year headcount enrollment, ten-year headcount enrollment by educational level, ten-year new freshmen enrollment, ten-year headcount enrollment by residence, ten-year headcount enrollment by race/ethnicity, off-campus enrollment by educational level (undergraduate and graduate), and enrollment at the Regent special schools and Price Laboratory School.

Regent Fisher asked for the reason for the decline in University of Iowa freshman enrollments. Have the number of applications declined?

Provost Whitmore said he believed that the number of applications was about normal. Although the freshman enrollment was down this year, enrollments in the freshman year go up and down from year to year. He did not see it as a major issue.

Regent Fisher noted that the trend started in the last 2 years.

Regent Neil congratulated Iowa State University officials on its increase in freshman and minority enrollments. Was there any particular effort that had resulted in the increase?

President Seagrave said one-third of the enrollment increase was due to increased retention. He asked Marc Harding, Director of Admissions, to address the increase in new freshmen.

Director Harding said there are a number of factors that contribute to increased enrollment. One such factor is a strong strategic plan with a great vision for the University, in general, which has to start from the top down. At Iowa State University, there has been a wonderful University community effort. The University has had several great years on many avenues including fund raising, facilities and athletics. He said recruitment is a highly-personalized process. Recruiters put a human face on what they do and make sure that students are the best fit.

Regent Neil referred to the separation of tuition and fees at the University of Iowa last year and the proposal to do so this year at Iowa State University. He asked if that had been a factor in students coming to Iowa State University versus the University of Iowa. Director Harding said he did not think that was a factor. Prices are comparable among the Regent universities.

Regent Smith asked what contributed to the decreases experienced at the University of Iowa in racial/ethnic minority enrollment. Provost Whitmore said there was a good-sized graduating class. The University graduated 250 additional students last year than ever before; therefore, the overall numbers are down. He said minority enrollment graduation rates have been pretty good. He noted that 60 percent of the students are enrolling in the 4-year graduation contract. University officials have been able to deliver on the 4-year contract. He said the recruitment side is a separate issue. Freshman minority recruitment went well this year.

Regent Smith asked how many minority students are participating in the 4-year contract. Provost Whitmore said he did not have that information but University officials would provide the information to Regent Smith.

Associate Provost Coulter stated that graduation rates are the factor that have had the most impact on enrollment numbers. He said the other impact on overall enrollments has to do with the graduate program. The proportion of the graduate enrollment made up by minority students has remained constant.

President Newlin asked President Koob to address the reason for the University of Northern Iowa's all-time high enrollment this year. President Koob said the goal of the

University of Northern Iowa is to persistently pursue gentle growth of one to two percent/year in order to maintain the commitment to a student-centered university. This requires considerable agility on the part of the University's admissions personnel. The University of Northern Iowa has now had six successive years of increases, with the last three being records for the institution. All enrollment categories this year were up and were records themselves. He said he believes the enrollment growth is because University officials are working on all fronts. He was very pleased with the result. The effort is called "enrollment management" but he was not sure it was not just luck!

President Newlin complimented Assistant Director Gonzalez on the 10-year charts developed by the Board Office, which have been done in the past. He said the charts had been enhanced over time, which he appreciated.

Regent Lande asked that the charts which identified the differences among the universities be consistent in the use of colors from one chart to another.

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

#### **ANNUAL REPORT ON LIBRARIES/REPORT ON SCHOLARLY COMMUNICATIONS.**

The Board Office recommended the Board (1) approve the report, (2) encourage Regent university libraries to continue and extend, where feasible, collaborative efforts, and (3) encourage dissemination of materials on the facts and implications of the concerns in scholarly communications.

The Interinstitutional Library Committee requested approval of its FY 2000 annual report. This annual report also contains a report from the Interinstitutional Task Force on Scholarly Communication, established by the Interinstitutional Committee on Educational Coordination last year.

The annual report is divided into three broad sections that focus on the rapidly changing and complex environment challenging the Regent universities and their respective libraries and faculties.

The first section, Scholarly Communications, provides background information on the formation of the Interinstitutional Task Force on Scholarly Communications and its charge. The report then describes the activities of the Task Force in FY2000, primarily the development of a web site and the publication of a brochure describing the crisis in scholarly communication and what faculty and library staff can do to remedy the escalating costs of academic materials. The section concludes with a description of FY2001 goals and proposed activities.

The second section, Cooperative Interinstitutional Library Programs, includes reports on statewide cooperative activities, core programs for collection development, cooperative reference and instructional services, distance education, interlibrary loan, information technology, and preservation.

The third section, Institutional Reports, includes material about individual efforts of library staff, in conjunction with faculty, to bridge the physical and virtual libraries. Topics include descriptions of efforts to save funds, development of strategic plans, and consortia agreements with other institutions. For example, the Regent libraries collaborated on important statewide access initiatives, under the leadership of the State Library of Iowa, and participated in regional and national initiatives to improve the national scholarly communication system.

This report reiterates the theme of last year's report, i.e., that there are serious economic concerns confronting libraries. The report emphasizes that the Regent universities, individually and collectively, could lose their competitive edge with peer institutions as financial resources decline. Critical issues involve the rapidly increasing cost of acquiring print and electronic resources and the infrastructure support required for the electronic environment.

According to institutional representatives, the keys to responding successfully to this situation include: (1) continued cooperative efforts and budgetary effectiveness among the Regent universities, which are described in the report; (2) faculty/library staff/central administration partnerships; (3) involvement with other institutions that are similarly concerned about the escalating cost of scholarly communication; and (4) continued budgetary support for acquisitions and electronic infrastructure.

Dean Olivia Madison presented the Regents with highlights of the annual report on libraries. She said the Regent libraries are part of the overall Iowa library system. She discussed the immediate challenge related to bridging the physical and virtual libraries. She described issues related to national serial costs including journal cancellations.

Dr. Hopper, Iowa State University Faculty Senate President, presented a report on the crisis in scholarly communication. He stated that, last year, the Interinstitutional Committee on Educational Coordination appointed an Interinstitutional Task Force on Scholarly Communication to focus on the enormous challenges to local and national scholarly communications systems. Scholars no longer control their own product. He described the issues and suggested actions to be taken. The primary goal is to return control to scholars and increase competition. He noted that all members of the Interinstitutional Task Force on Scholarly Communication are grateful to the university administrations for the support for university libraries. He congratulated the Board of

Regents for providing the acquisitions budgets that the universities have enjoyed for the last few years.

Regent Fisher asked if journals can be obtained electronically at less cost. Dean Madison said one of the most frustrating issues is the belief that electronic journals are cheaper. She said the truth was quite the opposite. She provided one example of a publication that will cost Iowa State University \$110,000-\$115,000 to receive the electronic version.

Regent Fisher said the Regents have three fine university libraries which are well used by the university communities. Is there large use by private citizens of the library facilities?

Dean Madison responded that most of the use of the university library collections by citizens is through intra-library loan. There is open access so anyone in the Iowa community can use the universities' collections. The university libraries will provide citizens with library cards to check out materials if they wish. Citizens can search the collections from their homes through on-line catalogs.

Regent Kelly questioned why professional societies do not do more of their own publishing and collaborate in such publishing. He said he believed the whole field of scientific and learned publications was full of "junk".

Dean Madison stated that as the universities go through the cancellation process, the librarians rely solely on faculty to make decisions on the quality of the information.

Dr. Hopper said he would not argue that some inferior information can be found. However, most of the professional societies extend great effort to ensure excellence. He said one would be hard pressed to find very much of what might be called "junk" publications. Twenty to 25 years ago many of the societies published their own journals. As expansion increased, the societies looked at ways of partnering to publish their journals. Over the last couple of decades, those efforts have moved more from an equal partnership to where the for-profit publishing company is now the driving force. For the largest part of what goes into the journals, universities sign over their copyrights. He said there is a job to be done in this regard; it is going to be difficult and a long-term process. In the meantime, the universities are caught in a crisis. The universities asked for the support of the Board during this period where cultural change is being made.

Regent Kelly said it sounded like there was a need for some type of organization among the groups, amalgamated across the country. He wished them the best of luck.

Regent Neil asked if the universities track the usage of the electronic libraries. Dean Madison responded that one of the benefits of having electronic libraries is that it provides a much better way to track usage. Methods of providing the data in a manner that can be used across the three institutions can be developed. She noted that the universities will be facing another serial cancellation process within 3-4 years. In order to make those decisions, the librarians need better data than they have had before.

President Newlin stated, on behalf of the Regents, that he encouraged continued collaboration among the three libraries in all aspects. He then thanked Dean Madison and Dr. Hopper for the presentation.

**ACTION:** President Newlin stated the Board, by general consent, (1) approved the report, (2) encouraged Regent university libraries to continue and extend, where feasible, collaborative efforts, and (3) encouraged dissemination of materials on the facts and implications of the concerns in scholarly communications.

**ANNUAL COMMITTEE ON EDUCATIONAL RELATIONS REPORT.** The Board Office recommended the Board receive the annual report of the Regent Committee on Educational Relations (RCER).

The Regent Committee on Educational Relations (RCER) is charged with establishing closer relationships and cooperation with secondary and postsecondary educational institutions within the state. RCER facilitates articulation between secondary schools and colleges in the state. The Committee recommends policies that determine the acceptability of credit from the various institutions sending students to the Regent universities. RCER recommends modifications in general policy to the Board of Regents regarding admissions policies. The Committee reports to the Board of Regents through the Interinstitutional Committee on Educational Coordination (ICEC). The ICEC has reviewed this report and recommends its acceptance.

The Committee's activities are consistent with the Board of Regents' strategic plan, key result areas (KRAs), specifically 2.0.0.0, to provide access to educational opportunities within the missions of the Regent institutions, and 4.0.0.0, to provide effective stewardship of the institutions' state, federal, and private resources.

Phil Patton, University of Northern Iowa Registrar, presented the Regents with the annual report of the Regent Committee on Educational Relations and the goals for the upcoming year.

President Newlin asked for more detail about the committee's work with community colleges to increase the electronic transfer of student academic records. Also, what is the goal for next year?

Mr. Patton said there is a set of educational records that can be sent electronically to incorporate the transcript from the community college into the Regent system. It is a tremendous benefit to the student.

President Newlin asked why the goal of 50 percent was not reached. Mr. Patton said the goal was based on actual production, meaning actual exchange of records between the community college and Regent university. One more school was added to the list of actual production. He said most of the schools are in active testing and working with the universities. The goal of 50 percent is very realistic for the next year.

Regent Smith asked how many of the K-12 systems are participating in the data exchange. Mr. Patton responded that currently the one active K-12 exchange program is with the Des Moines school system. Approximately 200 Iowa school districts are involved in Project Easier which is an exchange of high school records, 150 of which are in the transmission stage of data to the Department of Education. He thinks that within 5 years the vast majority of high schools will be exchanging records electronically.

Regent Lande said he was pleased to hear that the community colleges and universities are cooperating so well. He asked if there were any of the 15 community colleges that had not begun the electronic transfer activity or that were lagging well behind in this effort.

Mr. Patton responded that 14 of the 15 community colleges are in some active stage of development; one is in the planning stage. He said all institutions are on board and are at some stage of activity.

President Newlin expressed appreciation for the work of the committee. He hoped the members stay at it.

**ACTION:** President Newlin stated the Board received the annual report of the Regent Committee on Educational Relations, by general consent.

**ANNUAL REPORT OF REGISTRARS AND ADMISSIONS OFFICERS.** The Board Office recommended the Board receive the annual report of the Regent Registrars and Admissions Officers (RRAO).

The annual report of the Regent Registrars and Admissions Officers (RRAO) summarizes the activities of the Committee for the past year. The University Registrars and Directors of Admissions serve on the Committee. The RRAO facilitates the transfer of student records and may make recommendations regarding registration and admissions policies at the Regent universities to the Board of Regents through the Interinstitutional Committee on Educational Coordination (ICEC). The ICEC reviewed this report and recommended its acceptance.

The Committee's activities are consistent with the Board's Strategic Plan, Key Result Areas (KRAs), 2.0.0.0 and 4.0.0.0; specifically 4.2.0.0, to improve the operational effectiveness and efficiency of the institutions.

Kathleen Jones, Iowa State University Registrar, presented the report of the Registrars and Admissions Officers.

Regent Ahrens asked how the brochure, which was revised and distributed last year, was received by students and guidance counselors. Ms. Jones responded that the guidance counselors were the ones who asked that the brochure be reproduced and updated. She said the brochure has been well received over the years.

Regent Smith referred to the document entitled "Your Courses Count" and asked if it reflected any major changes. Ms. Jones said the committee was trying to emphasize in the document that what was presented were minimum requirements.

Regent Smith asked if the foreign language requirement was different at the University of Northern Iowa than at the other two Regent universities. President Koob said there were no recent changes.

President Newlin said he was pleased that the group was meeting as frequently as it was, and he hoped it would continue with same persistence as in the past.

**ACTION:** President Newlin stated the Board received the annual report of the Regent Registrars and Admissions Officers (RRAO), by general consent.

**ANNUAL DISTANCE EDUCATION REPORT.** The Board Office recommended the Board (1) receive the report on distance education and the university reports, (2) change the name of the Priority Study Group (PSG) on Distance Education to the Priority Study Group on Distributed Education, and (3) request that the universities gather data for next year's report that will include information about: (a) the proportion of each university's operating budget related to distance education (expenses and

revenues); and (b) the extent to which Regent universities are serving all areas of the state.

The Board of Regents *Procedural Guide*, Section 6.32, directs Regent institutions to "present to the Board annual comprehensive reports on distance education activity, including but not limited to the number of courses, and programs currently offered, collaborative outcome assessments, enrollment statistics, and associated incremental costs."

This report summarized data from the institutional reports and analyzes trends in distance education programming provided by the three universities. The reporting year includes Summer 1999, Fall 1999, and Spring 2000.

In 1999-2000, Regent universities responded to the needs of the citizens of Iowa by offering:

- a) Credit courses and programs:
  - 55 credit programs (degree, certificate, endorsement)
  - 2,542 individual courses/sections
  - 33,944 total student registrations
- b) Bachelor of Liberal Studies program:
  - 1,098 students enrolled in coursework
  - 135 students graduated
  - 394 students newly admitted to the program
- c) Non-credit continuing education courses:
  - 361,757 participants
  - increase of 6,615 participants over 1998-99
- d) Classes using the Iowa Communications Network (ICN):
  - 4,503 student registrations
  - an increase of 896 in student enrollments over 1998-99

The total incremental cost of distance education for the three universities in 1999-2000 was \$9,002,842. Of that amount, \$5,795,090 (64.4 percent) was for instructional costs, \$866,452 (9.6 percent) was for delivery-associated expenses (technology), and \$2,341,300 (26.0 percent) was for administrative costs.

The universities continued their extensive efforts at collaboration, which help to reduce programming costs. In addition to cooperating in a number of joint projects, reported to the Board in February 2000, the institutions have instituted or further implemented a

number of new projects. Examples include: (1) The University of Iowa's Masters in Social Work degree in Sioux City has been supported significantly by Briar Cliff College and a wide range of social service agency representatives; (2) the three Regent universities have had discussions to offer a large portion of the BLS degree program at selected ICN sites; and (3) a symposium of the three universities across the state promote a development of small businesses and entrepreneurial activities.

The Board of Regents has increased its commitment to distance education during the past several years. In 1998, the Board reexamined its policies and in 1999 appointed a Priority Study Group. In 1999, the Board adopted recommendations in its statement on Distance Education policy and practices. Essentially, the policy of providing distance education programs of quality equal to those on campus was reiterated. The most important change was a clarification of the procedure of reporting "old" programs in a new location. The revised policy is that different locations do not need to be located as new programs. However, the Board expects periodic updates on where courses and programs are offered.

Distance education continues to change rapidly. Regents, institutional leaders, and the Board Office will need to keep abreast of the dynamic changes in this area. In addition to distance education programming and technology issues, the future of institutional roles in distance education are likely to be shaped by the following:

- Resources -- What proportion of the universities' general budgets are/should be distance education and what are appropriate sources/levels of revenue?
- Access -- To what extent should/can Regent universities serve all areas of the state?

This report presented an initial review relating to the second item. The Board Office recommended to the Board that it request the universities to continue to compile data that would address the first item.

Associate Director Kniker provided a power point presentation of the annual report on distance education which included tables that were provided to the Regents in the meeting materials. Regent distance education is provided in every county in the state of Iowa. There are 356 different sites with 2,542 courses or sections. He said a system of reporting is being developed that will make it easier to report costs for distance education.

Regent Fisher stated that the graph of the state which showed the communities and courses was very graphic. It would be good to get that information into legislators' and citizens' hands because in some areas of the state there is a feeling that they are not being served by the Regent universities.

Regent Neil asked if there are any courses that have been requested that are not being provided. Associate Provost Duin stated that she had been at Iowa State University for a few months. She said the University receives calls, for example, in the undergraduate area for distance education business offerings. An annual survey is undertaken at the Iowa State Fair. This year 604 citizens participated. From that survey, it was found that the areas of study most often requested were education, business, and computer technology. Eighty percent of those surveyed indicated that they had access to the internet, with 41 percent having access at multiple locations. She said that information was encouraging to University officials.

Provost Whitmore said there were two areas of need for which University of Iowa officials are gearing up to add capacity. The first is nursing training through a 2+2 program. University officials are in the process of expanding that offering. There is also a new program offering of a Master's in Public Health through distance education from the new College of Public Health. He said those were two areas where the need is known. University officials are moving expeditiously to fill the needs in those two areas.

Provost Podolefsky stated that, generally speaking, the University of Northern Iowa's continuing education division is responsive to needs in the state. He noted that expressed needs do not always translate into actual enrollments.

President Koob referred to the recommendation to request that the universities gather data for next year's report that will include information about the proportion of each university's operating budget related to distance education (expenses and revenues). He stated that it would be very difficult to get accurate information on distance education expenses and revenues. At this time, University officials are not able to carefully separate graduate from undergraduate expenses. As the University moves to integrate distance education and make it distributed education, it will become much more difficult to separate out the cost of distance education. Distributed education is education provided to students on- and off-campus from a common source.

President Newlin said the only information that may be worthwhile is the relative data at each institution from year to year. President Koob said he hoped that would be the understanding.

Regent Lande noted that the majority of the distance education courses are taught by Iowa State University. He asked how much of the course offerings are the traditional Iowa State University extension courses with which the Regents are familiar?

Provost Richmond said the number of courses offered through distance education by Iowa State University does represent a long-term commitment on the part of Iowa State University to provide educational services to Iowans.

Provost Richmond introduced Dr. Ann Hill Duin, Professor of English, and the new Director of Extended and Continuing Education at Iowa State University. Dr. Duin also has responsibilities in the office of the Provost. Dr. Duin was attracted to Iowa State University from the University of Minnesota.

President Newlin said he was pleased that Dr. Duin was at Iowa State University, and noted that she has some Iowa roots.

President Coleman stated that the University of Iowa has been enrolled in credit enrollments for distance education for a very long time.

Regent Turner asked if the Bachelor of Liberal Studies (BLS) was to be offered as a fully web-based degree. Dr. Duin said it would be her hope to have such an offering. She believes the degree program would attract additional learners if it were offered in that environment.

Director Barak referred to Regent Neil's question about distance education needs in the state. He said the Interinstitutional Committee on Educational Coordination is discussing the possibility of doing a needs assessment which may be very helpful. With regard to Regent Turner's question about the BLS being offered as a web-based program, he said it was his impression that the program was nowhere near ready to be converted into a web-based offering. There are some studies taking place with regard to such an offering.

Regent Turner stated that the Regent graduation numbers had remained about the same. Will the distance education learners be reflected in the graduation numbers very soon? Associate Director Kniker said he assumed that the graduation rates should increase as the distance learners graduate.

Regent Turner said that would be good to take a look at.

Provost Podolefsky said it was not a safe assumption that distance learners will graduate in 4 years. Some of those students are full-time employees.

Regent Lande stated that Regent Turner's point was well taken. One would think that, at some point, there should be a significant number of distance education students graduating.

President Newlin congratulated Associate Director Kniker and university officials on the development of the distance education report. He said this was the first year that the information was shown in graph form. He looked forward to an expansion of that.

**MOTION:** Regent Lande moved to (1) receive this report on distance education and the university reports, (2) change the name of the Priority Study Group (PSG) on Distance Education to the Priority Study Group on Distributed Education, and (3) request that the universities gather data for next year's report that will include information about: (a) the proportion of each university's operating budget related to distance education (expenses and revenues); and (b) the extent to which Regent universities are serving all areas of the state. Regent Smith seconded the motion. **MOTION CARRIED UNANIMOUSLY.**

**ANNUAL SALARY REPORT.** The Board Office recommended the Board receive the annual salary report.

This report is presented to the Board each fall after the salaries for the current fiscal year are established. The Board of Regents received \$18.2 million in state appropriations for salary increases for fiscal year 2001. The Board had requested \$27.4 million in order to provide full funding of salary increases from state appropriations. No funding was received for health insurance increases.

Institutional salary policies based on the state salary policy and approved by the Board provide that faculty and professional and scientific staff increases would average 3 percent plus incremental steps which generally provides increases of 4 percent. The institutional salary reports indicate that average pay increases for both faculty and professional and scientific staff were within the parameters established in the Board's policy.

Regent Merit System employees, both organized and nonorganized, received increases of 2.6 percent plus step increases. In addition, eligible merit system employees on step 9 move to step 10 on January 1, 2001. It is estimated that total increase to merit system staff will be about 4 percent.

The Board's first Key Result Area (KRA) in its strategic plan states that the Board of Regents will become the best public education enterprise in the United States.

Recruiting and retaining quality employees is a vital component of this KRA. The ability to offer competitive salaries as well as provide increases equivalent to or greater than peer institutions is essential to recruitment and retention.

Regent universities compete in a global marketplace for faculty. The institutions can remain competitive within their own peer groups and broader global marketplace only by paying competitive salaries in each discipline.

Historically, the faculty salary survey data from the American Association of University Professors (AAUP) has been used to compare faculty salaries at peer institutions. The AAUP survey excludes clinical faculty.

Information about average percentage increases in faculty salaries were obtained by the universities through contacts with their peer institutions. These increases are applied to the AAUP average salaries from 1999-00 to arrive at the estimated average salaries for the current year. Based upon estimates obtained from peer institutions, the universities maintained their relative positions in their 11-member peer groups--University of Iowa at 8<sup>th</sup> place; Iowa State University at 9<sup>th</sup> place; and University of Northern Iowa at 6<sup>th</sup> place. In the Big 10, the University of Iowa stayed in 5<sup>th</sup> place, and in the Big 12, Iowa State University moved from 2<sup>nd</sup> place to 3<sup>rd</sup> place.

According to the reports submitted by the universities, about 2 percent of faculty and 4.5 percent of the P&S staff received increases of zero to less than 1 percent. Approximately 20 percent of faculty and 16 percent of P&S received increases in excess of 5 percent. Each university gave slightly greater percentage increases to female faculty than to male faculty.

The Regent universities also compete broadly for professional and scientific staff especially in areas such as science and technology. As with faculty, recruitment of quality staff hinges on the ability to offer competitive salaries and maintaining those salaries through pay increases that are competitive in the marketplace.

The College and University Personnel Association reports in its Administrative Compensation Survey that the overall median increases for all administrative job types in public institutions was 4.6 percent in 1998-99 and 4.7 percent in 1999-00. The average increases for P&S staff at the Regent universities for the same period ranged from 3.9 percent to 4.5 percent.

Average salaries and average increases at the special schools are shown below:

	Faculty Salaries		P&S Salaries	
	Average Percentage Increase	Average Faculty Salary	Average Percentage Increase	Average P&S Annualized Salary
ISD	4.4%	\$41,035	4.2%	\$45,641
IBSSS	5.5%	\$41,209	4.0%	\$41,996

The salary scale for the faculty at the special schools is similar to salary scales used in the K-12 public schools. Faculty move down the scale as they gain experience and may move horizontally on the scale as they attain additional education. The average faculty increases at the special schools include increases for a number of faculty gaining additional education and moving to a different track on the pay scale. Without these changes, the increases would have been approximately 4.2 percent at Iowa School for the Deaf and 4.4 percent at Iowa Braille and Sight Saving School according to projections made by the superintendents in the spring. P&S increases at Iowa School for the Deaf include additional pay for sign language proficiency at a level above the required level.

Director Wright reviewed highlights of the report with the Board.

Regent Lande said he thought it would be beneficial to the Board to see the average salaries computed for full-time employees. He assumed the figures included some faculty who were less than full time. Director Wright responded that all salaries were shown as full-time equivalent.

Regent Lande said he would be interested in seeing the mean average salaries.

Regent Fisher noted that there seems to be a heavy reliance on AAUP data. He asked if there were any other data sources available that would be helpful. Director Wright said there are other groups that could provide similar data. The Board Office will look at those other sources of data.

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

**REPORT OF THE BANKING COMMITTEE.** The Board Office recommended the Board

(1) Adopt the following:

A Resolution authorizing the Iowa State Memorial Union to issue on behalf of the State of Iowa and sell its \$4,890,000 First Mortgage Notes, Series 2000 for the purpose of fully refunding the principal amounts of its \$6,815,000 Promissory Note dated November 1, 1995, its \$30,500 Unsecured Note dated June 1, 1999, its \$25,000 Unsecured Note dated August 25, 1999, and paying costs of issuance; authorizing the approval, execution and delivery of a refunding trust agreement and certain financing documents; providing for the payment thereof; and related matters.

(2) Receive the report of the Banking Committee.

Regent Fisher stated that the Banking Committee, at its meeting of October 18, received a presentation by State Auditor Johnson and his associates regarding services they provide to the Regents. Mr. Johnson gave a glowing and favorable report. The Banking Committee tries to meet with the State Auditor every 12-14 months. He said the State Auditor provides a great service not only in the overall audits but also in other areas. The State Auditor's Office competes with the private sector to provide auditing services for bonded enterprises at the Regent institutions.

Regent Fisher stated that the Banking Committee approved a resolution for the refunding of the Iowa State Memorial Union promissory note. He asked for Board approval of the same.

**MOTION:**

Regent Fisher moved to adopt A Resolution authorizing the Iowa State Memorial Union to issue on behalf of the State of Iowa and sell its \$4,890,000 First Mortgage Notes, Series 2000 for the purpose of fully refunding the principal amounts of its \$6,815,000 Promissory Note dated November 1, 1995, its \$30,500 Unsecured Note dated June 1, 1999, its \$25,000 Unsecured Note dated August 25, 1999, and paying costs of issuance; authorizing the approval, execution and delivery of a refunding trust agreement and certain financing documents; providing for the payment thereof; and related matters. Regent Neil seconded the motion, and upon the roll being called, the following voted:

AYE: Ahrens, Fisher, Kelly, Lande, Neil, Newlin,  
Smith, Turner.

NAY: None.

ABSENT: Kennedy.

MOTION CARRIED.

Regent Fisher said the Banking Committee also received the semi-annual master lease report, a report on the change in the Wilshire Associates representative, and internal audit reports for Iowa State University.

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

**COMPREHENSIVE FISCAL REPORT FOR FY 2000.** The Board Office recommended the Board receive the comprehensive fiscal report for FY 2000.

The Board's strategic plan, Key Result Area 4, requires the Board to exercise effective stewardship of institutional resources to maintain the confidence and support of the public in the utilization of existing financial resources.

Each year, the Board conducts a series of reviews and approvals for all budgetary and financial matters. The purpose of the comprehensive fiscal report is to inform the Board of each institution's performance in relation to the Board-approved budgets.

The comprehensive fiscal report for FY 2000 compared actual revenues and expenditures with the Board-approved budgets, identified significant variances, highlighted strategic planning initiatives, summarized the actual uses of the funding increases, and discussed institutional accomplishments regarding measures taken to improve efficiency and effectiveness.

The report focused on the major funds at each of the institutions – the general operating funds and restricted funds. General operating funds include operating appropriations, some federal funds (e.g. SCHS, Agriculture Experiment Station, Cooperative Extension Service), interest income, tuition and fee revenues, reimbursed indirect costs, and sales and services. Restricted funds are specifically designated or restricted for a particular purpose or enterprise and include capital appropriations, tuition replacement, gifts, sponsored funding from federal and private sources, residence system revenues, as well as other auxiliary or independent functions such as parking and utility systems.

In FY 2000, the combined revenues for both operating and restricted funds of all Regent institutions totaled \$2.4 billion of which \$1.4 billion represented the general fund and

\$1.0 billion represented the restricted fund. The primary sources of these revenues included operating appropriations (27.9 percent), capital appropriations (0.8 percent), tuition replacement appropriations (1.2 percent), federal support (10.7 percent), tuition and fees (11.4 percent), reimbursed indirect costs (2.4 percent), and sales and services (26.5 percent).

The combined general fund revenues of all Regent institutions totaled \$1.4 billion, which represented 99.9 percent of the total combined revised budgets. Salary expenditures were 100.0 percent of the amounts budgeted for this purpose.

The combined restricted fund revenues of all Regent institutions totaled \$1.0 billion, which was 104.7 percent of the total budgeted amount. This variance can be attributed primarily to timing of the sale of bonds.

The institutional information indicated that strategic planning initiatives of \$45.3 million were met as budgeted; new appropriations of \$5.4 million, net of salary funding, and new tuition revenues of \$14.2 million were spent as intended; and reallocations of \$28.1 million were accomplished as budgeted. These efforts were accomplished even though the institutions faced a mid-year deappropriation of \$3.4 million.

In July, the Board approved the original FY 2000 general fund operating budgets. During the fiscal year, the Board approved two budget adjustments. In February, the Board approved revised budgets as a result of HF 2039, the FY 2000 deappropriation bill, which reduced state appropriations by approximately \$30 million. The Regent share of that deappropriation was \$3.4 million. In May and June, the Board approved budget ceiling adjustments to allow the Regent institutions the opportunity to expend the additional resources realized from successes in enrolling more students and in obtaining more awards of competitive grants and contracts than had been originally projected.

A comparative matrix of capital expenditures from all funds was provided. The table listed institutional expenditures of \$175.4 million in FY 2000 for capital projects with costs exceeding \$250,000. During FY 2000, revenue bonds totaling \$72.8 million were issued for capital projects at the Regent institutions.

Executive Director Stork said this was the fourth year the Board has received this annual governance report. The comprehensive fiscal report for FY 2000 compares the budgets as approved by the Board with actual implementation by the institutions. He said the figures would reinforce the confidence of the Board in the institutions with respect to the budgeting process.

Associate Director Hendrickson presented the Regents with highlights of the report. She noted that the Board's strategic plan requires the Board to exercise effective stewardship of institutional resources to maintain the confidence of the public in utilizing existing financial resources. Areas she discussed included an explanation of revised budgets, a comparison of actual revenues and expenses with Board-approved budgets, allocations by strategic planning initiatives, uses of new appropriations, uses of new tuition revenues, reallocations and efficiency and effectiveness.

Vice President True stated that when the Board Office first approached University officials about the development of a comprehensive fiscal report, University officials felt it was just more work to do. However, they now believe it is a good exercise to reflect on the past year. The report shows that the University of Iowa has met its obligations. The exercise provides an opportunity to reflect on many of the systems that have been installed. This year the University's utility savings were enormous.

Vice President Madden stated that Iowa State University had done many of the same activities over the year that were outlined for the University of Iowa. University officials have managed the University's resources wisely.

President Koob said the development of the comprehensive fiscal report provides a great opportunity to see in summary that University of Northern Iowa officials are effectively doing what they said they would do.

President Newlin expressed appreciation for the report.

**ACTION:** President Newlin stated the Board received the comprehensive fiscal report for FY 2000, by general consent.

**FINAL APPROVAL OF TUITION RATES AND MANDATORY FEES INCLUDING PART-TIME.** The Board Office recommended the Board approve the proposed 2001-02 academic year tuition rates and mandatory fees, effective with the summer session 2001, as set forth below.

*TUITION*

1. Approve a 7.2 percent increase in base tuition, derived from the following two components:

- By 5.2 percent to maintain quality and effectiveness; and
  - By 2.0 percent to improve quality to achieve the aspirations of the Board's strategic planning goals of excellence.
2. Approve the part-time tuition rates per semester credit hour, based on the recommended base tuition increase.

*MANDATORY FEES*

In addition to the above base tuition increase:

1. Approve the implementation of multi-year restructuring of tuition and mandatory fees at the three universities that will eliminate a portion of designated tuition and establish separate mandatory fees, as revised.
2. Approve increases, as revised, in mandatory computer and student health fees for the 2001-02 academic year.

*PROPOSED SURCHARGES (University of Iowa)*

In addition to the above base tuition increase:

1. Approve increasing the nonresident tuition rates for undergraduates at the University of Iowa by an additional 1 percent.
2. Approve the following permanent tuition surcharges at the University of Iowa for the 2001-02 academic year. Any subsequent year's implementation of these surcharges is to be brought to the Board for approval. All surcharges would be in addition to any other Regent tuition increase.

Henry B. Tippie College of Business

- Approve the implementation of the second \$1,065 tuition surcharge for resident and nonresident students entering the Masters of Business Administration (MBA) program the fall of 2001. This additional surcharge would represent a total increase of \$2,130 over the two years.
- Approve the first year of a three-year plan for three annual tuition surcharges of \$1,065 for resident and nonresident students entering the Masters of Information Systems and the Masters of Accountancy programs. Students entering the program in the fall of 2001 would be charged the additional \$1,065, whereas students entering the program in subsequent years would be charged more.

College of Dentistry

Approve continuation of the second year of a four-year implementation of a \$2,000 surcharge for resident and nonresident students entering the Dentistry program in the fall of 2001. The first year of the Dentistry surcharge was for students entering the program in the fall of 2000.

College of Law

Approve a surcharge of \$200 per academic year for all resident students and \$300 per academic year for all nonresident students.

College of Medicine

Approve a tuition surcharge of \$3,500 for resident and nonresident students entering the Medical education program in the fall of 2001.

College of Pharmacy

Approve a tuition surcharge of \$3,000 for resident and nonresident students entering the Pharmacy education program in the fall of 2001.

Physical Therapy

Approve a tuition surcharge of \$1,350 for students entering the Masters of Physical Therapy program in the fall of 2001.

CHANGES FROM SEPTEMBER DOCKET

The following items, for Board approval, vary from the information presented in September:

- Mandatory fees to redirect tuition for academic purposes – University of Northern Iowa officials proposed to increase its new student mandatory fee by \$8 over the recommended amount by utilizing the proposed \$8 decrease in mandatory computer fees. The proposed shift does not result in additional charges for students.
- Computer fees
  - University of Iowa officials proposed to increase its computer fee an additional \$19, from \$116 to \$135, which was discussed with the Board during its September meeting.
  - Iowa State University officials proposed to modify its computer fee request by establishing a new graduate student computer fee at 80 percent of the basic undergraduate student computer fee, a reduction of \$28 from that originally proposed for graduate students.

- University of Northern Iowa officials proposed to decrease its computer fee by \$8, from \$134 to \$126, and shift that same amount to the new student mandatory fee, from \$84 to \$92, which was discussed with the Board during its September meeting.
- Additional details were provided by the universities regarding use of tuition proceeds.
- Details were incorporated for the implementation of the proposed tuition and mandatory fee increases for part-time students.
- All tables and corresponding summaries were modified to reflect the above changes.

*TUITION  
POLICY AND PROCEDURE FOR BOARD ACTION*

The Board of Regents strategic plan identifies the following four key result areas: quality, access, diversity, and accountability. The Board's tuition policy (including rate setting for mandatory fees) reflects aspects of all of these areas. For example, the Board's policy is intended to promote broad access for Iowa residents to the Regent institutions, but also requires consideration of resources necessary to promote excellence.

Iowa law requires the Board to have a policy for the establishment of tuition rates that provides some predictability for assessing and anticipating changes. Consistent with this requirement, the Board's tuition policy provides as follows:

Resident undergraduate tuition at the Regent universities shall be set annually to keep pace with the Higher Education Price Index and to provide support to finance university programs at levels sufficient to implement the Board's aspirations for excellence as outlined in the Board's strategic plan.

In December 1997, the Board approved this language to make the Board's tuition policy compatible with its strategic plan. Previously (since 1990), the Board's policy restricted a tuition increase to a rate no higher than the percentage change in the Higher Education Price Index (HEPI), unless this rate was insufficient to "finance university programs at a level that maintains their quality or effectiveness."

In order to increase tuition or mandatory fees, the Board of Regents is required by law to take action no sooner than 30 days after notification of the proposed increase to presiding officers of each student government organization at each affected institution and no later than November preceding the fiscal year in which the increase would apply.

The student government organizations received notice of the proposed increases on September 6, 2000.

*RATIONALE FOR INCREASES IN BASE TUITION RATES*

*Implement Board Mission and Policy (Maintenance and Quality)*

The Board's mission statement challenges its institutions "to become the best enterprise of public education in the United States through the unique teaching, research and outreach programs established for each university and school." The Board policy anticipates maintaining quality, through a HEPI adjustment, and improving quality, through authorization of additional resources. The policy recognizes the joint aspiration of the Board and Regent institutions to achieve excellence. The Board Office recommendation reflects this aspiration and factors both maintenance and improvement into its recommended action.

The fundamental reasons for increasing the rates in tuition are, as mentioned above, to keep pace with inflation as measured by HEPI and to support aspirations for excellence as outlined in the Board's strategic plan.

The recommended increase of 7.2 percent utilizes a HEPI rate of 5.2 percent and a quality factor of 2.0 percent. The projected range for the FY 2000-01 Higher Education Price Index is 2.6 percent to 6.4 percent.

As of June 2000, the actual HEPI rates for fiscal years 2000 and 2001 are estimated to be higher than the top end of the original projected ranges. The HEPI component approved by the Board for tuition increases the past two years has been at the lower end of the ranges. In other words, the Board has not utilized a HEPI rate during the past two years that has sufficiently recognized the actual rate of inflation for higher education. One result is that the Regent institutions have lost some ground in having the resources to maintain quality as measured by actual inflation costs.

The 2.0 percent quality factor is consistent with the increase approved by the Board in the previous two years and will assist the institutions in achieving quality in their strategic plans. This quality factor provides one benchmark and is not intended to be an exclusive factor with respect to future application of the Board's tuition policy. In fact, some flexibility in this area is essential for the Board as it addresses quality and improvement in strategic plans.

*Assure Access and Accountability*

The Regent universities' 2000-01 tuition and fees were among the lowest in each university's respective peer group of comparable institutions. During the past five years, per capita income in Iowa has kept pace with national averages but tuition has not done so as evidenced by the following:

- Regent tuition increases have averaged 4.1 percent, which is less than the average of national tuition increases of 4.8 percent.
- The average of Iowa's per capita income increases equals 6.6 percent; the projected increase in Iowa per capita income for the year 2001 is 7.0 percent and for 2002 is 6.7 percent.
- The Regent 1999-2000 tuition and fees as a percentage of Iowa's per capita income for 1999 (11.7 percent) are less than the percentages for regional and peer states (which average 14.3 percent) and the national average (13.4 percent).
- The Regent institutions' tuition as a percent of per capita income has decreased by 2.5 percent while the national average tuition as a percentage of per capita income has remained constant.

The fact that Iowa's per capita income has risen faster than Regent tuition means that Iowans do have increased resources to purchase and invest in higher education. Iowans are able to obtain a high quality education at Regent universities for a reasonable price. The proposed tuition and fee increases will provide needed resources to enhance quality but are intended to assure that the price remains reasonable for Iowans, thus supporting the state's historical goal of broad access.

The Board Office recommended that the universities continue to allocate a proportional share of the proposed tuition increases for student financial aid. This allocation will maintain access for needy students by offsetting the increases in tuition rates. As noted in the annual student financial aid report presented in September, total student financial aid dollars increased 4.8 percent in FY 2000.

The revenues from tuition and fee increases are to be utilized to maintain and improve quality. After financial aid set aside, net revenues are to be utilized to meet the unavoidable and nondiscretionary rising costs of maintaining programs. In striving to achieve the Board's aspirations of excellence, the universities will use the revenues to improve the quality of undergraduate and graduate education for students, enhance student academic programs, and provide other enrichments to students' educational experiences.

#### *MANDATORY FEES*

*REDIRECTION OF TUITION TO MANDATORY FEES*

For the 2000-01 academic year, the Board approved a fundamental change in the structure of tuition and fees at the University of Iowa. The change took tuition revenues at the University of Iowa that historically had been designated for student activities and student services, and established them as separate and distinct mandatory fees.

For many years, the Board has set tuition and mandatory fees in the fall of each year. During the following May Board meeting, the Board has allocated (designated) a portion of tuition for specific purposes such as student activities, student services, and debt service. Last October, the Board changed this system by approving a request of the University of Iowa to establish new mandatory fees for certain student activities and student services rather than using tuition revenues.

This redirection from tuition to mandatory fees at the University of Iowa had significant consequences:

- Tuition dollars became available for academic areas and needs.
- Students paid mandatory fees rather than tuition to support specific programs that promote student activities and services.
- Students continued to pay the same amount for tuition, plus any base tuition increase approved by the Board for next year (i.e. students continued to pay the same level of tuition but the funds are spent for different purposes).

The Board required the University to return for specific approval of any increase in fees and directed the University to do the following as it implemented this change:

- Consult with students regarding the proposed expenditures of the newly available tuition revenues released by redirection of tuition to fees (statutory procedure remains same for consultation regarding student activities).
- Report to the Board on revenues and expenditures for all tuition and fees generated by this proposal (including the disposition of unallocated funds).
- Address the applicability of mandatory fees for part-time students, off-campus students, and summer session students.

Last year, the Board approved the University of Iowa's proposal to phase in the redirection of tuition to fees over two years. University of Iowa officials requested to

implement the second year of this plan, which would establish two additional mandatory fees for the 2001-02 academic year: the student union fee of \$58 and the consolidated health fee of \$20. This proposal would allow the University to redirect \$1.9 million of tuition revenues to fund selective, strategic investments in financial aid and financial aid services, revitalization of university libraries, and transformation of the instructional equipment in classrooms, laboratories, and studios at the University. This is consistent with the University's proposal last year and the Board's initial approval of the redirection of tuition.

The Board Office recommendation does not increase the proposed new fees (student union and consolidated health), which results in an additional \$78 in fees to be paid annually by students. With the redirected fees of \$76 approved by the Board last year, the total increase over the two-year period would be \$154. These amounts are separate from any tuition increase that the Board would approve. The University of Iowa Student Government has expressed support of the University's two-year plan.

University officials also proposed a \$2 increase for the 2001-02 academic year in the student activities fee (5.7 percent) and the student services fee (4.9 percent) to bring the total increase over the two-year period to \$158. The Board Office, however, did not recommend the \$2 increase in either the student activities fee or the student services fee, primarily because there may have been an understanding that no increase in these particular fees would occur during the initial two-year implementation period.

Iowa State University and the University of Northern Iowa also proposed establishment of a similar redirection of tuition to mandatory fees so that an additional portion of their tuition revenues may be utilized for academic programs.

Iowa State University officials proposed a multi-year plan to redirect current designated tuition toward a student activities mandatory fee of \$56 for the 2001-02 academic year, \$130 for the 2002-03 academic year, and \$178 for the 2003-04 academic year. The University would commit the redirected tuition revenues of \$1.5 million in the 2001-02 academic year to selective strategic investments in student financial aid, university library support, information technology, and expanded course offerings for heavily enrolled classes. The Government of the Student Body of Iowa State University indicated general support for this redirection of tuition to mandatory fees.

The University of Northern Iowa had originally proposed a single year plan to establish a new mandatory fee of \$129 for the 2001-02 academic year. In preparing the September meeting materials, the Board Office recommended that the University of Northern Iowa's proposal be implemented over two years, with a maximum of \$84 in the 2001-02 academic year. At the September Board meeting, President Koob indicated that the

University of Northern Iowa was planning to modify its proposal based on significant input from the Northern Iowa Student Government.

The revised University of Northern Iowa proposal for the redirection of designated tuition would take place over two years. The University of Northern Iowa proposed a new mandatory fee of \$92 for the 2001-02 academic year, rather than \$84. Only \$50 of this new fee would be redirected from designated tuition. The \$8 increase in the proposed mandatory fee (from \$84 to \$92) would be offset by the \$8 decrease proposed in the computer fee. The revenue generated by the new student mandatory fee of \$92 would be focused on student needs such as additional resources for student organizations, and a dedicated funding stream for the renovation of Maucker Student Union. The University would commit the redirected tuition revenues to strategic initiatives to improve quality, including study abroad, first year student experience program, advising services, additional faculty to meet student demands, and faculty/staff professional and career development.

The following table summarizes the universities' proposals, which are exclusive of any tuition increase that the Board would approve:

Increased Costs for Mandatory Fees to Redirect Tuition 2001-02 As Revised	
SUI	\$78
ISU	56
UNI	92

*PROPOSED INCREASES IN ESTABLISHED MANDATORY FEES*

During the early 1990s, the Regents approved three types of mandatory fees - health fees, computer fees, and health facility fees. In approving the student health fees, the Board, after several months of study, eliminated the existing voluntary health fees and approved mandatory student health and health facility fees for the benefit of all students. The mandatory computer fees were initiated in the fall of 1990 for FY 1992. Prior to this time, institutions had been charging numerous, miscellaneous computer fees for courses/programs. The Board consolidated these miscellaneous computer fees into a comprehensive mandatory computer fee for students at all three universities.

For 2001-02, the universities proposed increases to the computer fees and health fees. All three universities proposed revisions to the computer fees as presented in the September docket. No changes were proposed for the health facility fees.

Computer Fees

GENERAL  
October 18-19, 2000

		<u>Actual</u> <u>2000-01</u>	<u>Initial</u> <u>Proposal</u> <u>2001-02</u>	<u>Revised</u> <u>Proposal</u> <u>2001-02</u>
SUI	All students except Business Administration, Law, Engineering, and Medicine students	\$110	\$116	\$135
	Law students	220	232	232
	Business Administration and Engineering students	362	382	382
	College of Medicine students and students in division of associated medical sciences	136	144	144
ISU	All students except Engineering, Computer Science & Management Information Systems students	108	144	144
	Graduate student	108	144	116
	Engineering students	350	366	366
	Computer Science & Management Information Systems students	280	292	292
UNI	All students	122	134	126

	<u>Health Fees</u>		<u>Health Facility Fees</u>
	<u>Actual</u> <u>2000-01</u>	<u>Proposed</u> <u>2001-02</u>	(No increase proposed) <u>Actual</u>
SUI	\$102	\$107	\$10
ISU	102	110	16
UNI	102	106	-

In preparing the September tuition request, the University of Iowa officials had proposed inflationary increases of 5.5 percent for all categories of computer fees to support the increasing use of computer and computer-related technology. As indicated by President Coleman in her presentation to the Board at its September meeting, University officials requested an increase in the general mandatory computer fee of \$25 (from \$110 to \$135 — a 23 percent increase) rather than \$6 (from \$110 to \$116— a 5.5 percent increase). University of Iowa officials plan to utilize this increase in computer fees to support basic computer needs within the undergraduate colleges, particularly the College of Liberal Arts.

Iowa State University officials proposed a 33.3 percent increase in its basic computer fee and an inflationary increase of 4.6 percent in all other categories of computer fees for the 2001-02 academic year. Iowa State University officials modified its proposed computer fee for graduate students from that presented in the September meeting materials. The Graduate Student Senate endorsed the proposed increases and suggested that Iowa State University administration consider a pro-rating mechanism when implementing the new computer fee. Iowa State University officials proposed to establish a new basic computer fee for graduate students which is at 80 percent of the basic computer fee for undergraduate students. Instead of a \$144 fee, the graduate student computer fee would be \$116 or an increase of \$8 or 7.4 percent.

The Iowa State University computer fees support microcomputing, as well as other student instructional computing facilities and services, such as print services, short courses, computer training opportunities, and library databases and other information services. Individual colleges use funds for hardware maintenance, hardware and software upgrades, student laboratory monitors, and printing supplies. Iowa State University officials proposed that the basic computer fee be increased to \$190 per year for the academic year 2002-03. University officials would return to the Board for approval in the subsequent year.

As indicated by President Koob at the September Board meeting, University of Northern Iowa officials planned to modify its proposal based on significant input from the Northern Iowa Student Government. University of Northern Iowa officials proposed a revision to its previously requested increase in computer fees of \$12 (9.8 percent) per academic year. The University of Northern Iowa's revised proposal decreases the computer fee from \$134 to \$126, an \$8 decrease from the original proposal but a \$4 increase in the computer fee (from \$122 to \$126). The proposed \$8 decrease in the University of Northern Iowa computer fee would be shifted to increase the new mandatory student fee, as previously described.

University of Northern Iowa computer fees are used to maintain and improve academic and instructional computing services in a wide variety of methods. Students are expected to use e-mail and the Internet. Faculty use multimedia increasingly to enhance teaching and provide discipline-specific computer experiences for students.

The proposed increases in health fees, ranging from \$4 to \$8, are to meet growing student demand and rising health costs.

#### *SURCHARGES – UNIVERSITY OF IOWA*

##### *NONRESIDENT UNDERGRADUATE TUITION RATE INCREASE*

University of Iowa officials proposed an additional 1 percent tuition increase for all its nonresident undergraduate students for the 2001-02 academic year. This increase is above the rate which would be approved by the Board for resident students. University of Iowa officials proposed to earmark these revenues for scholarships in recruiting high quality nonresident students to the University. This type of differential for nonresident students was last approved by the Board for the 1996-97 academic year. The additional 1 percent will generate approximately \$530,000 in additional funds.

##### *SPECIFIC PERMANENT TUITION SURCHARGES*

University of Iowa officials requested increases in its tuition surcharges for the following graduate/professional areas: Henry B. Tippie College of Business (MBA Program and Masters Programs in Management Information Systems and Accountancy), College of Dentistry, Masters in Physical Therapy, College of Law, College of Medicine, and College of Pharmacy.

Tuition surcharges represent earmarked amounts for specific colleges and purposes. Students enrolled in these colleges pay the surcharge in addition to the university's base tuition and receive the benefits of additional resources. Base tuition and base tuition increases are not earmarked for special academic units, but are part of the overall general university fund budgeting process.

The Board Office recommended the following tuition surcharges:

University of Iowa Surcharges		<u>Resident</u>	<u>Non- resident</u>
Business -	MBA	\$1,065	\$1,065
Business -	Masters of Information Systems & Masters of Accountancy	1,065	1,065
Dentistry		2,000	2,000
Law		200	300
Medicine		3,500	3,500
Pharmacy		3,000	3,000
Physical Therapy		1,350	1,350

***ESTIMATED REVENUES***

The estimated gross revenues from proposed increases in tuition rates and surcharges are \$20.9 million. After tuition aid set aside of \$3.1 million, the net tuition revenues generated from the proposed tuition increase and permanent tuition surcharges are estimated to be \$17.8 million.

The estimated cost of attending the Regent universities, including proposed tuition and fees (as revised), room and board, and other costs is projected to average \$11,720 for the 2001-02 academic year.

Executive Director Stork stated that the tuition policy before the Board this month was essentially the same as what was presented last month; the base tuition increase of 7.2 percent remained the same as did the surcharges. The differences, which were set forth in the meeting materials, related to modifications of mandatory fees and the scheduling of tuition rates for part-time students.

President Coleman said she supported the recommendation for tuition and fees. She pledged to continue to seek actively student advice about investment of new resources. She has collaborated with students to put a large ad in the Daily Iowan about how tuition revenues are used now and in the future. Also, a web site was set up to keep students updated about how their funds are being used. Efforts toward which tuition revenues will be directed include continued modernization of auditoria and classrooms, next generation science faculty, retention of students, improved electronic connectivity, common gathering places, and opportunities for women's athletics.

President Seagrave expressed appreciation for the opportunity to support the tuition proposal of the Board Office. On a personal note, he started and ended the fiscal year in Beardshear Hall. In between those times, he spent 1-1/2 semesters in the classroom. In the middle of the fiscal year, Iowa State University experienced a deappropriation by the legislature. He taught three courses last spring (after the deappropriation) and he said he had never worked as hard in his life.

President Seagrave referred to the use of tuition revenues as outlined in the meeting materials. He said those areas, including student aid/scholarships, instructional support, learning communities, library acquisitions, building repair, minority student recruitment and retention, and academic information technology, were what University officials pledged to provide for students. He referred to information provided on how University officials spent the \$5 million of extra tuition revenues in FY 2000. Those same kinds of things must be done again in FY 2002. Increases will be directed toward libraries, information technology and learning communities. With regard to fees, he said university officials agreed with students to split the computer fee increase over two years and to remove certain fees from tuition over three years. Eighty percent of the computer fee will be the charge for graduate students since such a large portion of the computer fee goes to support undergraduate teaching labs. Graduate students convinced university administrators that 80 percent of the computer fee was appropriate.

President Koob thanked Board Office staff for taking an extremely complex year for tuition and fees and presenting it so clearly. He also thanked the Board Office for doing the study which demonstrated the need for the increase. He thanked the University of Northern Iowa student government leaders who worked very hard with university officials against tight timelines. He complimented their hard work and good preparation. President Koob said he completely supported the Board Office recommendation. He believes the increase is absolutely necessary to maintain the level of quality. He said the funds will go toward student aid, mandatory cost increases and to improve the quality of education for students.

Andy Stoll, President of the University of Iowa Student Government, stated that student government leaders had conducted an on-line student survey. Responses were received from 905 students. Students want to know how their money is being spent. He said the university administration had taken some good steps to address students' desire for information, but administrators need to keep the effort going.

Mr. Stoll addressed the proposed 1 percent surcharge for undergraduate out-of-state students. Some students believe the increase will benefit all students so why is just one small portion of the student body being asked to pay. He said students have not been consulted on the 1 percent surcharge for out-of-state students. He asked that students be helped to understand the details of the plan.

Chris Linn, Vice President of the University of Iowa Student Government, stated that last month he informed the Regents that, in general, students want quality improvements to take place at the University. He said a better job needs to be done of educating students about where the money is being spent. University officials need to continue to work with students so students have a voice in that decision-making process. This is the fourth year of tuition increases with both quality and inflation factors. He thinks it is time to evaluate the system and to examine other fee structures. Out-of-state students would like the Regent schools to consider forming reciprocity agreements with other states. He noted that the legislature's underfunding of the university last year certainly led to higher tuition increases this year. Higher education is a necessity, not a privilege. In the past year, much attention has been given to Iowa's aging population and the number of students who are leaving Iowa. The Iowa 2010 plan calls for the state to value higher education more, to which the legislature should be committed.

President Newlin thanked the University of Iowa Student Government representatives for their participation.

Dan Sterenchuck, President of the Northern Iowa Student Government, thanked President Koob for the great relationship between students and university administrators. He said this had been a great learning opportunity for him. He was pleased about the commitment of the university to the student body. Students agree with the university regarding mandatory fees. Students disagree with the proposal for the tuition increase. Students believe in a 4.6 percent HEPI inflationary tuition increase versus 5.2 percent. Students also do not support the 2 percent increase for quality. He said the 2 percent quality increase proposal amounts to \$58/student. The separation of fees allows the university to redirect \$50/student. The Maucker Union renovation project fee of \$55/student will improve the quality of the university for students. A higher amount of quality is being achieved through the separation of fees from tuition. He said

the initiatives to be addressed by the 2 percent increase for quality and the separation of fees are the same.

Mr. Sterenchuck said the Regents' decision will affect all students around Iowa. Over 90 percent of University of Northern Iowa students are from Iowa and 70 percent of those students stay in Iowa. The theme this year at the University of Northern Iowa has been "students first". He said the theme was very appropriate in the Regents' decision about tuition. He asked the Regents to continue the tradition of keeping students first by keeping the level of the tuition increase to 4.6 percent and to make up the quality increase in the separation of fees.

Ben Golding, President of the Iowa State University Government of the Student Body, read letters from several students regarding the negative impact the proposed tuition increase would have on their ability to continue their education. He noted that each Regent had in front of them a binder of similar letters. He said the tuition increase had met with serious concerns across the state. Points which were outlined in the binder provided to the Regents were: 1) the tuition increase proceeds are for the same benefits as the separation of tuition and fees, 2) maintenance of affordability and accessibility of Regent universities, 3) substantial cause and effect will be seen in enrollments, and 4) who the increase will affect. He emphasized that the 2 percent quality increase will be applied to the same quality areas as the fee split and the computer fees. He asked that the Regents please pick one but do not add a 2 percent increase in quality just because it has been done for the past several years. He said the quality revenues will come from the fee splits.

Mr. Golding stated that non-traditional students account for over 10 percent of Iowa State University's undergraduate enrollment. Iowa is based in agriculture. Farm families are still facing some of the lowest prices in history. He expressed concern for a tuition increase that is so significantly above the earning power of students. He then introduced two students whose letters he had read earlier and asked the Regents to listen to students and families across Iowa.

President Newlin thanked Mr. Golding and Mr. Sterenchuck for their participation in the tuition discussion. He said all of the students had done an excellent job.

Regent Lande thanked each of the student body presidents and the other students in attendance for being at the meeting. He said their presentations were very well done. He encouraged them to attend sessions at the Iowa legislature and to talk to the Governor and legislature in the manner in which they had spoken with the Regents at this meeting. Doing so would be helpful.

Regent Ahrens said it had been pleasant for her to work with the student governments. She referred to the proposed 1 percent additional increase at the University of Iowa for out-of-state undergraduate students. She said the last time a tuition differential was approved for non-resident students for the University of Iowa, the non-resident enrollment decreased. She compared the loss of revenue from a loss of non-resident students due to the additional charge to the amount of revenues to be generated by the additional 1 percent charge. She said the amount of money lost from a 1 percent decline in out-of-state undergraduate student enrollments would be \$960,000 compared to a gain of \$530,000 from a 1 percent increase in tuition for out-of-state students. She said that would result in a loss of revenue in the amount of \$430,000 for the University of Iowa.

President Coleman stated that the University of Iowa had clearly changed its strategy since the 1996 time frame. Some extensive modeling and analysis has been done and university officials believe they have a very good plan with which to move forward. University officials would be willing to phase in the increase. While originally conceived as a scholarship for new students, it could be phased in by offering it to current out-of-state students.

Regent Turner noted that earlier in the meeting the Regents had been presented with information on the increase in financial aid as well as increased diversity. She asked if the increased financial aid was a reflection of increased need of students or increased cost of education. Has the percent of financial aid been equal to the increase in tuition or are the universities "chasing themselves"?

President Koob stated that each of the institutions designates a percent of its tuition for student financial aid. He said, in the analysis, this designation generally takes care of the increased need. The Board's goal is to increase the number of minority students to 8.5 percent. He had indicated to the Board's study group on diversity that the only way to increase diversity was to increase financial aid. If the University of Northern Iowa were to increase the numbers of minority students on campus, it would have to increase its out-of-state enrollment. The University of Northern Iowa has gone from a 19.5 percent set aside of tuition revenues for student financial aid to 20.8 percent. He did not think the University of Northern Iowa was "chasing its tail".

President Coleman stated that the University of Iowa has a standard policy of 16 percent of tuition to be set aside for student financial aid. Last year, the amount set aside was 17.1 percent which will provide an additional \$1.2 million in financial aid. The university has been able to meet the increases in need. She did not think the university was "chasing its tail".

President Seagrave stated that Iowa State University officials have put the set aside back in from tuition in a parallel fashion. In comparing what has happened over the last two years, there has been a 17 percent increase in financial aid which is more than the increase in the cost to students. He said that amount of money does not include the new scholarships from the last capital campaign. It was his sense that the aid is keeping pace and perhaps keeping ahead of pace.

Regent Neil congratulated the student body representatives for the presentations. He told them their words had not fallen on deaf ears. He said last year he opposed the fee split; this year he would support it. If the Regents are going to ensure that quality is maintained, they will have to charge for it. It did not make him happy that the legislature had not met its obligation. Until the state becomes convinced that education is more important than tax cuts, the Regents will be facing this. He said he would support the increase in order that the quality not be diminished.

Regent Smith said she agreed with Regent Neil. She also congratulated the students for their time and effort, and she thanked the institutional heads for working so closely with the students.

Regent Fisher said one area he always looks at is per capita personal income of Iowans. Tuition and fees as a percentage of per capita personal income has been pretty consistent. It is 11 percent in Iowa while the national average is 13.4 percent. He said that was one factor that weighs in his decision. He referred to the report on financial aid that the Regents received the previous month. He said he knows that debt is not always pleasant but it is certainly an investment. People can attend these universities and borrow, if need be. His company employs students in Des Moines who are making \$2-3/hour more than they were making a couple of years ago. He said he would support the recommendation.

President Newlin asked for a motion on the recommended actions.

Regent Ahrens requested a separate motion on the 1 percent additional charge for non-residents at the University of Iowa.

MOTION:

Regent Fisher moved to approve the proposed 2001-02 academic year tuition rates and mandatory fees, effective with the summer session 2001, as set forth beginning on page 264 with the exception of the increase in nonresident tuition rates for undergraduates at the University of Iowa by an additional 1 percent. Regent Smith seconded the motion.

Regent Ahrens said it has been interesting to be able to serve as a student and as a Regent. Students understand that the cost of education will go up. She was excited to see the increased collaboration between university administrations and students. She commended that collaboration, saying they had come a long way. She was concerned about the overlap of the quality increases and the fee splits. She expressed support for a compromise in that area. Students realize the proposed changes need to be made. However, last year's tuition increase was 4.6 percent while this year's was proposed at 9.9 percent. She hoped the Regents would consider the large increase in tuition above last year's amount, and the overlapping of the quality increases.

Regent Kelly said he agreed with most of what Regent Neil had said. One slight difference related to Regent Neil's opposition to tax cuts as long as there is a need for money in education. He stated that another way to address that is to decrease state spending. There is no need for a new state program for every human problem that comes up. He suggested a reduction in frivolous state spending. He expressed complete support for the Board's recommendation.

Regent Turner expressed appreciation for the comments on financial aid. She stated that a year ago she asked if it is possible to track whether students are lost because of financial issues resulting from tuition increases/financial issues. Is there a way to determine if this really is an issue for retention.

President Coleman said University of Iowa would try to get that information for Regent Turner, noting that it was a good suggestion.

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

MOTION:                                      Regent Fisher moved to approve the proposed increase in nonresident tuition rates for undergraduates at the University of Iowa by an additional 1 percent. Regent Kelly seconded. The motion carried with Regent Ahrens voting "no".

**REGENT LEGISLATIVE PROGRAM.** The Board Office recommended the Board (1) receive an update on the impact of the increases in the cost of the state's health plans; (2) give preliminary consideration to the proposals noted below for inclusion in the Board's legislative program for the 2001 session; and (3) request that any additional suggestions for the Board of Regents legislative program be provided to the Board Office for inclusion in the legislative program for the November Board meeting.

### Health Insurance Update

The Regent institutions did not receive state funding for health insurance increases. At the end of June, the Department of Personnel announced that the state health insurance charges to state agencies would increase the employer contributions 17 percent effective July 1 with another increase January 1 ranging from 17 percent to 35 percent. On October 9, 2000, the Department of Management announced that state agencies would have to pay an additional 17 percent in health insurance charges for the state plans effective January 1. These health insurance increases were not reflected in the institutional budgets because the amounts were not known during budget preparation.

The Regent institutions are currently taking steps to handle the challenges resulting from the significant health insurance cost increases to state plans for FY 2001. Once the state releases the actual increases, the institutions will submit modified FY 2001 budgets to the Board for approval. The institutions have submitted, for Board consideration, budgetary options for managing the health insurance cost increases.

### Legislative Proposals

The 2001 Session of the Iowa General Assembly is scheduled to convene on Monday, January 8, 2001. Prior to the legislative session, the institutions are to submit to the Board any matters, in addition to the state appropriations requests approved in September, that may be subject to legislative consideration. These matters become part of the Regent legislative program and will be updated on a monthly basis.

All of the Board-approved appropriations requests have been entered into the state's budget system in accordance with state law. Prior to determining the formal appropriations recommendations, the Governor and Lieutenant Governor, with assistance of department directors, will again hold several budget hearings at different sites around Iowa between November 12 and December 11. Each hearing will focus on one key policy area of the leadership agenda of the Governor and Lieutenant Governor (accountable government, education, environment, health, new economy, and safe communities).

In September, the Board approved requests by the University of Northern Iowa to continue efforts to secure targeted funding of University of Northern Iowa programs through state agencies which include: Ag-Based Industrial Lubricants (ABIL) program, Community Recreation and Tourism Research and Service, Center for Energy and Environmental Education (CEEE), Iowa Waste Reduction Center, Environmental Audit Training Initiative, Recycling and Reuse Technology Transfer Center Materials Testing Service, Geography Alliance of Iowa, and the Iowa Mathematics & Science Coalition.

University of Iowa officials submitted a new legislative issue requesting the Board to consider changing the name of the University Hospital School to the "University of Iowa Hospitals and Clinics, Center for Disabilities and Development." This name change is intended to reflect better the mission and scope of this unit. The proposal would require specific approval by the Board prior to a change in statutory language.

Executive Director Stork stated that this was the first report of Regent proposals for the 2001 legislative session. The Board Office included an update on health insurance premium increases. He said the Regent institutions did not receive any state funding for new health insurance increases for this year. Those increases are 17 percent as of July 1, 2000, and another 17 percent as of January 1, 2001. He said health insurance increases of \$7.4 million collectively impact the budgets. Institutional officials are still in the process of reviewing the impact and investigating options for reallocations or other budget adjustments. Once institutional officials have finalized their recommendations on how to deal with the increased health insurance costs, institutional officials will return to the Board to request budget modifications for the current fiscal year.

Executive Director Stork said the legislative session begins on January 8, 2001. Preparatory to that, the Governor and Lieutenant Governor are preparing budget recommendations. There are six basic areas which reflect the Governor's budget priorities, two of which are 1) education and 2) the new economy, which is largely economic development. Budget hearings will be held in six different locations around the state to reflect the six general subject matter areas. The "education" budget hearing will be scheduled for the end of November in Cedar Rapids. He characterized the budget hearings as more like town meetings than the traditional budget presentations. The budget hearings present an opportunity for the Governor, Lieutenant Governor and some department directors to interact with members of the public concerning the Governor's priorities and recommendations.

Executive Director Stork said University of Northern Iowa officials presented its requests for state funding through other state agencies for specific projects. The University of Iowa has requested to change the name of the University Hospital School. The proposed name change will require a statutory change because the name "University Hospital School" is reflected in various places in the Code.

Regent Fisher asked if Executive Director Stork had said the Regents were looking at a \$7.4 million increase in health insurance costs. Executive Director Stork responded affirmatively, noting that those increased costs were for the current fiscal year and no state funding had been received to pay those additional costs.

Regent Fisher pointed out that health insurance costs were not going to get any better. He said the Regents need to factor substantial increases into the budget process going

forward. Health insurance cost increases are being experienced in the private sector as well as the public sector. He asked if the increases are shared 50 percent by the state and 50 percent by the employee.

Vice President True stated that, for the University of Iowa, health insurance contributions for merit employees are defined by the state's collective bargaining agreement. The unbudgeted increase that occurred on July 1 was borne entirely by the University. The increase on January 1 will be borne in the fraction agreed to in the collective bargaining agreement: for single contracts 100 percent of the cost is borne by the employer and, for family contracts, 70 percent of the cost is borne by the employer and 30 percent by the employee. In this year of extraordinary cost increases, University officials had budgeted 10 percent for health insurance cost increases at the beginning of the year which means that the remainder of the cost will be borne by the employee. In this particular year, the employee is bearing a higher percentage of the cost than the employee has historically.

Regent Fisher asked if faculty and professional and scientific staff are sharing 50-50 on the increase. Vice President True said that was true at the University of Iowa this year.

Regent Fisher asked if that was the University's policy. Vice President True said those decisions are made during the budget development process when rate increases are projected. It has been different in other years.

Regent Fisher said he thought that was a sound policy for faculty and professional and scientific staff. He believes that health care costs are going to get worse instead of better. Those costs will have a huge impact on the budgetary process.

Vice President Madden reiterated that merit system employees' costs are directed by the state collective bargaining contract. He said Iowa State University experienced a 34 percent increase in health insurance costs this fiscal year. University officials have historically tried to have some general consistency in how costs are allocated. University officials are proposing this year to redesign the program to shift costs to the employee. He noted that the University's cost increases are less than one-half the costs that the state is experiencing in its merit employee health insurance plans.

Regent Fisher asked if Iowa State University provides an HMO option for all employees and, if an employee wants a more expensive health plan, the employee bears the additional expense. Vice President Madden stated that Iowa State University provides a particular dollar amount of contribution for the employee, in the form of a true cafeteria plan. Employees allocate the dollars between various health care choices.

Assistant Vice President Dell stated that at the University of Northern Iowa there are collective bargaining agreements that prescribe the cost ratio. The agreement with faculty prescribes the ratio of contribution.

Vice President True noted that the University of Iowa has one managed care program that is its most cost-effective program and its fastest-growing program. The program is called UI Care.

President Newlin stated that Regent Fisher had called attention to the \$7.4 million impact of the health insurance increases. He agreed with Regent Fisher's admonition that the costs will continue to increase.

Regent Kelly said he believed there were some explanations for the increased costs in the health insurance industry, including new technology and the increasing age of patients. He said the unit price increases are not so much a factor. Two of the most important elements are 1) frequency of patient visits and 2) intensity of patient visits. The health insurance industry is claims driven.

Executive Director Stork emphasized the need for planning. He said the contract negotiated between Wellmark and the State of Iowa has more than doubled the rate of increase that was projected. At the same time, the state does not have a sound history of fully funding increases in health insurance costs. Looking to the future, he said the institutions should not depend on full funding of the insurance component of the state salary policy.

Regent Neil referred to Regent Kelly's stated reasons for health insurance cost increases. He said other factors include advertisements for drugs, which were unneeded, and the failure of the health care system to act as one to control costs.

**ACTION:** President Newlin stated the Board, by general consent, (1) received an update on the impact of the increases in the cost of the state's health plans; (2) gave preliminary consideration to the proposals noted below for inclusion in the Board's legislative program for the 2001 session; and (3) requested that any additional suggestions for the Board of Regents legislative program be provided to the Board Office for inclusion in the legislative program for the November Board meeting.

**ANNUAL REGENT MERIT SYSTEM REPORT.** The Board Office recommended the Board (1) receive the governance report on the operations of the Regent Merit System in fiscal year 2000 and (2) approve revisions to the Regent Merit System Classification Plan as follows:

New Classifications:           Chilled Water Systems Technician  
  Document Center Operator I  
  Document Center Operator II

Delete Classifications:       Copy Center Operator  
  Compositor

The Regent Merit System is established under authority of Iowa Code §19A.3. It includes nonprofessional supervisory, blue collar, security, technical, and clerical employees of the Board. In fiscal year 2000, there were 8,328 (head count) permanent and probationary employees in the Regent Merit System, an increase of 113 employees over the previous year-end total. Two-thirds of the covered employees are female.

Minority employment has increased slightly from 5.7 percent to 5.9 percent of the total.

The average Regent Merit System employee salary for fiscal year 2000 was \$27,528 excluding fringe benefits. Base salaries were increased by 3 percent on July 1, 1999 and by 2.6 percent on July 1, 2000.

The fiscal year 2001 total budgeted expenditure for salaries and fringe benefits for employees in the Regent Merit System is \$283.7 million from all funds. The general fund portion, excluding University of Iowa Hospitals and Clinics, is budgeted at \$68.2 million.

Approval was requested for three new classifications and the deletion of two classifications. The first classification proposed is the Chilled Water System Technician in pay grade 213 (\$28,454 - \$38,126). This classification would differentiate the work performed in the chilled water plant at the University of Iowa from that performed at the power plant. The other two new classifications are Document Center Operator I (pay grade 206 \$20,883-\$27,518) and Document Center Operator II (pay grade 208 \$22,942-\$30,389). These classifications recognize the changes in technology affecting the printing and copying areas. The two classifications to be deleted are Copy Center Operator and Compositor. Since the classifications are in AFSCME bargaining units, union concurrence will have to be received before they can be implemented.

Regent Ahrens asked if there was a known reason for the 20 percent increase in requests for reclassification. Director Wright responded that, to him, it often seems to happen when the economy is tight. It may be a way for employees to seek a pay increase.

Regent Neil stated that other reasons exist as well for such requests.

**MOTION:** Regent Lande moved to (1) receive the governance report on the operations of the Regent Merit System in fiscal year 2000 and (2) approve revisions to the Regent Merit System Classification Plan, as presented. Regent Smith seconded the motion. **MOTION CARRIED UNANIMOUSLY.**

**BOARD OFFICE PERSONNEL TRANSACTIONS.** The Board Office recommended the Board approve personnel transactions, as follows:

Appointment of Leslie Clemenson as Policy Analyst/Intern on a nine-month appointment effective September 5, 2000, at a salary of \$2,444 per month.

**MOTION:** Regent Lande moved to approve the personnel transactions, as presented. Regent Ahrens seconded the motion. **MOTION CARRIED UNANIMOUSLY.**

**APPROVAL OF VENDORS WITH A POTENTIAL CONFLICT OF INTEREST.** The Board Office recommended the Board approve the following additions to the respective university's lists of approved vendors with a potential conflict of interest:

University of Iowa – ComputerDesign, Inc.  
Iowa State University – D.R. Farni Enterprises

University of Iowa officials requested that ComputerDesign, Inc., a company that builds new and upgrades old computer hardware, be added to its approved vendor list. University officials indicate that the identified employees associated with this company, Shelley Plattner and Jeremy Richardson, will not be involved in the decision making process for acquiring the products or services.

Iowa State University officials requested to add D.R. Farni Enterprises, a construction and general contractor that provides agricultural services such as planting, drilling, and other field work, to its approved vendor list. Iowa State University officials state that the associated employee, Mrs. Ann Coppernoll Farni, will not participate in any evaluation or award decisions relative to the services provided by D.R. Farni Enterprises.

**ACTION:** This matter was approved on the consent docket.

**ADMINISTRATIVE RULES REVIEW PROCESS -- PROGRESS REPORT.** The Board Office recommended the Board receive the report.

The Board Office is working with the university counsels to complete Activity Number Three (Inventory Submittal) of the Governor's Administrative Rules Revision Schedule. An electronic inventory of the Iowa Administrative Code, noting each place where the Regent institutions or their activities are mentioned, will be completed and submitted to the Governor's Office by the November 1, 2000 deadline. This will be accompanied by a similar inventory of the Iowa Code. By agreement with the special school superintendents, the Board Office is reviewing the rules which relate to them.

The Code Inventory will permit the Regent institutions to comment on the revision of any code sections by other agencies that may affect them. Other agencies will also be able to comment on any revisions proposed by the Regent institutions that may affect them.

Assistant Director Stratton presented the report to the Regents.

Regent Neil asked if the Board Office was finding that there are more places in the Administrative Code where the Regent institutions are mentioned than originally thought. Assistant Director Stratton responded affirmatively. For example, a key word is fed into the system and hundreds of areas of the code are found to contain that reference. She said it is a much more demanding task than originally anticipated.

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

**MODIFICATION OF TAX CONSEQUENCES FOR UNIVERSITY RETIREMENT CONTRIBUTIONS.** The Board Office recommended the Board authorize the State University of Iowa, Iowa State University, and the University of Northern Iowa each --

1. To seek a private letter ruling from the Internal Revenue Service as to the requirement that FICA tax be paid on the employee's mandatory contribution to the university's defined contribution plan; and
2. To seek an Internal Revenue Service refund and appropriate interest for FICA payments made during tax years 1996 to present on each employee's mandatory contribution to the university's defined contribution retirement plan, to the extent appropriate after consultation with affected employees.

Iowa Code §262.9(2) vests in the Board of Regents authority to fix the compensation of all Regent employees. This authority goes beyond salary and includes the benefits packages provided to Regent employees. The retirement program is one of those

benefits. Currently, the Board permits employees to choose either participation in the Iowa Public Employment Retirement System (IPERS) or one of several alternatives to IPERS, including the most frequently selected alternative, Teachers Insurance and Annuity Association/College Retirement Equities Fund (TIAA/CREF).

The three Regent universities have received tax advice from the accounting firm of Deloitte and Touche (D&T), which indicates that the universities did not need to pay FICA tax contributions on the employees' share of their mandatory contribution to the universities' retirement programs offered as an alternative to IPERS. The universities have determined that seeking such a refund and ceasing to pay the FICA tax in the future is in the best interest of the universities and their employees. The process for seeking the refund will be lengthy. First, the universities will have to secure a private letter ruling from the Internal Revenue Service (IRS) indicating that the FICA tax payment was not required. Second, the universities will have to consult with and receive permission from the affected employees (those who earn less than the maximum salary on which the FICA tax has been paid, plus approximately 5.3 percent) before their individual refunds can be sought.

The universities anticipate eliminating FICA tax payments on all future mandatory contributions by employees to the retirement programs offered as IPERS alternatives.

If an employee's salary is below the maximum salary on which FICA taxes are paid, the employee's Social Security income at retirement will possibly be affected. The universities' calculations indicate that if the employees save, with a modest rate of return, all of the money they do not pay in FICA taxes, they would experience no adverse affect, i.e., the savings with interest will more than offset the reduction in Social Security payments.

The Office of the Attorney General (AG) has reviewed the legal requirements of seeking the FICA tax refund. The AG counsels that the Board must approve the universities' efforts to proceed as indicated and that the law is not clear and direct in authorizing this proposed change, though no harm would result in requesting such a change.

Director Wright reviewed with the Regents the information that was provided in the meeting materials. He said the immediate impact is on university employees, only, and only those employees who have elected an alternate to IPERS (either TIAA-CREF or an alternative approved at the institutional level). The Board Office requested Attorney General review of the Deloitte & Touche opinion. There will be much administrative work involved in this matter.

Regent Lande asked if, after the revenue ruling is requested, both the universities and the employees will have an opportunity to let their views be known before a final change is made.

Director Wright responded affirmatively. He said that if there is a positive result from the Internal Revenue Service, the institutions will proceed with the employee consultation. It would be up to the Board to decide whether or not it wants the matter to come back again before the refund is requested.

Regent Lande said he would not anticipate that the institutions would go ahead in the face of objections by employees. For that reason, the Regents ought to at least have a report back of the results of the consultations.

MOTION: Regent Lande moved to authorize the State University of Iowa, Iowa State University, and the University of Northern Iowa each to seek a private letter ruling from the Internal Revenue Service as to the requirement that FICA tax be paid on the employee's mandatory contribution to the university's defined contribution plan. Regent Smith seconded the motion.

Regent Neil asked for the anticipated turnaround on the private ruling. Vice President True said he expected a turnaround of approximately a year.

Regent Turner asked for the amount of money that would result from the proposed action at each institution. Also, once the universities go forward, will it then be blanket across-the-board for each individual employee?

Director Wright said the employees will be bound once the university makes its decision.

Vice President True stated that \$5 million is at stake in each year for all institutions. The amount would be \$1.5 million at the University of Iowa for each the employee and the employer.

Vice President Madden stated that there seems to be a fair amount of interest at Iowa State University in doing this.

VOTE ON THE MOTION: Motion carried unanimously.

**REPORT ON MEETING OF IOWA COORDINATING COUNCIL FOR POST-HIGH SCHOOL EDUCATION.** The Board Office recommended the Board (1) receive the report on the October 4, 2000, meeting of the Iowa Coordinating Council for Post-High School Education and (2) approve the proposed Board of Regents policy on new programs with respect to actions by the Iowa Coordinating Council for Post-High School Education.

The Iowa Coordinating Council for Post-High School Education held its first meeting of the 2000-2001 academic year at Iowa Central Community College in Fort Dodge on October 4. Below is a summary of the major actions taken at this meeting.

#### New programs approved

1. Eastern Iowa Community College District – Health Information Technology (on-campus)
2. Hawkeye Community College – Industrial/Manufacturing Technology/Technician (on-campus)
3. Loras College – Athletic Training Major (on-campus)
4. Northwest Iowa Community College – Business Systems Networking (on-campus)
5. Western Iowa Tech Community College – Information Systems Management (on-campus)
6. Western Iowa Tech Community College – Medical Office Management (on-campus)

#### College Opportunities On-Line

The Iowa Coordinating Council for Post-High School Education heard a presentation on the College Opportunities On-Line (COOL) program that has been developed by the National Center for Educational Statistics (NCES). The program provides a national site for all postsecondary education institutions. The site is intended for use primarily by students and parents in locating educational opportunities. The site may be used to locate institutions by geographical area, programs, type of institutions and other factors. The web site is located at <http://nces.ed.gov/ipeds/cool/>

#### New Program Review Policy Adopted

The Iowa Coordinating Council for Post-High School Education approved a policy that changes the nature of the actions taken by the Iowa Coordinating Council for Post-High School Education when reviewing new program requests. The changes are as follows:

1. The ICCPHSE will no longer “Approve” or “Reject” new program proposals from member institutions.
2. Instead, the ICCPHSE will “receive” the reports on proposed new programs, noting comments and discussion (if any).
3. The ICCPHSE will have a (yet to be developed) formal process for summarizing and forwarding the summaries to the appropriate governing board (i.e., Board of Regents, State of Iowa). The summaries, either positive or negative, will also be shared with the media.
4. The Board of Regents and each of the other sectors of postsecondary education need to adopt procedures to consider the summaries that may record reactions, concerns, support, suggestions and objections. A proposed process for the Board of Regents appears below.
5. Emphasis at ICCPHSE meetings will be on “enlightened discussion” of each proposed program sharing support or concerns regarding a new program proposal.
6. The new ICCPHSE Program Approval Policy does not eliminate the need to report new programs or program locations to the ICCPHSE.

#### Proposed Board of Regents Policy

At the present time, Board of Regents policy requires the Regent Universities to receive approval of all proposed new programs by the Iowa Coordinating Council for Post-High School Education. The proposed policy below changes the wording of the current Board policy (Section 6.05 *Procedural Guide*) to require a report to the Board of Regents of any summaries (positive or negative) from the Iowa Coordinating Council for Post-High School Education on new Regent program proposals or new locations consistent with the new Iowa Coordinating Council for Post-High School Education policy.

#### 6.05 Academic Program Review Approval

- A. [first paragraph remains the same]

[Completely new paragraph] All new programs and program locations shall be submitted to the Iowa Coordinating Council for Post High School Education (ICCPHSE) for review at the next meeting of the ICCPHSE following approval by the Board of

Regents. Any summaries of the discussion of the ICCPHSE of the proposed program or program location, shall be reported to the Board of Regents at its next regularly scheduled meeting.

President Coleman stated that all of the Regent university presidents were in attendance at the meeting of the Iowa Coordinating Council for Post-High School Education. She said the central piece of business was the change in the program review policy. The University of Iowa fully supports the change.

**MOTION:** Regent Neil moved to (1) receive the report on the October 4, 2000, meeting of the Iowa Coordinating Council for Post-High School Education and (2) approve the proposed Board of Regents policy on new programs with respect to actions by the Iowa Coordinating Council for Post-High School Education. Regent Smith seconded the motion. **MOTION CARRIED UNANIMOUSLY.**

**REPORT ON MEETING OF IOWA COLLEGE STUDENT AID COMMISSION.** The Board Office recommended the Board receive the report.

The Iowa College Student Aid Commission met on September 19 in Des Moines. The Commission approved several proposed administrative rules, its FY 2001 Student Loan Program budget, and its budget request for FY 2002.

Iowa College Student Aid Commission's budget requests for FY 2002 are consistent with its mission to provide access to higher education and choice among institutions for Iowans with financial need as well as a state goal to provide sufficient funding for higher education:

	<u>Estimated</u> <u>FY 2001</u>	<u>Proposed</u> <u>FY 2002</u>	<u>Increase</u>
Scholarship Program	\$ 498,540	\$ 498,540	\$ 0
Tuition Grants	48,830,075	52,757,460	3,927,385
Voc-Tech Grants	2,482,400	2,982,400	500,000
Work Study	2,750,000	2,750,000	0
Iowa Grants	1,144,850	4,144,850	3,000,000
Chiropractic Forgivable Loans	100,000	100,000	0
Foster Child Grants	0	65,000	65,000
GEAR UP Matching Funds	0	337,000	337,000
National Guard Program	1,250,000	1,250,000	0
Osteopathic Forgivable Loans	254,260	379,260	125,000
Physician Recruitment	395,000	395,000	0
Teachers Shortage Loans	525,000	1,100,000	575,000
Administration	<u>337,530</u>	<u>339,802</u>	<u>2,272</u>
<b>Total</b>	<b>\$58,567,655</b>	<b>\$67,099,312</b>	<b>\$8,531,657</b>

The Iowa Grant Program supports approximately 1,650 low income college and university students. ICSAC is recommending the targeting of some of these resources for first-generation students. An increase in funding would provide expanded access to a vulnerable population of students who are likely to remain in Iowa.

The goal of the Iowa Tuition Grant Program is to provide a level of "parity" between students attending the Regent universities and those attending private colleges and universities. Parity is defined as the difference between the unit cost for undergraduate students attending a Regent university and Regent tuition and fee charges. The maximum grant was 75.4 percent of parity in 1990 and now is approximately 71 percent.

The principal budget goal of the Iowa Vocational-Technical Tuition Grant Program is to restore the value of the grant to its 1991 level, when the maximum grant provided 46.7 percent of the average community college tuition and fees. In FY 2001, the maximum grant covered approximately 30.7 percent of the average community college tuition and fees.

The Teacher Shortage Forgivable Loan Program is designed to encourage teachers to enter high demand specialties such as special education. The Iowa Department of Education issued 659 conditional licenses (the basis for shortage projections) for FY 2000. The number of conditional licenses increased to over 1,400 for FY 2001. According to ICSAC, 48 teachers who received loans of up to \$3,000 per year have stayed in Iowa to teach Reading, Math, Industrial Technology, English/Language Arts, and Special Education. An additional 123 participants are expected to take shortage area teaching assignments in the next 12 to 18 months.

The goal of the Accelerated Career Education Program is to encourage Iowans to study for occupations that support the new state economy. The program provides up to \$2,000 for students studying in designated areas. The current level of funding (\$250,000) is expected to assist 125 students. ICSAC staff indicate that community colleges are expected to eventually enroll almost 4,000 students in ACE programs, with approximately one-third (1,333) needing assistance.

The Commission funded the pilot grant program for foster children to encourage those who have received foster care to continue their education at Iowa colleges and universities. ICSAC recommends a state appropriation of \$65,000 to support next year's cohort of students and to hire a counselor to work closely with GEAR UP students. The Commission has applied for a federal GEAR UP grant to provide early awareness and college scholarship assistance to foster children who live in residential treatment centers in Polk and Jasper Counties. The proposed program will provide a broad range of counseling, academic support and scholarship assistance.

Five new programs have been assigned to the Commission since FY 1998. The national Guard Tuition Assistance Program and the Chiropractic Forgivable Loan Program were added in FY 1998. The forgivable loan program for teachers and responsibility for the State Fair Scholarship were added in FY 1999. The Accelerated Career Education Grant Program was added in FY 2001.

Executive Director Stork reviewed highlights of the report with the Regents.

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

**BOARD MEETINGS SCHEDULE.** The Board Office recommended the Board approve the Board meetings schedule.

November 15-16, 2000	University of Iowa	Iowa City
December 13-14, 2000	West Des Moines Marriott Hotel	W. Des Moines
January 17, 2001	Telephonic Conference Call	
February 21-22, 2001	Iowa State University	Ames
March 21-22, 2001	University of Northern Iowa	Cedar Falls
April 18, 2001	Iowa Braille and Sight Saving School	Vinton
April 19, 2001	University of Iowa	Iowa City
May 16-17, 2001	Iowa School for the Deaf	Council Bluffs
June 12-13, 2001	Iowa State University	Ames
July 18-19, 2001	University of Northern Iowa	Cedar Falls
September 12-13, 2001	University of Iowa	Iowa City
October 17-18, 2001	Iowa State University	Ames
November 14-15, 2001	University of Iowa	Iowa City
December 12-13, 2001	West Des Moines Marriott Hotel	W. Des Moines
January 16, 2002	Telephonic Conference Call	
February 20-21, 2002	University of Northern Iowa	Cedar Falls
March 13-14, 2002	Iowa State University	Ames
April 17-18, 2002	Iowa School for the Deaf	Council Bluffs
May 15, 2002	Iowa Braille and Sight Saving School	Vinton
May 16, 2002	University of Iowa	Iowa City
June 19-20, 2002	Iowa State University	Ames
July 17-18, 2002	University of Northern Iowa	Cedar Falls
September 18-19, 2002	University of Iowa	Iowa City
October 16-17, 2002	University of Northern Iowa	Cedar Falls
November 13-14, 2002	Iowa State University	Ames
December 18-19, 2002	(To be determined)	Des Moines

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

**PUBLIC HEARING -- UNIVERSITY OF IOWA HOSPITALS AND CLINICS ROOF REPLACEMENT PROJECT.** The Board Office recommended the Board conduct the hearing pursuant to law.

At its meeting of April 2000, the Board approved a project description and budget (\$588,000) for the replacement of certain portions of the roof of the General Hospital and Boyd Tower at the University of Iowa Hospitals and Clinics (UIHC). The University of Iowa (University) advertised for bids for the project following Board approval. The University conducted a pre-bid conference on May 31, 2000, which was attended by T & K Roofing Company (T&K) and other interested contractors. Following this conference, T & K requested substitution of either a Firestone or GAF product as an approved equivalent to the Garland product named in the bid specifications. The University denied T&K's request for the substitution.

As required by Iowa Code §73A.3, the University conducted a public hearing on June 14, 2000, for the purpose of considering issues related to its proposed plans, specifications, contract, and costs for this project. At this hearing, T&K asked that all bids be rejected and rebidding be undertaken by the University with open specifications. The request was not granted and the bids were opened at the conclusion of the hearing. Through their counsel, Robert S. Hatala of Crawford, Sullivan, Read & Roemer of Cedar Rapids, T&K requested an evidentiary hearing before the Board, as provided by Iowa Administrative Code §681-8.6(1) and Iowa Code §73A.3.

T&K maintains that the specifications for this project were written so that no substitutions would be considered, regardless of whether those substitutions would be equivalent to Garland materials. It is T&K's position that all bids should be rejected and new specifications prepared that will include equivalent roofing materials. The University argues that the materials suggested by T&K as equivalent do not constitute an equivalent to the Garland material.

The Board was asked to conduct a hearing regarding T&K's objections, pursuant to Iowa Code §73A.3. This statute requires that any "municipality", which is defined to include the Board of Regents, must conduct a public hearing to consider issues related to the proposed plans, specifications or costs of any public improvement which will cost twenty-five thousand dollars or more. The statute further provides:

"The governing body of the municipality proposing to enter into such a contract shall hear said objections and any evidence for or against the same, and forthwith enter of record its decision thereon."

Interested parties were asked to submit documentary evidence to the Board Office by October 6, 2000, for consideration by the Board in this hearing. Such submissions were sent to the Board members and were available to interested parties by request to the Board Office.

Based on previous Board actions and correspondence from the parties, an abbreviated chronology of the essential elements of this hearing is as follows:

The Board approved the project and proposed budget at its meeting in April 2000.

Bid specifications were developed by the University and its consultant, Shive-Hattery, pursuant to Iowa Code §262.34.

The University advertised for bids for the project in the spring of 2000.

T&K Roofing, along with other prospective contractors, attended a pre-bid conference on May 31, 2000.

Subsequent to the pre-bid conference and prior to bid opening on June 14, T&K applied to the University to use an approved equivalent as a substitute for the Garland roofing material contained in the bid specifications.

T&K did not get from the University or its consultant, Shive-Hattery, approval to substitute either a Firestone or GAF product for the Garland product.

At the public hearing on June 14, 2000, at 1:30 p.m., T&K asked that all bids be rejected and re-bidding take place with open specifications.

T&K also asked that its bid not be opened and that no contract be awarded.

The University offered to permit T&K to withdraw its bid, which was rejected. T&K proposed that the University reject all bids and re-bid the project, which was rejected by the University.

At approximately 2:00 p.m., June 14, 2000, the bids for this project, including T&K's, were opened.

On June 21, 2000, T&K timely filed its request for a hearing before the Board of Regents, pursuant to the decision of the University and its consultant, Shive-Hattery, to reject products by Firestone and GAF as not meeting the specifications for this project.

President Newlin announced that the Board would conduct a public hearing on the proposed contract for the General Hospital-Boyd Tower Roof Replacement Groups 6, 7 and 9 -- UIHC Project No. 98-065. He said the hearing would be conducted pursuant to Chapter 73A, Iowa Code, and would be recorded. The University of Iowa, on behalf of the University of Iowa Hospitals and Clinics, proposed that the Boyd Tower Roof Replacement -- Groups 6, 7 and 9 -- UIHC Project No. 98-065 contract be entered into with Interstate Roofing and Waterproofing, Inc. George A. Carroll, Assistant Attorney General, was counsel to the Board of Regents for this matter.

President Newlin stated that the Board would conduct the hearing in the following manner:

1. Any interested persons may appear at this hearing and file objections or present evidence to the proposed plans, specifications or the contract.
2. Each interested party or their representative would be allowed a maximum of 30 minutes to make their presentation.
3. The Board would accept written materials from interested parties.
4. The Board would then deliberate in open session and make its decision on the record.

Based on the submissions received by the Board Office, the following entities would appear at this hearing:

T&K Roofing  
Interstate Roofing  
University of Iowa

President Newlin asked if there were any other individuals who intended to speak at the hearing. There were none.

President Newlin recognized Mr. Hatala.

Mr. Hatala provided the Board members with a presentation on behalf of T&K Roofing. He said T&K Roofing was founded in 1962 by Tom and Karen Tjelmeland. He discussed awards that had been presented to the company and described recent projects of the company. He provided information on Tom Tjelmeland of T&K Roofing.

Mr. Hatala introduced Dick Baxter, a nationally-recognized roofing expert, and Rene M. Dupuis, a nationally-recognized roofing expert, to address the issue of substitutions.

Mr. Baxter stated that he is from Monroe, North Carolina. He noted that he was in attendance on his own expense and his own time. He said he saw the issue to be, "What is an equal?". The federal courts ruled that in the roofing industry there are no equals. His feeling is that a system that is properly installed and properly maintained will last for a long time, and that the manufacturer or the type of materials is relatively irrelevant. He questioned the Garland specification in this particular project since the architect specified many acceptable alternates.

Mr. Dupuis stated that he is from Madison, Wisconsin. He discussed various attributes of roofing materials and what he felt were relevant and non-relevant attributes.

Mr. Hatala discussed the "cost" of locked specifications, the specifications for this project, and the testimony of Messrs. Baxter and Dupuis. He stated that everything that was discussed was supported by documents. He said the Regents would not find everything to be true in the submittals from Interstate Roofing. He cautioned that locked specifications would have a chilling effect on bidding and that the plans and specifications should be finalized before the request for bid goes out.

Mr. Hatala requested, on behalf of T&K Roofing, that all bids be rejected, that an addendum be made to the specifications allowing for substitution of materials as requested by T&K roofing or other equivalent products and that the project be rebid. Under the present circumstances, he said that only the labor had been subject to competitive bidding; the materials had not.

President Newlin asked Mr. Hatala if he had any other materials or evidence to submit. Mr. Hatala indicated that he did not have any other materials or evidence to submit.

President Newlin recognized Edward Blando, an attorney representing Interstate Roofing.

Mr. Blando introduced his client from Interstate Roofing, Mr. Kasten. He said his client requested that the Board award the bid to Interstate Roofing. He stated that the Board had heard from Mr. Hatala about the awards that T&K Roofing had received. He assured the Board members that Interstate Roofing had received numerous awards, as well.

Mr. Blando said this was a truly unique situation; representatives of three other roofing companies were in attendance to support award of the bid to Interstate Roofing, the company that defeated them in the open bidding process. Representatives of those other companies supported upholding the integrity of the bidding system. With regard to the proposed substitutions made by T&K Roofing, he said the requests were

inadequate on the face. There was not the necessary information for the consultant to even make a decision as to whether or not the materials were equal.

Mr. Blando referred to a statement in the materials that were prepared for the U.S. Army Corps of Engineers about tight specifications and the desired system. He said that information served no purpose whatsoever; that life cycle costing would show that the material bid by his clients was a cheaper way to go.

Mr. Blando concluded by stating that the contract should be awarded to Interstate Roofing.

President Newlin asked Mr. Blando if he had any other materials or evidence to submit. Mr. Blando indicated that he did not have any other materials or evidence to submit.

President Newlin recognized William Hesson, University of Iowa Hospitals and Clinics.

Mr. Hesson explained the University's position with regard to this roofing project. He presented information outlining the bidding process and the activities that had taken place which led up to this public hearing. He stated that it was not the University's goal to provide every roofing installer and every roof system manufacturer an equal opportunity to do business with the Regents. There was a leaking roof that needed to be replaced with a roof that was watertight. He described previous experience of the hospital with various roofing materials, including the prescribed Garland material. He showed pictures of a typical roof area of the hospital and the necessity for a large amount of foot traffic on the roof for repair and maintenance of mechanical equipment.

Mr. Hesson stated that the proposed contractor can still get a watertight replacement in place this season if the University can proceed to award the contract promptly. If not, there will be at least two more seasons of leaks.

Mr. Hesson presented the University's response to the accusation by T&K Roofing that there were flaws in the bidding process. He said the substitution process set forth in the specifications was not unusual. T&K Roofing did not submit the data required by the specifications for a substitution request in a timely manner. Some information was not submitted until the time of the public hearing immediately prior to bid opening; other information was not submitted by T&K Roofing at all. Nonetheless, the proposed substitute was evaluated in light of the owner's needs. It was determined that the substitute was not equivalent and would not meet those needs. Mr. Hesson stated that T&K Roofing also failed to submit warranty information as required by the specifications.

T&K Roofing claimed that the owner used a locked specification. Mr. Hesson stated that the owner specified materials, based on experience, that are required for the

conditions: a heavily-trafficked area with multiple penetrations. He said these specifications, although rigorous, do not foreclose competition.

Mr. Hesson stated that the Garland product is thicker and stronger than the Firestone product. University officials believe the Garland product will result in a roof that is far more able to withstand the heavy traffic to which it will be subjected in this setting. The University's experience with Garland roofs has been uniformly good. Problems have been minimal, mostly discovered during the annual or semi-annual visits by Garland to inspect their roofs. When problems have occurred, the manufacturer has corrected them promptly and at no cost to the University. This experience had led the University to conclude that it needs the Garland system or a system that truly is comparable to it. University officials strongly believe they are entitled to reach that conclusion. University officials have also concluded that the total life cycle cost of the Garland system, in this context, will be comparable to the Firestone system after the initial ten years. He described the hidden costs of dealing with leaks.

Mr. Hesson said it was the University's recommendation and request that the Board authorize the award of the contract today to the lowest responsive bidder, Interstate Roofing. Interstate Roofing has provided written confirmation that it will accept the award if it is made promptly following this hearing and construction can begin yet this month.

In summary, Mr. Hesson stated that University officials deny that the bid process or the substitution evaluation process were flawed by any act or omission of the owner. University officials deny that the specifications inappropriately restricted competition. University officials strongly deny the proposed vendor has the right to tell the university what system they should be permitted to put on the university's roofs.

President Newlin asked Mr. Hesson if he had any other materials or evidence to submit. Mr. Hesson indicated that he did not have any other materials or evidence to submit.

Mr. Hatala requested that he be allowed 5 minutes for rebuttal, to which President Newlin and other Board members agreed. Mr. Hatala reiterated that locked specifications result in higher costs. He said it was alluded that there are other products that are functional equivalents, but they were never identified. He asked that those be identified in order to provide competition. He said a 15-year warranty was required in the specifications. He said the roofing materials used in the more recent projects, as outlined in the hearing materials, carry 15-year warranties. He said the issue in this case is whether there are functional equivalents.

Mr. Hatala stated that T&K Roofing representatives proposed to him, as this hearing was taking place, that the contract for the project be awarded to Interstate Roofing

because T&K understands the University needs to deal with the situation as it exists now considering the weather. However, some attention should be given for the future as to whether there are functional equivalents. Experts and others in the roofing industry should be directed to collaborate to find those functional equivalents. He noted that a statement was made that Shive Hattery is an independent consultant. He stated that Shive Hattery represents Garland in an issue with the Washington School District.

Regent Fisher asked if the Garland product is available to all bidders and whether Garland certifies its installers. Mr. Blando responded that Garland products are available to installers who show they have the ability to install the products properly. Garland materials cannot be bought at Menard's. Garland is a system, not just a membrane.

Regent Fisher asked if T&K Roofing has the ability to buy Garland products. Mr. Hatala responded that, as far as he knew, T&K Roofing has the ability to buy Garland products. He said that question was better put to Garland representatives as to whether they would sell to T&K Roofing. T&K Roofing chose not to bid the Garland product even though it was available to them.

Regent Neil asked Mr. Baxter whether, in his opinion, the Firestone product was equivalent to the Garland product. Mr. Baxter said there was not really an equal. The American Society for Testing and Materials (ASTM) stipulates types of material. The type 3 membrane is as good a membrane. He said the Firestone roof will do everything the Garland roof will do.

Regent Lande referred to the discussion about the amount of traffic on and perforations to the roof. He asked if Mr. Baxter considered one or the other system preferable in high traffic areas.

Mr. Baxter said he has used the Firestone product for roof trafficways for many years and believed it was every bit as abuse resistant as the Garland product.

Regent Turner asked if the issue before the Board was whether the bidding was fair and appropriate. Mr. Carroll stated that, based on what Mr. Hatala just said, he had drafted a question for President Newlin to address to Mr. Hatala. After that question is answered, it would likely also answer Regent Turner's question.

President Newlin asked Mr. Hatala if it was correct that he had stated that if the Board contracts with Interstate Roofing on this particular matter, this matter is then over. However, T&K Roofing would like consideration of alternatives in the future.

Mr. Hatala said that was his understanding of what was just discussed. He said this was a hearing on whether or not the plans, specifications and form of contract were appropriate. He believed that was what was in front of the Board. It was T&K Roofing's position that this was a locked specification and was not appropriate because it did not allow for substitutions. It was also his understanding that this was really not about this particular project. He stated that T&K Roofing would do the project for the bid amount. However, the Board could not award the contract to T&K Roofing at this time which was why T&K Roofing suggested the Board reject the bid because Interstate Roofing has an interest, also.

President Newlin asked if the answer to the question was "yes". Mr. Hatala said the response was "yes", assuming it was understood there would be a genuine concerted effort to determine whether or not there are functional equivalents.

Regent Kelly expressed concern about a large institution using some type of slant roof because no one has proven that a flat roof can be put on that will not leak. Mr. Baxter explained how flat roofs are actually low sloped roofs.

President Newlin stated that at this time the evidentiary record was closed. The University of Iowa, on behalf of the University of Iowa Hospitals and Clinics, was recommending to the Board of Regents that the General Hospital-Boyd Tower Roof Replacement Groups 6, 7 and 9 -- Project No. 98-065 contract be entered into with Interstate Roofing and Waterproofing, Inc., of Onalaska, Wisconsin. He asked if there was a motion.

MOTION:

Regent Fisher moved that the Board of Regents approve the General Hospital -- Boyd Tower Roof Replacement Groups 6, 7 and 9 -- Project No. 98-065 contract with Interstate Roofing and Waterproofing, Inc., of Onalaska, Wisconsin.  
Regent Neil seconded the motion.

Regent Lande stated, for the University's information, that he has a predilection to not favor locked specifications and this was a form of locked specification. However, he said he was cognizant of the need to get the repair work done. He thinks it would be preferable in the bidding process to allow for missing a submission date by a day or two. He would prefer a process that would allow a full and fair investigation of possible alternatives. Having said that, he said he felt it would be a prudent decision to proceed with the bid, as proposed.

Regent Kelly stated that, considering the whole project and everything that the Regents had heard at this meeting, he felt strongly that the Board should proceed with the contract.

VOTE ON THE MOTION:                   Upon the roll being called, the following voted:  
AYE: Ahrens, Fisher, Kelly, Lande, Neil, Newlin,  
Smith, Turner.  
NAY: None.  
ABSENT: Kennedy.

MOTION CARRIED.

**STUDENT APPEAL.** The Board Office recommended the Board deny the request of the student for review of a final institutional decision.

A graduate student at the University of Iowa requested review of a University investigation in which he was charged with a violation of the University Policy on Human Rights. The Office of Affirmative Action concluded that there was insufficient evidence to find that he had violated the policy. In addition to requesting review of the investigation, the student seeks compensation for physical and emotional problems that allegedly resulted from the incident and the investigation. The Board had confidential memoranda and supporting documents in this matter.

Assistant Director Stratton reviewed with the Regents the Board Office recommendation on this matter.

MOTION:                                   Regent Neil moved to deny the request of the student for review of a final institutional decision. Regent Fisher seconded the motion. MOTION CARRIED UNANIMOUSLY.

President Newlin then asked Board members and institutional officials if there were additional general or miscellaneous items for discussion. There were none.

## STATE UNIVERSITY OF IOWA

The following business pertaining to the University of Iowa was transacted on Wednesday and Thursday, October 18 and 19, 2000.

**RATIFICATION OF PERSONNEL TRANSACTIONS.** The Board Office recommended the Board ratify personnel transactions, as presented.

Register of Personnel Changes for August and September 2000.

Approve change in title of Robert Kelch, Dean of the College of Medicine to Vice President for Statewide Health Services and Dean of the College of Medicine, effective January 1, 2001, at the current budgeted salary.

Approve the appointment of Carol E. Senneff as Director, University Internal Audit, effective November 1, 2000, at an annual salary of \$91,000.

President Coleman stated that in his new position, Dean Kelch will be coordinating fund-raising activities, among other duties of the new position. She said Carol Senneff is a graduate of the University of Iowa. She comes with tremendous expertise. President Coleman was delighted that Ms. Senneff agreed to come back to Iowa.

**MOTION:** Regent Lande moved to approve the personnel transactions, as presented. Regent Ahrens seconded the motion. **MOTION CARRIED UNANIMOUSLY.**

**CREATION OF DEPARTMENT OF NEUROSURGERY IN THE COLLEGE OF MEDICINE.** The Board Office recommended the Board refer the University of Iowa's proposal to create a Department of Neurosurgery within the College of Medicine to the Interinstitutional Committee on Educational Coordination (ICEC) and the Board Office for review and recommendations.

University of Iowa officials proposed to create the Department of Neurosurgery from the current Division of Neurosurgery within the College of Medicine. University officials believe that achievements of this Division in skill, quality of education, and extramural

funding meet the full academic complement expected of a Department in the College of Medicine. Neurosurgery is the only medical or surgical discipline that has its own specialty certification board and training program and does not have departmental status. University officials believe that the academic reorganization is necessary to advance the educational, scientific and service mission of this discipline. The granting of departmental status will provide a strengthened basis for recruitment and retention of faculty, enhanced education and training, and growth in research productivity.

Neurosurgery is a specific subspecialty within the surgical disciplines. A 1980 survey by the Society of Neurological Surgeons demonstrated that 42 percent of neurological surgery training programs were organized as departments. In 1990 the same survey reported an increase to 72 percent, and it is now estimated that over 85 percent of all programs have such status. There are no other neurosurgery training programs within the State of Iowa, but some do exist in surrounding areas including Minnesota, Wisconsin, Illinois, Missouri and Nebraska.

According to the University, the Division of Neurosurgery currently functions as a self-supporting, autonomous unit within the Department of Surgery. This Division employs seven faculty, six of whom are tenured. The Residency program at the University of Iowa is fully approved by the Neurosurgical residency Review Committee. The proposal was advanced by the faculty committee reviewing the Department of Surgery, reviewed by the Chair and the faculty of the Division, the College of Medicine Executive Committee, and endorsed by the Medical Council.

**ACTION:** This matter was referred on the consent docket.

**CHANGE IN STATUS OF EMERGENCY MEDICINE.** The Board Office recommended the Board refer the University of Iowa's proposal to change the status of Emergency Medicine to an independent program within the College of Medicine to the Interinstitutional Committee on Educational Coordination (ICEC) and the Board Office for review and recommendations.

University of Iowa officials requested approval for the formation of an independent Program in Emergency Medicine. Emergency Medicine is now a discrete specialty, with its own Board certification. This program would best serve the educational needs of the students and graduate trainees if the faculty are housed in an independent program that will provide a comprehensive curriculum in emergency medicine. In addition, this change will allow the option of the University of Iowa developing its own residency training program in the future. Emergency Medicine faculty members have historically been appointed in the Department of Surgery, but more recently, this group has been organized as a formal division within that department. The faculty has been strengthened by the recruitment of emergency medicine trained faculty. The interest of

medical students in pursuing this specialty has increased, and there has been a steady increase in ETC clinical volume over the last four years. The State has a shortage of trained emergency medicine physicians, and the University has plans to eventually develop a graduate medical education program in this specialty to help meet this need.

There is no other emergency medicine program within the State of Iowa. However, there do exist such programs in several adjacent states such as Minnesota, Wisconsin, Illinois and Missouri, making recruitment of qualified staff to Iowa hospitals particularly difficult. All of the undergraduate medical and physician assistant students in the College of Medicine would be enriched by faculty participation in educational offerings of the College by emergency medicine approach learning, according to the University.

This unit is currently funded through University of Iowa Health Care, and University officials do not anticipate any increase in resources for this change in status. The unit currently has appropriate personnel to undertake the additional administrative tasks that will be required. The proposal was endorsed by the Department of Surgery and the College of Medicine Executive Committee and Medical Council.

**ACTION:** This matter was referred on the consent docket.

**REVISIONS TO PROFESSIONAL AND SCIENTIFIC CLASSIFICATION SYSTEM.**

The Board Office recommended the Board approve the following new classifications:

Senior Director, Information Technology Service in pay grade 15 (\$53,625 - \$101,415)

Director, Information Technology Service in pay grade 13 (\$45,805 - \$86,635)

University of Iowa officials requested approval of two new classifications in its professional and scientific classification system. These new classifications will more accurately reflect the increases in managerial responsibilities of existing staff within the Information Technology Service. These positions direct major campus information technology (IT) units and will participate in the development and implementation of the strategic plans for the IT function on the campus.

Pay grade assignments were based upon application of the Job Evaluation Instrument in compliance with the state's comparable worth law.

**MOTION:** Regent Ahrens moved to approve the new classifications, as presented. Regent Smith seconded the motion. **MOTION CARRIED UNANIMOUSLY.**

**REGISTER OF CAPITAL IMPROVEMENT BUSINESS TRANSACTIONS.** The Board Office recommended the Board approve the Register of Capital Improvement Business Transactions for the University of Iowa.

Development of a Center of Excellence in Image Guided Radiation Therapy  
Possible Sources of Funds: Hospital Revenue Bonds, Gifts and Grants, and/or  
University Hospitals Building Usage Funds

Project Summary

	<u>Amount</u>	<u>Date</u>	<u>Board Action</u>
Permission to Proceed		Oct. 2000	Requested

University officials proposed to develop the Center in the lower level of a new wing to be constructed on the west side of the Pomerantz Family Pavilion. The Center would encompass approximately 27,000 gross square feet of space and would provide the first computer-guided radiation delivery facility in the world. This will include sophisticated radiation systems which will pinpoint the specific location for the radiation stream, with a high level of accuracy, based on an image of the area to be treated rather than a manual estimation. This Center would enhance the quality of care and capabilities for providing life-saving therapy to patients through the introduction of luminary technologies and advanced approaches to treatment. It would feature uniform application of stereotactic tumor localization; enhanced integration of diagnostic imaging for treatment planning; and linkage of radiation oncology treatments to biologic and gene therapy treatment advances.

The services of the Division of Radiation Oncology are currently provided in the Latourette-Kerr Radiation Oncology Center, which is located on the first floor of the General Hospital. The current size, configuration and location of the Center severely limit the use of state-of-the-art technologies, including those which can deliver three-dimensional therapies, and advanced treatment techniques.

The regulatory requirements for radiation shielding levels have dramatically increased since the existing radiation therapy vaults were developed. The addition of the required shielding level to these vaults would unacceptably reduce the size and the operational features of the existing equipment. Therefore, upgrading the existing radiation facilities to accommodate larger and more sophisticated treatment applications does not appear to be a feasible option.

The need for state-of-the-art radiation treatment facilities and technologies is significant and growing. Approximately 2,400 new cancer patients are diagnosed each year at the

UIHC; approximately half of these patients would benefit from radiation therapy. However, since many advanced radiation treatment modalities cannot be undertaken, only about 25 percent of the patients diagnosed are treated at UIHC.

In addition, advanced facilities and technologies are needed for education in radiation oncology and to promote further the multidisciplinary oncology research conducted through the University of Iowa Cancer Center, which was recognized as a National Cancer Institute in July 2000. This designation will facilitate collaborative research endeavors between University scientists and experts in cancer research at other centers throughout the nation, thereby providing the best in cancer research and clinical treatment to Iowans. Improving the UIHC radiation treatment capabilities will play a major role in delivering the highest quality comprehensive care to cancer patients and is an important element in moving the University's Cancer Center into a position of national prominence, thereby attracting additional research resources to the state.

The University reviewed 14 alternative sites throughout University Hospitals for development of the Center. The sites were evaluated based on their size, their distance from the Clinical Cancer Center, accessibility, the cost to develop the area, and the impact on existing UIHC operations. University officials also concluded that an underground area would be required to protect best other UIHC areas from the Center's radiation levels. As a result of this review, the University has determined that construction of a new below-grade addition on the west side of the Pomerantz Family Pavilion would best meet the requirements for the Center. University officials believe this location would provide an ideal site for developing state-of-the-art technologies, including those that will emerge well into the 21<sup>st</sup> century. This location would allow the Center to provide properly-shielded radiation units in accordance with recently-approved safety requirements. The site will also accommodate future installation of replacement technologies.

The estimated cost for construction of the Center is approximately \$25.6 million; cost figures will be further developed and refined as planning proceeds. The project may be funded with a combination of hospital revenue bonds, gifts and grants, and University Hospital Building Usage Funds. The source of funds will be further reviewed prior to presentation of the project budget for Board approval.

Vice President True said there were a number of items on the capital register for the benefit of UI Health Care. The most prominent project, by far, is the UIHC development of a center for excellence in image-guided radiation therapy about which a number of the Regents are aware.

President Newlin stated that this was a very exciting project.

University Hospitals and Clinics—Boyd Tower and General Hospital Second Floor Utility Distribution Upgrade and Corridor Refurbishment

Source of Funds: University Hospitals Building Usage Funds

Project Summary

	<u>Amount</u>	<u>Date</u>	<u>Board Action</u>
Project Description and Total Budget	\$ 992,000	Oct. 2000	Requested

This project will include removal of the existing obsolete fire alarm system and installation of a new system with fire and smoke dampers to meet current fire safety codes. The project will also include removal, replacement and relocation of the heating, ventilating and air conditioning duct to meet fire code requirements and improve access to all utilities in the area, and removal of abandoned telecommunications system components. Additional work will include replacement of the corridor ceiling, wall and floor finishes, and carpeting.

Permission to proceed with the project was not required since the project budget does not exceed \$1,000,000.

Project Budget

Construction	\$ 793,600
Architectural/Engineering Support	79,400
Planning and Supervision	39,600
Contingency	<u>79,400</u>
TOTAL	<u>\$ 992,000</u>

University Hospitals and Clinics—University Hospital School—Utility Relocation, Registration, Conference Center/Support Areas and Corridor Upgrade

Source of Funds: University Hospital School Building Usage Funds

Project Summary

	<u>Amount</u>	<u>Date</u>	<u>Board Action</u>
Project Description and Total Budget	\$ 747,000	Oct. 2000	Requested
Architectural Agreement (Neumann Monson)	62,200	Oct. 2000	Requested

This project will upgrade and relocate, as necessary, the heating, ventilating, electrical, fire protection and mechanical systems in the University Hospital School to meet current building codes and facility requirements. The project will also renovate the registration/ reception lobby, and develop a conference facility with support functions in 6,500 square feet of existing space which currently houses various support functions. Development of the conference room is necessary to replace a similar area that was lost with a previous renovation project to expand health care functions in the Hospital School. In addition, the building corridor areas will be modified to provide proper corridor wall separation to ensure a safe exit route in accordance with fire safety codes.

Permission to proceed with the project was not required since the project budget does not exceed \$1,000,000.

University officials also requested approval to enter into an agreement with Neumann Monson to provide design services for the project. The agreement provides for a fee of \$62,200, including reimbursables.

Project Budget

Construction	\$ 598,000
Architectural/Engineering Support	59,800
Planning and Supervision	29,400
Contingency	<u>59,800</u>
TOTAL	<u>\$ 747,000</u>

Lindquist Center—Provide Emergency Power

Source of Funds: Information Technology Services Income

Project Summary

	<u>Amount</u>	<u>Date</u>	<u>Board Action</u>
Project Description and Total Budget	\$ 297,000	Oct. 2000	Requested

The emergency generation system is needed to provide protection, in the event of a power outage, for those operations of the University's Information Technology Services which are located in the Lindquist Center.

The project will include installation of a 250 kilowatt generator and switch; construction of exterior pathways leading to the service point in the lower level of the building; and interior distribution and connections.

Permission to proceed with the project was not required since the project budget does not exceed \$1,000,000.

**Project Budget**

Construction	\$ 237,000
Design, Inspection and Administration	
Consultants	23,000
Design/Construction Services	12,500
Contingency	<u>24,500</u>
 TOTAL	 <u>\$ 297,000</u>

Biology Building—Upgrade Primary Electrical Service  
Source of Funds: Utilities Enterprise Improvement and Replacement Fund

Project Summary

	<u>Amount</u>	<u>Date</u>	<u>Board Action</u>
Project Description and Total Budget	\$ 282,000	Oct. 2000	Requested

Phase 2 of the Biological Sciences Renovation/Replacement project, which is currently under construction, includes the upgrade of the heating, ventilating, and air conditioning systems in Old Biology and Biology I and II. These improvements will increase the electrical requirements for the Complex.

This project will replace the three existing electrical transformers that currently serve the buildings with a single transformer large enough to serve the entire Complex. An electrical vault located on the west side of Old Biology will be enlarged to accommodate the new transformer and the associated switchgear.

Permission to proceed with the project was not required since the project budget does not exceed \$1,000,000.

**Project Budget**

Construction	\$ 252,000
Design, Inspection and Administration	5,000
Contingency	<u>25,000</u>
 TOTAL	 <u>\$ 282,000</u>

Hillcrest Residence Hall—Renovate Public Restrooms and Recreation Room

Project Summary

	<u>Amount</u>	<u>Date</u>	<u>Board Action</u>
Architectural Agreement (Rohrbach Carlson)	\$ 65,500	Oct. 2000	Requested

This project will renovate approximately 3,500 square feet of space on the first floor of the Hillcrest Dining Hall. The project will include the renovation and upgrade of the existing women's and men's public restrooms, staff locker rooms, and recreation room (which houses exercise equipment). The project will replace the plumbing fixtures in the restroom and locker areas, and install new light fixtures, upgrade the mechanical and electrical service, and provide new interior finishes for the recreation room.

University officials requested approval to enter into an agreement with Rohrbach Carlson to provide design services for the project. The agreement provides for a fee of \$65,500, including reimbursables. The initial design services will be used to establish the project description and budget, which will be presented for Board approval at a future date.

University Hospitals and Clinics—General Hospital Sprinkler System Improvements—  
 Phase B

Source of Funds: University Hospitals Building Usage Funds

Project Summary

	<u>Amount</u>	<u>Date</u>	<u>Board Action</u>
Project Description and Total Budget	\$ 750,000	April 1999	Approved
Engineering Agreement (Design Engineers)	60,500	Oct. 2000	Requested

This project is the second phase of a three-phase project to install sprinkler systems in areas of the General Hospital currently without sprinkler protection. When all phases of the project are complete, the General Hospital will meet current National Fire Protection Association code requirements. University officials indicated that the delay with the Phase B project since approval of the project budget in April 1999 is attributable to delays with the Phase A project which provided the necessary infrastructure for the remaining work.

University officials requested approval to enter into an agreement with Design Engineers to provide design services for the project. The agreement provides for a fee of \$60,500, including reimbursables.

University Hospitals and Clinics—Faculty and Staff Office and Locker Room Development

Source of Funds: University Hospitals Building Usage Funds

Project Summary

	<u>Amount</u>	<u>Date</u>	<u>Board Action</u>
Project Description and Total Budget	\$ 531,250	Sept. 2000	Approved
Engineering Agreement (A and J Associates)	43,100	Oct. 2000	Requested

This project will develop approximately 3,500 gross square feet of space on the fifth level of the Pappajohn Pavilion to provide faculty and staff offices for the Department of Anesthesia (3,000 gross square feet of renovated space) and a locker room to serve the Surgical Intensive Care Unit (500 gross square feet of completed shell space).

University officials requested approval to enter into an agreement with A and J Associates to provide design services for the project. The agreement provides for a fee of \$43,100, including reimbursables.

University Hospitals and Clinics—Carver Pavilion “D” Bank Service Elevators Modernization

Source of Funds: University Hospitals Building Usage Funds

Project Summary

	<u>Amount</u>	<u>Date</u>	<u>Board Action</u>
Project Description and Total Budget	\$ 341,250	April 2000	Approved
Engineering Agreement (Shive-Hattery)	28,300	Oct. 2000	Requested

This project will install new controls and control panels to upgrade the three Carver Pavilion “D” bank elevators. Included is the installation of microprocessor controllers, electric motors, and car station controls and a telephone to meet the Americans with Disabilities Act guidelines. The work to be undertaken will enhance the efficiency of the elevators and significantly reduce waiting time.

University officials requested approval to enter into an agreement with Shive-Hattery to provide design services for the project. The agreement provides for a fee of \$28,300, including reimbursables.

Institute of Hydraulics Research—Hydraulics Laboratory Modernization

Source of Funds: Institute of Hydraulic Research Balances, Gifts, Building Renewal and/or Income from Treasurer’s Temporary Investments

Project Summary

	<u>Amount</u>	<u>Date</u>	<u>Board Action</u>
Permission to Proceed		Oct. 1999	Approved
Architectural Selection (OPN Architects)		March 2000	Approved
Architectural Agreement	\$ 205,000	April 2000	Approved
Program Statement		Sept. 2000	Approved
Schematic Design		Sept. 2000	Approved
Project Description and Total Budget	4,250,000	Sept. 2000	Approved
Architectural Amendment #1	63,500	Oct. 2000	Requested

This project will renovate the Hydraulics Laboratory to meet the modern teaching and research requirements of the Iowa Institute of Hydraulic Research of the College of Engineering. The current condition of the building is not conducive to contemporary research and teaching activities nor the recruitment of faculty, staff and students.

University officials requested approval of Amendment #1 to the design agreement with OPN Architects. The amendment will increase the architectural fee by \$63,500. The original architectural fee was based on an early estimate of construction costs. Since that time, the scope of the project has increased and the estimated construction costs have increased by approximately \$650,000. (The project budget approved by the Board in September 2000 includes the increased construction costs.)

University Hospitals and Clinics--University Hospital School HVAC System  
 Replacement – Phase A

Source of Funds: University Hospital School Building Usage Funds

Project Summary

	<u>Amount</u>	<u>Date</u>	<u>Board Action</u>
Project Description and Total Budget	\$ 360,000	April 1999	Approved
Engineering Agreement (ZBA, Inc.)	27,230	April 1999	Approved
Engineering Amendment #1	10,100	Oct. 2000	Requested

This project will upgrade 16,000 square feet of existing heating, ventilating and air conditioning systems on the second floor of the University Hospital School. This project is the first phase of a multiple-phased project to replace the outdated systems in the Hospital School which are more than 20 years old and have reached the end of their useful lives.

University officials requested approval of Amendment #1 to the design agreement with ZBA, Inc. The amendment will provide compensation for expanded services which were to be provided by UIHC staff. However, the lack of UIHC staff currently available to provide these services now requires that they be provided by the project engineer.

The amendment will provide for a variety of services including coordinating construction activities, processing of payment applications, coordinating utility shutdowns, reviewing change orders, providing access to secure areas, reviewing project completion and acceptance, and monitoring project disturbance.

\* \* \* \*

Included in the University's capital register were five project budgets under \$250,000, five construction contracts awarded by the Executive Director, and the acceptance of seven completed construction contracts. These items were listed in the register prepared by University officials.

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

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

University officials requested approval to enter into a new lease agreement with Selim Laboratories for its use of 319 square feet of incubator space in the Technology Innovation Center at the Oakdale Campus at the rate of \$159.50 per month (\$6.00 per square foot, \$1,914 per year) for a one-year period commencing November 1, 2000 through October 31, 2001.

University officials requested approval to renew its lease agreement with SportVu, Inc., for its use of 306 square feet of incubator space in the Technology Innovation Center at the Oakdale Campus at the rate of \$153 per month (\$6.00 per square foot, \$1,836 per year) for a one-year period commencing November 1, 2000, through October 31, 2001. The renewal reflects an increase of 135 square feet of space. The rental rate per square foot is the same rate paid under the current lease agreement.

University officials requested approval to enter into a new lease agreement with Goldfinch Diagnostics for its use of 107 square feet of space in the Bowen Science Building at the rate of \$118.55 per month (\$10 per square foot for laboratory space, \$6 per square foot of office space, \$1,422.60 per year) for a one-year period commencing November 1, 2000, through October 31, 2001.

University officials requested approval to renew its lease as lessee with the United Way of Central Iowa for the University's use of 3,640 square feet of classroom and office space at the United Way Human Services Campus in Des Moines, Iowa. The space will be leased at the rate of \$3,910 per month (\$12.89 per square foot, \$46,920 per year) for a 32 month period commencing November 1, 2000 through June 30, 2003. The proposed rental rate is an increase of approximately 5.5 percent over the current lease rate.

University officials requested approval to enter into a new lease agreement as lessee with GenVentures, Inc., for the University's use of 1,569 square feet of office and clinic space at the Genesis Heart Institute, Davenport, Iowa. The space will be leased at the rate of \$2,222.75 per month (\$17 per square foot, \$26,673 per year), plus a proportionate share of operating costs, for an approximate five-year period commencing March 21, 2001, through March 31, 2006.

**MOTION:** Regent Ahrens moved to approve the leases, as presented. Regent Smith seconded the motion, and upon the roll being called, the following voted:  
AYE: Ahrens, Fisher, Kelly, Lande, Neil, Newlin, Smith, Turner.

NAY: None.  
ABSENT: Kennedy.

MOTION CARRIED.

**MEETING OF THE BOARD OF REGENTS AS THE BOARD OF TRUSTEES OF THE UNIVERSITY OF IOWA HOSPITALS AND CLINICS.** The Board Office recommended the Board receive the report on the University of Iowa Hospitals and Clinics (UIHC).

The Board of Regents, in its role as Trustees of the University of Iowa Hospitals and Clinics, was provided a quarterly report on the operations of the UIHC. Areas covered in this report were: 1) quarterly update on UIHC operations, programs and finances; 2) report on UIHC delegated governance functions; and, 3) University of Iowa Health Care Executive Physical Program.

#### Quarterly Update on UIHC Operations, Programs and Finances

The University of Iowa Hospitals and Clinics concluded fiscal year 2000 with another year of solid performance despite continued financial challenges. During the period July 1, 1999 to June 30, 2000, clinic visits at the UIHC and off-site clinics increased 7.6 percent. Acute inpatient admissions recorded a slight 0.2 percent decline compared to the preceding fiscal year. During the fiscal year just concluded, the average length of inpatient stays was essentially constant, rising slightly more than one percent. Inpatient days increased one percent.

The source of reimbursement for care provided to patients continued to shift from traditional insurance programs to managed care. Total operating revenue increased 7.3 percent compared to FY 1999. Expenses, including salaries and wages, increased 7.9 percent. UIHC recorded an operating margin of 5.3 percent for FY 2000 compared to 5.8 percent for FY 1999.

President Coleman said she was pleased to introduce R. Edward Howell to present the University's report.

Director Howell stated that the UIHC has experienced solid operating and financial performance as well as a continuation of the trends of the last few years. He said a new trend is beginning to emerge, which is a growth in demand for UIHC's high-quality services. There has been a noticeable increase in demand for both inpatient and outpatient specialty services. He said this trend was occurring at a time that the University of Iowa Hospitals and Clinics and health care, in general, are being challenged by changes in the work force for health care professionals. If this demand increases or the situation worsens, or both, UIHC officials will need to find even more

innovative measures for recruitment, retention and compensation for these valuable individuals.

Director Howell referred to the Balanced Budget Act of 1997. He stated that if the proposals being considered by Congress are passed, Medicare reductions will be lower by the amount of \$4.7 million in FY 2001. He emphasized that this was a lessening of the reduction, not an increase in Medicare payments.

Mrs. Rice reviewed with the Regents the UIHC's operating financial measures. There is a continuing trend of lowering operating margins. The UIHC's operating margin in FY 2000 of 5.3 percent was less than the operating margin of 5.8 percent in 1999 and a full percent lower than the operating margin of 6.3 percent in 1998. She described the components of the bad debt item. She said she felt positive about the UIHC's financial performance in the beginning of FY 2001.

President Newlin asked that the pie chart of managed care net patient revenue payor mix show the total of all the numbers in order to provide a comparison with the table on operating financial measures. Director Howell said the pie chart tried to cross correlate by payor source and payor type.

Regent Kelly asked what percentage of the managed care income is from Blue Cross. Mrs. Rice said it was 26 percent.

Mr. Staley presented the operating statistics. He stated that last year at this time, the admissions were at a much lower level than expected. When UIHC officials return with the first quarter data, he believes the Board members will see a significant increase compared to last year.

President Newlin asked for causes for the greater-than-expected admissions. Mr. Staley said there was a growth in specialty services. The effect of selections of health plans is beginning to be seen. There is a higher level of hospitalizations across the state. Also, as mortality decreases, morbidity increases.

Director Howell said there has been a significant increase in births in the state and the nation.

Mr. Staley discussed the average length of patient stay, case mix index for all acute patients, the residence of patients (91 percent are from Iowa and 9 percent are from out of state or from foreign countries), Medicare case mix analysis, clinic visits and average daily clinic census, managed care patient volume, and capital replacement projects.

Mr. Hesson presented the report on delegated governance functions. He stated that one item of business for the University Hospital Advisory Committee was to change the term of office for the Chief of Staff from two years to three years. He then introduced Dr. Helms, who was recently elected as the first chief of staff to be elected to a 3-year term. Dr. Helms was the current chief of staff at the time of his election under the new term of office.

Dr. Helms presented highlights of some of the quality improvement activities that have been taking place at the UIHC. Areas of improvement included hospital safety, clinical outcomes management, customer satisfaction, and clinical benchmarking studies.

Regent Turner asked if UIHC's quality improvement activities are being done in conjunction with the Department of Public Health's endeavors. Dr. Helms stated that the College of Public Health and the Department of Public Health have received a grant from the Centers for Disease Control to begin a series of educational efforts and model demonstrations for improving hospital safety.

Regent Turner stated, for the record, that the issue was not whether quality care was being given, but whether hospitals can improve on the care being given. She said this is a proactive approach to patient care and patient safety.

Regent Lande asked about the likelihood of a patient who is admitted for a surgical procedure getting a major infection. Dr. Helms said he did not know the overall figure. Antibiotic resistant infections are more difficult to cure. The UIHC has an infection control group which is at the forefront of knowledge and research in this area. UIHC officials try hard to stay ahead of these issues.

President Newlin congratulated Dr. Helms on his new appointment.

Director Howell stated that Dr. Helms has had a long career and involvement in quality assurance. It was unusual to have someone like that also as a chief of staff.

Director Howell introduced John Fieselmann to present information on a new program to provide health services to Iowa companies.

Dr. Fieselmann provided the Regents with information on the University of Iowa Health Care Executive Physical Program. He said the program provides comprehensive health evaluation and testing with a multi-disciplinary approach. The program is targeted toward corporate participants and is tailored to individual health needs and risk factors. He described the key program components. The testing is completed in one day with same-day results.

Regent Neil asked how the cost and quality of the program compare with the program at Mayo Clinic. Dr. Fieselmann stated that 21 participants have gone through the UIHC's program. Ten of the 21 have also been through the Mayo Clinic program. Those participants indicated that the quality was equal to or better than that provided at Mayo Clinic. All 10 participants signed up to participate in the program again next year. He said the cost was \$2,000.

Regent Fisher said the biggest challenge is getting the information about this program out to lowans. The one-day turnaround is a key element.

Regent Lande stated that he was one of the 21 participants of the program.

Regent Kelly said he was quite familiar with the Mayo program. He stated that a few years ago airline pilots could choose not to take a stress test and not be denied their license. Was that still true?

Dr. Fieselmann said he did not know specifically about the requirements for pilots. In the UIHC's program, it is felt that the stress test is important. All of the pilots who have come through the program have taken the stress test, and those pilots voluntarily participated.

Regent Lande stated that in order to fly a commercial airplane, pilots have to have a class one medical that requires an annual physical. He believes the stress test is indicated only if there are some problems that would require a stress test.

Dr. Fieselmann stated that he would try to get some information to Regent Kelly about the requirements of the stress test for pilots.

Director Howell stated that UIHC officials sought out all of the best practices around the country to incorporate into its program.

President Newlin asked how many people come though the hospital every day. Director Howell responded that approximately 14,000 people come through the hospital every day, including employees, faculty, students, fellows, patients, families and visitors. He said with that size of population, the UIHC might be considered the 24<sup>th</sup> largest community in the state of Iowa.

Regent Lande asked for the average number of patients, both inpatient and outpatient. Director Howell said the total number of patients seen per day is 2,700 to 2,800.

President Newlin expressed appreciation for the report and for what is done by Director Howell and his staff.

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

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

## IOWA STATE UNIVERSITY

The following business pertaining to Iowa State University was transacted on Wednesday and Thursday, October 18 and 19, 2000.

### **TOUR OF VETERINARY CENTER CHILDCARE FACILITIES AND HAWTHORN COURT.**

The Regents drove by the proposed sites for the College of Business building and Union Drive. The Osborn Cottage, where the Honors Program is currently located, is on the site for the College of Business building. Vice President Madden stated that Osborn Cottage would be removed. University officials hope to retain most of the trees currently on the site.

Regent Fisher asked about the architectural design of the new College of Business building. Vice President Madden said the schematic design would be brought to the Board in a couple of months. The exterior of the building will probably blend in more with the stone of the Memorial Union than the brick of other existing buildings.

Dean Allen said the site for the College of Business was chosen partly because the College should be interactive with the business community and with other colleges on the campus. The proposed location would work for both purposes.

President Newlin noted that the College of Business building was at the top of the Regents capitals list for the legislature. He then asked for the total dollar amount of the Regents' top three capital projects. Executive Director Stork said the total appropriations request for the Regents' top three capital priorities was approximately \$40 million.

Regent Neil asked if any other sites had been considered besides the Osborn Cottage site. Vice President Madden said University officials had evaluated other sites on campus. The conclusion was that the general area of the Osborn Cottage was the right location. The location is convenient to the Memorial Union parking ramp and the Union facilities.

Regent Neil asked about the history of the Osborn Cottage. Vice President Madden said Osborn Cottage was originally a residential structure. Mr. Osborn was an Iowa State University professor in the early-1900s.

Regent Neil asked if Osborn Cottage would be moved or razed. Vice President Madden responded that University officials have had discussions with Habitat for Humanity about the possibility of relocating the house to another site. He said the relocation would be a great student project.

The Regents toured two units in a building in Hawthorn Court (a two-bedroom and a four-bedroom apartment).

Executive Director Stork asked how many apartments are in phase 2 of Hawthorn Court. Vice President Madden responded that phase 2 includes 12 buildings and 244 apartments. The project will house almost 1,000 students. The total capacity of Phase 1 and Phase 2 of Hawthorn Court is just under 2,000. Students signed up last spring for housing in Hawthorn Court. The last building, which was ready on September 15, is 90 percent occupied. Revenue from the Hawthorn Court project is ahead of the original financial projections.

Regent Fisher asked, as the Regents were being driven to the Veterinary Medicine campus, for the cause of the shaking of the Administrative Services Building. Vice President Madden said the building contained a large open floor span which caused enough floor vibration to bother people with computers. The final solution was to put 20 posts in various locations. He noted that the floor movement of Valley West Mall in West Des Moines was caused by the same type of situation.

The Regents drove by the site of the Carver Co-Laboratory and through the Union Drive Neighborhood. The proposed Union Drive Neighborhood will contain 10 acres of green space. Vice President Madden reminded the Regents that Iowa State Center was 6 feet under water during the flood of 1993.

At the College of Veterinary Medicine Child Care Center the Regents were introduced to Julia Hagen, child care coordinator for Iowa State University. There are two centers for child care at the University. The College of Veterinary Medicine child care center serves children aged 6 weeks to 12 years. The center has an infant room, a toddler room, a preschool room, and an older preschool and school-age room. There are toileting facilities in the rooms or close to the rooms. The independent contractor for the center is Bright Horizons Child Care Solutions. The center has a sliding fee scale. The cost for care of a two-year-old child is \$711/month/child. The subsidized cost for those making under \$25,000 is \$541/month. The center offers different programs, one of which is Mom's Night Out. This program provides single moms an evening out for study

or for social time. The program is offered free of charge. The average child care provider wage is \$6.50/hour. Subsidies are necessary to operate the Center. The Regents viewed the outside playground area which was divided into areas for the various age groups. The Center promotes outdoor space as being as important as indoor space.

President Newlin asked about the waiting list for the Center. Ms. Hagen said there are currently 375 children on the Center's waiting list.

Vice President Madden stated that it cost \$1.5 million to build the Center. University officials strive to have operating costs paid by the user fees. The College of Veterinary Medicine provides a direct subsidy and the University provides building maintenance. He said this Center would be viewed as providing very high quality child care. The Center probably pays higher wages than most child care facilities. The University continues to apply for grants. The student government provides funding for the Center, also.

President Newlin referred to the 375 children on the waiting list and asked if child care is found elsewhere for those children. Vice President Madden responded affirmatively. He said there are a number of home child care providers and the Department of Transportation has a child care center. The priority is to serve children of students first, and then children of faculty and staff.

**RATIFICATION OF PERSONNEL TRANSACTIONS.** The Board Office recommended the Board approve the personnel transactions at Iowa State University, as presented.

Register of Personnel Changes for September 2000.

Appointment of Stephen H. Howell as Professor and Director of the Plant Sciences Institute, beginning January 1, 2001, at an annual salary of \$142,800.

Appointment of Norman F. Cheville as Interim Dean of the College of Veterinary Medicine, beginning October 1, 2000, at an annual salary of \$156,370.

President Seagrave said he was pleased to announce the appointment of Stephen Howell, effective January 1, 2001, as Director of the Plant Sciences Institute. He said Mr. Howell's appointment was the result of a year-long search. He noted that Norman Cheville of the College of Veterinary Medicine had agreed to take over as interim dean of that college. Former Dean Ross had moved to the College of Agriculture.

MOTION: Regent Lande moved to approve the personnel transactions, as presented. Regent Ahrens

seconded the motion. MOTION CARRIED  
UNANIMOUSLY.

**REPORT OF CLOSURE OF THE CENTER FOR RARE EARTHS AND MAGNETICS (CREM).** The Board Office recommended the Board accept the request to close the Center for Rare Earths and Magnetism (CREM).

Iowa State University officials requested that the Center for Rare Earths and Magnetism (CREM) be closed, effective immediately. The Institute for Physical Research and Technology looked to a selected group of knowledgeable experts to conduct a review of this Center. Based on the results of that review, it was determined that the international market activities for rare earth materials have substantially changed and the reasons that warranted the original creation of this Center are no longer valid. There will be only minor savings as a result of this closure and they will be reallocated.

The appropriate administrators at Iowa State University endorsed this action.

ACTION: This matter was approved on the consent docket.

**APPROVAL OF NEW ISU CENTER TO BE CALLED THE INFORMATION ASSURANCE CENTER.** The Board Office recommended the Board refer the request for a new ISU Center to be named the Information Assurance Center to the Interinstitutional Committee on Educational Coordination (ICEC) and the Board Office for review and recommendation.

The Information Assurance Center will be an interdisciplinary center, drawing faculty from both technology-based disciplines and from the liberal arts and sciences. The goal of this proposed center will be to move Iowa State University to national prominence by enhancing education and research in computer security. The mission of the Center is to "strive to become the preeminent academic leader in information assurance through national collaborative efforts in computer security education and research."

Information security has become a critical concern of both government and industry. According to the President's 1998 Commission on Critical Infrastructure report, computer security is of prime importance to protecting the national communication infrastructure, and the report recommends increasing the education efforts in computer security. Iowa State University, through the existing Information Systems Security Laboratory and the proposed Information Assurance Center, is poised to assume a leadership role in this area.

The appropriate administrators at Iowa State University endorsed this action.

ACTION: This matter was referred on the consent docket.

**REPORT OF CLOSURE OF THE UTILIZATION CENTER FOR AGRICULTURAL PRODUCTS (UCAP).** The Board Office recommended the Board accept the request to close the Utilization Center for Agricultural Products (UCAP).

Iowa State University officials requested that the Utilization Center for Agricultural Products (UCAP) be closed, effective immediately. The College of Agriculture administration recommended this action following an external review of UCAP in 1997 and subsequent organizational changes in 1999 that moved the Center for Crops Utilization Research (CCUR) and the Meat Export Research Center (MERC) outside of the organizational umbrella of UCAP. The long-time Director of the Center, Dennis Olson, resigned from Iowa State University in July 2000. The resulting decision was that UCAP be dissolved.

The appropriate administrators at Iowa State University endorsed this action. There will be only minor savings as a result of this closure and the savings will be reallocated.

ACTION: This matter was approved on the consent docket.

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

Carver Co-Laboratory

<u>Project Summary</u>			
	<u>Amount</u>	<u>Date</u>	<u>Board Action</u>
Permission to Proceed		Dec. 1999	Approved
Project Description and Total Budget	\$ 7,000,000	Dec. 1999	Approved
Architectural/Engineering Agreement— Schematic Design & Site Planning (Brooks Borg and Skiles)	150,000	March 2000	Approved
Revised Project Budget	9,200,000	June 2000	Approved
Architectural Amendment #1 (Brooks Borg and Skiles)	48,000	June 2000	Approved
Program Statement		July 2000	Approved
Schematic Design		Oct. 2000	Requested
Revised Project Budget	9,500,000	Oct. 2000	Requested
Architectural/Engineering Agreement— Design Development through Construction (Brooks Borg and Skiles)	519,000	Oct. 2000	Requested

The co-laboratory will provide a facility where scientists from Iowa State University, private industry, and the world can meet in a collaborative and interactive environment to conduct state-of-the-art plant research and address critical issues in plant science. The co-laboratory will emphasize and promote interdisciplinary collaboration within the plant sciences and other core areas of the University, such as molecular biology, plant physiology, classical plant breeding, molecular genetics, physics, and mathematics. The building will consist of state-of-the-art laboratories, research space for visiting scientists, and small laboratories for industry incubators.

Building Site

The building will be constructed in the northwest area of campus to the north of the Communications Building and northwest of the Molecular Biology Building. This northwest area of campus has been designated for future development of a north quadrangle space to house facilities which will accommodate new research initiatives of the University. Additional information on the proposed north quadrangle development was outlined in the University's campus master plan progress report. Consideration

was given to this future development in determining the specific location for the Carver Co-Laboratory.

### Building Exterior

The building was designed with two distinct faces. One side will face the existing Molecular Biology Building to the southeast and will include a small courtyard area. The opposite side will bend around to the north following the site. This design will create two building wings. The Carver Co-Laboratory will be a relatively small building compared to others in this area of campus. Therefore, the building was designed with two stories rather than one to balance its scale relative to the other buildings, including those envisioned for the new quadrangle.

The exterior materials will consist of red masonry consistent with the exterior of the nearby Molecular Biology and Communications Buildings. Gray masonry will be used to identify the courtyard area and complement the red masonry. Windows will be located along the full length of the west and north sides of the building at both levels. The windows will provide views of the neighboring timber and will allow daylight to enter into the plant science laboratories. The windows will be screened with tinted glass to reduce solar heat and direct lighting. A glass curtain wall will also be used to identify the main building entrance and the secondary entrances at the northeast and southwest. Additional windows will provide daylight for the office and laboratory areas along the south and east wings, and windows of a smaller scale will be located on the walls adjacent to the courtyard.

### Building Interior

The main entrance will be located in the southern wing of the building adjacent to the courtyard. On the first floor, the space along the south wall of the building will house the public areas, including a reception area, administrative and office space, and restrooms. A large conference/seminar room will be located just to the north of the reception area near the building entrance. The main circulation corridor, which will provide limited access to the laboratory areas, will lead north from the reception area and will provide access to the large biochemistry laboratory area on the west side of the corridor and the laboratory support areas on the east side of the corridor. The biochemistry laboratories will also be served by a secondary circulation corridor which will be created between the north and south doorways along the west wall of the laboratory area. This corridor, which will provide access solely for lab users, will connect the laboratory suites within the area and will provide secondary access to adjacent areas of the building.

The northwest corner of the building will house a computer laboratory, research offices and interaction space. From this point, the main corridor will continue to the east and

will provide access to three individual laser laboratories along the north wall, and incubator laboratories and additional laboratory support areas along the south wall. The laser laboratories will also be served by a secondary corridor along the north wall of the building. This corridor will provide additional entrances to each of the three laboratory areas. Stairways and secondary entrances will be located at the northeast and southwest points of the building.

The second floor of the facility will replicate the design of the first floor with some modifications to the functions of the space. General research laboratories will be located in the building's west laboratory area and a portion of the north laboratory area. The remainder of the north laboratory area will be used as a genomics center laboratory. The north laboratory areas will also be served by a secondary circulation corridor similar to that provided in the first floor biochemistry laboratories. The second floor will also house a large incubator laboratory above the first floor conference/seminar room, and laboratory support areas above the first floor incubator laboratories.

#### Restrooms

The building will include a total of eight, fully-accessible restroom areas (four male and four female) located on both floors. The restrooms will provide a total of five male toilet fixtures, seven female toilet fixtures, two urinals, and six male and six female lavatories. University officials indicated that the number of restroom fixtures is consistent with the State Building Code based on total occupancy of the building.

#### Parking

University officials acknowledged that construction of the Carver Co-Laboratory at the selected site will displace some parking areas. University officials are currently reviewing different strategies for accommodating the short-term need for additional parking that will result with construction of the Carver Co-Laboratory, as well as the long-term parking need to accommodate the proposed north quadrangle development.

The schematic design includes a total building area of 29,975 gross square feet and 18,469 net square feet, for a net-to-gross ratio of 62 percent. The amount of net square feet, is consistent with the building program approved by the Board in July 2000. The following is the space summary for the Carver Co-Laboratory:

Plant Research Laboratories	6,746	
Laser/Biochemistry Laboratory	4,093	
Center Laboratories	3,136	
Research Offices	1,612	
Administration	1,457	
Shared Laboratory Support	1,090	
Building Support	335	
Total Net Assignable Space	18,469	nsf
Total Non-Assignable Space (Maintenance, Mechanical/Electrical, Restrooms, Circulation)	11,506	
Total Gross Square Feet	<u>29,975</u>	gsf
Net-to-Gross Ratio	62 percent	

University officials also requested approval of a revised project budget of \$9,500,000, an increase of \$300,000. The additional funds will provide utility infrastructure work to support the building since no utility services currently exist in the project area. The utilities will be sized only to serve the Carver Co-Lab facility. An overall utility plan to accommodate future development of the proposed quadrangle area has yet to be developed; the University is in the early stages of this process.

The increase will be funded by Income from Treasurer's Temporary Investments which was added as a new source of funds for the project.

Project Budget

	<u>Revised Budget June 2000</u>	<u>Revised Budget Oct. 2000</u>
Construction Costs	\$ 7,204,000	\$ 8,054,500
Professional Fees	1,262,000	1,280,600
Movable Equipment	230,000	60,000
Relocation	26,500	4,900
Contingency	<u>477,500</u>	<u>100,000</u>
 TOTAL	 <u>\$ 9,200,000</u>	 <u>\$ 9,500,000</u>
 Source of Funds:		
ISU Foundation	\$ 5,625,000	\$ 5,625,000
General University Funds	2,575,000	1,965,000
Income from Treasurer's Temporary Investments	0	910,000
Restricted Funds	750,000	750,000
Agriculture Experiment Station	<u>250,000</u>	<u>250,000</u>
	 <u>\$ 9,200,000</u>	 <u>\$ 9,500,000</u>

University officials requested approval to enter into an agreement with Brooks Borg and Skiles to provide design development and construction administration services for the project. The agreement provides for a fee of \$519,000, including reimbursables.

Vice President Madden introduced Brad Hartman of Brooks Borg Skiles Architects, the lead designer for the project.

Mr. Hartman reviewed the project statement, schematic design and project budget with the Regents. He noted that this was the first physical facility constructed for the Plant Sciences Institute.

Regent Neil asked for the reason for designing the building with a flat roof. Mr. Hartman responded that the flat roof was due to the economics and the scale of the building.

Regent Neil stated that life-cycle costs of a flat roof should be considered. He encouraged the architects to go back and look at a different type of roof.

Mr. Hartman said there is a building construction budget of \$200/square foot which, for a laboratory building, is very tight. The flat roof meets the budget and helps to

accommodate items that need to go on the roof including ventilation and boiler vents. A flat roof is actually sloped at one-quarter inch per foot into interior drains. It is cost effective. The architects continue to study ways to save money.

Regent Turner asked how the capacity for this building was determined and whether growth had been factored into the design. Vice President Madden said this proposal was based upon the projections of the plant sciences effort as it was funded and as outlined to the Board of Regents last year. He said future facilities may be needed for the Plant Sciences Institute. The Co-Laboratory is a facility that will promote collaboration between industry and the University. He believes the facility will accommodate the number of scientists that will be working in this area. Start-up companies would move to other locations, hopefully in Iowa. This site would permit future building additions and expansions.

Regent Ahrens asked how many parking spaces would be lost by the construction of this building. Vice President Madden responded that 80 to 100 parking spaces would be lost.

Regent Ahrens asked how University officials would accommodate the loss of those parking spaces. Vice President Madden responded that, according to the traffic and transportation plan, additional parking would be developed further to the north of this building. He said the timing was driven by the economics of parking. There is adequate parking at Iowa State University and shuttle service is available from Iowa State Center. The University's master plan has sites for three parking structures to be constructed eventually.

College of Business Building

Proposed Source of Funds: Capital Appropriations and Private Funds

Project Summary

	<u>Amount</u>	<u>Date</u>	<u>Board Action</u>
Permission to Proceed Architectural Agreement		July 1999	Approved
Pre-Design Through Construction (Zimmer Gunsul Frasca Partnership)	\$ 1,887,000	May 2000	Approved
Program Statement		Oct. 2000	Requested

This project will construct a facility of approximately 100,000 gross square feet (60,760 net square feet) to house the College of Business, whose programs are currently located in inadequate and dysfunctional space in several existing University buildings

and off-campus space. The project will accommodate the University's newest and fastest-growing college by providing office, laboratory, and classroom spaces to meet the unique needs of modern business programs.

The proposed location for the building is an area in the southeast corner of the central campus. The specific siting of the building within this area has yet to be determined; University officials are reviewing the area with consideration for the mature landscaping of the central campus area and the need to integrate the building with the natural contours of this site.

### Instructional Spaces

Classroom and laboratory areas, the largest component of the building space, are estimated to total approximately 26,000 net square feet. The classroom areas will be designed to provide flexibility in both capacity and configuration to accommodate diverse teaching styles and curriculum needs, including the use of case study techniques and in-class team interaction. Since teaming is emphasized in most classes, the classrooms will be designed to facilitate discussion among teams of six to eight students.

Specialty instructional areas will include classrooms to support distance education and Harvard case management-style classrooms. These instructional areas will accommodate collaborative settings and all-day learning programs such as the MBA Saturday program. The laboratory areas will consist of open computer laboratory space for general use, and specialized laboratory areas, such as a dedicated MIS laboratory and a trading simulation room, to accommodate both in-class teaching and unscheduled student use. The classrooms and teaching laboratories will be designed to accommodate numerous technologies including video conferencing for distance education, computer projection, infrared data connections, laptop computer power and data connections, high speed fiber optic access, and web-based stock reporting services.

### Offices

The office areas in the building will total approximately 20,000 net square feet. Of this amount, the faculty office spaces will total approximately 11,000 net square feet, which is an increase of approximately 24 percent (2,100 net square feet) from the total amount of faculty office space currently available. Expansion of the current amount of faculty office space is critical to resolve the existing deficiencies with crowded office areas and to attract and retain quality faculty. The University has indicated that the new building will also offer improved space utilization for the faculty office areas. Graduate student

offices will total approximately 2,040 net square feet, which is an increase of approximately 60 percent over the amount of space currently available for these areas.

The office areas will be designed to promote the interdisciplinary mix between the departmental units and encourage informal interaction. Since much of the College's research activities are based in the faculty offices, these areas will be designed to accommodate the growing research programs of the College.

### Student Services

The building will provide approximately 6,700 net square feet of space for the College's student service functions. Approximately 4,000 net square feet will be used to provide services related to the admission, retention and graduation of undergraduate and graduate students. These functions require space that will accommodate meetings with individuals as well as large numbers of students. The College's Career Services functions, which serve the career development needs of students and facilitate their job searches, will be housed in approximately 2,500 net square feet of space. This area will be used to provide student advising, schedule interviews, and display resource information.

The College's outreach services, which include the headquarters of the Small Business Development Center, will be housed in approximately 2,300 net square feet of space. This space will be designed to provide community access to the College's programs.

### Support Areas

The support areas will total approximately 5,300 net square feet. Included is a café area to provide food service, particularly for Saturday MBA students who spend extended time on campus. Other common spaces, as well as the café, will promote informal interaction. This will include interaction spaces totaling approximately 1,500 net square feet for faculty and staff, undergraduate, and graduate students. The student interaction areas will further promote the teaming approach emphasized in the College's coursework.

A summary of the College of Business Building spaces and required areas is as follows:

Classrooms and Laboratories	26,365	
Office Areas		
Faculty/Graduate Students	13,040	
College Administration	3,395	
Departmental Administration	3,580	
Total Office Space	20,015	
Student Services		
Undergraduate Programs	2,760	
Graduate Programs	1,420	
Career Services	2,535	
Total Student Service Space	6,715	
Outreach Center	2,310	
College Support Spaces	5,355	
Total Net Assignable Space	60,760	nsf
Total Non-Assignable Space (Maintenance, Mechanical/Electrical, Restrooms, Circulation)	39,240	
Total Gross Square Feet	<u>100,000</u>	gsf
Net-to-Gross Ratio	61 percent	

The estimated cost for the facility is \$22.7 million. The 2000 General Assembly appropriated for FY 2001 and the Governor approved funding of \$300,000 for planning the facility. The Board request for FY 2002 state capital funding is \$10.9 million. The remainder of needed funding would be provided from private sources.

Beardshear Hall Remodeling

Project Summary

	<u>Amount</u>	<u>Date</u>	<u>Board Action</u>
Permission to Proceed		July 1998	Approved
Project Description and Total Budget	\$ 5,750,507	July 1998	Approved
Architectural Agreement through Schematic Design (Brooks Borg and Skiles)	80,390	Oct. 1998	Approved
Program Statement Schematic Design		June 1999	Approved
Architectural Agreement through Construction Services (Brooks Borg and Skiles)	621,720	July 1999	Approved
Revised Project Budget	6,076,707	Oct. 2000	Requested

This project will remodel space in Beardshear Hall to consolidate various student-related functions in one central campus location. The focus of the project is development of the Student Answer Center which will consolidate various student service units on the ground level of the facility. The project will also relocate and consolidate other administrative offices within the building, and address building code, accessibility, and life safety deficiencies.

University officials requested approval of a revised project budget in the amount of \$6,076,707, an increase of \$326,200, due to an expanded project scope which would include additional access control for the building, an upgrade of the telecommunications system, the installation of stained glass panels, and some new furnishings.

Access control for the building in the original project scope was limited to the installation of card readers (which limit access to the building) at the north and east exterior doors, and the installation of door monitors (which relay information on unsecured doors to the Department of Public Safety) at the west and south entrances. The expanded scope now includes the installation of card readers at each of the four locations, and the installation of door monitors for the two remaining exterior doors on the ground level. In addition, card readers will be installed at the entrance to each interior office suite throughout the building, and door monitors will also be installed at selected locations within the suites.

The telecommunications work in the original project scope was limited to the installation of telecommunications components within the new walls to be constructed. The scope has now been expanded to include an upgrade of the telecommunications system

throughout the building, including construction of a new environmentally-controlled telecommunications node room on the ground level to replace the two existing node rooms located in non-code compliant space in the building basement.

University officials decided to include as the Art in State Buildings component of the project the replication of the original stained glass panels which hung over the north and south skylights in the main atrium. The panels were removed during a renovation in the 1960s and replaced with frosted white glass. University officials believe that installation of the replica panels will greatly enhance the space and capture a portion of the building's history. The required budget allocation under the Art in State Buildings program was only sufficient to cover the cost of one skylight.

The addition of limited furnishings to the project will respond to the needs of the individual departments located in the building.

Project Budget

	Initial Budget <u>July 1998</u>	Revised Budget <u>Oct. 2000</u>
Construction Costs	\$ 5,071,924	\$ 4,746,200
Professional Fees	667,533	1,079,100
Movable Equipment		42,500
Relocation	11,050	70,000
Contingency	<u>0</u>	<u>138,907</u>
 TOTAL	 <u>\$ 5,750,507</u>	 <u>\$ 6,076,707</u>
 Source of Funds:		
Income from Treasurer's Temporary Investments	\$ 4,733,781	\$ 4,733,781
General University/Building Repair Funds	1,016,726	1,016,726
Business and Finance Endowment Administrative Reserve	0	180,000
Telecommunications Improvement And Extension Funds	0	69,000
General University Funds	0	52,200
ISU Foundation	0	15,000
Unrestricted Gifts	<u>0</u>	<u>10,000</u>
	 <u>\$ 5,750,507</u>	 <u>\$ 6,076,707</u>

Utilities—The Knoll Renovations 2000—Infrastructure Improvements  
 Source of Funds: Utility Infrastructure Funds

Project Summary

	<u>Amount</u>	<u>Date</u>	<u>Board Action</u>
Project Description and Total Budget	\$104,000	Oct. 2000	Requested

This project will upgrade the high voltage electrical service for The Knoll, the residence of the University president. The project is necessary to accommodate the additional electrical loads that will result with completion of the renovation project (as approved by the Board in July 2000) for the facility. The project will replace the existing 2400 volt single phase service with a 4160 volt three phase system and install a new building transformer.

The project budget was presented for Board approval in accordance with Procedural Guide §9.06E which requires the institutions to obtain Board approval prior to initiating any renovation, modification, or improvement to the official state-owned residence of an institutional head if the cost is expected to exceed \$10,000.

Project Budget

Construction Costs	\$ 85,300
Professional Fees	14,200
Project Contingency	<u>4,500</u>
TOTAL	<u>\$ 104,000</u>

College of Veterinary Medicine—Biomedical Sciences Laboratories Remodeling  
 Source of Funds: General University Funds

Project Summary

	<u>Amount</u>	<u>Date</u>	<u>Board Action</u>
Project Description and Total Budget	\$ 263,500	May 2000	Approved
Architectural Agreement (Stott and Associates)	27,640	May 2000	Approved
Architectural Amendment #1	4,660	Sept. 2000	Ratified*
Revised Project Budget	443,685	Oct. 2000	Requested
Construction Contract Award (R. H. Grabau Construction)	291,262	Oct. 2000	Requested
Architectural Amendment #2	7,280	Oct. 2000	Requested

\* Approved by University in accordance with Board procedures.

This project will provide upgraded laboratory space for use by the research programs of the Department of Biomedical Sciences in the College of Veterinary Medicine. University officials requested approval of a revised project budget in the amount of \$443,685, an increase of \$180,185, to allow award of the construction contract.

The six bids received for the construction contract exceeded both the engineering estimate and the project budget; however, the bids had a range of less than 4 percent, indicating that they are a fair representation for the work. University officials attribute the high bids to additional improvements that were designed for the space to accommodate the specific research needs of the users assigned to the laboratory areas. University officials requested award of the construction contract to R. H. Grabau Construction in the amount of \$291,262, which can be awarded within the revised project budget.

University officials also requested approval of Amendment #2 in the amount of \$7,280 to the design agreement with Stott and Associates. The amendment will provide compensation for additional design services to incorporate the revisions to the laboratory casework and mechanical/electrical systems, as requested by the laboratory users. The revisions include the addition of extensive electrical, telecommunication, and mechanical piping systems beyond the original project scope.

Project Budget

	Initial Budget <u>May 2000</u>	Revised Budget <u>Oct. 2000</u>
Construction Costs	\$ 207,000	\$ 364,800
Professional Fees	42,820	72,920
Contingency	<u>13,680</u>	<u>5,965</u>
 TOTAL	 <u>\$ 263,500</u>	 <u>\$ 443,685</u>

MacKay Hall—Food Science and Human Nutrition Laboratory Renovation

Project Summary

	<u>Amount</u>	<u>Date</u>	<u>Board Action</u>
Project Description and Total Budget	\$ 150,000	May 1998	Exec. Dir. *
Revised Total Project Budget	455,000	May 1999	Approved
Architectural Agreement--Pre-Design Through Construction--Phase 1 (RDG Bussard Dikis)	51,000	June 1999	Approved
Revised Total Project Budget	755,000	June 2000	Approved
Architectural Agreement--Pre-Design Through Construction—Phase 2 (RDG Bussard Dikis)	64,000	Oct. 2000	Requested

\* Approved by the Executive Director in accordance with Board procedures for projects under \$250,000.

This project will remodel space in the Food Science and Human Nutrition Laboratory in MacKay Hall and will include the installation of new heating, ventilating and air conditioning systems, and kitchen and telecommunications equipment. The improvements are based on a feasibility study undertaken for the laboratory area which indicated the need to renovate the space to provide modern, safe teaching facilities, utilizing state-of-the-art equipment and teaching technologies. University officials have been proceeding with the project as funding is available and are ready to proceed with design services for the second phase.

University officials requested approval to enter into an agreement with RDG Bussard Dikis to provide design services for the second phase of the project. The agreement provides for a fee of \$64,000, including reimbursables.

\* \* \* \* \*

Included in the University's capital register was one project budget under \$250,000, two amendments which were approved by the University in accordance with Board procedures, the acceptance of four completed construction contracts, and three final reports. These items were listed in the register prepared by University officials.

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

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

University officials requested approval to enter into a lease agreement as lessee with HMG Parking Company for the University's use of 8,000 gross square feet (5,850 net square feet) of office space located in the Partnership Building, 700 Locust Street, in Des Moines, Iowa. The space will be leased for a five-year period commencing January 1, 2001 through December 31, 2005, at an annual rate of \$112,000 per year for the first two years of the lease (\$14 per square foot), and increasing to \$128,000 per year (\$16 per square foot) for the remainder of the lease term.

**MOTION:** Regent Ahrens moved to approve the leases, as presented. Regent Smith seconded the motion, and upon the roll being called, the following voted:  
AYE: Ahrens, Fisher, Kelly, Lande, Neil, Newlin, Smith, Turner.  
NAY: None.  
ABSENT: Kennedy.

**MOTION CARRIED.**

**CAMPUS MASTER PLAN PRESENTATION.** The Board Office recommended the Board receive the progress report on the campus master plan for Iowa State University.

Procedural Guide §9.02 requires the institutions to present updated campus master plans to the Board at least once every four years, or when the institution proposes changes in land use, or at the request of the Board. The Iowa State University master plan was last presented to the Board in December 1995.

The Iowa State University Campus Master Plan was developed in 1991 to guide the general and physical growth of the campus during the next 25 years. The University provided the Board with the first update to this Plan in 1995. Since that time, the University has made a number of campus upgrades which represent specific initiatives identified in the 1995 update. Other unidentified improvements, the most significant of which are the residence system projects, have been completed. While previously unidentified, these projects correspond with the goals and recommendations of the master plan.

The University's future plans include further improvements for the residence system facilities; this effort is consistent with the University's strategic planning goal to enhance learning through exceptional learner-centered teaching, services and enrichment opportunities (Goal Area 1). The University is also planning development of a north quadrangle area to accommodate new research initiatives of the University; this effort is consistent with the University's strategic planning goal to promote discovery and innovation characterized by preeminent scholarship, including increasingly interdisciplinary and collaborative activities (Goal Area 2). The siting of the Carver Co-Laboratory in this north quadrangle area will serve as an anchor for future development in the area.

Vice President Madden provided a power point presentation of the Iowa State University campus master plan. He said the University core area consists of approximately 1,788 acres with 11.7 million gross square feet of space. The buildings have a replacement value estimated at \$2.1 billion. The plan was designed to accommodate the University's growth over the next 25-30 years with a square footage increase of 2.9 million square feet. He said the plan deals with land use and program locations, transportation systems and open spaces. He reviewed the goals of the plan as they were presented to the Board of Regents in 1991. He said University officials are continuing to generally follow the goals, accommodating the University's strategic planning process. University officials are trying to maintain an appropriate image for the University that recognizes the University's regional, national and international importance and to accommodate projected growth.

President Newlin asked that the Regents be provided with copies of the overheads, to which Vice President Madden agreed.

**ACTION:** President Newlin stated the Board received the progress report on the campus master plan for Iowa State University, by general consent.

**UNION DRIVE NEIGHBORHOOD UPDATE.** The Board Office recommended the Board receive the oral report on meetings with bond rating agencies regarding the proposed Union Drive projects and the required bonded indebtedness.

At its July 2000 meeting, the Board received (1) the Department of Residence Master Plan Progress Report: July 2000, and (2) the program and schematic design concept reports for the Union Drive Neighborhood projects. The Board also authorized proceeding with further design of the Union Drive utilities infrastructure, Union Drive Suite Building 1, and Union Drive Community Center with the design development drawings for the facilities to be presented for Board approval.

As was requested by the Board, University officials provided, at the September 2000 meeting, (1) a brief report on the consolidation of University food service operations, and (2) the detailed assumptions used for developing proforma financial statements for the Union Drive Neighborhood including room rates for the various types of accommodations (traditional, suite, apartment), proposed annual residence system rate increases, and the financial impact on the residence system of the planned demolition of any residence facilities.

The Board also requested that University officials provide a report on the meetings with bond rating agencies regarding the proposed Union Drive projects and the required bonded indebtedness. The visits were scheduled to occur on October 4<sup>th</sup> (Standard and Poor's) and October 11<sup>th</sup> (Moody's Investors Service) in Ames. Fall 2000 enrollment, residence occupancy data, and a draft of the June 30, 2000 residence system financial report were available for these meetings.

Vice President Madden provided an oral report on the visits. He stated that both Moody's and Standard and Poor's had visited the Iowa State University campus. He said the feedback from both rating agencies was very positive and he did not expect negative comments. Moody's representatives indicated that they would be receptive to University officials coming in for a free review to upgrade possibly the University's overall bond rating. Based upon those reviews, University officials will bring to the Board next month the proposed Union Drive project including the debt financing.

Regent Fisher asked for the total cost of the project. Vice President Madden responded that Phase 1 was budgeted at \$36 million while the total project cost was \$70 million. He noted that this 5-year project included a number of demolition projects.

Regent Fisher asked for the total cost of Hawthorn Court Phases 1 and 2. Vice President Madden responded that the bond sales for Hawthorn Court totaled more than \$55 million bringing the total dormitory bonding to approximately \$105 million with \$82 million outstanding.

Regent Neil asked if University officials proposed to tear down a residence hall to build a community center. Vice President Madden responded affirmatively. He said Helser Hall sits in the middle of the site. The community center would be built as well as the suites and then the remainder of Helser Hall would be taken down. The residence system will end up with about the same number of beds, one-third of which will be apartments, one-third will be suites, and one-third will be traditional dormitory beds. He stated that, in November, University officials will bring to the Board a complete updated plan.

Regent Neil asked about coordination of the loss of dormitory rooms. Vice President Madden responded that the financial proformas had accommodated the loss. He said the goal has been to house about 40 percent of the student body in University housing, which the University will continue to do.

**ACTION:** President Newlin stated the Board received the oral report on meetings with bond rating agencies regarding the proposed Union Drive projects and the required bonded indebtedness, by general consent.

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

## UNIVERSITY OF NORTHERN IOWA

The following business pertaining to the University of Northern Iowa was transacted on Wednesday and Thursday, October 18 and 19, 2000.

**RATIFICATION OF PERSONNEL TRANSACTIONS.** The Board Office recommended the Board ratify personnel transactions, as presented.

Register of Personnel Changes for August and September 2000.

Accept the early retirement of John Conner, Vice President for Administration and Finance and Treasurer, effective October 13, 2000.

Approve the reduction in hours of Pat Geadelmann, Executive Assistant to the President and Director, External Relations, from full time to half time effective September 13, 2000, at an annual salary of \$62,820.

Approve the change in the appointment of Bill Calhoun, Vice President for Advancement, from a two-year term appointment to a regular appointment.

President Koob requested approval of the appointment of Eunice Dell as Interim Vice President for Administration and Finance. He said Ms. Dell has been with the University of Northern Iowa for 23 years. Ms. Dell has been overseeing a program called MEMPHIS which is the Oracle project, resulting in the implementation of a major switchover in the University's accounting systems.

President Koob stated that with the early retirement of John Conner, there was also a need to appoint a Treasurer for the upcoming period. He recommended Gary Shontz be appointed to that position. Mr. Shontz has been a prize-winning reporter of the University's finances for a number of years.

President Koob stated that because Ms. Dell works in the financial area of the University and not the operations area, he recommended retitling Doug Jensen's position from Assistant to the Vice President to Executive Assistant to the Vice

President to reflect the additional responsibilities he will assume in managing the operation at the University of Northern Iowa.

President Koob introduced Cheryl Gaston, newly-appointed Assistant Vice President for Marketing and Public Relations at the University of Northern Iowa. He said Ms. Gaston replaces Susan Chilcott, but at a higher level.

MOTION: Regent Lande moved to approve the personnel transactions, as presented. Regent Turner seconded the motion. MOTION CARRIED UNANIMOUSLY.

**NAME CHANGE FROM OFFICE OF PUBLIC RELATIONS TO OFFICE OF UNIVERSITY MARKETING AND PUBLIC RELATIONS.** The Board Office recommended the Board approve the request for a change in name from Office of Public Relations to Office of University Marketing and Public Relations.

University of Northern Iowa officials requested to change the name of the Office of Public Relations to the Office of University Marketing and Public Relations. With the addition of the new Assistant Vice President for Marketing and Public Relations and the expanding role of the Office, the proposed name better reflects the mission and vision of marketing and public relations at the University.

The proposal was approved by the Vice President for University Advancement and the University Cabinet. There will be only minor costs associated with this name change.

ACTION: This matter was approved on the consent docket.

**PROPOSED HONG KONG MBA PROGRAM.** The Board Office recommended the Board receive the informational report on a Masters of Business Administration (MBA) program to be offered in Hong Kong.

The University of Northern Iowa's College of Business Administration, under contract with the Hopkins Group (Asia) Ltd., is offering an MBA program in Hong Kong through the University's Continuing Education Division. The program will be offered, beginning in April 2001, in Hong Kong for a two-year period and will be identical to the program currently being offered on the University of Northern Iowa campus. Persons successfully completing the one-year program will receive the MBA degree from the University of Northern Iowa. It is estimated that up to 35 students will be enrolled in each class.

All facilities, equipment, supplies, materials, marketing, promotion, admission, registration, access to libraries, computer facilities and counseling of students for the program in Hong Kong will be supplied by the Hopkins Group. The University of Northern Iowa will provide study materials, the faculty, the evaluation of students, and maintain records of students.

Compensation for the University of Northern Iowa will include US\$10,000 as a basic fee for each graduate level course, plus an additional fee if enrollment exceeds ten students in any course. In addition, all travel expenses will be paid by the Hopkins Group for University of Northern Iowa faculty.

**ACTION:** This report was received on the consent docket.

**REGISTER OF CAPITAL IMPROVEMENT BUSINESS TRANSACTIONS.** The Board Office recommended the Board approve the Register of Capital Improvement Business Transactions for the University of Northern Iowa.

McCollum Science Hall Addition

Source of Funds: Capital Appropriations

Project Summary

	<u>Amount</u>	<u>Date</u>	<u>Board Action</u>
Permission to Proceed		May 2000	Approved
Architectural Agreement (BWBR Architects, St. Paul, MN)	\$ 1,290,000	July 2000	Approved
Program Statement		Oct. 2000	Requested

This project will address the demand for additional space for the University's science programs in response to student enrollment growth, particularly in the biology major program, and the increase in general education classes in the science area. The project will provide modern classroom and laboratory facilities to enhance the University's programs and provide for more efficient and functional education and research environments.

The addition, which will total approximately 42,000 net square feet (70,000 gross square feet), will provide instructional and research laboratories, classrooms and lecture halls, and office areas for the Departments of Biology and Chemistry.

The Department of Biology functions will have approximately 30,000 net square feet, including approximately 22,000 net square feet of laboratory space. The instructional

laboratories, which will total approximately 12,200 net square feet of space, will include five laboratory areas (each will accommodate 16 to 32 students) specifically designated for instruction in physiology, anatomy, microbiology, molecular biology and cell biology, as well as general use teaching laboratories and a computer imaging laboratory. University officials estimate that an additional 3,800 net square feet of space will be developed into research laboratories. The remainder of the laboratory space (approximately 6,000 net square feet) will consist of support functions for both the teaching and research laboratories.

The classroom areas for the Department of Biology will total approximately 3,000 net square feet and will include a lecture hall for 75 students and a classroom area for 45 students. Approximately 5,000 net square feet of space will be developed into office areas.

The Department of Chemistry functions will be housed in approximately 12,000 net square feet. Included within this space will be approximately 8,700 net square feet of laboratory space. Instructional laboratories, which will total approximately 6,700 net square feet, will include two laboratories for general chemistry instruction (to accommodate approximately 30 students each), one laboratory for inorganic chemistry instruction (to accommodate 12 students), and a fourth general use teaching laboratory. The University estimates that approximately 1,400 net square feet will be developed into research laboratories. The remainder of the laboratory space (approximately 600 net square feet) will consist of support functions for both the teaching and research laboratories.

The classroom areas for the Department of Chemistry will total approximately 2,100 net square feet and will include a lecture room for 70 students and a classroom area for 45 students. The office areas will total approximately 1,200 net square feet of space.

The project will also provide informal faculty and student interaction areas within the instructional spaces for both the Departments of Biology and Chemistry.

The following is the space summary for the McCollum Science Hall Addition:

<u>Department of Biology</u>			
Laboratory Space			
Instructional Laboratories	12,200		
Research Laboratories	3,800		
Laboratory Support Areas	<u>6,000</u>		
Total Laboratory Space		22,000	
Classroom Areas		3,000	
Office Space		<u>5,000</u>	
Biology Total		30,000	nsf
<u>Department of Chemistry</u>			
Laboratory Space			
Instructional Laboratories	6,700		
Research Laboratories	1,400		
Laboratory Support Areas	<u>600</u>		
Total Laboratory Space		8,700	
Classroom Areas		2,100	
Office Space		<u>1,200</u>	
Chemistry Total		12,000	nsf
Total Net Assignable Space		42,000	nsf
Total Non-Assignable Space		<u>28,000</u>	
(Maintenance, Mechanical/Electrical, Restrooms, Circulation)			
Total Gross Square Feet		<u>70,000</u>	gsf
Net-to-Gross Ratio		60 percent	

University officials will return to the Board for approval of the schematic design for the addition. University officials plan to begin construction in the fall of 2001, with an estimated completion date of fall 2003.

Maucker Union—Center for Multicultural Education Renovation/Expansion

Proposed Source of Funds: Maucker Union Revenue Bonds and Surplus Funds,  
and Residence System Improvement Funds

Project Summary

	<u>Amount</u>	<u>Date</u>	<u>Board Action</u>
Permission to Proceed		May 2000	Approved
Architectural Agreement (InVision Architecture)	\$ 888,000	Oct. 2000	Requested

This project will construct multiple additions to the Maucker Union and renovate existing space to house the Center for Multicultural Education and the office of International Services; provide additional meeting, office and support space; and provide expanded food service and retail areas. (The retail services will consist of basic school supplies and small scale packaged food offerings for the University community.) The project will also provide accessibility improvements to the facility and upgrade the mechanical and electrical systems. The total estimated project cost is approximately \$13 million.

University officials requested approval to enter into an agreement with InVision Architecture to provide design services for the project. The University received expressions of interest from 11 design firms; four of the firms were selected for interviews with the University's Architectural Selection Committee in accordance with Board procedures for projects of \$1 million or more. Based on the interviews and review of the qualifications of the firms, University officials recommended the selection of InVision Architecture of Waterloo, Iowa, to provide design services for the project. The firm has demonstrated considerable experience with similar projects and will consult with Ricca Planning, a national student union and food service consultant. In addition, InVision Architecture is very familiar with the Maucker Union; the firm has provided design services for smaller remodeling projects in the facility and for utility connections between Maucker Union and Lang Hall (as project architect for the Lang Hall Renovation project).

The agreement provides for a fee of \$888,000, including reimbursables.

Institutional Roads 2001—Reconstruction of 31<sup>st</sup> Street  
Source of Funds: Institutional Roads

Project Summary

	<u>Amount</u>	<u>Date</u>	<u>Board Action</u>
Project Description and Total Budget	\$ 401,157	Sept. 2000	Approved
Engineering Agreement (Clapsaddle-Garber Associates)	51,100	Oct. 2000	Requested

This project will reconstruct the area of 31<sup>st</sup> Street from Nebraska to Kansas Streets, and extend 31<sup>st</sup> Street approximately 1,000 feet west of Kansas Street. The roadway extension will improve access to the west campus, particularly the Native Roadside Vegetation Enhancement Center, which is currently under development.

University officials requested approval to enter into an agreement with Clapsaddle-Garber Associates to provide engineering services for the project. The University's recommendation is based on the firm's performance on similar work on campus. In addition, the firm expressed great interest in providing the design services for the project and completed a very thorough investigation of the work prior to submitting its design proposal.

The agreement will provide design, construction coordination and periodic construction observation at a fee of \$51,100, including reimbursables.

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Included in the University's capital register was one construction contract awarded by the Executive Director, the acceptance of four completed construction contracts, and four final reports. These items were listed in the register prepared by University officials.

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

**PROPOSED PROPERTY PURCHASE.** President Newlin stated that this item had been withdrawn.

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

## IOWA SCHOOL FOR THE DEAF

The following business pertaining to the Iowa School for the Deaf was transacted on Wednesday and Thursday, October 18 and 19, 2000.

**RATIFICATION OF PERSONNEL TRANSACTIONS.** The Board Office recommended the Board ratify personnel transactions, as presented.

Register of Personnel Changes for September 2000.

MOTION: Regent Lande moved to approve the personnel transactions, as presented. Regent Ahrens seconded the motion. MOTION CARRIED UNANIMOUSLY.

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

IOWA BRAILLE AND SIGHT SAVING SCHOOL

The following business pertaining to Iowa Braille and Sight Saving School was transacted on Wednesday and Thursday, October 18 and 19, 2000.

**RATIFICATION OF PERSONNEL TRANSACTIONS.** The Board Office recommended the Board approve personnel transactions, as presented.

Register of Personnel Changes for July and August 2000.

MOTION: Regent Lande moved to approve personnel transactions, as presented. Regent Ahrens seconded the motion. MOTION CARRIED UNANIMOUSLY.

**REGISTER OF CAPITAL IMPROVEMENT BUSINESS TRANSACTIONS.** The Board Office recommended the Board approve the Register of Capital Improvement Business Transactions for the Iowa Braille and Sight Saving School.

Main Building, Rice Hall and Cottage Tunnel Waterproofing

Project Summary

	<u>Amount</u>	<u>Date</u>	<u>Board Action</u>
Project Description and Total Budget	\$ 170,520	Oct. 2000	Requested

During heavy rains, ground water infiltrates the underground pedestrian tunnels which connect the Main Building to the Rice Hall dormitory, and the Main Building to the Cottage. The infiltration results in a potential safety hazard for students and staff. The project will include excavation of the tunnel, installation of a new waterproofing membrane and insulation, re-installation of the tunnel, and re-grading and replacement of surface landscaping.

IOWA BRAILLE AND SIGHT SAVING SCHOOL  
October 18-19, 2000

Project Budget

Source of Funds:

FY 2001 Building Repair Funds	\$ 123,520
FY 2000 Capital Appropriation	<u>47,000</u>

TOTAL	<u>\$ 170,520</u>
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Superintendent Thurman stated that between Rice Hall and the Cottage there is a grove of trees that were planted by former Superintendent Chuck Woodcock. Superintendent Woodcock, in consultation with Iowa State University, designed the grove of trees to be especially beautiful, which it is. School officials are talking with Iowa State University personnel about whether or not the trees can be moved and replanted after the excavation is completed. If it is possible, it is his intention to restore that section of the campus to what it looks like today. If that cannot be done, trees of exactly the same species will be planted in the same location.

Regent Lande asked if it would be realistic to abandon the use of the tunnel. Superintendent Thurman responded that it would not be realistic. The tunnel serves several purposes including bad weather escape.

President Newlin requested that future Iowa Braille and Sight Saving School capital registers include maps of locations of such capital projects.

MOTION: Regent Ahrens moved to approve the school's capital register, as presented. Regent Lande seconded the motion. MOTION CARRIED UNANIMOUSLY.

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

**EXECUTIVE SESSION.** President Newlin requested that the Board meet in closed session pursuant to Iowa Code §20.17(3) to conduct a strategy meeting of a public employer for collective bargaining.

MOTION: Regent Ahrens moved to enter into closed session. Regent Turner seconded the motion, and upon the roll being called, the following voted:

IOWA BRAILLE AND SIGHT SAVING SCHOOL  
October 18-19, 2000

AYE: Ahrens, Fisher, Kelly, Lande, Neil Newlin,  
Smith, Turner.

NAY: None.

ABSENT: Kennedy.

MOTION CARRIED.

The Board having voted at least two-thirds majority resolved to meet in closed session beginning at 12:20 p.m. on October 19, 2000, and adjourned therefrom at 12:37 p.m. on that same date.

**ADJOURNMENT.**

The meeting of the Board of Regents, State of Iowa, adjourned at 2:08 p.m. on Thursday, October 19, 2000.



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Frank J. Stork  
Executive Director