

The State Board of Regents met on Wednesday and Thursday, October 21 and 22, 1998, at the University of Northern Iowa, Cedar Falls, Iowa. The following were in attendance:

	<u>October 21</u>	<u>October 22</u>
<u>Members of State Board of Regents</u>		
Mr. Newlin, President	All sessions	All sessions
Ms. Ahrens	All sessions	All sessions
Mr. Arenson	All sessions	Excused
Mr. Fisher	All sessions	All sessions
Dr. Kelly	All sessions	All sessions
Mrs. Kennedy	All sessions	All sessions
Mr. Lande	All sessions	All sessions
Mrs. Pellett	All sessions	All sessions
Mrs. Smith	All sessions	All sessions
<u>Office of the State Board of Regents</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 Kniker	All sessions	Excused
Associate Director Racki	All sessions	All sessions
Assistant Director Gonzalez	All sessions	Excused
Minutes Secretary Briggie	All sessions	All sessions
<u>State University of Iowa</u>		
President Coleman	All sessions	Excused at 10:54 a.m.
Provost Whitmore	All sessions	Excused at 10:54 a.m.
Vice President True	All sessions	Excused at 10:54 a.m.
Associate Vice President Foldesi	Excused	Excused at 10:54 a.m.
Director Murphy	Excused	Excused at 10:54 a.m.
<u>Iowa State University</u>		
President Jischke	All sessions	Excused at 10:35 a.m.
Provost Kozak	All sessions	Excused at 10:35 a.m.
Vice President Hill	Excused	Excused at 10:35 a.m.
Vice President Madden	All sessions	Excused at 10:35 a.m.
Executive Assistant to the President Dobbs	All sessions	Excused
Assistant to the President Mukerjea	Excused	Excused at 10:35 a.m.
Director Bradley	All sessions	Excused
Director McCarroll	All sessions	Excused
Associate Director Steinke	All sessions	Excused
<u>University of Northern Iowa</u>		
President Koob	All sessions	All sessions
Interim Provost Podolefsky	All sessions	All sessions
Vice President Conner	All sessions	All sessions
Director Chilcott	All sessions	All sessions
<u>Iowa School for the Deaf</u>		
Superintendent Johnson	All sessions	Excused at 10:28 a.m.
Director Heuer	All sessions	Excused at 10:28 a.m.
Interpreter Fowler	All sessions	Excused at 10:28 a.m.
Interpreter Reese	All sessions	Excused at 10:28 a.m.
<u>Iowa Braille and Sight Saving School</u>		
Superintendent Thurman	All sessions	Excused
Director Woodward	All sessions	Excused at 10:28 a.m.

## GENERAL

The following business pertaining to general or miscellaneous business was transacted on Wednesday and Thursday, November 18 and 19, 1998.

**APPROVAL OF MINUTES OF BOARD MEETING OF OCTOBER 21-22, 1998.** The Board Office recommended the Board approve the minutes.

President Newlin asked for additions or corrections to the minutes.

**ACTION:** President Newlin stated the Board approved the minutes of the meeting of September 23-24, 1998, by general consent.

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

Ratify personnel transactions at the Regent institutions and Board Office, as presented;

Approve the request from the University of Iowa to add Thunder Creek Entertainment to the University of Iowa list of approved vendors with a potential conflict of interest;

Approve the Board meetings schedule; and

Refer the proposed new center at the University of Iowa to be called the Software @ Iowa Center to the Interinstitutional Committee on Educational Coordination and the Board Office for review and recommendation.

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

**INTERINSTITUTIONAL COMMITTEE ON EDUCATIONAL COORDINATION.** (a) Annual Report of Committee on Educational Relations. The Board Office recommended the Board receive the annual report.

The Regents Committee on Educational Relations (RCER) is responsible for fostering relationships and cooperation with other educational entities in Iowa regarding such

matters as articulation agreements, and transfer and admission policies of graduate students. The annual report highlighted the major activities of the RCER for 1997-98.

The committee's report described the activities related to five goals for 1997-98. These goals include: (1) responding to education and articulation issues; (2) exploring and making recommendations regarding competency-based admission; (3) continuing relationships with the community colleges; (4) strengthening relations with the Articulation Committee of the Iowa Coordinating Council for Post-High School Education (ICCPHSE); and (5) developing a plan for visits between representatives of Regent universities and community colleges.

The report also presented the three goals for 1998-99 identified by the committee. In 1998-99 the committee intends to continue its work on competency-based admissions, finalize plans for meetings with the community college faculty, and respond to education and articulation issues.

Philip Patton, University of Northern Iowa Registrar, presented the report of the Regents Committee on Educational Relations.

President Newlin expressed the Board's appreciation for the work of the committee.

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

(b) Annual Report of Libraries. The Board Office recommended the Board receive the report from the Interinstitutional Library Committee.

The Interinstitutional Library Committee is composed of the head librarians at the three Regent universities. The objective of the committee is to facilitate interinstitutional coordination and cooperation of the university libraries. The committee reports to the Interinstitutional Committee on Educational Coordination (ICEC).

This past year the committee fostered coordination and cooperation in several major ways: cooperative reference and instructional service; cooperative distance education activities; interinstitutional collection management; interlibrary loans; and other cooperative technology ventures.

The summary reports included: 1) the eleven strategic directions identified by the Library Committee; 2) the cooperative activities of this past year, and; 3) three individual university library reports.

Herbert Safford, Dean of Library Services, University of Northern Iowa, presented the report from the Interinstitutional Library Committee. He thanked the Board Office for a fine summary of the longer report.

President Newlin congratulated Dean Safford and his colleagues for working together in a cooperative way. Their efforts have been fruitful in the effectiveness and efficiency of a collaborative effort. The universities have better libraries, too.

**ACTION:** President Newlin stated the Board received the report from the Interinstitutional Library Committee, by general consent.

(c) Proposed B.S. Degree in Applied Physics, University of Iowa. The Board Office recommended the Board approve the proposed new undergraduate program in Applied Physics at the University of Iowa.

University of Iowa officials proposed a new undergraduate degree, a Bachelor of Science Degree in Applied Physics. The proposed program will allow graduates to complete a curriculum in applied physics that will prepare them to enter scientific and technical positions in industry.

University officials indicated that 20-40 students might be attracted to the degree. Some may be drawn from the existing B.S. or B.A. in Physics; the majority, however, are expected to be new students attracted specifically to this program.

University officials will not allocate additional resources for the proposed degree. All of the courses needed for the degree are already in place and are being taught with existing resources.

MOTION: Regent Fisher moved to approve the proposed new undergraduate program in Applied Physics at the University of Iowa. Regent Kennedy seconded the motion. MOTION CARRIED UNANIMOUSLY.

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

The Fall 1998 enrollment report was presented in two parts. Part I included general information on enrollments and trends at Regent institutions. Part II will be presented in November 1998 and will include eight specialized reports, which will provide greater detail on enrollments at Regent institutions.

During Fall 1998, Regent universities are serving more students as measured both by headcount enrollment and FTE enrollment. The headcount enrollment is at an all-time high of 67,619. The last peak year for university enrollment was Fall 1992 when the count was 66,607. The three Regent universities are serving a combined total of 1,256 new students during Fall 1998. As Regent universities continue to implement their strategic plans, it will be critical for the universities to address increased demand for services and required resources to meet this demand.

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 1998 is 0.87. 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. Approximately 2,400 students are receiving instruction at one of the 100 off-campus sites available during Fall 1998. The headcount enrollment experienced a 66.8 percent increase from Fall 1997.

Approximately 75 percent of all students enrolled at Regent universities are residents of Iowa. The percentage of resident students grew by 0.5 percent from Fall 1997. The

appropriate proportion of resident and non-resident students should be addressed in the strategic plans.

The number of racial/ethnic minority students at Regent universities increased by 44 from 4,857 in Fall 1997 to 4,901 during Fall 1998. However, there were perceptible decreases within certain groups at different educational levels. For example, at both the University of Iowa and Iowa State University, there were decreases of 10 or more African-American students in total enrollment. At both the University of Iowa and the University of Northern Iowa, there were decreases of 10 or more Asian-American students in total enrollment. At Iowa State University, there was a decrease of 22 Asian-American students in the new freshman enrollment. Since racial/ethnic minority diversity is an objective in each university's strategic plan, these variations could be significant and need to be examined.

Regent special schools enrolled 1,119 students in Fall 1998. The Iowa School for the Deaf enrolled 145 students in on-campus programs and 102 students in off-campus programs. The Iowa Braille and Sight Saving School enrolled 105 students in on-campus services and 213 students in off-campus services.

Price Laboratory School enrolled 554 students. Seventy-nine percent (79%) of the students reside in Cedar Falls.

Assistant Director Gonzalez presented the Regents with highlights of the enrollment report.

Regent Kennedy expressed concern that the racial and ethnic minority enrollment trend is quite low despite the efforts to enhance those enrollments.

Assistant Director Gonzalez stated that one of the significant characteristics she noticed was the variation within the ethnic categories. As mentioned in the report, it would be worth following up on why one group experienced an increase and one group experienced a decrease. She said the Board has a goal of emphasizing diversity and encouraging minorities.

Regent Smith stated that the Equal Opportunity/Diversity Study Group has asked to look at a 10-year trend line. The group will receive that information in the next month or so.

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

**FINAL APPROVAL OF TUITION RATES AND MANDATORY FEES INCLUDING PART-TIME TUITION.** The Board Office recommended the Board approve the proposed 1999-2000 academic year tuition rates and mandatory fees, including part-time tuition, effective with the summer session 1999, as follows.

#### POLICY AND PROCEDURE FOR BOARD ACTION

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 Board gave preliminary consideration to the proposed tuition rates and fees at its September meeting. Students were notified of the proposed tuition and mandatory fee increases on

September 17. All statutory requirements have been fulfilled for final Board action at the October meeting.

Iowa law also requires the Board to have a policy for 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.

The Board approved this language in December 1997 to make the Board's tuition policy compatible with its strategic plan. Previously (since 1990), the Board's tuition 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."

The Board's mission statement now 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." As discussed by the Board last December, a policy of maintenance is at variance with a strategic plan calling for improvement.

The new Board policy anticipates maintaining quality, through a HEPI adjustment, and improving quality, through possible additional resources. The new policy recognizes the joint aspiration of the Board and Regent institutions to achieve excellence. The Board Office recommendation reflected this aspiration and factored both maintenance and improvement into its recommended action.

#### RECOMMENDATION

The Board Office recommended a 5.2 percent increase in base tuition and fees and recommended the tuition surcharges proposed by the University of Iowa which are above the proposed tuition rates for the Colleges of Law and Dentistry. The funds generated by the surcharges are to be kept in the respective colleges.

The details of the proposed tuition recommendations were as follows:

- a. Increase all base tuition categories at the University of Iowa, Iowa State University, and the University of Northern Iowa by 3.2 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.
- b. In addition to the above base tuition increases:
  1. Increase the resident Law tuition at the University of Iowa by a \$300 surcharge and nonresident tuition by a \$500 surcharge in line with the college's strategic planning goals related both to classroom instruction and student research projects.
  2. Establish a \$1,000 surcharge per academic year for fourth year resident and nonresident University of Iowa Dentistry students, which expands the

surcharge previously established by the Board for students in their first three years of study in dentistry.

- c. Establish mandatory computer fees for the 1999-2000 academic year as follows:

		Actual 1998-99	Proposed 1999-2000
SUI	All students except Business Administration, Law, and Engineering students	\$102	\$106
	Law students	170	180
	Business Administration students	340	350
	Engineering students	340	350
ISU	All students except Engineering, Computer Science and Management Information Systems students	98	102
	Engineering students	334	338
	Computer Science & Management Information Systems students	262	266
UNI	All students	100	104

- d. Establish student health fees for the 1999-2000 academic year as follows:

	Actual 1998-99	Proposed 1999-2000	% Increase
SUI	\$90	\$ 96	6.7%
ISU	94	100	6.4%
UNI	94	98	4.3%

- e. Increase the general institutional financial aid for students at the same rate as the proposed increase in tuition and mandatory fees to maintain access for those having financial need to attend the universities.
- f. Establish part-time tuition rates as detailed on Table 2.

#### ALLOCATION OF INCREASES FROM TUITION AND FEES REVENUES

The estimated gross revenues from the proposed increases in tuition rates are \$12.3 million. After tuition aid set aside, the net tuition revenues generated from the proposed tuition increase and surcharges are estimated to be \$10.5 million.

The Board Office recommended that the universities allocate a proportional share of the proposed tuition increases for student financial aid to maintain access for needy students by offsetting the increases in tuition rates.

The revenues from tuition and fees 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, expand student support services, and provide other enrichments to students' educational experiences.

#### RATIONALE FOR INCREASES IN TUITION AND FEE RATES

The fundamental reasons for increasing the rates in tuition and mandatory fees 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 5.2 percent utilizes a HEPI rate of 3.2 percent and a quality factor of 2.0 percent. The projected range for the FY 1999-2000 Higher Education Price Index is 2.0 percent to 3.3 percent. The 3.2 percent recommended rate is within the projected HEPI range.

In late September, the Research Associates of Washington released the final FY 1998 HEPI rate of 3.5 percent. The rate for FY 1998 had been projected at 2.0 percent.

The 2.0 percent quality factor is consistent with the rate of reallocations required of the institutions by the Board each year to achieve quality in their strategic plans. This reallocation factor provides one benchmark during this initial year of the Board's new tuition policy. The Board Office does not intend this benchmark 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 the strategic plans.

The Governor and Legislature have provided increases in general university appropriations to the Regents averaging 5.4 percent over the last four years in support of strengthening public higher education in the state of Iowa. The Regent tuition increases have averaged just less than 3.9 percent for the same period. Tuition revenues, as a percentage of total general university revenues, have been decreasing over this period.

Over the last several years, the Regent tuition increases have lagged behind the Iowa as well as the national per capita income increases. In September, the Institute for Economic Research released updated information on projected Iowa income. The projected increase in Iowa per capita personal income for the year 2000 is at 7.2 percent rather than the previously projected rate of 6.5 percent.

In September, the Revenue Estimating Conference (REC) for the state of Iowa met to review FY 1999 estimates for state general fund revenues and to establish the FY 2000 revenue estimates. Taking into consideration the tax law changes enacted by the 1998 General Assembly, the members of the Conference approved an upward revision of the total FY 1999 general fund estimates. The REC established the FY 2000 state general fund revenue estimate at a 5.5 percent increase over the FY 1999 estimate.

Other mandatory fees include computer, health, and health facility fees. Officials of each of the universities proposed increases to the computer fees ranging from 1.2 percent to 5.9 percent and health fees ranging from 4.3 percent to 6.7 percent. The proposed increases in computer and health fees were recommended to meet the growing demands and rising costs. No changes in the health facility fees were proposed.

The FY 1998-1999 tuition and fees were among the lowest in each university's respective peer group of comparable institutions. The Regent tuition and fees as a percentage of Iowa's per capita income (11.9 percent) are less than the percentages for regional states and the national average (13.7 percent).

As noted in the Annual Student Financial Aid Report presented in September, student financial aid dollars increased 8.1 percent for the 1997-98 academic year.

The estimated cost of attending the Regent universities, including proposed tuition and fees, room and board, and other costs is projected to average \$10,525 for the 1999-2000 academic year.



The proposed 1999-2000 part-time tuition rates for resident and nonresident undergraduate and graduate courses at the three universities are consistent with the recommended tuition rates.

Executive Director Stork stated that the Board gave preliminary consideration to tuition recommendations last month. All statutory requirements have been fulfilled for final action this month. The Board Office recommendations were the same as presented last month. He then advised the Board of a few changes since last month's meeting. He said the HEPI rate for FY 1998 had been projected at 2 percent. The actual increase was 3.5 percent. Additionally, the Institute for Economic Research updated its information on Iowa income which was projected to increase 7.2 percent versus the 6.5 percent projection presented last month. Finally, the Revenue Estimating Conference for the State of Iowa projected increases for FY 2000 of 5-1/2 percent.

President Coleman stated that she strongly supported the Board Office recommendation. She said the Board Office had provided well-supported documentation for the tuition increase including unavoidable cost increases and aspirational goals. University officials have reallocated internally and have sought funding from the state and private support. She said university officials had documented their plans for utilization of the increased revenues. University officials will commit earmarked tuition increases for those purposes for which they are intended.

President Jischke stated that he continues to support strongly the idea that an increase above the HEPI is necessary for the strategic plan. Revenues impact the capacity to offer classes of reasonable size. He said Iowa State University's tuition is relatively low. President Clinton has recently signed the Higher Education Act. A record amount of private funds has been raised at the university. Funding of a public university is a partnership. The State of Iowa has been increasing its support faster than inflation for a number of years. Alumni and friends have stepped forward with remarkable generosity. He said he believed that the Board Office recommendation was a sensible one.

President Koob stated that the Board's strategic plan indicates that each Regent institution will be the best. Every one of the institutions should be among the best in the country. Inflationary increases will not do that.

Bryan Burkhardt, President, Government of the Student Body, Iowa State University, expressed appreciation for the opportunity to emphasize how important the tuition decision is for the students of today and tomorrow. He said he hoped the Regents had an opportunity to look at the postcards and the student survey results in order to gain

insight into how students feel. He reminded the Regents that every citizen of the state of Iowa is potentially a student. The universities need to maintain affordability and opportunity for students. Tuition decisions will result in combined increases on students of the future. The proposal may only be a \$150 increase; however, some families have more than one child attending a Regent university.

Brian White, President, University of Iowa Student Government, said he hoped that all of the Regents had received the memorandum that he sent out late last week. He referred to the tuition survey sent out over a month ago. The survey listed 7 areas where the extra money earmarked for quality could be designated. The survey asked if students would support a tuition increase to achieve those aspirations. He said 78.6 percent of the survey respondents said "no". Mr. White noted that the new tuition policy was passed in December 1997 which allows the Board to increase tuition in excess of HEPI. This was the first year for tuition increases under the new policy. He said there was potential danger in light of what happened last year with the business fees. Nothing is set up at the university that indicated that those additional fees would be exclusively for the Business College. He said the student government looked into it and found that nothing was set up. He asked that the Board not rush the process.

Matt Close, President of the University of Northern Iowa Student Government, distributed copies of the students' tuition survey to the Regents. He said he hoped that Regents had an opportunity to review the survey over the last month. The survey results indicated that 71.2 percent of students feel that a tuition increase of 4 percent or lower would be fair and justified. The survey also indicated that 92.5 percent of respondents feel the proposed 5.2 percent increase in tuition is unjustified. He said the university offers one of the best priced educations in the nation and students would like to keep it that way.

President Newlin expressed appreciation to students for their participation. Their input has been welcomed and meaningful in the entire discussion.

Regent Arenson said he believed that a month ago the Board Office made the correct recommendation for a tuition increase at 5.2 percent based on the strategic plans of the institutions. The Board needs to generate dollars to attain the strategic plan goals. Members of the Board were all in support of the strategic plan goals and were willing to commit the resources. Tuition at the Regent institutions ranks near the bottom in terms of the peers. The institutions have maximized State funds and reallocated funds internally. He acknowledged that the Regents have to pay attention to the farm economy and realize that this year the proposed 5.2 percent increase in tuition may not be attainable.

**MOTION:** Regent Arenson moved to increase tuition by 4.8 percent which includes the 2 percent quality component. Regent Kelly seconded the motion.

**AMENDMENT TO MOTION:** Regent Ahrens moved to amend the motion to increase tuition by 4.0 percent. Regent Fisher seconded the motion.

Regent Fisher stated that the Board of Regents strategic plan includes a goal that the three institutions be the best of their kind. He said at the same time the Regents need to take into consideration the real world, the economy of the state in which we live, and the citizens the Regents represent. He said President Jischke had outlined a three- legged approach to financing the universities. The legislature has been very supportive of the institutions. Private fund raising is at an all-time high. Students have to stretch to support

the institutions but it has to be kept affordable. It is harder for the students to stretch. He said the students had made excellent presentations.

Regent Fisher stated that prior to coming on the Board of Regents he would read reports that students did not want any increase in tuition. He thinks students have come to the realization that tuition has to keep up with inflation plus some. Regent Fisher expressed concern about the economy in the state of Iowa. The economy in the major commercial areas is strong but the rural economy is weak. He did not see hope for the rural economy to recover in the next year. There will be some financial stresses for parents who are paying the university bill. With regard to the cost of living, he said it is actually more in a period of deflation than inflation when health care is taken out of the equation.

Regent Fisher said he questioned some of the surveys that project personal income growth in Iowa. He suspected the growth would be about one-half of what was projected. He did not disapprove of the 2 percent increase for quality but felt that it could be reached over a period of time.

Regent Fisher suggested that at some point in time the Regents consider a 2-year window for tuition so students and families can better plan. He challenged the three university presidents to look deeper within their own institutions for opportunities to reallocate funds to reach the proposed 5.2 percent, acknowledging that they had done an excellent job of reallocation. He believes it is doable and would like them to consider doing so.

Regent Fisher stated that whatever is agreed to regarding percent of tuition increase, there needs to be accountability put in place. Accountability needs to apply not only to what is agreed to this year but each subsequent year. With regard to what is agreed to this year, he said he would like to know 3 years from now how the money is used, what impact it has had on the students and on the institution, what it has done and what it has not done. A key element is accountability. He said accountability is important to the students and to the Board of Regents as the governing body.

Regent Fisher expressed support for a 4 percent increase in tuition. He said it was fair in light of the economy of this state. He would like to see an eventual 5.2 percent increase over a period of time but not in one "jump".

Regent Pellett said she supported Regent Fisher's comments. She stated that her family sold hogs that morning for \$70 each. If Iowa does suffer a farm crisis it will impact many rural students. By fall 1999 is when the crisis is really going to hit.

Regent Pellett said she too applauded the students. This year students are willing to be a partner in the whole equation and support a tuition increase. The students have done their homework. She said she supports the 4.0 percent increase which is in support of the HEPI and the goal of increasing quality. She suggested the Board increase tuition gradually.

Regent Ahrens spoke from a student perspective. She said she would not reiterate the points made by Regents Fisher and Pellett, which hit on exactly what the issue was about. With regard to the farming economy, she said the commodity prices will affect more than just farmers in the state. A ripple effect is beginning. John Deere is closing down for a month. There are signs of what will happen to the economy in the next year. She said students have come a long way by saying they realize that tuition will go up and that they are willing to compromise. The 4 percent would recognize HEPI at 3.2 percent plus .8 percent for quality. She said students are a partner in their education. She was very

proud of students for agreeing to a compromise tuition increase and that was something the Board should not take lightly.

Regent Arenson stated that over a period of 10 years the average tuition increase has been 3.9 to 4.0 percent. He said he did not know how relevant HEPI was when they are at the back of the pack. If tuition proceeds to increase at the rate of HEPI the institutions will never catch up and quality will never be increased. Year after year the institutions are diminishing in terms of what can be offered. He said students come to the universities and want technology. It was critical to start planning for the future for these institutions in terms of quality. He said he hoped the Regents would vote down the amendment because it does not address the quality issues to which the Regents are committed.

Regent Lande said that while coming out of vastly different places, there were common areas of agreement. Students recognize the responsibility of sharing the cost. The three universities are excellent buys. There is a shared view that tuition needs to increase above the HEPI or the Regents strategic plan needs to be changed. There is a shared view of improving quality. He said part of the conundrum is what is HEPI. The rate of inflation outside the HEPI is unknown. The range is forecast at 2.4 to 4.2 percent for 1999. He said there is a shared view that an increase of 5.2 percent is too high. He was not comfortable supporting an increase as high as 4.8 percent but he was also uncomfortable with 4 percent because it is at the low end. If the Regents added 2 percent to the lowest number projected as an increase in HEPI, 2.4 percent, that would be .4 percent over the 4 percent proposed. He said he would be more comfortable supporting 4.4 or 4.5 percent.

Regent Kennedy stated that the Regents have done extensive strategic planning in the last couple of years. Institutional officials have been asked to work closely with the strategic plans to set priorities and reallocate. She said the Regents had received a lot of information this last month. She appreciated the information provided recently about how Iowa's Regent universities compare with other states regarding tuition and also regarding appropriations. The fact is that Iowa as a state has been dedicated to education. A large proportion of our dollars go to higher education at this time. The Regents want to continue striving for the institutions to be better than they already are. Dollars are needed for that.

Regent Kennedy said she supports a rate of increase that is higher than 4.0 percent because of the things that have been talked about in the last month. She previously stated that she has difficulty supporting special tuition for different colleges. She does not want to have to face those discussions. The institutions need to be provided with enough funds for those types of efforts.

Regent Kennedy stated that the Regents have worked very hard on accountability but there was still a ways to go. She hoped that as a Board the Regents would continue to work with the institutions in that regard. The institutions have come a long way in setting benchmarks and being accountable. There are a couple of issues coming up that will require additional funds. Technology and upgrading classrooms take big dollars. Those are real needs and have immediate benefits to students. The Regents are also committed to distance education. If they want to reach place-bound students, it will take dollars. She said each institution is setting priorities within their individual strategic plans.

Regent Kennedy expressed appreciation for the input from students and the discussion that had taken place regarding the economy. She said she would support an increase higher than 4.0 percent.

Regent Ahrens referred to Regent Lande's earlier statement that the projected range of increase in HEPI was 2.4 to 4.2 percent. She said the docket memorandum indicated that for 1999-2000 the projected increase was 2.0 to 3.3 percent. Adding 2 percent for quality to the 2 percent projected increase in HEPI would give the 4 percent increase which was under consideration.

Regent Fisher referred to Regent Kennedy's comment about technology and asked if there has been a special appropriation authorized for technology. Executive Director Stork responded that the Regents had requested \$10 million for multi-year funding. \$450,000 was received for FY 1999.

Regent Smith noted that there was unanimous support for a tuition increase to support quality. She believes the increase has to be gradual. She felt that both a 5.2 percent and a 4.8 percent increase were too high too soon.

Regent Kelly stated that the students who had spoken reminded him of his own children and grandchildren. He said he had listened to Regents Fisher, Pellett and Ahrens talk about the farm economy. He said a 4 percent tuition increase is going nowhere. He would prefer to approve the 4.8 percent, acknowledging that the Board Office recommendation for an increase of 5.2 percent was not going to be approved. He said that in talking with a group of people he said he was tired of listening to people saying what their expenses are to live in Iowa. The most expensive item for most of us is taxes. The second most expensive is insurance then food, children and clothing, transportation and finally recreation. He thinks the best part of our money spent is for education. Regent Kelly believes the three most important things in our country are: 1) national defense, 2) education and 3) health care. He concluded by stating that he would prefer to approve the 4.8 percent as opposed to the 4 percent tuition increase.

VOTE ON AMENDMENT TO MOTION: AYE: Ahrens, Fisher, Pellett, Smith.  
NAY: Arenson, Kelly, Kennedy, Lande, Newlin.  
ABSENT: None.

MOTION FAILED.

AMENDMENT TO MOTION: Regent Arenson moved to reduce the proposed increase in tuition from 4.8 percent to 4.5 percent (2.5 percent for HEPI and 2 percent for quality). Regent Kelly seconded the motion.

Regent Kelly said he believed that the Regents would be derelict in their duties if they approved a 4 percent tuition increase. He said 4.5 percent was a sound amount of increase.

Regent Smith said she would go along with the compromise because it responds to the institutions, to the communities, and to the needs of the students.

VOTE ON AMENDED MOTION: AYE: Arenson, Kelly, Kennedy, Lande, Newlin, Smith.  
NAY: Ahrens, Fisher, Pellett.  
ABSENT: None.

MOTION CARRIED.

President Newlin expressed appreciation for the participation of the students and for their surveys. He said the students did have an impact.

Regent Fisher stressed the importance of accountability. He said it was very important to put the mechanisms and structure together to have accountability. Two to three years from now he would like to see how the funds approved at this meeting were spent and what the results were. He recommended that the Regents really “ride hard” on that and stay on top of the accountability issue.

President Newlin said Regent Fisher’s recommendation was a good one.

Regent Lande stated that there is an ongoing concern about the estimated HEPI. He asked that the Board Office develop some information for the Regents on HEPI determination, historical data, its accuracy and the correlation, if any, to the Consumer Price Index (CPI).

Regent Fisher said he was particularly interested in the CPI in Iowa. There is an Iowa Revenue Estimating Council which may be a source for Iowa revenues.

Executive Director Stork said he would provide such information to the Regents.

President Newlin asked to complete the motion relative to tuition.

MOTION:

Regent Arenson moved a. In addition to the above base tuition increases: 1. Increase the resident Law tuition at the University of Iowa by a \$300 surcharge and nonresident tuition by a \$500 surcharge in line with the college’s strategic planning goals related both to classroom instruction and student research projects. 2. Establish a \$1,000 surcharge per academic year for fourth year resident and nonresident University of Iowa Dentistry students, which expands the surcharge previously established by the Board for students in their first three years of study in dentistry. b. Establish mandatory computer fees for the 1999-2000 academic year as presented on page 249. c. Establish student health fees for the 1999-2000 academic year as presented on page 249. d. Increase the general institutional financial aid for students at the same rate as the proposed increase in tuition and mandatory fees to maintain access for those having financial need to attend the universities. e. Establish part-time tuition rates in accordance with the approved rate of increase in tuition. Regent Smith seconded the motion.

Regent Lande asked for clarification regarding the proposal from the law school. Executive Director Stork responded that the \$300 additional surcharge has a quality factor. The surcharge is a special charge for law students.

President Coleman stated that University of Iowa officials agree with the Board Office.

VOTE ON THE MOTION: The motion carried unanimously.

Regent Kennedy stated that the institutions have a long way to go to make sure there are benchmarks and accountability. In tuition discussions the Regents talk about percentages. She suggested that institutional officials come to the Board with specific proposals of what they want to do on their campuses and the approximate amount of dollars it will take. The Regents would then know exactly what they are approving when there is a quality issue. In that case, those efforts could be benchmarked to determine whether the goals have been accomplished.

Regent Fisher said Regent Kennedy had a good idea. He cautioned that the Regents not micromanage. He said that within the strategic plans are goals and there should be estimated costs to accomplish those goals. The individual activities and amounts did not have to be itemized but rather university officials could indicate that within the library, for example, how much would be spent, and within technology how much would be spent, etc.

**REPORT ON DISTANCE EDUCATION.** The Board Office recommended the Board (1) receive this report and the distance education report prepared by the State Extension and Continuing Education Council (SECEC); (2) establish a Regent committee in consultation with the presidents to explore the possible development of or participation in distance education offerings, via "virtual university" means, and report to the Board no later than May 1999; (3) adopt the North Central Association of Colleges and Universities guidelines (1997) for Regent distance education offerings; and (4) refer to the institutional distance education strategic plans for individual action.

The Board of Regents, in October 1997, clarified its long-standing commitment to off-campus education by adopting a new policy on distance education. Consistent with the Board's strategic plan, the policy encourages the Regent institutions to anticipate and meet consumer needs by offering courses and programs in distance education (Action Step 2.1.1.3), and to cooperate and collaborate when beneficial to the consumers (Action Step 4.4.2.3).

Regent universities officials provided their individual distance education strategic plans, which are consistent with the Board's policy. Under this policy, the Board will review and approve distance education program proposals, and annually will receive reports on distance education activities. Significant areas for Board review may include interinstitutional cooperation and collaboration, and the impact of incremental costs for delivery of distance education.

The State Extension and Continuing Education Council (SECEC) report describes the role and functions of SECEC in coordinating the Regent universities' off-campus programming activities. The report lists current and projected offerings. It describes planning initiatives related to the Iowa Communications Network (ICN).

Executive Director Stork stated that this item reflected application of a new policy on distance education. He asked that Director Barak address the specific recommendations.

Director Barak reviewed the Board Office recommendations with the Regents. He said the State Extension and Continuing Education Council coordinates interinstitutional

offerings. The Board Office recommended the establishment of a committee to explore virtual universities or virtual offerings. A recent survey indicates that as many as 26 states have virtual university-type offerings. The Board would receive a report on this activity in May. A third recommendation of the Board Office was adoption of North Central Association guidelines on distance education as part of the Regents policy on distance education.

MOTION:

Regent Pellett moved to (1) receive this report and the distance education report prepared by the State Extension and Continuing Education Council (SECEC); (2) establish a Regent committee in consultation with the presidents to explore the possible development of or participation in distance education offerings, via "virtual university" means, and report to the Board no later than May 1999; and (3) adopt the North Central Association of Colleges and Universities guidelines (1997) for Regent distance education offerings. Regent Ahrens seconded the motion. MOTION CARRIED UNANIMOUSLY.

(a) University of Iowa. The Board Office recommended the Board (1) receive the distance education report from the University of Iowa and (2) request that the University of Iowa, in its next report, provide specific information and data concerning its measurements and indicators of progress, and incremental costs of its distance education offerings.

Stressing that high quality will be maintained, University of Iowa officials indicated that distance education programs will be developed and delivered primarily by tenured and tenure-track faculty as part of their regular teaching load.

University of Iowa officials propose to focus on distance education offerings in specialized niches, including the Executive MBA program, the RN-BSN completion, the Master of Social Work degree, the Master of Public Health degree, the Pharm.D. program, and the "2+2" baccalaureate program.

In terms of location, the University of Iowa will offer programs first within the state, where they are already well-known, and will collaborate with other Iowa institutions. Second, the University of Iowa is cooperating with other institutions such as the CIC Common Market Initiative to develop specialized courses, particularly for those offered via the Internet.

University of Iowa officials anticipate a need for increased resources as expanded distance education offerings increase costs. The report lists a number of specific areas of additional expenditures related to faculty and staff, curriculum development, sites and instructional supplies, and equipment purchasing and maintenance.

The report states that the complexity of developing distance education offerings across ten colleges and many disciplines may lead to some changes in the administration of distance education, although the Division of Continuing Education will maintain primary responsibility.

The Board's strategic plan requires development of recommendations for ongoing assessment of distance education (Action Step 2.2.1.1). The Board's distance education



policy also requires that universities report on progress toward distance education goals and that a periodic reporting be made of incremental costs of distance education.

The Board Office recommended that the university develop specific indicators of progress and information on costs of distance education programs and courses for its next report to the Board.

President Coleman said she was pleased to report that the University of Iowa is making some gains. The Board has concluded that quality cannot be compromised. University officials cannot sacrifice the on-campus commitment. Distance education is part of the university's entire educational enterprise. University officials are designing curriculum around a single cohort of students. She said this effort could lead to a degree program being offered in one site to one cohort and then be moved to another site for offering to another cohort.

Provost Whitmore presented a summary of the University of Iowa's strategic plan for distance education. He noted that the members of the Interinstitutional Committee on Educational Coordination and others spent a couple of hours in July discussing distance education among the institutions. The University of Iowa plan has a few key points. University officials believe there will be an increase in the number of people in Iowa who will be interested in taking courses in the coming years. Within specialized niches, the University of Iowa will be able to serve those citizens. The offerings of the university will be kept in tune with Regent policy.

Regent Kennedy asked Provost Whitmore to elaborate on the role of continuing education. Provost Whitmore responded that the Division of Continuing Education would be involved in administration of the programs. Technology is now available that allows the university to offer classes simultaneously off campus and on campus. He said it will be very interesting to see how much of an administrative role the departments will have to play in off-site offerings. Those activities are currently housed in the Division of Continue Education. All off-campus programs will continue to go through that office. The departments will become more involved in developing and offering programs.

Regent Kennedy said there is an evolution taking place with regard to distance education. She believes the role of continuing education will be changing and that distance education will have to be incorporated into the colleges and housed within the colleges.

Provost Whitmore stated that Emmett Vaughan, Dean of the Division of Continuing Education, does not have any faculty and, therefore, does not offer any courses. The courses come from the faculty in the departments and colleges. Dean Vaughan is very closely networked with the collegiate deans and faculty. University officials are not sure how this is going to evolve. It is something they will have to keep an eye on. University officials will continue to report to the Board as it evolves.

Regent Kennedy asked if a faculty member who offers a course that is coordinated through the division of continuing education is compensated for that offering or whether that is included as part of what is done as faculty in the college. Provost Whitmore responded that in some cases it is on-load teaching which means there is no additional compensation. Faculty would be teaching the normal load of courses on campus. Some faculty choose to teach another course off campus. In those cases, faculty are paid for that. He said that to deliver more complete degree programs it is going to have to become more of the load as a norm. Occasionally, a faculty member might teach an extra course.

Regent Pellett asked how faculty are adjusting to teaching distance education courses. Provost Whitmore said it varies by faculty. Some faculty like working in the evenings. The programs now are being taught by faculty who are eager to teach the courses. Web-based courses, once they are developed, are offered continuously.

Regent Pellett stated that as this becomes a part of departmental programming, there is going to have to be a new mentality established among faculty.

Regent Arenson asked about the growth of Web-based courses. Provost Whitmore responded that one of the reasons the University of Iowa is not using Web-based courses as much as some universities is the Iowa Communications Network (ICN). The ICN allows a faculty member in Iowa City to teach a group of students at a remote location in a manner that is not all that much different than having the students in a normal classroom. He said that is one of the real values of the ICN. If given the choice, most of the University of Iowa faculty would prefer to offer distance education in that manner. University officials are trying to develop training programs for faculty for development of Web-based courses. He expects to see some growth in Web-based course offerings.

Regent Arenson asked about higher costs for Web-based courses. Provost Whitmore said the high costs are partly due to the amount of faculty time it takes to develop a course. Faculty have e-mail communication with students for Web-based courses.

Regent Arenson asked if over a period of time Web-based courses would be less expensive than Iowa Communications Network courses. Provost Whitmore said there would still be a need for faculty members to interact with students, grade papers, etc. Additionally, almost every faculty member changes his/her courses every year.

Regent Smith asked if university officials would adjust the courseload of a professor who offers a Web course to accommodate for the extra time that is required. Provost Whitmore responded affirmatively, noting that university officials would probably pay a stipend to allow the faculty member to concentrate on doing that. He said it takes a great amount of personal learning on how to deal with the technology in the development of Web-based courses. It takes hundreds of hours to do that well.

Regent Smith asked if there is technical support available to assist professors in that effort. Provost Whitmore responded that there is some support available. He said the university probably could get into Web-based offerings in a greater way by adding people with expertise to assist faculty.

President Newlin referred to the Board Office recommendation that in the next report university officials provide specific information and data concerning measurements and indicators of progress and incremental costs of distance education offerings. He asked if university officials would be able to do so.

Provost Whitmore responded that it would be difficult but that university officials do difficult things all the time.

MOTION:

Regent Pellett moved (1) receive the distance education report from the University of Iowa and (2) request that the University of Iowa, in its next report, provide specific information and data concerning its measurements and indicators of progress, and incremental costs of its distance education offerings.

Regent Arenson seconded the motion. MOTION CARRIED UNANIMOUSLY.

Regent Arenson asked why university officials had not provided the information requested in recommendation (2) this year. Executive Director Stork responded that the Regents policy on distance education was just adopted last year. What was presented at this time were the institutional plans for the first year. The intent of the motion is for institutional officials to be more precise next year.

(b) Iowa State University. The Board Office recommended the Board (1) receive the distance education report from Iowa State University and (2) request that Iowa State University, in its next report, provide specific information and data concerning its measurements and indicators of progress, and incremental costs of its distance education offerings.

Iowa State University officials emphasize that the foundation of its instructional programs, regardless of location, has always been its role as a land-grant university with a significant research mission. Research, in fact, is incorporated into teaching and outreach in a land-grant institution. Distance education plans will reflect this model by emphasizing upper-division and graduate programs.

Iowa State University has a long-standing policy that off-campus offerings be equivalent to those offered on campus. Consistent with this emphasis on quality, the university requires faculty to provide the same oversight and benchmarks for all courses, whether by distance education or on campus.

University officials anticipate the need for additional resources, including additional tenure-track faculty positions and incentives for faculty to utilize new delivery systems.

The university emphasizes the role of its individual colleges in planning distance education offerings. Each college identifies centers of excellence in which the college can be competitive on a national scale.

The university also emphasizes the importance of careful market analyses to determine necessary "critical mass" before commitments for a program are made. Partnerships with other educational institutions will be explored.

The Board's strategic plan requires development of recommendations for ongoing assessment of distance education (Action Step 2.2.1.1). The Board's distance education policy also requires that universities report on progress toward distance education goals and that a periodic reporting be made of incremental costs of distance education.

The Board Office recommended that Iowa State University develop specific indicators of progress and information on costs of distance education programs and courses for its next report to the Board.

President Jischke said he believes we are on the verge of an explosion of distance education in this nation, which is fueled by technology and demand. Many other institutions are already responding to this demand. Virtual universities are springing up all over the place. The growth of programs is the result of public demand. On-campus enrollments are growing. He said Iowa State University is in a very good position to meet this new and growing demand for distance education, in a way that is consistent with the university's mission as a land grant university.

President Jischke presented a summary of Iowa State University's overall plan. He said some significant challenges include competition and program quality. Program quality should be consistently high no matter when and where a course is offered. There are also capital investments. Iowa State University's distance education plan is based on the mission of the land grant university. It will emphasize upper division and graduate programs. Some programs were created specifically for off-campus students. University officials have encouraged colleges to identify areas where they have national excellence. President Jischke believes that distance education courses should be priced similar to what on-campus students are charged plus a surcharge for the convenience. Additional state funds will be needed to support these efforts.

President Jischke provided an update on some of Iowa State University's latest distance education efforts. He said two not-for-credit programs were designed to address special needs of the Des Moines community. An information systems certificate will be tailored to fit the needs of businesses and will be subsidized by the businesses. A second program was designed for successful not-for-profit organizations, beginning in the summer of 1999, in cooperation with Des Moines community urban leaders, particularly minority communities. The program will be connected with the community outreach partnership project.

The Iowa State University distance education plan includes enhancing and expanding offerings of three master's degree programs. First is the Master's of Public Administration in Education and Educational Leadership which will be offered collaboratively with Drake University and the University of Iowa. President Jischke said the program matches students with successful administrators. The second program is the Master's of Business Administration which is currently offered in a Saturday MBA program. Once the program is fully established, university officials hope to offer 12 courses per year. President Jischke said the offering of these programs is more expensive than offering programs on campus. There is a \$50/hour surcharge for the convenience which still does not cover the cost of the offering. University officials plan to subsidize the programs privately. If the programs are successful, university officials intend to come back to the Board to request state funding in order to put the programs on a sound financial basis in an ongoing way.

Regent Kelly referred to President Jischke's statement about the financing of distance education requiring an increase in state appropriations. What about the additional fee?

President Jischke said he believes that students at a distance should pay a large share of the cost of providing the programming. The basic policy question is: Should Iowans who do not come to the campuses pay basically the same tuition as those on-campus students? President Jischke believes they should. There is a convenience in providing the educational offering to the students where they are, and students should pay a large share of the cost for the convenience factor. He said a \$50/credit hour charge would begin to cover those costs.

Regent Kennedy said she believes that off-campus students should pay the same tuition as on-campus students. She did not understand how that goes with the statement that ISU off-campus students should bear the additional cost involved in making courses and programs available to them at a more convenient time and location. Why are those not a contradiction?

President Jischke said there is a real convenience in providing educational offerings to off-campus students where they are. It is above and beyond the cost that would be incurred if

the students came to campus. He believes that students ought to bear some if not all of the cost of the convenience factor.

Regent Kennedy stated that the universities are being driven by necessity to offer distance education because the universities are not going to get as many students coming to campus. She expressed a real concern that if the Regents truly believe that distance education is part of the mission, they cannot say that citizens owe for that.

President Jischke said he disagreed with the notion that students who now come to the campus will not come to the campus in the future. He thinks the universities will continue to attract large numbers of traditional students. Distance education opens the universities to new audiences. He said the basic policy on pricing is that students pay roughly 1/3 of their education. The cost of delivery at a distance is higher than delivering on campus.

Regent Kennedy stated that if the total student body at the Iowa State University campus increased there would be a need for more funds. Would university officials add a surcharge to those additional students that came to campus because of the need to build another dormitory or another classroom?

President Jischke said they would not.

Regent Kennedy asked why then if the student population is going to be increased by going out to the students at a distance would they need to pay that surcharge?

President Jischke responded that it was because there is a significant increase beyond what it would cost to bring the students to the campus.

Regent Lande asked how the Iowa State University tuition hourly charge plus \$50 compares with the cost of a for-profit distance education. President Jischke said Iowa State University's charge would be less. The National Technological University, which has the largest distance education program in engineering, charges \$400 to \$500 per credit hour. There are some that charge lower prices.

Regent Pellett asked if the Board will receive suggestions from each of the presidents when it sets policy on pricing distance education.

Executive Director Stork responded that any specific fee increases have to come before the Board.

Regent Pellett asked what the Board can do to encourage universities' efforts to move rapidly into the distance education arena. President Jischke responded that the Board has established policy that encourages the universities to deliver courses at a distance. There are issues of access and cost. The Regents could also help by identifying programs and places where such distance education efforts could be made.

President Jischke noted that in asynchronous learning, the teacher and students do not interact at the same time. There is enormous up-front investment required for developing the educational materials for such programming.

Regent Arenson referred to Iowa State University's partnering with Drake University for offering distance education programming. He asked how the pricing system was established. President Jischke said those issues are worked out program by program. He offered to provide Regent Arenson with the specific information.

MOTION:

Regent Lande moved to (1) receive the distance education report from Iowa State University and (2) request that Iowa State University, in its next report, provide specific information and data concerning its measurements and indicators of progress, and incremental costs of its distance education offerings. Regent Arenson seconded the motion. MOTION CARRIED UNANIMOUSLY.

(c) University of Northern Iowa. The Board Office recommended the Board (1) receive the distance education report from the University of Northern Iowa and (2) request that the University of Northern Iowa, in its next report, provide specific information and data concerning its measurements and indicators of progress, and incremental costs of its distance education offerings.

University of Northern Iowa officials emphasize that ongoing needs assessments are an essential component in its distance education plan, noting the importance of distinguishing "needs" from "demands." As the report states, perceived need does not always translate effectively into demand.

Like the other Regent universities, University of Northern Iowa emphasizes the importance of quality in its distance education offerings and plans to utilize tenure and tenure-track faculty for delivery of distance education.

University of Northern Iowa emphasizes the coordination and services provided by its Division of Continuing Education as a particular strength of its distance education efforts.

University officials anticipate increased expenses in several areas, including additional faculty, support services, technology equipment, and training.

The Board's strategic plan requires development of recommendations for ongoing assessment of distance education (Action Step 2.2.1.1). The Board's distance education policy also requires that universities report on progress toward distance education goals and that a periodic reporting be made of incremental costs of distance education.

The Board Office recommended that the University of Northern Iowa develop specific indicators of progress and information on costs of distance education programs and courses for its next report to the Board.

Interim Provost Podolefsky stated that in everything he has read about distance education, the most critical issue is to ensure quality and the integrating of distance education programs. He said universities are susceptible to a drive toward mediocrity. The four goals of the UNI distance education plan are: 1) ensure the quality of distance education programs are as good as programs on campus, 2) increase availability of off-campus programs and encourage a variety of delivery modes, 3) accomplish all of this on a cost-effective basis, and 4) increase the number of non-credit courses and workshops to serve selected populations.

Regent Kennedy asked Interim Provost Podolefsky what he saw as the role of continuing education in the delivery of distance education. Interim Provost Podolefsky said he saw continuing education as a point of contact, analogous to admissions or registrar. Students

apply to the admissions office, not to a particular department. Continuing education is a marketing avenue and coordination effort. Continuing education does not have faculty.

Regent Pellett stated that she had attended graduation of students at the Regents Resource Center in Council Bluffs. She asked if there was anything the Regents can do to further their efforts.

Dean Vaughan stated that he was of the opinion that the Board had already done much to encourage distance education. He said distance education must also be integrated into the faculty portfolio. The distance education programs that have been successful have been successful because an entire department was persuaded to participate. He said it is also important to have someone in the field. The State Extension and Continuing Education Council meets on a regular basis and has also been very helpful in this effort.

MOTION:

Regent Kennedy moved to (1) receive the distance education report from the University of Northern Iowa and (2) request that the University of Northern Iowa, in its next report, provide specific information and data concerning its measurements and indicators of progress, and incremental costs of its distance education offerings. Regent Ahrens seconded the motion. MOTION CARRIED UNANIMOUSLY.

President Newlin thanked officials of all three of the universities for the reports. He said it was very timely and will become more and more important.

At this point in the meeting, employee representatives addressed the Board.

President Coleman said she was pleased to introduce representatives of the staff council at the University of Iowa. When she came to the university, one of the aspects that she appreciated was a vigorous staff council. The council has had wonderful leadership. She has appreciated interacting with employees who are absolutely committed to the university and who represent the Professional & Scientific staff extremely well. Diane Anderson is the current Professional & Scientific Staff Council President. She works in the Department of Ophthalmology. Rhonda Weaver, Chair of the Regents Interinstitutional Supervisory and Confidential Advisory Committee, would speak at the end of the other presentations.

Ms. Anderson stated that the University of Iowa Professional & Scientific Staff Council advises the university administration on policies affecting staff and constantly strives to improve the working environment. The staff council coordinates activities with the Faculty Senate and student government to improve the quality of the work environment while enhancing the ability of staff to work with faculty and students to help the university achieve its aspirations. Ms. Anderson discussed the council's achievements. She thanked the Board of Regents for its support of, and interest in, staff. She sought acknowledgement of staff's integral role at the university. She said she hoped the Board would increase its support for staff and in so doing for the University of Iowa.

President Jischke said he was pleased to introduce Rob Bowers. Mr. Bowers is in his second year as chair of the Iowa State University Professional & Scientific Staff Council. He is a captain in the Department of Public Safety. He said the Professional & Scientific staff at Iowa State University are critical to carrying out the mission of the university. Staff advise students, participate in fund raising, provide building and grounds services, provide

health services to students, etc. They are blessed at Iowa State University to have a very capable and hardworking Professional & Scientific staff.

Mr. Bowers discussed some of the major accomplishments of the Iowa State University Professional & Scientific Staff Council over the last couple of years and its direction for the next year. There has been improvement in communication with Professional & Scientific employees at Iowa State University. Accomplishments include a Professional & Scientific Staff Council Web page, Professional & Scientific Staff e-mail tree, and open forums. He said many of the extension staff are Professional & Scientific staff members and include scientists and principal investigators. Over the last 5 years



President Jischke has provided a budget line of approximately \$25,000 to be awarded to Professional & Scientific employees on a competitive grant basis to recruit and retain students. Professional & Scientific employees believe that recruitment and retention are critical to the mission of the university.

Mr. Bowers said there were no major issues on the immediate horizon; however, he identified areas of concern: performance appraisals, salary increase notification, and work hours far beyond the normal work week on a regular basis. He said the issues have been addressed with university administration in the last few years.

Mr. Bowers stated that President Jischke has set the goal of Iowa State University becoming the best land grant university in the nation and Professional and Scientific staff have embraced that goal. He then thanked the Board of Regents for inviting him and he thanked the university administration for its support of the Professional & Scientific Staff Council.

President Koob stated that the Regents had that morning had an opportunity to see the University of Northern Iowa campus in the classic fall setting. Their visit to campus was complemented by helpful and courteous employees. There is a sense of community at the University of Northern Iowa, largely due to the staff. He said he was pleased to introduce Maureen Daley, chair of the Professional and Scientific Staff Council.

Ms. Daley discussed the Professional and Scientific staff responsibilities, the impact that staff have on the university, the impact the budget has on staff and their jobs, and a few concerns she wished to bring to the Board's attention. She said there are 486 non-temporary Professional and Scientific employees at the University of Northern Iowa. Staff are dedicated to maintaining the University of Northern Iowa as a place of excellence. Staff are involved in the decision-making processes at the university. She expressed appreciation for the Board's support last month of the University of Northern Iowa's budget.

Ms. Daley stated that the memorandum for the annual salary report indicated that the average female salary is 80 percent of the average male salary. She said staff would like that matter to be looked into. The memorandum also indicated that 28.25 percent of Professional & Scientific employees earn less than \$30,000 which she said also raises questions. Three other issues are important to University of Northern Iowa employees. Employees would like a more flexible benefit plan, particularly a cafeteria plan. She said this is a priority of human resource services and the Professional & Scientific Staff Council looks forward to working with them. Professional and Scientific staff would like to see support for continuing education because staff need to further their education. The University of Iowa and Iowa State University offer employee assistance programs. University of Northern Iowa Professional and Scientific staff asked for whatever support the Board could offer for a similar program as staff work with the university administration.

Superintendent Johnson stated that Iowa School for the Deaf has wonderful Professional & Scientific employees in a variety of positions. Those employees did not have a report to make at this time.

Director Woodward stated that Iowa Braille and Sight Saving School Professional and Scientific staff elected not to make a presentation at this time.

Director Wright stated that in his role as Director of Human Resources he is also Director of the Regents Merit System. There are over 8,000 employees in the system, 10 percent of whom are not covered by a collective bargaining agreement. The Regents

Interinstitutional Supervisory and Confidential Advisory Council (RISCAC) represented those individuals. He introduced Rhonda Weaver, chair of RISCAC.

Ms. Weaver stated that 930 employees at the Regent institutions are classified as supervisory and confidential employees. RISCAC consists of three voting members from each of the three Regent universities, and one voting member from each of the two special schools. Members represent the merit system non-bargaining staff which are two groups of employees who are exempted under statute from collective bargaining. RISCAC has been making a concerted effort over the last year to educate individuals on the group's purpose and to define its relationship with the institutions. The issue of greatest importance to its members is pay. One-half of its members have reached the top of their classification pay schedules. RISCAC members aspire to partner to find solutions to these problems. One possible option is extra-meritorious bonuses for above average or extraordinary performance for those who have reached the top of their pay scales. Other issues of importance to the group are job specific descriptions and job titles. She said RISCAC needs the support of Board staff for this enhancement.

President Newlin thanked all of the presenters for their comments and for bringing the Regents up to date on their activities.

**ANNUAL SALARY REPORT.** The Board Office recommended that 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 \$25.7 million for full funding of salary and fringe benefit increases for fiscal year 1999. Institutional salary policies as approved by the Board stated that faculty and professional and scientific staff would receive average increases of 4 percent. Regents Merit System employees, both organized and nonorganized, would receive increases of 3 percent plus step increases.

Each of the institutions has a performance appraisal system in place for each category of employee. Increases for faculty and professional and scientific staff are awarded based on merit.

Average percentage increases and average salaries for faculty and professional and scientific staff for fiscal year 1999 are shown below:

	Faculty Salaries		P&S Salaries	
	Average Percentage Increase	Average 9-month Equivalent Faculty Salary	Average Percentage Increase	Average P&S Salary
SUI	4.0%*	\$84,573	4.11%	\$41,801
ISU	4.5%	\$64,132	4.5%	\$44,113
UNI	4.0%	\$51,335	4.4%	\$42,276

\*Excludes the College of Medicine (COM); with COM increase the average was 3.74%.

Average increases in excess of 4.0 percent were due to exceptions which required reallocations to address gender equity and market considerations such as in the area of computer professionals. Each university gave greater percentage increases to female faculty than to male faculty.

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 Salary
ISD	3.96%	\$39,474	4.7%	\$36,733
IBSSS	5.03%	\$37,776	4.48%	\$36,891

The average faculty increase at Iowa Braille and Sight Saving School is due to a number of faculty gaining additional education and moving to a different track on the pay scale. P&S increases at Iowa School for the Deaf averaged 4.7 percent due to promotions and adjustments to bring the salaries of two staff up to the minimum of the pay grade. The average P&S increase at Iowa Braille and Sight Saving School reflects salary increases for six staff members. One Iowa Braille and Sight Saving School staff member received an increase greater than 4 percent based upon merit.

According to the reports submitted by the universities, overall about 2.4 percent of faculty and 4 percent of the P&S staff received increases of zero to less than 1 percent. Approximately 19 percent of faculty and 20 percent of P&S received increases in excess of 5 percent.

Estimated average increases given to faculty in the universities' peer groups ranged from 1 percent to 8 percent. Based upon estimates obtained from peer institutions, the preliminary rankings of average faculty salaries at Regent universities within their 11-member peer groups are:

- University of Iowa – 7th place
- Iowa State University – 8th place
- University of Northern Iowa – 6th place

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

**COMPREHENSIVE FISCAL REPORT FOR FY 1998.** The Board Office recommended the Board receive the comprehensive fiscal report for FY 1998.

As outlined in the Board's strategic plan, the Board strives to maintain the confidence and support of the public in the utilization of existing financial resources by providing effective stewardship of the institutions' resources.

The FY 1998 institutional budget formulation process began with the preparation of appropriation requests, which were first presented to the Board in July 1996 and approved by the Board in September 1996. Based on legislative action, the Board considered the institutional budgets in May and June 1997, and approved the final FY 1998 budgets in July 1997. At the May 1998 Board meeting, the original FY 1998 budgets were modified based on the Board's approval of budget ceiling increases.

This comprehensive fiscal report for FY 1998 compares actual revenues and expenditures with the Board-approved budgets, identifies significant variances, highlights strategic planning initiatives, summarizes the actual uses of the funding increases, and discusses institutional accomplishments regarding measures taken to improve efficiency and effectiveness.

Actual FY 1998 general fund revenues and expenditures were substantially the same as budgeted. FY 1998 funds were expended in support of the Board's and institutions' strategic planning goals. The institutions expended 98.5 percent of their total general fund budgeted salaries. The salary savings were used primarily for equipment purchases, building repairs, and utility costs.

Increased appropriations, tuition revenues, and reallocations were directed toward implementing initiatives linked to the institutional strategic planning goals. The FY 1998 appropriations for institutional initiatives funded by new appropriations, net of salary adjustments, were \$4.7 million. Increases in tuition revenues of \$8.3 million were expended in accordance with the approved purposes. The institutions reallocated \$21.4 million in resources, which complied with the budgeted reallocations.

In accordance with the Board's strategic plan, the institutions identified examples of how existing financial resources were utilized efficiently and effectively, including the re-engineering of processes to improve efficiency and effectiveness.

Restricted funds include capital appropriations, tuition replacement, residence system functions, as well as other auxiliary and independent functions associated with the educational mission of the institutions. The FY 1998 restricted fund budgets reflect amounts appropriated to the Board for capital improvements. The actual capitals recorded reflect the drawdowns of appropriations from current and prior fiscal years. The actual capital drawdowns were significantly higher than the amounts budgeted due to increased construction activity and related expenditures incurred in FY 1998.

Executive Director Stork stated that this was the second year the Board has received this report which takes a number of different funding streams and provides the Board with a full picture of budgeted sums compared to expenditures. The report also shows the strategic planning allocations of the institutions. The report indicates how the institutions actually allocated tuition increases. A new item in the report this year relates to efficiency and effectiveness measures for each university.

Executive Director Stork complimented the institutions. He said the variance from what was budgeted to actual expenditures was just over ½ of 1 percent. Institutional officials did a tremendous job of expending according to budget.

Regent Pellett asked why tuition revenues were below what was budgeted. President Jischke responded that Iowa State University officials overestimated the increase in tuition revenue by \$100,000. One reason for the lower amount of tuition revenues was currency issues in the Asian nations.

President Koob stated that University of Northern Iowa officials had the opposite problem as Iowa State University. University of Northern Iowa saw a growth in tuition revenue, above what was projected in the budget.

Director Elliott reviewed the efficiency and effectiveness measures. In this second year of the report, the Board Office incorporated two more pieces of information from the strategic plan, which she described.

President Newlin expressed appreciation for the Board Office following through on the action steps of the strategic plan.

Regent Kennedy expressed appreciation for the report. She said it is part of the Regents' initiative to ensure they are good stewards and that they follow up on what they said they were going to do.

**ACTION:** President Newlin stated the Board received the comprehensive fiscal report for FY 1998, by general consent.

**REPORT OF THE BANKING COMMITTEE.** (a) General Report. The Board Office recommended the Board accept the report of the Banking Committee.

Regent Kennedy stated that at its meeting the Banking Committee received a report from Wilshire Associates on the plan for the international investment manager. She said the Banking Committee will be interviewing four international fund managers in the next month and will bring a recommendation to the Board. She said the Banking Committee also received eight internal audit reports from the University of Iowa and one from the University of Northern Iowa. The committee members discussed in depth the procedures taken when there are exceptions to an audit.

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

(b) Preliminary Resolution for the Sale of Utility System Revenue Bonds, Series SUI 1998. The Board Office recommended the Board adopt a Preliminary Resolution authorizing the Executive Director to fix the date or dates of the meeting for issuance and for the sale of up to \$15,750,000 Utility System Revenue Bonds (The State University of Iowa), Series S.U.I. 1998.

The Board was requested to adopt a resolution authorizing the Executive Director to fix the date or dates for the issuance and sale of up to \$15,750,000 Utility System Revenue Bonds, Series S.U.I. 1998. The sale of University of Iowa Utility System Revenue Bonds was included on the FY 1999 bond issuance schedule presented to the Banking Committee in June 1998.

The bonds would be sold to reimburse the university for the costs of construction of the North Campus Chilled Water Plant Expansion and a portion of the Medical Education and Biomedical Research Facility – Utility Relocation project. Proceeds from the sale would also finance construction of the Northwest Campus Chilled Water Plant. The Board has approved project descriptions and budgets for the three projects.

The bonds will be issued for a period of 20 years, with debt service of approximately \$1,180,000 annually to be paid from utility system charges and the proceeds of any utility system student fees which the Board may establish in the future. The university's utility system is a self-supporting operation.

**MOTION:** Regent Kennedy moved to adopt a Preliminary Resolution authorizing the Executive Director to fix the date or dates of the meeting for issuance and for the sale of up to \$15,750,000 Utility System Revenue Bonds (The State University of Iowa), Series S.U.I. 1998. Regent Lande seconded the motion, and upon the roll being called, the following voted:  
AYE: Ahrens, Fisher, Kelly, Kennedy, Lande, Newlin, Pellett, Smith.  
NAY: None.  
ABSENT: Arenson.

MOTION CARRIED.

**LEGISLATIVE PROGRAM, 1999 SESSION.** The Board Office recommended the Board (1) give preliminary consideration to the proposals noted below for inclusion in the Board's legislative program for the 1999 session and (2) 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.

The 1999 session of the Iowa legislature is scheduled to convene on Monday, January 11, 1999. Prior to the legislative session, the Board Office requests the institutions to submit issues for inclusion in the Regents legislative program. No issues have been received from the institutions yet.

In September, the Board approved requests by the University of Northern Iowa for initiatives related to its Waste Reduction Center, Ag-Based Industrial Lubricants program, and Criminal Justice program. Legislative issues related to the Iowa Communications Network (ICN) that may impact the Regent institutions will be monitored.

During the 1998 legislative session, language was added to the Regents appropriations bill authorizing a legislative study committee to review the current program for treatment of indigent persons, operated by the University of Iowa Hospitals and Clinics (UIHC), and to consider providing these services in alternative locations in the state. The study committee met on October 5 and heard various presentations, including a presentation by UIHC representatives. The committee did not recommend any changes to the current Indigent Patient Care Program operated through UIHC.

Executive Director Stork stated that this was the first presentation to the Board of its program for the upcoming legislative session which begins on January 11, 1999. The Board Office has not yet received any issues specifically from the institutions in terms of what they may want to do. The Board will receive this report on a monthly basis through the conclusion of the session.

Executive Director Stork said he expects there will be some interest again in terms of the Iowa Communications Network. The only other issue on the Board's agenda at this time is the indigent patient care program at the University of Iowa Hospitals and Clinics. He said a legislative interim study committee held hearings for one day. The committee decided not to make a recommendation to change the indigent patient care program. A task force created by the Iowa Hospitals and Health Service Association performed a comprehensive study of the indigent patient care program and agreed that the program should remain intact. He said these activities demonstrate strong and broad support for the program in the state.

Regent Fisher asked if the technology appropriation would be pursued. Executive Director Stork responded that it would be part and parcel of the Regents' appropriations request.

**ACTION:**

President Newlin stated the Board, by general consent, (1) gave preliminary consideration to the proposals noted below for inclusion in the Board's legislative program for the 1999 session and (2) 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 REPORT ON REGENTS MERIT SYSTEM.** The Board Office recommended the Board receive the governance report on the operation of the Regents Merit System in fiscal year 1998.

The Regents Merit System is established under authority of Chapter 19A of the Code of Iowa and covers nonprofessional supervisory, blue collar, security, technical, and clerical employees of the Board. In fiscal year 1998, there were 8,207 (head count) permanent and probationary employees in the Regents Merit System, a decrease of 121 over the previous year-end total. Two-thirds of the covered employees are female. Minority employment has increased slightly from 5 percent to 5.3 percent of the total. The average Regent Merit System employee salary for fiscal year 1998 was \$26,099 excluding fringe benefits. Average total compensation including insurance and retirement benefits was approximately \$32,360. In fiscal year 1998, the base salaries were increased by 3 percent on July 1, 1997. Eligible employees also received automatic step increases. Over half (59.8 percent) of the merit system employees are on the top step (step 8) and do not receive step increases.

The fiscal year 1999 budgeted expenditure for salaries and fringe benefits for employees in the Regents Merit System is \$262.5 million total from all funds. The general fund portion excluding University of Iowa Hospitals and Clinics sales and service revenues is budgeted at \$130.1 million.

**ACTION:** President Newlin stated the Board received the governance report on the operation of the Regents Merit System in fiscal year 1998, by general consent.

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

*Temporary appointment (20 hours per week): Dana Nelson Snyder, Assistant Director, Business and Finance, effective September 25, 1998, at an hourly rate of \$19.50.*

**ACTION:** The personnel transactions were approved, as presented, on the consent docket.

**YEAR 2000 COMPLIANCE UPDATE.** The Board Office recommended the Board receive the report on progress by the institutions in achieving compliance with Year 2000 requirements.

At its September 9, 1998, meeting the Legislative Oversight Committee recommended the Governor and the Department of Management prepare estimates of the cost for a consultant to review Regent institutions' progress in –

assessment,  
product management,  
independent verification,  
validation, and  
correction of problems identified with the Year 2000.

The information needed by the Year 2000 (Y2k) Project Office was delivered by the Board Office on behalf of the institutions on October 2, formatted as requested. It is the understanding of the Board Office that this information will be used by CTA Inc., the State's Y2k consultant, to establish the estimate for the Legislative Oversight Committee.

The Legislative Oversight Committee also directed the Legislative Fiscal Bureau (LFB) to develop a Request for Proposal for other vendors to provide a similar service to that anticipated to be provided by CTA, Inc. A bidders' conference relative to that proposal was held on October 6. Iowa State University, the University of Northern Iowa, and the Board Office responded to questions from the seven vendors who attended the conference. Responses are due from the vendors by October 23. The LFB notified the Board Office by telephone that its responses at the bidders' conference coupled with the submissions of October 2 were sufficient and that no additional information was needed from Regent institutions.

The Department of Management and the Department of Revenue made an additional request of the Board for information to be delivered to the Y2k Project Office on October 9. The request was for information to be used by the Department of Management to respond to the Government Accounting Standards Board's requirement that all state governments disclose the status of their Year 2000 compliance efforts in their annual financial reports, and the amount spent during FY 98 and anticipated to be spent during FY99 on Y2k compliance activities.

Executive Director Stork timely filed the report showing that no Regent institution is less than 40 percent complete in its Y2k compliance activities; all institutions are on schedule to be mission critical Y2k compliant on July 1, 1999; the institutions spent \$2.4 million on compliance activities in FY98 and anticipate spending \$7.4 million on compliance activities in FY99.

A consolidated report for all institutions under the agency name STATE BOARD OF REGENTS was filed by agreement with the Y2k Project Office.

The Peer Review Team approved by the Board last month for the purpose of ensuring institutional due diligence relative to Y2k compliance has met and begun the review of each institution's activities in the areas commonly identified for Y2k compliance and used by the State in its compliance reviews. The team members, who have been joined by UIHC's Director of Information Systems, James Wagner, have received a copy of each institution's submissions to the State's Y2k Project Office. These documents will be a foundation piece in completing the peer review.

The institutions prefer to utilize this peer review process and will address with the Legislative Oversight Committee at its October 15 meeting the advantages for the institutions in peer review and the disadvantages of an external review by CTA, Inc. or a vendor who might submit a proposal pursuant to the Committee's Request for Proposals. Among the items the institutions will mention are –

- they are well underway and nearing completion in many areas;
- there has been a considerable commitment of time, effort, and expense in the current process;
- there are cost implications for beginning a new verification process;
- they have outstanding talent to accomplish compliance and verification; and



- they are already engaged in the compliance process including verification and, an outside audit by a company unfamiliar with the institutions would create unnecessary duplication.

The "Year 2000 Computer Conversion Status" form which is utilized by the Board Office to track institutional progress in Y2k compliance activities will be used again next month, following further work by the Peer Review Team.

The Board Office provided an oral report of the Legislative Oversight Committee's meeting of October 15 at the Board of Regents October meeting.

Director Wright said the State government has taken a keen interest in the Regents' activities relative to year 2000 compliance. The legislative oversight committee was so pleased with what it heard that the Regents have been exempted from the audit requirement. Board Office staff will be changing the format of the Regents reporting to be more consistent with the State's reporting requirements. He said the peer review team the Board appointed last month has met once. It will continue meeting to ensure that the institutions are on track with compliance.

Executive Director Stork said there is a high level of anxiety by the legislative oversight committee and the staff responsible for the year 2000 problem. Because of that, Regent representatives will present additional information to the legislative committee and the executive branch. He said the Regent representatives have carried their burden well because there is a high level of confidence in our ability to do so.

Regent Lande asked if the legislative oversight committee gained the high level of confidence after the October 15 meeting. Executive Director Stork responded affirmatively.

Director Wright stated that Regent representatives will report to the legislative oversight committee at each of its monthly meetings.

**ACTION:** President Newlin stated the Board received the report on progress by the institutions in achieving compliance with Year 2000 requirements, by general consent.

## **EMPLOYEE APPEAL.**

President Newlin stated that this item was deferred until November.

**REPORT ON MEETING OF IOWA COORDINATING COUNCIL FOR POST-HIGH SCHOOL EDUCATION.** The Board Office recommended the Board receive the report.

The Iowa Coordinating Council for Post-High School Education (ICCPHSE) held its first meeting of the academic year on October 8 at Iowa State University. This was a "routine" meeting. The council acted on eight program requests, appointed two committees, discussed a conference on "distance education" to be planned for next spring, and heard a report on its strategic planning efforts.

Regent Fisher said there was a great deal of discussion at the meeting about the effectiveness of the Coordinating Council. It was pointed out that the council is not a

governance council. Several institutions reported after the fact and were encouraged to report before the fact. There was a great deal of interest in correcting that procedure.

Regent Lande referred to the institutions which were late in reporting and asked if there was any indication that they objected to reporting. Regent Fisher responded that the respective administrations either were not aware of the need to report or forgot that the matter needed to go through the Coordinating Council.

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

**APPROVAL OF VENDOR WITH A POTENTIAL CONFLICT OF INTEREST.** The Board Office recommended the Board approve the request from the University of Iowa to add Thunder Creek Entertainment to the University of Iowa list of approved vendors with a potential conflict of interest.

University of Iowa officials requested approval to add Thunder Creek Entertainment to the list of approved vendors with a potential conflict of interest. University of Iowa officials wish to conduct business with Thunder Creek Entertainment for unique entertainment services. Mark and Kathy Lee Ogden own Thunder Creek Entertainment. Kathy Lee Ogden is a Clerk III for the University of Iowa Hospitals and Clinics Plant Operations and Maintenance Department.

The university has provided assurances that the employee will not participate in any evaluation or award decisions for purchases and will not influence departments in placing orders. Procedures in place at the university will be applied to this vendor ensuring adherence to the Regent conflict of interest policy.

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

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

November 18-19, 1998	Iowa State University	Ames
December 3, 1998	West Des Moines Marriott Hotel	West Des Moines
January 20, 1999	Telephonic Conference Call	
February 17-18, 1999	University of Iowa	Iowa City
March 17-18, 1999	Iowa State University	Ames
April 21, 1999	Iowa Braille and Sight Saving School	Vinton
April 22, 1999	University of Northern Iowa	Cedar Falls
May 19-20, 1999	Iowa School for the Deaf	Council Bluffs
June 16-17, 1999	University of Iowa	Iowa City
July 14-15, 1999	Iowa State University	Ames
September 15-16, 1999	University of Northern Iowa	Cedar Falls
October 20-21, 1999	University of Iowa	Iowa City
November 17-18, 1999	Iowa State University	Ames
December 15-16, 1999	(To be determined)	Des Moines
January 19, 2000	Telephonic Conference Call	
February 16-17, 2000	University of Iowa	Iowa City
March 15-16, 2000	University of Northern Iowa	Cedar Falls
April 19-20, 2000	Iowa School for the Deaf	Council Bluffs
May 17, 2000	Iowa Braille and Sight Saving School	Vinton
May 18, 2000	University of Northern Iowa	Cedar Falls
June 21-22, 2000	Iowa State University	Ames
July 19-20, 2000	University of Northern Iowa	Cedar Falls

September 13-14, 2000	University of Iowa	Iowa City
October 18-19, 2000	Iowa State University	Ames
November 15-16, 2000	University of Iowa	Iowa City
December 20-21, 2000	(To be determined)	Des Moines

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

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 State University of Iowa was transacted on Wednesday and Thursday, October 21 and 22, 1998.

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

Register of Personnel Changes for August 1998.

**ACTION:** The personnel transactions were approved, as presented, on the consent docket.

**NEW CENTER: SOFTWARE@IOWA.** The Board Office recommended the Board refer the proposed new center at the University of Iowa to be called the Software@Iowa Center to the Interinstitutional Committee on Educational Coordination and the Board Office for review and recommendation.

University of Iowa officials proposed to establish a new center, Software@Iowa, as a joint initiative of the Colleges of Business Administration, Engineering, and Liberal Arts. The educational objectives of Software@Iowa are threefold:

- To enhance the visibility and attractiveness of professional software development as a career option for Iowa students.
- To provide students from a variety of software-related disciplines with innovative new courses and real world perspective that will augment their regular academic programs and make them uniquely qualified to enter the software development workforce.
- To foster an environment that will encourage students to choose careers with Iowa-based companies.

In addition to this educational mission, Software@Iowa will serve as a focal point for university/industry interaction in areas related to software. The proposed center will host numerous events that will bring faculty and industry professionals together to explore common issues and interests.

Software@Iowa will address the need for continuing education and professional workforce development by working to make its courses and other activities broadly accessible to industry via the Iowa Communications Network (ICN) and the Internet.

The center will be largely supported by industry and other outside funding sources. The center will also be supported, at least initially, with some internal university resources.

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

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

## APPROVAL OF PROGRAM STATEMENTS AND DESIGN DOCUMENTS

### University Services Building

University officials presented the program statement and schematic design for Board approval. A presentation of the schematic design for the project was held on Thursday, October 22.

When the project was presented to the Board in July 1998, the plan for the University Services Building included construction of a two-story facility to house the Human Resources Department and the offices of the Facilities Services Group. The construction cost for the two-floor, 45,000 gross square feet building was estimated at approximately \$5,000,000, exclusive of furnishings and equipment. University officials indicated their intention in July to review the feasibility of incorporating a third floor into the building program.

The current building program, schematic design and project budget now reflect construction of a three-story facility consisting of a total of 71,500 gross square feet with a project cost of \$7,950,000. The building includes 22,500 gross square feet of space on each floor and a fourth floor mechanical penthouse of 4,000 square feet. The majority of the third floor would be constructed initially as shell space, with the exception of approximately 3,500 square feet of space which would be finished to provide archive and storage space for both departments. The estimated cost for completion of the remainder of the third floor, which would provide additional office space, is not included in the initial project budget. However, university officials plan to bid this work as an add alternate with the interiors completion package.

The third floor would be used to house units of Information Technology Services (ITS). The major functions of ITS are currently located in four separate locations, the Chemistry Building, Jessup Hall, and Lindquist Center, and in leased space in the U. S. West Building in Iowa City. The College of Education and the Iowa Testing Programs are in need of additional space in the Lindquist Center which could be made available with the relocation of ITS from the building. If it proves feasible to fund completion of the third floor space, the university proposes to relocate a portion of the ITS units which do not require a central campus location. University officials presently are reviewing the ITS units to identify the most logical combination for relocation to the University Services Building. Since the building is being planned with an open, flexible office environment, it will be possible to develop the occupancy plan at a later date.

The University Services Building will be constructed on the southwest corner of the intersection of Prentiss and South Capitol Streets in Iowa City. The building will be constructed of brick and block veneer. The ground and second floors will each provide 22,500 square feet of office, conference, and training room space, with the Department of Human Resources to be located on the ground floor and the functions of the Facilities Services Group to be housed on the second floor. In addition, the archive and storage space to be developed on the third floor will provide another 3,500 square feet of space for use by both departments.

The Department of Human Resources currently occupies a total of 11,317 net square feet of space in Eastlawn, Seashore Hall and Jessup Hall. Programmed space for the Department of Human Resources in the new facility is approximately 18,000 square feet. The additional space will remedy the inadequate manner in which the Department of Human Resources is currently housed and will provide 5 percent growth room beyond the programmed need.

At this time university officials plan to vacate 20,908 net square feet of space in North Hall and other locations occupied by offices of the Facilities Services Group. Programmed space in the new facility for these functions is approximately 21,600 net square feet.

The building is designed to allow for the construction of a future addition to the west. Plans for construction of the addition include a two-story lobby to separate the two building areas. The curved west masonry wall of the original building would be exposed as an arcade wall in the lobby area, and "bridges" of circulation at the second level would connect the original building and the addition. In addition, a one-story shop facility for use by the Facilities Services Group may be constructed along the south edge of the property at a future date. However, both the building addition and the shop facility are contingent upon the university's purchase of the southwest quadrant of the block.

The university's FY 1999 capital plan presented to the Board in June 1998 shows planned projects of \$1.3 million for fire safety projects and \$2.4 million for deferred maintenance projects in FY 1999. The university's all funds five-year plan presented to the Board in July 1998 shows that the university plans to spend \$12.7 million on deferred maintenance projects and \$7 million on fire safety projects between FY 2000 and FY 2004. The projects would be funded by Building Renewal Funds and Income from Treasurer's Temporary Investments.

Vice President True stated that university officials had scheduled a brief presentation on the University Services Building.

Director Gibson stated that in designing this project, university officials determined that the project had to be fast, low cost, with flexible space and of reasonable quality. University officials selected OPN Architects because of their experience in designing this type of office space, with open space planning. The project has a very aggressive schedule and is currently ahead of schedule. He introduced Bradd Brown of OPN Architects.

Mr. Brown said Director Gibson had done a great job of describing the goals of the project. With regard to the location on campus, he stated that last month when the Regents were in Iowa City they drove by the site on their tour of the campus. He noted that the building was designed so it can be doubled in size.

Mr. Brown described the proposed design of the building including the floor plans and exterior elevations. He concluded his presentation with a three-dimensional fly by.

Director Gibson said this was the first time that university officials had been able to effectively use computer graphics in designing a building.

President Newlin requested that in the future university officials include a small map along with the docket item to show the location of a building. Vice President True said that was a good idea and that university officials would do so.

Regent Kennedy stated that the façade on the front of the building was quite stark. Is there any place for landscaping to break that up?

Director Gibson responded that university officials were trying to be as cost effective as possible. What was proposed for this building was a more urban, highly-developed way of occupying space. The building is being built out to the lot line.

Regent Kennedy asked if there was any way to break up the big yellow mass of expanse. Mr. Brown responded that the architects were looking at some banding features for subtle tone changes in the material.

Regent Smith asked why the color yellow was chosen. Mr. Brown said the material was actually more of a limestone color.

## PROJECT DESCRIPTIONS AND BUDGETS

University Services Building \$7,950,000

### Preliminary Budget

Construction	\$ 6,515,400
Design, Inspection and Administration	759,000
Art in State Buildings	39,600
Contingency	<u>636,000</u>

TOTAL \$ 7,950,000

### Source of Funds:

Treasurer's Temporary Investments	\$3,250,000
Facilities Services Improvement Fund	3,000,000
Building Renewal Fund	1,000,000
Proceeds from Property Sale	<u>700,000</u>

TOTAL \$ 7,950,000

University officials requested approval of the project budget in the amount of \$7,950,000.

University Hospitals and Clinics—Development of Rheumatology  
Clinic and Orthopaedic Surgery Clinical Research and Support Facilities \$975,000  
Source of Funds: University Hospitals Building Usage Funds

Preliminary Budget

Construction	\$ 780,000
Architectural/Engineering Support	78,000
Planning and Supervision	39,000
Contingency	<u>78,000</u>
 TOTAL	 <u>\$ 975,000</u>

University officials requested approval of a project description and budget in the amount of \$975,000 to develop approximately 5,400 gross square feet of shell space on the lower level of the John Pappajohn Pavilion for use by the Rheumatology Clinic. The space to be developed is located adjacent to the Department of Orthopaedic Surgery ambulatory clinic and faculty office suite.

The project will provide the Rheumatology Clinic with the capacity to serve its patients in conjunction with their visits to the Orthopaedic Surgery Clinic. The project also includes development of a gait analysis laboratory for the clinical evaluation of patients with walking disorders, and development of an orthotic and prosthetic device unit.

Medical Laboratories—Remodel Portion of Southwest Wing  
for Dermatology \$969,000  
Source of Funds: College of Medicine Gifts and Earnings

Preliminary Budget

Construction	\$ 783,600
Design, Inspection and Administration	
Design and Construction Services	91,000
Consultants	15,300
Contingency	<u>79,100</u>
 TOTAL	 <u>\$ 969,000</u>

University officials requested approval of a project description and budget in the amount of \$969,000 to remodel approximately 4,700 square feet in the Medical Laboratories building to develop a laboratory suite for the Department of Dermatology. The project will provide research laboratory facilities for use by the head of the department and two additional researchers.

University Hospitals and Clinics—Psychiatry Faculty and Staff  
Office Development \$950,000  
Source of Funds: University Hospitals Building Usage Funds

Preliminary Budget

Construction	\$ 760,000
Architectural/Engineering Support	76,000
Planning and Supervision	76,000



Contingency	<u>38,000</u>
TOTAL	<u>\$ 950,000</u>

University officials requested approval of a project description and budget in the amount of \$950,000 to remodel approximately 6,000 gross square feet of space in the General Hospital for faculty and staff offices for the Department of Psychiatry. The project will meet the department's need for additional office space and permit the expansion of the department's General Hospital Consultation Service and Care Management program. In addition, the project will include installation of a fire detection and protection system to bring this area of the General Hospital into compliance with fire safety codes.

<u>Hawkeye Softball Complex—Construct Stadium</u>	March 1998 Budget <u>\$573,000</u>
Source of Funds: Gifts to the Women's Athletic Dept.	Oct. 1998 Budget <u>\$769,000</u>

Project Budget

	Initial Budget <u>March 1998</u>	Revised Budget <u>Oct. 1998</u>
Construction	\$ 458,000	\$ 635,300
Design, Inspection and Administration		
Consultants	47,500	63,700
Design/Construction Services	21,500	31,500
Contingency	<u>46,000</u>	<u>38,500</u>
TOTAL	<u>\$ 573,000</u>	<u>\$ 769,000</u>

In July 1998 the Board ratified the rejection of the single bid received at the initial bid opening for the project in May 1998. The bid exceeded both the engineering estimate and the project budget. University officials revised the project scope and re-designed the project prior to the second bid opening on September 18, 1998. This bid opening resulted in the receipt of two bids which exceeded the engineering estimate by at least 8.6 percent. The two bids had a range of approximately 11 percent and the university believed they were a fair representation of the work.

University officials requested award of the construction contract to the low bidder, McComas-Lacina Construction Company, for the Base Bid of \$635,300, which exceeded the initial project budget of \$573,000. Therefore, university officials also requested Executive Director approval of a revised project budget in the amount of \$769,000, an increase of \$196,000, which includes \$635,300 for the construction contract. The revised budget includes additional funding from gifts to the Women's Athletic Department.

University officials requested approval of the revised budget and contract award prior to the October Board meeting in order to accommodate the project schedule. University officials indicated that it was necessary to complete the concrete foundation work this fall prior to the winter freeze in order for the project to be complete by the spring of 1999 for the women's softball season. The revised project budget and contract award were approved by the Executive Director on October 2, 1998.

University officials presented four projects with budgets of less than \$250,000. The titles, source of funds and estimated budgets for the projects were listed in the register prepared by the university.

\* \* \* \* \*

## ARCHITECT/ENGINEER AGREEMENTS

University Hospitals and Clinics—Rheumatology Clinic and Orthopaedic Surgery Clinical Research and Support Facilities \$70,500  
HLM Design of Northamerica, Iowa City, Iowa

University officials requested approval to enter into an agreement with HLM Design of Northamerica to provide design services for the project. The agreement provides for an estimated fee of \$70,500, including reimbursables. The actual fee for basic services will be calculated at the rate of 8.0 percent of actual construction costs, which are estimated at \$780,000. Based on this estimate, the fee for basic services will total \$62,400. The agreement also provides for reimbursable expenses not to exceed \$8,100, for a total estimated agreement of \$70,500.

Medical Laboratories—Remodel Portion of Southwest Wing for Dermatology \$12,000  
Design Engineers, Cedar Rapids, Iowa

University officials requested approval to enter into an agreement with Design Engineers to provide mechanical and electrical design services for the project. The agreement provides for a fee of \$12,000, including reimbursables.

University Hospitals and Clinics—Psychiatry Faculty and Staff Office Development \$83,000  
Rohrbach Carlson, Iowa City, Iowa

University officials requested approval to enter into an agreement with Rohrbach Carlson to provide design services for the project. The agreement provides for an estimated fee of \$83,000, including reimbursables. The actual fee for basic services will be calculated at the rate of 10.26 percent of actual construction costs, which are estimated at \$760,000. Based on this estimate, the fee for basic services will total \$78,000. The agreement also provides for reimbursable expenses not to exceed \$5,000, for a total estimated agreement of \$83,000.

University Hospitals and Clinics—Pharmacy Storage, Processing and Office Support Facility—Phase 2 \$18,980  
A and J Associates, Iowa City, Iowa

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 \$18,980, including reimbursables.

### Amendments:

Upgrade Underground Petroleum Storage Tanks Amendment #1 \$18,126  
Shive-Hattery, Iowa City, Iowa

University officials requested approval of Amendment #1 in the amount of \$18,126 to the agreement with Shive-Hattery for the Upgrade Underground Petroleum Storage Tanks project. The amendment will provide compensation for the additional services required to re-package the construction contract into several smaller components and to negotiate with potential bidders for award of the construction contracts. Amendment #1 will not result in an increase in the total project budget.

Hawkeye Storage Parking Lot Expansion \$2,100  
Shive-Hattery, Iowa City, Iowa

#### CONSTRUCTION CONTRACTS

Hawkeye Softball Complex—Construct Stadium \$635,300  
Award to: McComas-Lacina Construction Company, Iowa City, Iowa  
(2 bids received)

University Hospitals and Clinics—Development of an Otolaryngology  
Head and Neck Surgery Institute \$7,702,667  
Award to: McComas-Lacina Construction Company, Iowa City, Iowa  
(4 bids received)

University Hospitals and Clinics—Development of Consolidated Office  
Suite for Clinical Outcomes and Resource Management \$762,238  
Award to: AOI of Des Moines, Grimes, Iowa  
(4 bids received)

Oakdale Hall—Correct Fire Safety Deficiencies—Upgrade Fire Alarm \$265,861  
Award to: Gerard Electric, Iowa City, Iowa  
(4 bids received)

University Hospitals and Clinics—Diagnostic Radiology Support Emergency  
Trauma Center—Restrooms/Cart Area  
Bids Rejected

Two bids were received for this project on August 20, 1998. The low bid exceeded the engineering estimate of \$89,700 by approximately 50 percent. On September 18, 1998, the Executive Director authorized the university to reject the bids and reevaluate and re-bid the project at a future date.

#### ACCEPTANCE OF COMPLETED CONSTRUCTION CONTRACTS

**Pharmacy Building Addition—Site Development**  
Iowa City Landscaping, Iowa City, Iowa

**Expansion of the North Campus Chilled Water Plant—Contract 2, General Construction**  
American Piping Group, Bettendorf, Iowa

MOTION: Regent Lande moved that the Register of Capital Improvement Business Transactions for the University of Iowa be approved, as presented. Regent Kennedy seconded the motion. MOTION CARRIED UNANIMOUSLY.

**MEETING OF THE IOWA STATE BOARD OF REGENTS AS THE BOARD OF TRUSTEES OF THE UNIVERSITY OF IOWA HOSPITALS AND CLINICS.** The Board Office recommended the Board (1) receive the quarterly report on the operations of the University of Iowa Hospitals and Clinics (UIHC) and (2) approve the proposed revisions in the Bylaws, Rules and Regulations of University of Iowa Hospitals and Clinics.

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. Three areas were covered in the report: 1) quarterly update on UIHC operations, programs, and finances; 2) report on UIHC delegated governance functions and proposed bylaws revision; and 3) new technology and treatments for macular degeneration.

Quarterly Update on UIHC Operations, Programs, and Finances

UIHC's operating statistics and financial performance remained strong during FY 1997-98. The strong performance, despite a slight decline in net revenue, can be attributed to: 1) proactive measures UIHC staff members have taken to control expenses; 2) continued development of affiliations and outreach activities with community-based physicians and hospitals; and 3) hard work and commitment by UIHC staff members to refine programs, while also enhancing patient outcomes and satisfaction.

During fiscal year 1997-98:

- Admissions remained relatively stable, totaling 41,714 compared to 41,818 in FY 1997, a decline of .2 percent. Of total admissions, the acute patient admissions component at 23,491 declined 4.6 percent; the 363 patients admitted for treatment of chemical dependency represented a 2 percent increase, and the number of admitted outpatients at 17,860 was a 6.1 percent increase compared to the preceding fiscal year.
- The case mix index, which indicates the severity of illness and complexity of care required by acute inpatients at UIHC, increased 2.3 percent. The case mix for Medicare inpatients increased 6.1 percent.
- The average length of acute patients' stay was also relatively stable at 7.45 days when compared to 7.43 days during the preceding fiscal year.
- The 597,460 combined total of outpatient clinic visits to the UIHC and visits to its outreach clinics in 54 Iowa communities increased 2.8 percent compared to FY 1997.
- Revenue to reimburse UIHC for serving patients covered by managed care health insurance increased 4.8 percent as compared to the preceding fiscal year while the number of managed care patients served increased as follows:

Acute patient discharges	(8.8%)
Acute patient days	(8.6%)
Clinic visits	(11.4%)

- The disparity demonstrates the reduced payment and reduced utilization UIHC experiences with this payer group.

### Report on UIHC Delegated Governance Functions and Proposed Bylaws Revision

The University Hospital Advisory Committee is the internal governing body of the hospital, acting under authority delegated by the Iowa State Board of Regents. The Hospital Advisory Committee carries out this responsibility by:

- Establishing and approving UIHC internal policies and procedures.
- Receiving, reviewing and following up on reports evaluating the quality of professional services and the utilization of hospital facilities and services.
- Granting and decreasing clinical privileges.

UIHC officials requested approval for the following revisions in the UIHC Bylaws, Rules and Regulations of UIHC and its Clinical staff: (changes are in italics)

a. Article III, Section 5 to reflect a change in a department name. To accurately portray the scope of services performed by the Medical Records Department, its name will be changed to the *Department of Health Information Management*. The proposed amendment to the bylaws likewise changes the name of the Medical Records Subcommittee charged with reviewing, analyzing and evaluating the medical records system to the *Health Information Management Subcommittee*.

b. Article III, Section 5.B to establish the Children's Hospital of Iowa Advisory Subcommittee (CHIAS) as a standing subcommittee of the University Hospital Advisory Committee (UHAC). The Children's Hospital of Iowa (CHI) was approved by the Board of Regents in February 1997. Subsequently, an ad hoc advisory subcommittee was appointed to fulfill oversight responsibilities. The proposed amendment will establish it as a standing subcommittee of the University Hospital Advisory Committee.

*The Children's Hospital of Iowa Advisory Subcommittee will provide advice and direction on clinical and operational dimensions of the Children's Hospital of Iowa including the ambulatory care clinics, inpatient units, perioperative services and support areas and disciplines serving children and their families. In this capacity, the Subcommittee will:*

*Develop and approve the strategic (long-range) and operating (annual) plans of the CHI;*

*Formulate, for UHAC approval, cross-departmental policies, procedures, standards, and programs to ensure effective and efficient service provision to children and their families;*

*Assess capital and operational budgetary matters as appropriate to safeguard and optimize the resources available to support the CHI;*

*Evaluate and develop proposals related to the facility requirements of the CHI, including ambulatory care, inpatient and support service dimensions;*

*Promote the Family Centered Care philosophy throughout the CHI;*

*Assess market-related data and formulate plans to optimize the image and strategic positioning of the CHI;*

*Evaluate census, occupancy and other relevant utilization data and recommend action as indicated;*

*Review opportunities to enhance the patient care, training and clinical research missions of the CHI;*

*Monitor quality-related dimensions of the CHI, including patient/parent and referring physician satisfaction, and recommend action as warranted;*

*Review the scope of services provided within the CHI and recommend modifications as market, family, or internal demands dictate;*

*Address issues raised by the Family, Youth and Referring Provider Advisory Councils; and*

*Monitor gift development strategies and progress in support of the activities of the CHI.*

c. Article VIII, Section 4 to extend the privilege to all individuals authorized by law and by the UIHC bylaws of telephonically transmitting prescription orders. Existing bylaws may be interpreted to limit telephone prescription order privileges to physicians. The proposed amendment to the bylaws adds this sentence: *“All individuals authorized by law and these bylaws to prescribe medications, including physician assistants and advanced registered nurse practitioners, may transmit prescriptions to the Department of Pharmaceutical Care telephonically in accord with procedures approved by the Pharmacy and Therapeutics Subcommittee.*

An annual summary of actions of the University of Iowa Hospital Advisory Committee was included in the full report.

### New Technology and Treatments for Macular Degeneration

Macular degeneration describes a group of disorders that affect the central portion of the retina and, as a result, central vision. The most common forms of the disease, usually affecting patients over age 65, are also the most common cause of legal blindness. Although age-related macular degeneration affects approximately 10 percent of the population over age 65, severe visual loss is less common, affecting approximately one in one hundred people in that age group.

The newly-established University of Iowa Center for Macular Degeneration within the Department of Ophthalmology and Visual Sciences focuses on the University of Iowa's nationally-recognized expertise on this disease. The center's mission is to:

- Prevent the devastating consequences of macular degeneration in the majority of people at risk.
- Develop sight-saving medical, pharmacological, and surgical treatments for those already affected.
- Deliver the most advanced medical, surgical, rehabilitative, and educational services available to macular degeneration patients.

President Coleman stated that it is interesting for her as she travels around the country to find out in what high regard the University of Iowa Hospitals and Clinics is held.

Director Howell stated that the University of Iowa Hospitals and Clinics continues to be strong and is adjusting to a rapidly changing health care environment. The hospital continues to be regarded among the best of the best. U.S. News and World Report indicated that 13 services are ranked nationally, three of which are among the top 10 nationally. He said these rankings reflect the continued commitment to quality. University of Iowa is hosting a symposium in the School of Medicine, which is highlighted by a presentation by the current Surgeon General of the United States. He said the University of Iowa Hospitals and Clinics has delivered 3 sets of quadruplets in the past 5 months.

While the University of Iowa Hospitals and Clinics' financial position remains strong, Director Howell expressed concern about the decrease in revenue through lower reimbursements from third party payors. The reduction in revenues continues to present challenges to the mission of the University of Iowa Hospitals and Clinics.

Mr. Yerington reviewed the summary of operating statistics and financial performance measures for the fiscal year to date, noting that the figures were preliminary and unaudited.

Regent Arenson referred to the FY 1997 operating margin and asked if there was a significant change in the figure after auditing. Mr. Yerington responded that the audited figure was pretty much in line with what was presented as the unaudited figure.

Regent Arenson asked for the difference in the operating margin for 1998. Mr. Yerington responded that the difference was due to a decline in revenues.

Regent Arenson asked for Mr. Yerington's view of the long term financial prospects. Mr. Yerington stated that in the long term, revenues will continue to decline because of increasingly constricted payments, etc. There will be a large drop in the margin but not in the revenues.

Regent Arenson asked what year was the hospital in with regard to its cost reduction program. Mr. Yerington responded that this was year four. The financial statement reflected year three.

Regent Lande stated that at the Hospital and Clinical Enterprise Liaison meeting that morning, the members were presented with a chart which demonstrated that on an inflation-adjusted basis, the expenses are down. Mr. Yerington said expenses were down since FY 1995.

Regent Fisher asked if UIHC officials prepare a cash flow statement. Mr. Yerington responded that the financial statement was presented on an accrual basis not on a cash basis.

Regent Fisher asked for the capital investment in 1998. Mr. Yerington said the capital investment is typically around \$15-20 million.

Regent Fisher noted that the capital investment was a little more than the depreciation. Mr. Yerington agreed but said that in the future he did not think it would be.

Regent Kelly asked for a comparison of the reimbursement from insurance companies for procedures that used to be done in patient that are now being done out patient. Mr. Yerington said that on balance the outpatient reimbursement has been better because it is often stated as a percentage whereas inpatient reimbursements have fixed lump sum payments call DRGs regardless of how much service is provided.

Regent Fisher asked for the bottom line operating margin for the 1999 budget. Mr. Yerington said he expects it will be a challenge to achieve 3 percent which is \$12 million to \$15 million. He expects the revenue trend to continue downward although some months have been stronger than anticipated. Price, payment and utilization is coming down.

Regent Fisher said there will be a point where University of Iowa Hospitals and Clinics officials cannot cut expenses any further. How will that be managed? Mr. Yerington said that was part of the long-term planning process.

Regent Fisher said it might be good to show some comparable illustrations among the peers on what is happening in this whole environment. Director Howell responded that the information would be brought back at a future meeting. University of Iowa Hospitals and Clinics officials will do comparisons in areas with fairly mature managed care markets. He noted that eventually it plateaus. He said that in looking at the change from last year to this year it should be kept in mind that last year was a particularly good year for revenues. Also, last year's operating margin was particularly good.

Director Howell referred to University of Iowa Hospitals and Clinics' cost-cutting effort as a proactive stance in managing costs. He said institutions that have not done that have experienced severe financial difficulty. The challenge is to make sure that does not occur here.

Regent Fisher said he had read that health insurance premium increases would be double digit. Director Howell said he had also heard that. It does not appear that those extra revenues would be trickling down to the hospitals. He suggested that the Regents read that type of information with a word of caution. HMO involvement has depressed insurance premiums.

Regent Pellett asked where Iowa is at in the development process of managed care. Director Howell said he had previously identified four stages of development. Iowa is now at the highest end of stage two and about to enter stage three. He said they now know that entire markets do not move to managed care. For example, behavioral health in Iowa is probably in stage four. Medicaid in the state has moved to managed care.

Mr. Yerington referred to the decrease in the operating margin. He said that absent the \$43 million that has been removed from expenses as a result of the cost-cutting effort, the



operating margin would be a negative \$17 million or about negative 3 percent. He said University of Iowa Hospitals and Clinics officials have to continue to manage expenses. With regard to revenues, he said there has been a significant decrease as enrollees are moved into managed care products. Managed care is up 48 percent which demonstrates the impact of a patient falling under a managed care program. With regard to bad debts, he said there is a major project in the business office to reorganize that effort. The amount may not be totally bad debt and some may be recoverable.

President Newlin asked if the 3-year projection was that the University of Iowa Hospitals and Clinics would be able to achieve about a 3 percent margin. Director Howell responded affirmatively.

Mr. Staley stated that there was relatively stable patient volume in 1997-98 compared to 1996-97. He then addressed a question raised earlier about managed care growth. He referred the Regents to an exhibit in the presentation booklet which provided information on managed care patient volume as a percent of acute discharges, percent of clinic visits and percent of gross charges, which he said gave a relative feel for the level of reimbursement under managed care versus what was received in the past from other forms of insurance. The University of Iowa Hospitals and Clinics is getting less reimbursement per patient.

Mr. Staley reviewed the phased capital replacement plan financing summary. The University of Iowa Hospitals and Clinics has completed or has underway \$507 million in capital investments. They are moving to develop the second phase of the Pomerantz Family Pavilion.

Regent Arenson asked to follow up on the question regarding the operating margin. He questioned whether 3 percent is more in line with what the typical margins have been. Director Howell responded that the operating margins have been in the range of 5 to 6 percent. The average last year in the state of Iowa was 6 percent. Nationwide the teaching hospital operating margin is 3 percent and is declining.

President Newlin asked if University of Iowa Hospitals and Clinics officials would have to continue with the \$65 million cost-cutting project. Director Howell responded affirmatively.

Director Howell introduced William Hesson and Charles Helms to discuss the UIHC delegated governance functions. He noted that Dr. Helms was elected as chief of staff in April 1998.

Mr. Hesson discussed the delegation of governance functions to the University of Iowa Hospitals and Clinics by the Board of Trustees. He asked Dr. Helms to describe those activities.

Dr. Helms described the governance functions which have been delegated to the UIHC and presented highlights of some of the significant activities that have been carried out over the past year. He then discussed clinical privileges and credentialing.

Regent Fisher asked if physicians who are not on the hospitals' staff can practice at the hospitals. Dr. Helms said no, only those who are on the faculty can practice at University of Iowa Hospitals and Clinics.

Mr. Hesson presented the proposed amendments to the bylaws of University of Iowa Hospitals and Clinics.

MOTION:

Regent Arenson moved to approve the three revisions in the UIHC Bylaws, Rules and Regulations of UIHC and its Clinical Staff. Regent Smith seconded the motion. MOTION CARRIED UNANIMOUSLY.

Director Howell introduced Thomas Weingeist, Professor and Head of the Department of Ophthalmology and Visual Sciences, for a presentation on the Center for Macular Degeneration. He said the program was unique to the University of Iowa Hospitals and Clinics.

Dr. Weingeist thanked the Regents for supporting the Center for Macular Degeneration last year. He said the center is not located in a specific building although the Department of Ophthalmology and Visual Sciences is the first occupant of the Pomerantz Family Pavilion. Many of the scientists are located in that building.

Dr. Weingeist stated that as the population ages, macular degeneration associated with aging increases. The macula is part of the retina. The University of Iowa Hospitals and Clinics is one of the leaders in macular degeneration. Two of its faculty are on the National Institutes of Health's (NIH) strategic planning committee and have identified macular degeneration as one of the strategic areas the NIH will support. The NIH budget will double in the next few years. University of Iowa Hospitals and Clinics officials want to take advantage of that increased funding opportunity because there are many elderly people in Iowa. Every third person over the age of 75 has macular degeneration.

Dr. Weingeist discussed the efforts of the Center for Macular Degeneration in finding alternative therapy and in public education. The center is a model for success and for other centers. He said close to 200 people attended a symposium to hear about macular degeneration. The University of Iowa Hospitals and Clinics' center is one of 10 centers that will be funded by a foundation fighting blindness. The center is guaranteed to receive in the next 5 years over \$2 million on that basis alone. The center will bring in in the next 5 years close to \$15 million, not counting the NIH support. The center costs the State of Iowa nothing.

Regent Fisher stated that there is an active group in Des Moines called Prevent Blindness of Iowa. Dr. Weingeist said the center has not worked specifically with that Des Moines group. The major philanthropic effort is through the foundation fighting blindness.

Regent Kelly asked if the best results in the future will come from care or prevention. Dr. Weingeist responded that in general if something can be prevented it is much better than treatment. He said that interestingly, in Japan at the end of the war there was no macular degeneration detected in its citizens. Changes in that statistic are probably related to changes in the diet. The center hopes at some point to be able to identify a gene associated with macular degeneration. One form of gene has been identified for macular degeneration.

Regent Kelly asked what diseases seem to be associated with macular degeneration. Dr. Weingeist responded that smoking is one of the main risk factors. Hypertension and aging are also factors. Diabetes is not a risk factor.

Regent Lande asked how likely it was that an ophthalmologic exam would detect macular degeneration. Dr. Weingeist responded that when the pupils are dilated the macular

degeneration is detectable. Very early signs of macular degeneration would indicate that it would be another 20 years before a problem would be encountered.

Regent Arenson stated that as a Regent it was a privilege to be able to participate in this, although on the sidelines. He informed Dr. Weingeist that President Coleman is doing everything she can to make the hospital and the university more successful. President Coleman was pushing to raise the quality throughout the university. He said he has tremendous respect for everyone who works there.

Dr. Weingeist stated that the Board's approval makes a tremendous difference. He discussed University of Iowa Hospitals and Clinics' efforts throughout the country and around the world. The University of Iowa is on the world map and it is because of the Board's support.

Regent Pellett asked if there is an hereditary factor in macular degeneration. Dr. Weingeist stated that University of Iowa Hospitals and Clinics proposed 5 years ago that macular degeneration was an inherited disease. The NIH refused funding. Fortunately, the NIH has since provided funding because now everyone believes it is an hereditary disease. However, not every case of macular degeneration is inherited.

Director Howell concluded the presentation by stating that University of Iowa Hospitals and Clinics officials have tried to be good stewards of finances, of research, of quality and of time.

President Newlin thanked Director Howell and his staff for the presentation.

**ACTION:** President Newlin stated the Board received the quarterly report on the operations of 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.

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

**MOTION:** Regent Lande moved to enter into closed session. Regent Fisher seconded the motion, and upon the roll being called, the following voted:  
AYE: Ahrens, Arenson, Fisher, Kelly, Kennedy, Lande, Newlin, Pellett, Smith.  
NAY: None.  
ABSENT: None.

**MOTION CARRIED.**

The Board having voted at least two-thirds majority resolved to meet in closed session beginning at 5:39 p.m. on October 21, 1998, and adjourned therefrom at 6:10 p.m. on that same date.

## IOWA STATE UNIVERSITY

The following business pertaining to Iowa State University was transacted on Wednesday and Thursday, October 21 and 22, 1998.

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

*Register of Personnel Changes for July and August 1998 that included four requests for early retirement and one request for phased retirement.*

**ACTION:** The personnel transactions were approved, as presented, on the consent docket.

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

### PERMISSION TO PROCEED WITH PROJECT PLANNING

#### Hawthorn Court Development—Phase 2

The FY 1999 - FY 2001 component of the plan includes new construction of 2,320 beds, renovation of 444,320 square feet with 1,577 beds, and demolition of 226,520 square feet with 894 beds. The estimated total cost of this component, including new construction and renovation, is \$105.4 million. Of this amount, approximately \$95.1 million will be financed by bonded debt. Phases 1 and 2 of the Hawthorn Court Development project are included in this first component of the master plan.

University officials are proceeding with Phase 1 of the Hawthorn Court Development project (formerly Hawthorn Court Apartments—Phase 1), which will begin to meet the most critical housing need by constructing apartment units with up to 1,000 beds and a new retail food service building on the north side of campus. The project budget in the amount of \$25,913,000, which was approved by the Board at the September meeting, is funded by Dormitory System Revenue Bonds.

Due to the integral nature of the planning required for Phases 1 and 2 of the Hawthorn Court Development project, it is necessary that the design team develop site plans and a schematic design for both phases. Therefore, university officials requested Board approval to proceed with formal planning for Phase 2 of the Hawthorn Court Development project which will include construction of an additional 1,000 beds. Planning for this phase of the project will be limited at this time to preparation of the schematic design. It is the university's intention that Phases 1 and 2 be conducted as two separate projects, but that planning and design be tightly integrated. Development of construction documents and construction of Phase 2 will not proceed until approval of the schematic design and funding is available.

## City of Ames/ISU Ice Arena

University officials requested permission to proceed with project planning for the development of a new joint City of Ames/ISU Ice Arena. The arena will be constructed on university land immediately adjacent to the existing ice arena which is located south of the Iowa State University campus and east of the dairy farm.

The existing Ames/ISU Ice Arena was constructed by volunteers in 1978. The facility is currently owned by Iowa State University and operated under a joint agreement between the City of Ames and the university. The existing facility is managed by the City of Ames through its park and recreation program. This arrangement has effectively served the university and community ice users during the past 20 years.

The existing facility, which was constructed utilizing used equipment, has reached the end of its useful life due to extensive usage. During the past several months, various university and community interest groups have been working on alternatives for development of a replacement facility. As a result of these efforts, a number of the facility users have formed an independent citizen's group called "Ice is Nice" that has been involved in promoting a proposed new ice facility. As a result of negotiations involving the citizen's group, the Ames City Council, the Government of the Student Body, and the university administration, a proposal has been developed for construction of a new ice arena immediately adjacent to the existing facility on university land. The proposed facility would consist of approximately 37,000 square feet of space and would have an estimated project cost of \$3.7 million.

The proposed financing for the facility includes \$1.7 million in funds from the City of Ames (financed by a bond issue approved by the voters in the spring of 1998), \$1.7 million in financing from the university supported by student fees, and \$300,000 in private funds raised by the Iowa State University Foundation. In May 1998 the Board approved a new designated fee in the amount of \$4.20 per student per academic year (\$2.10 for the summer semester) for the ice facility. Based upon projected enrollments, university officials anticipate an additional allocation of designated tuition for the ice facility for the 1999-2000 academic year. It is anticipated that the fee would be increased to \$8.40 for the 1999-2000 academic year and \$4.20 for the 1999 summer session. The student fees will provide approximately \$225,000 per year for debt service payments for the university's share of the cost of the new facility.

With the completion of the private fund raising for the project, the city and the university are ready to proceed with formal planning, initiate the architect selection process, and complete the financing details for the project. University officials have been working with the Board Office, Springsted (the Board's financial advisor), and the Ahlers law firm on a proposed self-liquidating facility financing. Due to the proposed financing of \$1.7 million being relatively too small for a conventional bond issue, it is likely that proposals will be sought from a number of interested lenders to arrange the financing. Under current interest rates and the projected annual student fee revenue, a financing period of 12 years is expected. It is anticipated that detailed financing will be presented to the Banking Committee later this fall.

Regent Lande asked who would be responsible for maintenance of the ice arena. Vice President Madden said university officials will be bringing back to the Board a revised operating agreement. Maintenance costs are currently split between the university and the City of Ames. He anticipates the provisions will continue as in the current agreement.

Operation of the facility is the responsibility of the city parks and recreation department. Part of the plan will be to provide adequate funds for the maintenance of the facility.

Regent Lande asked for the current and anticipated maintenance costs. Vice President Madden responded that the university spends \$50,000 to \$60,000 a year in both maintenance and improvement costs. The estimate of increased maintenance costs for the new facility initially will probably be less. Ice equipment has a 15- to 20-year life. The buildings themselves are pretty straight-forward facilities. It is the equipment that is costly. He believes the operating costs will sustain that. He anticipates that user fees will pay operating and maintenance costs.

## APPROVAL OF PROGRAM STATEMENTS AND DESIGN DOCUMENTS

### Hawthorn Court Development

University officials requested approval of the program statement for the Hawthorn Court Development project. The program statement will serve as the basis for development of the schematic design. As noted in the request for permission to proceed with Phase 2 of the project, the planning and design of Phases 1 and 2 need to be tightly integrated.

Phases 1 and 2 of the project will construct fully-furnished apartment units with up to 2,000 beds. Each apartment unit, which will consist of 1,020 net assignable square feet and will house a maximum of four students, will include four bedrooms to provide individual and private bedroom/study space for each occupant. In addition, each apartment will include two bathroom areas and a kitchen, living room, and dining areas, and storage, laundry and utility spaces. Each apartment will be interconnected to the university's telecommunications system to provide voice, video, and data transmission.

The project will include handicap-accessible apartment units to be evenly distributed throughout the development at the rate of 5 percent of the total number of apartment units. The project site and building design will provide accessible routes from these apartments to parking, mailbox, recreation areas, and the bus stop.

The Phase 1 project includes construction of 8,700 square feet of multi-purpose community space to support the living-learning activities of the Hawthorn Court community. This space will also be developed to serve as an "a la carte" dining operation as well as an upscale convenience retail grocery center. The facility will support the dining, fast food service and grocery needs of the Hawthorn Court residents, and provide an environment to enhance interaction among students, faculty, and staff.

The site will be developed with parking, access roads, walkways, recreational areas, buffer zones, and new utilities. Site development will also include landscaping that is aesthetically pleasing, functional, and maintainable while giving consideration to pedestrian traffic, screening and buffering of undesirable activities, meeting accessibility standards, and security requirements.

A complete copy of the building program document for the Hawthorn Court Development project is on file in the Board Office.

PROJECT DESCRIPTIONS AND BUDGETS

Coover Hall—Learning Center

March 1998 Budget \$621,300

Oct. 1998 Budget \$745,000

Project Budget

	Revised Budget <u>March 1998</u>	Revised Budget <u>Oct. 1998</u>
Construction Costs	\$ 435,973	\$ 456,467
Professional Fees	123,727	128,933
Movable Equipment	61,600	159,600
 TOTAL	 <u>\$ 621,300</u>	 <u>\$ 745,000</u>
Source of Funds:		
General University Funds	\$ 386,300	
ISU Foundation	235,000	\$ 745,000
	<u>\$ 621,300</u>	<u>\$ 745,000</u>

University officials requested approval of a revised project budget in the amount of \$745,000, an increase of \$123,700. The revised budget will be funded entirely by the ISU Foundation. The revised budget will provide for the purchase and installation of a replacement air handling unit as the existing air handling unit does not have sufficient capacity to air condition the space with its increased ceiling height of 25 feet. In addition, the revised budget will provide additional funds for furnishings.

\* \* \* \* \*

University officials presented one project with a budget of less than \$250,000. The title, source of funds and estimated budget for the project was listed in the register prepared by the university.

\* \* \* \* \*

## ARCHITECT/ENGINEER AGREEMENTS

Beardshear Hall Remodeling \$80,390  
Brooks Borg and Skiles, Des Moines, Iowa

University officials requested approval to enter into an agreement with Brooks Borg and Skiles to provide design services for the project. The university received expressions of interest from 10 firms to provide design services for the project. The university convened its Architectural Selection Committee, as required by Board procedures for projects over \$1 million, and selected four firms for interviews and further evaluation. The firm of Brooks Borg Skiles was recommended based on its experience in the design of similar projects, its knowledge of the facilities to be remodeled, and its ability to effectively manage projects with multiple users.

The agreement provides for a fee not to exceed \$80,390, including reimbursables, for architectural and engineering services from pre-design through schematic design.

Molecular Biology Building—Lower Level Renovation \$93,500  
Brooks Borg and Skiles, Des Moines, Iowa

University officials requested approval to enter into an agreement with Brooks Borg and Skiles to provide architectural and engineering services for the project. The agreement provides for a fee not to exceed \$93,500, including reimbursables. The agreement will include pre-design through construction phase services for the project.

Utilities—West Campus Electrical Feeder \$32,500  
Farris Engineering, Omaha, NE

University officials requested approval to enter into an agreement with Farris Engineering to provide engineering services for the project. The agreement provides for a maximum fee of \$32,500, including reimbursables.

### Amendments:

Palmer Human Development and Family Studies Building Amendment #2 \$6,650  
RDG Bussard Dikis, Des Moines, Iowa

University officials requested approval of Amendment #2 in the amount of \$6,650 to the agreement with RDG Bussard Dikis. The amendment will provide compensation for additional reimbursable expenses for the printing of additional sets of bidding documents as requested by the university. Amendment #2 will not result in an increase in the total project budget.

Telecommunications—Outside Plant System Upgrade Amendment #1 \$16,595  
Brown Engineering Company, Des Moines, Iowa

University officials requested approval of Amendment #1 in the amount of \$16,595 to the agreement with Brown Engineering Company. The amendment will provide compensation for additional design revisions for the relocation of direct buried steam lines on the east side of campus. The relocation of the steam lines is necessary to protect the telecommunications lines from elevated temperatures. Amendment #1 will not result in an increase in the total project budget.



Anaerobic Digester Demonstration Facility  
Fox Engineering Associates, Ames, Iowa

Amendment #1 \$12,530

University officials requested approval of Amendment #1 in the amount of \$12,530 to the agreement with Fox Engineering Associates. The amendment will provide compensation for additional design services and modifications to construction documents for the anaerobic tanks, pump, gas storage building and piping systems. The additional services were necessitated by various changes to these elements made by the university late in the construction document phase of the project. Amendment #1 will not result in an increase in the total project budget.

#### CONSTRUCTION CONTRACTS

Reiman Gardens—Phase 2—Children’s Garden, Fencing \$106,107  
Award to: Midwest Fence and Gate Company, Fort Dodge, Iowa  
(3 bids received)

Communications Building—Remodeling and Addition \$1,643,300  
Award to: HPC, L.L.C., Ames, Iowa  
(3 bids received)

State Gymnasium Remodeling—Replace Roof Sections D and E \$49,450  
Award to: Black Hawk Roof Company, Waterloo, Iowa  
(2 bids received)

## CHANGE ORDERS TO CONSTRUCTION CONTRACTS

Livestock Infectious Disease Isolation Facility  
Henkel Construction Company, Mason City, Iowa

\$104,768

University officials requested approval of a change order to the construction contract in the amount of \$104,768. The change order will provide for the installation of a high performance flooring system in the animal holding rooms and dirty corridor of the facility. A similar flooring system was bid as an alternate to the construction contract in the amount of \$104,800 but was not awarded since the bid exceeded the engineering estimate and the university felt the cost was too high. However, after further investigation of similar flooring systems, the university has determined that the amount bid for installation of the flooring system was an accurate estimate for the work.

University officials wish to proceed with the installation of a modified version of the flooring system in the animal holding rooms and dirty corridor. The university has received a proposal from Henkel Construction Company in the amount of \$104,768 which will provide for the installation of a flooring system with an aggregate surface, rather than the previously-specified system which included only a colored surface coat. The improved flooring system will improve the appearance and wearability of the floor.

The change order will not require an increase to the project budget.

## ACCEPTANCE OF COMPLETED CONSTRUCTION PROJECTS

Lied Recreation/Athletic Center—Replace Carpet  
Kiefer specialty Flooring, Zion, IL

Library Storage Building/Administrative Services Building—Bid Package #96  
Commercial Flooring Company, Dubuque, Iowa

## FINAL REPORTS

Telecommunications—Cable Enhancement—FY 1996

\$252,308.27

MOTION:

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

**APPROVAL OF LEASE.** The Board Office recommended the Board approve the lease, as presented.

University officials presented one lease agreement for Iowa State University. The agreement will provide for the university's continued use of 3,200 square feet of space on the campus of Kirkwood Community College in Cedar Rapids for the East Central Iowa Extension Office and Outreach Center. The lease will be renewed at the rate of \$2,133 per month (\$8 per square foot, \$25,596 per year) for a five-year period.

MOTION:

Regent Smith moved to approve the lease, as presented. Regent Fisher seconded the motion, and upon the roll being called, the following voted:

AYE: Ahrens, Fisher, Kelly, Kennedy, Lande, Newlin,  
Pellett, Smith.  
NAY: None.  
ABSENT: Arenson.

MOTION CARRIED.

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 21 and 22, 1998.

### **TOUR OF WELLNESS/RECREATION CENTER AND UNI-DOME.**

On the morning of Thursday, October 22, 1998, the Board of Regents toured the Wellness/Recreation Center and the UNI-Dome.

Director Mikkelsen stated that the Wellness/Recreation Center has been a tremendous building for the campus. The Regents would tour portions of the facility which they had not been able to tour previously. At the UNI-Dome the Regents would walk through and see the inside of the new roof.

The Wellness/Recreation Center has both recreational/leisure and lap/competitive swimming pools. The building hours are 6:00 a.m. to 12:00 a.m. The swimming pools have designated hours of operation because there is a requirement for at least two lifeguards for each pool. The Wellness/Recreation Center has a rock climbing wall which is made of styrofoam and has changeable handles. The wall is painted the color of the limestone of the bluffs in Council Bluffs. There can be 14 people on the wall at one time. The wall at the University of Northern Iowa may be the largest climbing wall in the Midwest at a university. It is very popular. After completing a rock climbing class (all of the class are filled), students go to Backbone State Park for real rock climbing experiences.

Multi-purpose rooms in the center accommodate club sports and wellness activities. There are sound systems in each room. A dance studio is located on the second floor.

Kathy Gulick, Director of the Wellness/Recreation Center, stated that over 60 percent of the student population attended the center in its first 3 months of operation. She said the swimming pools have state-of-the-art filtering systems. This Friday the university will host its first swimming meet. On Friday and Saturday evenings, the Wellness/Recreation Center offers good alternative entertainment for students. She described an event where students floated around the swimming pool in inner-tubes while watching the movie "Jaws" projected onto the wall. A student in scuba gear would swim around and startle the movie watchers.

Ms. Gulick stated that the Wellness/Recreation Center offers personal wellness classes and classes in recreational leadership.

The Regents visited a 70-seat classroom which has the capacity to be linked to the ICN. It will be the largest classroom on campus that is hooked to the ICN upon completion. Introductory classes are offered in that classroom. The Regents visited the Wellness Laboratory which offers health and wellness education.

Ms. Gulick stated that with the opening of the Wellness/Recreation Center, the new recreational programs are being highly used. Participation in the traditional programs is also swelling. There are great increases in all the university's health, wellness and recreational programs. She said the awareness of health and wellness is on the rise. Personal wellness is a required class.

Inside the UNI-Dome, Director Mikkelsen informed the Regents that the contractors were still applying the stainless steel roofing material. The fabric roof is being connected to the stainless steel. Not all is in place so there are some leaks in the connections between the two roofs. The dome is 30 feet higher than it was previously.

Regent Kelly asked about the decibel level of the noise in the UNI-Dome. Director Mikkelsen responded that the walls along the exterior have been re-insulated with acoustical material.

Vice President Conner stated that the metal material is a corrugated steel over the top and is designed to absorb some of the sound which the fabric could not. The fabric portion that remains on the dome allows a great amount of light into the facility. The revolving doors have been removed from the facility. The roof is no longer supported by air. The roof is now structurally support by steel. There are also new lighting and sound systems. The restrooms are being refurbished. University officials will be installing a new track surface in December. Five basketball games will be relocated while the floor is being replaced.

On the return drive, the Regents went past the Performing Arts Center which is under construction. They were informed that all of the risers are now poured. The project ground breaking was in June 1997. The facility will open in January 2000 with a 1,600-seat performance hall.

**REGISTER OF PERSONNEL TRANSACTIONS.** The Board Office recommended the Board approve the university's personnel transactions, as follows:

Register of Personnel Changes for September 1998.

ACTION: The university's personnel transactions were approved, as presented, 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.

#### ARCHITECT/ENGINEER AGREEMENTS

##### Amendments:

<u>West Gym Renovation</u>	<u>\$3,500.00</u>
Shive-Hattery, Cedar Rapids, Iowa	

#### FINAL REPORTS

<u>Strayer-Wood Theatre—Replace Skylights</u>	<u>\$325,411.25</u>
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MOTION:

Regent Smith moved to approve the university's capital register, 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 University of Northern Iowa.

President Newlin expressed appreciation to President Koob and his staff for the hospitality.

## IOWA SCHOOL FOR THE DEAF

The following business pertaining to the Iowa School for the Deaf was transacted on Wednesday and Thursday, October 21 and 22, 1998.

**RATIFICATION OF PERSONNEL TRANSACTIONS.** The Board Office recommended the Board approve the school's personnel transactions, as follows:

Register of Personnel Changes for September 1998 which included eight requests for early retirement.

**ACTION:** The personnel transactions were approved, as presented, on the consent docket.

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

### PROJECT DESCRIPTIONS AND BUDGETS

Long Hall Roof Replacement—Phase II \$60,000  
Source of Funds: Nebraska Restricted Funds

School officials requested approval of a project description and budget in the amount of \$60,000 for the final phase of the project to replace the roof of Long Hall (the high school building).

In May 1997 the school received approval to replace the roof area over the east and west wings and the third floor penthouse area of the facility. The Phase II project will replace the remainder of the roof area of the building with a rubber roofing material.

Careers Center Roof Replacement \$80,000  
Source of Funds: Nebraska Restricted Funds

School officials requested approval of a project description and budget in the amount of \$80,000 to replace the roof of the Careers Center. The project will include installation of a rubber roofing system for the majority of the roof area and repairs to the metal roof over the northwest stair towers.

Telephone System Replacement—Phase VI \$55,000  
Source of Funds: Nebraska Restricted Funds

School officials requested approval of a project description and budget in the amount of \$55,000 to replace the internal cable plant and associated switching equipment which provides telephone and data service to Long Hall and the Girls Residence. The

equipment is more than 30 years old and has reached the end of its useful life. This phase of work is the sixth of seven phases for the telephone system replacement project.

MOTION: Regent Smith moved to approve the capital register, as presented. Regent Kennedy 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 21 and 22, 1998.

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

Register of Personnel Changes for the period August 23 through September 19, 1998.

**ACTION:** The personnel transactions were approved, as presented, on the consent docket.

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

### **ADJOURNMENT.**

The meeting of the State Board of Regents adjourned at 10:55 a.m., on Thursday, October 22, 1998.

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Frank J. Stork  
Executive Director