

C O R R E C T E D

The State Board of Regents met on Wednesday, September 20, 1995, at the University of Iowa, Iowa City, Iowa.  
The following were in attendance:

September 20

Members of State Board of Regents

Mr. Pomerantz, President	All sessions
Mr. Collins	All sessions
Mr. Dorr	All sessions
Ms. Mahood	All sessions
Mrs. Kennedy	All sessions
Mr. Newlin	All sessions
Mrs. Pellett	All sessions
Mrs. Smith	All sessions
Dr. Tyrrell	All sessions

Office of the State Board of Regents

Executive Director Richey	All sessions
Deputy Executive Director Barak	All sessions
Director Houseworth	All sessions
Director Williams	All sessions
Associate Director Pressey	All sessions
Associate Director Racki	All sessions
Research Associate Via	All sessions
Minutes Secretary Briggie	All sessions

State University of Iowa

Interim President Nathan	All sessions
Acting Provost Becker	All sessions
Vice President Manasse	All sessions
Vice President Rhodes	All sessions
Vice President True	All sessions
Associate Vice President Small	All sessions
General Counsel Schantz	Arrived at 1:40 p.m.
Legislative Counsel Stork	All sessions

Iowa State University

President Jischke	Excused at 1:58 p.m.
Provost Kozak	Excused at 1:58 p.m.
Vice President Madden	Excused at 1:58 p.m.
Vice President Theilen	Excused at 1:58 p.m.
Assistant to the President Mukerjea	Excused at 1:58 p.m.
Director Bradley	Excused at 1:58 p.m.
Interim Director Anderson	Excused at 1:58 p.m.

University of Northern Iowa

President Koob	All sessions
Provost Marlin	All sessions
Vice President Conner	Excused at 2:01 p.m.
Vice President Follon	Excused at 2:01 p.m.
Executive Assistant to President Stinchfield	Excused at 2:01 p.m.
Assistant to President Gadelmann	Excused at 2:01 p.m.
Director Chilcott	Excused at 2:01 p.m.

Iowa School for the Deaf

Superintendent Johnson	Excused at 1:55 p.m.
Director Heuer	Excused at 1:55 p.m.
Interpreter Reese	Excused at 1:55 p.m.
Interpreter Seiler	Excused at 1:55 p.m.

Iowa Braille and Sight Saving School

Superintendent Thurman	Excused at 1:56 p.m.
Director Woodward	Excused at 1:56 p.m.

## GENERAL

The following business pertaining to general or miscellaneous business was transacted on September 20, 1995.

### **APPROVAL OF MINUTES OF BOARD MEETINGS, JULY 19 AND AUGUST 18, 1995.**

The Board Office recommended the Board approve the Minutes, as written.

President Pomerantz asked for corrections, if any, to the Minutes.

**ACTION:** President Pomerantz stated the Board approved the Minutes of the July 19 and August 18, 1995, meetings, as written, by general consent.

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

Receive reports on the following affiliated organizations: Iowa Measurement Research Foundation (SUI) and the Stanton Memorial Carillon Foundation (ISU);

Approve the Board Meetings Schedule;

Receive the Registers of Capital Improvement Business Transactions for the Iowa School for the Deaf and the Iowa Braille and Sight Saving School (none);

Refer the Iowa State University proposed name change for the Center for Immunity Enhancement in Domestic Animals to the Interinstitutional Committee on Educational Coordination and the Board Office for review and recommendation;  
and

Refer the Iowa State University request for approval of the Institute for International Cooperation in Animal Biologics to the Interinstitutional Committee on Educational Coordination and the Board Office for review and recommendation.

ACTION: President Pomerantz stated the Board approved the consent docket, as presented, by general consent.

**INTERINSTITUTIONAL COMMITTEE ON EDUCATIONAL COORDINATION. (a)**  
Request for Master of Engineering Degree, Iowa State University. The Board Office recommended the Board approve the request from Iowa State University to establish an interdepartmental Master of Engineering in Systems Engineering contingent upon approval of the Iowa Coordinating Council for Post-High School Education at its October 4, 1995, meeting.

The proposed program was reviewed by the Board Office and the Interinstitutional Committee on Educational Coordination and both recommended approval.

The program is designed to improve the abilities of engineers both on and off campus to analyze and solve the complex problems that arise in modern engineering practice.

University officials indicated that no programs in this field of study are available in Iowa. The proposed program does not duplicate educational programs of the College of Engineering at the University of Iowa but it is intended that the two programs will work together on developing the details of the program so that courses from both engineering colleges may be used in satisfying requirements for the degree.

The program builds on the existing strengths of Iowa State University. A substantial part of the course work is already in place. The estimated incremental costs for implementing this program for the first three years was \$1,500.00. The proposed program is consistent with the mission of Iowa State University. It was anticipated that 20 to 40 majors will be enrolled in this program over the next five years.

MOTION: Regent Dorr moved to approve the request from Iowa State University to establish an interdepartmental Master of Engineering in Systems Engineering contingent upon approval of the Iowa Coordinating Council for Post-High School Education at its October 4, 1995, meeting. Regent Smith seconded the motion. MOTION CARRIED UNANIMOUSLY.

(b) Post-Audit Review of Master of Fine Arts Degree in Graphic Design and Interior Design, Iowa State University. The Board Office recommended the Board (1) receive the report and approve the continuation of the Master of Fine Arts Degree in Graphic Design at Iowa State University and (2) postpone the post-audit for the Master of Fine Arts in Interior Design until one year following the first graduation from the program.

Iowa State University officials submitted the 5 year post-audit report on the new Master of Fine Arts (MFA) programs in Graphic Design and in Interior Design that were approved by the Board in February 1990. The program in interior design had not yet had any graduates. It was requested that the post-audit in interior design be postponed until one year after the first persons have graduated from the program.

The program in graphic design was reviewed by the Interinstitutional Committee and the Board Office and was recommended to receive approval for continuation. The graphic design program is unique in the state of Iowa as no other institution offers the MFA in Graphic Design. The program meets Regent standards for non-duplicative programming.

As anticipated, enrollment growth has been steady and slow. Attrition has not been a concern for the program. The program has met initial enrollment projections within the Department of Art and Design. The MFA offering was to lead to more applications and selectivity within the program, not necessarily to program growth. Graphic design faculty have set new enrollment goals in which greater interactions within the program are available for classes of 6 to 10 graduate students; maximum enrollment will stabilize with 20 graduate students.

All students completing the graphic design program have found positions as faculty in other institutions or have pursued doctorates in related fields of study. By offering the terminal degree in the visual arts, the MFA program in Graphic Design prepares students to enter the academic arena in addition to providing greater technically accomplished and more conceptually sophisticated designers.

No accreditation is available for this program at the graduate level.

Staffing requirements are inconsistent with the estimated staffing proposed at the time of its initial approval by the Board of Regents. Faculty continue to teach at undergraduate and graduate levels.

Costs for the MFA program in Graphic Design have been consistent with the estimates proposed at the time the program was initially approved by the Board of Regents.

**ACTION:** President Pomerantz stated the Board, by general consent, (1) received the report and approved the continuation of the Master of Fine Arts Degree in Graphic Design at Iowa State University and (2) postponed the post-audit for the Master of Fine Arts in Interior Design until one year following the first graduation from the program.

(c) Post-Audit Review of Master of Arts Major in Leisure Services-Youth/Human Service Agency Administration, University of Northern Iowa. The Board Office recommended the Board receive the report on the post-audit of the Master of Arts in Leisure Services-Youth/Human Service Agency Administration and recommend continuance of the program.

The report was reviewed by the Interinstitutional Committee on Educational Coordination and the Board Office and is recommended for continuance.

The program has been very successful in meeting or exceeding expectations for the program set at the time of the initial approval of the program. Enrollments have met or

exceeded estimates. Most graduates of the program have succeeded in finding relevant employment. The success rate in finding jobs is estimated at 90 percent.

Costs for the program are as estimated for the program at the time that the program was initially approved. It was estimated that on an annual basis, the cost of the program is approximately \$145,975. The program has received a \$500,000 endowment from the McElroy Foundation and a \$629,096 grant from the W. K. Kellogg Foundation that have provided multiple year support for the program.

Regent Tyrrell asked that University of Northern Iowa officials elaborate on the relationship of the grant funds and funds provided by the University of Northern Iowa over the past 5 years and what the implications are for the future. Will the program be completely self-supported by the University of Northern Iowa in the future?

Provost Marlin stated that University of Northern Iowa officials are very proud of the grants this program has attracted. She said it was notable that the program has received the financial support that it has, and has attracted national attention.

Regent Tyrrell asked about the \$629,000 5-year grant. Provost Marlin responded that the grant served particular purposes. Those activities will be dropped when the funding ends.

MOTION: Regent Tyrrell moved to receive the report on the post-audit of the Master of Arts in Leisure Services-Youth/Human Service Agency Administration and recommend continuance of the program. Regent Newlin seconded the motion. MOTION CARRIED UNANIMOUSLY.

(d) Post-Audit Review of the Master in Public Policy Degree Program, University of Northern Iowa. The Board Office recommended the Board receive the post-audit report on the Master of Public Policy Degree Program and approve the continuance of the program.

A review of the post-audit report by the Interinstitutional Committee and the Board Office indicated that the program has been successful in meeting and even exceeding some of the objectives set for the program at the time of its initial approval.

Enrollments in the program have been several students lower than the 25 students projected in 1990 but still sufficient to maintain a healthy graduate program. A recruitment drive resulted in an enrollment of a projected 29 students this fall.

Graduates have generally found employment in positions utilizing the skills they acquired in the program or continued on with graduate study. Of the 19 graduates, ten are employed in the public sector, two in the private sector, and five have gone on to graduate study and the program has lost track of two.

Costs incurred by the program over the past 5 years were consistent with the costs estimated at the time the program was approved. The estimated cost in the third year of the proposed program was \$73,900. The actual cost was \$60,632.

MOTION: Regent Smith moved to receive the post-audit report on the Master of Public Policy Degree Program and approve the continuance of the program. Regent Pellett seconded the motion.  
MOTION CARRIED UNANIMOUSLY.

**SPECIAL SCHOOLS ADVISORY COMMITTEES.** (a) Annual Report of the Advisory Committee of the Iowa School for the Deaf. The Board Office recommended the Board receive the annual report of the Advisory Committee of the Iowa School for the Deaf.

The chairperson of the Iowa School for the Deaf Advisory Committee this year was Dr. Richard Stinchfield of the University of Northern Iowa.

The Iowa School for the Deaf committee met 3 times during 1994-95. Highlights of the advisory committee's activities included:

- o Reviewing and critiquing the school's strategic plan.
- o Reviewing the school's progress toward receiving accreditation from the North Central Association and the Conference of Educational Administrators Serving the Deaf.
- o Offering a critique and advice on a proposed policy on student-to-student sexual harassment.
- o Reviewing the possible development of a program at Iowa School for the Deaf for hearing impaired/behavior disordered students.
- o Receiving a follow-up report on last year's protest by members of the deaf community over bi-lingual/bi-cultural issues, including subsequent attempts to include protesters in school activities related to bi-lingual/bi-cultural issues.

The committee members' technical advice and valuable insights contributed to the quality of the goals and long-range plans of the school and aided the school in developing and refining policies and procedures.

ACTION: President Pomerantz stated the Board received the annual report of the Advisory Committee of the Iowa School for the Deaf, by general consent.

(b) Appointments to the Advisory Committees of Iowa Braille and Sight Saving School and Iowa School for the Deaf. The Board Office recommended the Board (1) approve the reappointment of Dr. Marion Thompson, Dr. Elizabeth Ann Thompson, Dr. Anton J. Netusil, and Dr. John Folkins to the Advisory Committee for the Iowa Braille and Sight Saving School and (2) approve the reappointment of Dr. Marion Thompson and

Dr. Steven Yussen to the Advisory Committee of the Iowa School for the Deaf.

The university presidents nominated the following individuals from their respective institutions for reappointment to the Advisory Committees for the two special schools:

Dr. Marion Thompson of the University of Northern Iowa's Department of Special Education to the Advisory Committees of both the Iowa Braille and Sight Saving School and the Iowa School for the Deaf.

Dr. Elizabeth Ann Thompson of Iowa State University's Department of Curriculum and Instruction, and Dr. Anton J. Netusil of Iowa State University's Department of Professional Studies, to the Advisory Committee of the Iowa Braille and Sight Saving School.

Dr. John W. Folkins, Associate Provost at the University of Iowa, to the Advisory Committee of the Iowa Braille and Sight Saving School; and Dr. Steven R. Yussen, Dean of the College of Education at the University of Iowa, to the Advisory Committee for the Iowa School for the Deaf.

MOTION:

Regent Dorr moved to (1) approve the reappointment of Dr. Marion Thompson, Dr. Elizabeth Ann Thompson, Dr. Anton J. Netusil, and Dr. John Folkins to the Advisory Committee for the Iowa Braille and Sight Saving School and (2) approve the reappointment of Dr. Marion Thompson and Dr. Steven Yussen to the Advisory Committee of the Iowa School for the Deaf. Regent Kennedy seconded the motion. MOTION CARRIED UNANIMOUSLY.

**ANNUAL REPORT ON STUDENT FINANCIAL AID.** The Board Office recommended the Board (1) receive the annual report on student financial aid and (2) request that the financial aid directors during the 1995-96 school year:

- o continue to monitor the Federal Direct Student Loan Program and assess its costs and savings by the universities;
- o continue to monitor the Federal budget process as it relates to student financial aid and its implications for Iowa families; and
- o continue periodic meetings among the three financial aid staffs to discuss common issues.

In 1994-95, Regent institutions provided over \$334 million in student financial aid, a 9 percent increase over 1993-94 and a 35 percent increase over 1990-91. Meanwhile, tuition and fees to attend the Regent institutions have risen approximately 29 percent from 1990-91 to 1994-95.

About 57 percent of Regent-wide financial aid funds come from Federal programs, about 2 percent from State programs, and about 41 percent from institutional programs.

Financial aid directors monitor Congressional actions, as the Department of Education and its financial aid funds have been targets for Federal budgetary reform.

The percentage of type of financial aid distributed by the institutions has changed over the 5-year period.

- o Regent-wide, grants accounted for 29.9 percent of student financial aid dollars in 1990-91; in 1994-95, grants were 25.6 percent.
- o Loans accounted for 32.9 percent in 1990-91; they were 45 percent in 1994-95.
- o Student employment was 37.3 percent in 1990-91 and 29.5 percent in 1994-95.

Average indebtedness of a student at graduation in 1995 who has received loans was estimated to be \$11,278 at the University of Iowa, \$14,911 at Iowa State University, and \$14,641 at the University of Northern Iowa. Iowa State University officials estimated that a 1991 graduate's average indebtedness was \$11,445.

The institutions continue to seek quality and diversity within their respective student bodies through numerous targeted grants and scholarships that are designed to recognize merit and needs and to increase access to the Regent institutions.

Figure 1  
Regent-wide Total Financial Aid Distribution: 1990-91 to 1994-95

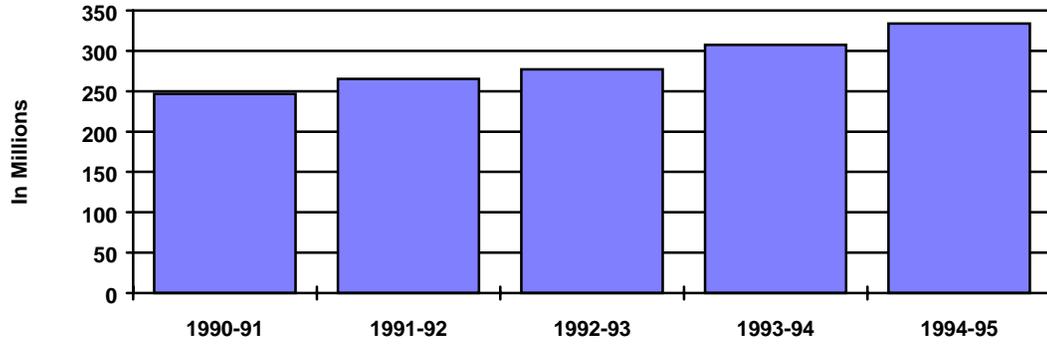


Figure 2  
Source of Aid: Institutionally-controlled Federal Programs

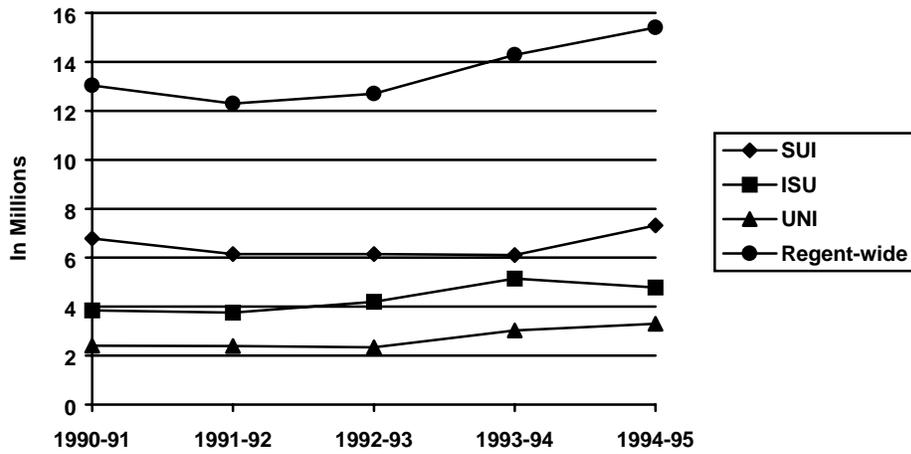


Figure 3  
Sources of Aid: Institutional Programs

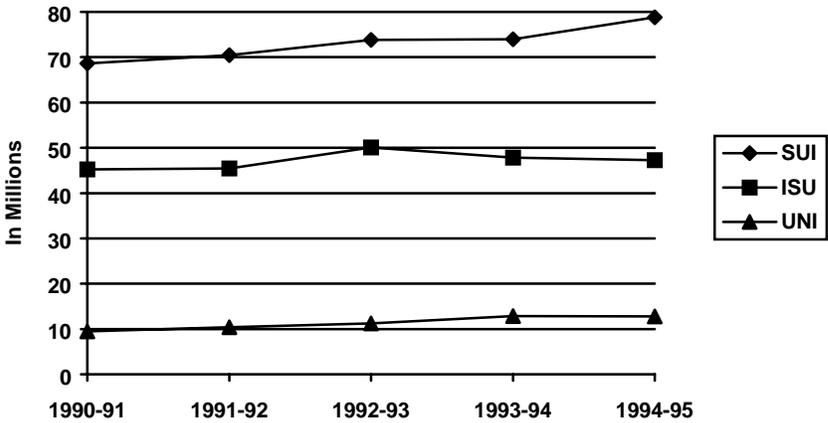


Figure 4  
Sources of Aid: State Programs

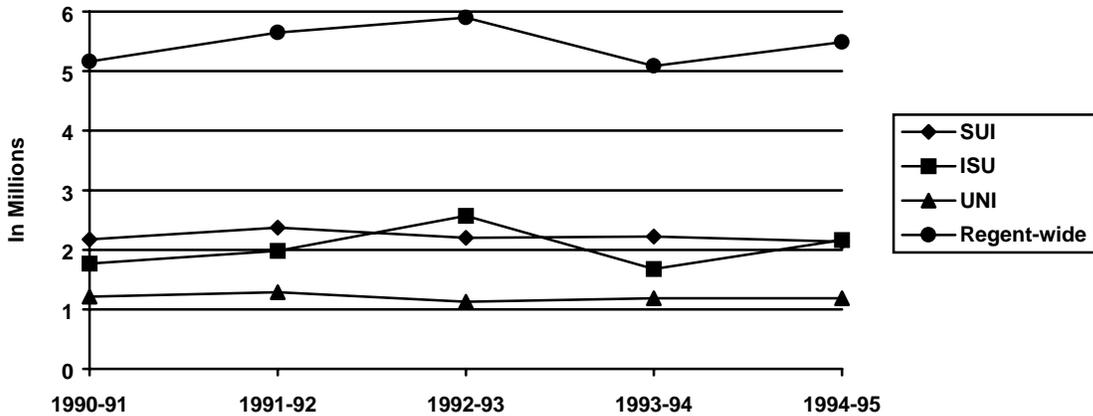


Figure 5  
Percentage of Financial Aid Dollars Awarded as Grants

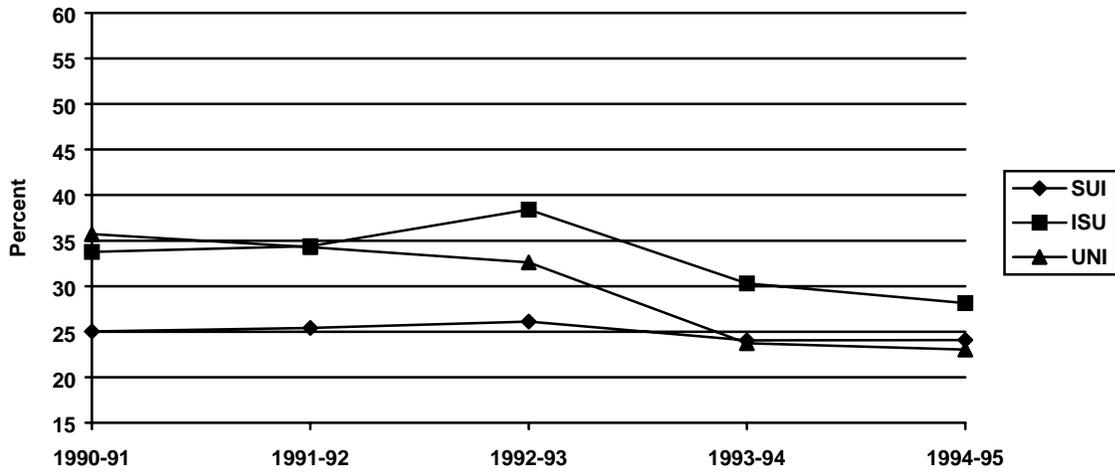


Figure 6  
Number of Awards: Grants

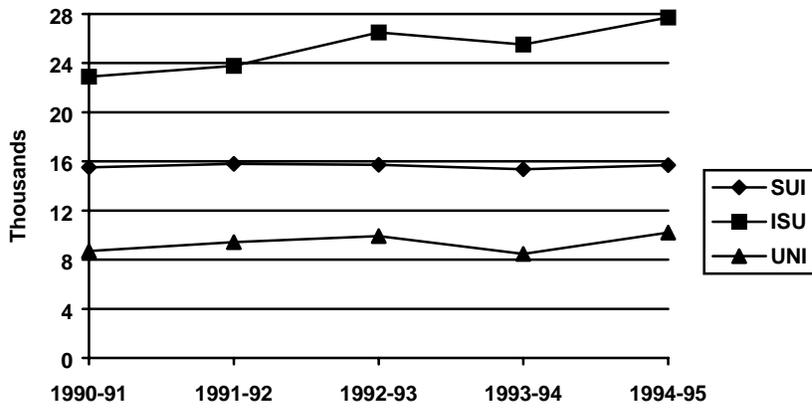


Figure 7  
 Percentage of Financial Aid Dollars Awarded as Loans

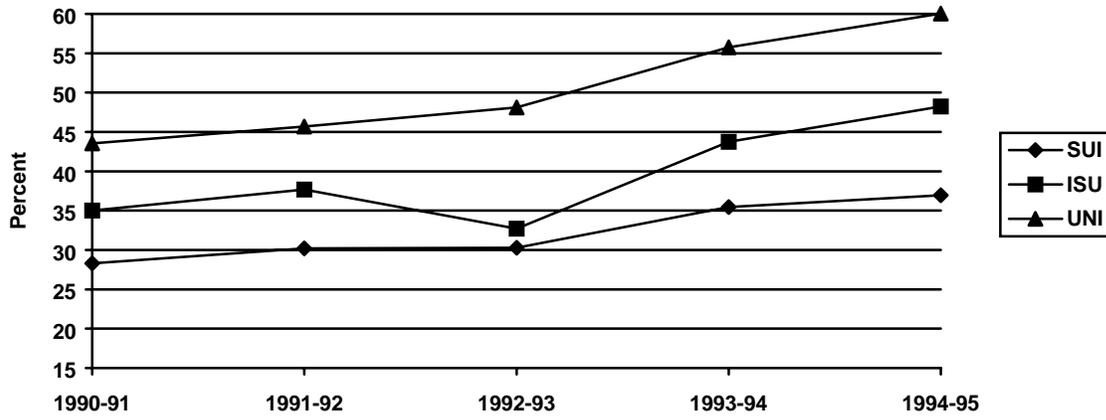


Figure 8  
 Number of Awards: Loans

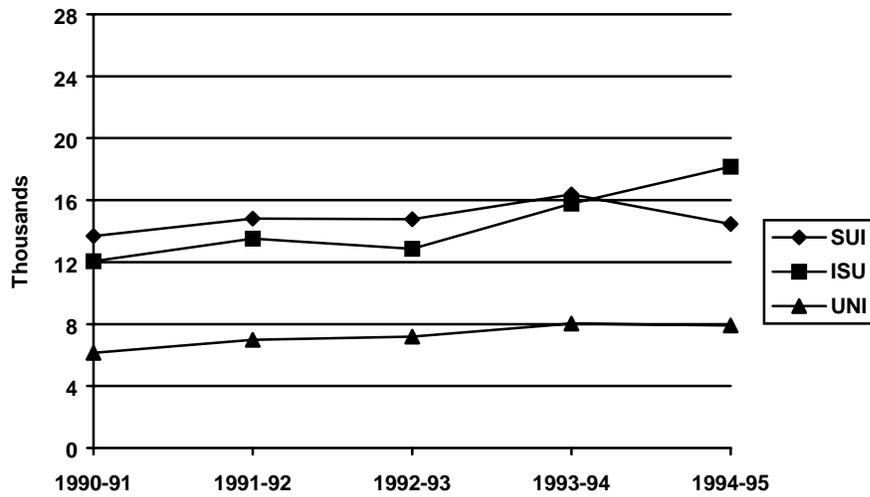


Figure 9  
Percentage of Financial Aid Awarded as Employment

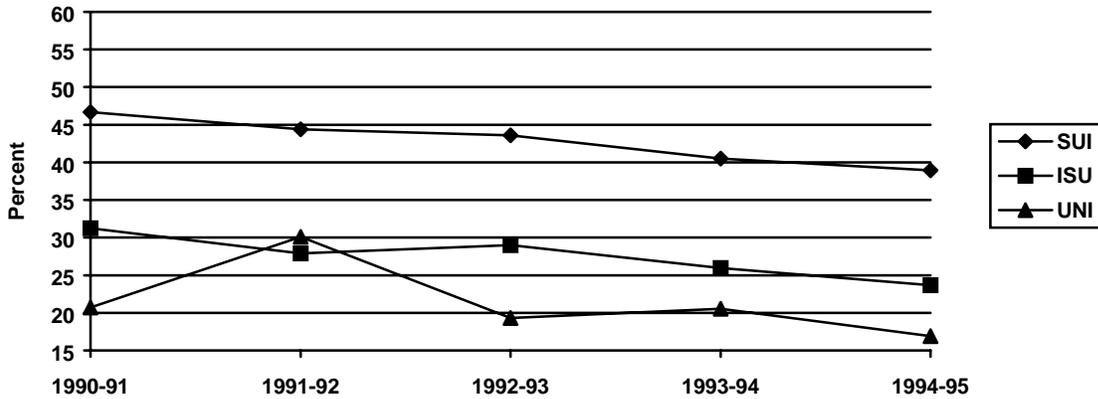
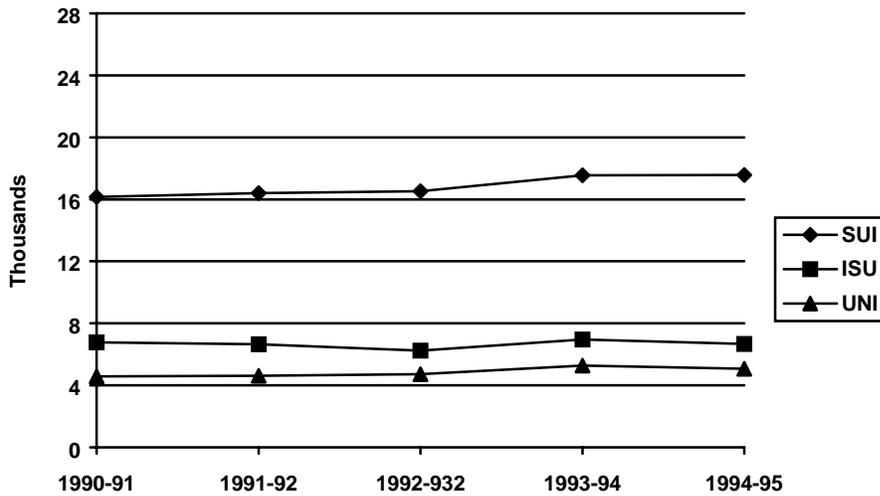


Figure 10  
Number of Awards: Employment



Mr. Richey reviewed the information contained in the docket memorandum with the Regents. He noted that the Federal policy on student financial aid has been in turmoil although at this time it appeared that financial aid to the student themselves will not be materially affected.

Regent Dorr asked for the current prognosis relative to the Federal direct student loan program. Mr. Richey responded that under the current proposal it would be capped at 30 percent and includes all three of Iowa's Regent universities. There are proposals to remove some of the administrative support.

Regent Dorr asked for an explanation of the 30 percent cap. Mr. Richey stated that 30 percent of the present loans under the direct student loan program are for those institutions that opted to join the program. The proposal would stop additional institutions from participating in the program.

Regent Dorr asked whether in Iowa student loans can be granted both through a bank and through a university. Mr. Richey stated that it was his understanding that all of the institutions that opted for direct lending are strictly direct lending institutions.

Mark Warner, Director of Student Financial Aid, University of Iowa, stated that when schools applied to participate in the direct student loan program, they could request permission to the Department of Education that all first-year students be eligible for the federal direct student loan program, for example, and that all returning students participate in the federal education loan program. There was some variation allowed in participation under the direct student loan program.

Mr. Richey noted that Iowa's Regent universities opted for all students to be eligible for the direct student loan program.

President Pomerantz asked for the mission of the Iowa College Student Aid Commission. Mr. Richey responded that the Iowa College Student Aid Commission is the State guarantor for student loans processed through Iowa lenders.

President Pomerantz asked if the Federal government is the designated guarantor for the Federal guaranteed student loan program. Mr. Richey responded that the Federal government does not guarantee all of the funds loaned through the federal student loan program.

Regent Dorr asked about the discount rate. Mr. Richey responded that at this time the discount rate was approximately 1 percent.

President Pomerantz stated that the Iowa College Student Aid Commission has about \$1/2 billion in resources. Does it have the capacity to be of additional assistance?

Mr. Richey responded that the issue was the use of reserve funds. The Federal government claims most of those. The basic issue is how much reserve should be required for the loan value outstanding, which has not yet been resolved.

Regent Dorr asked about the 2 percent discount fee proposed to be imposed. Mr. Richey responded that it would be an institutional charge and would not be charged to students.

Regent Dorr questioned whether, in light of the current state of flux, it would be appropriate to reevaluate this entire process to see if there were a less expensive method for processing student loans.

Director Warner stated that the 2 percent proposal was coming out of the Senate Labor and Human Resources Committee. The 2 percent would be taxation on all institutions on all Federal family education loan programs; it would not just be a taxation for participating in the Federal direct student loan program. He said the budget resolution passed by the House and Senate in August called for a \$10.4 billion savings in the Federal student loan program; \$4.4 billion would be gained over 7 years by the 2 percent taxation.

President Pomerantz stated that it was premature for the Board to start making policy on what may come out of Congress. They must try to lobby before the legislation becomes law. When the law is made, they will do what they have to do.

Mr. Richey stated that a report on all Federal issues was scheduled for the October Board meeting. Hopefully by that time all of the proposals will have "gelled".

Regent Dorr said there were a lot of indications that the Federal government wants to get out of the lending business. He hopes the Regent institutions are prepared when those kinds of resources are considerably diminished.

At this point in the meeting, Interim President Nathan introduced the new Dean of Dentistry, David Johnsen. He said Dr. Johnsen did his training in pedodontics at the University of Iowa. University officials were delighted to welcome him to the University of Iowa.

Dean Johnsen thanked the Board members for their support of his appointment. He has been at the university for a week. He has heard from dentists as he has traveled around the state that they view the University of Iowa College of Dentistry as a statewide resource. He said it is viewed nationally as one of the finest academic colleges of dentistry. He was pleased to be part of the academic health team at the University of Iowa.

**ACTION:** President Pomerantz stated the Board approved the recommended action, as outlined on page 167 of these Minutes.

**REVIEW OF TUITION POLICIES AND RATES.** The Board Office recommended (1) That the Board give preliminary consideration to approving academic year tuition rates and mandatory fees, effective with the summer session 1996, as shown in Table 1 and described below:

- a. Increase all tuition categories at Iowa State University and the University of Northern Iowa by 3.5 percent;
- b. Increase all resident tuition categories at the University of Iowa except Undergraduate Pharmacy, Pharm. D., and Law by 3.5 percent.
- c. Increase all nonresident tuition categories at the University of Iowa except Undergraduate Pharmacy, Pharm. D., and Law by 5 percent.
- d. Continue the third year of a 4-year program to implement an entry-level Doctor of Pharmacy program at the University of Iowa by increasing resident Undergraduate Pharmacy and Pharm. D. tuition by a 3.5 percent base increase, plus a 7.5 percent surcharge, and increasing nonresident Undergraduate Pharmacy and Pharm. D. tuition by a 5 percent base increase plus a 7.5 percent surcharge;

- e. Continue to increase funding to advance the College of Law's strategic planning goals related to strengthening fundamental lawyer skills training by increasing resident Law tuition at the University of Iowa by a base increase of approximately 3.5 percent plus a \$350 surcharge, and increase nonresident Law tuition by a base 5 percent increase plus a \$500 surcharge;
- f. Increase the computer fee charged to all students at all three Regent universities, other than Engineering and Law students at the University of Iowa, and Engineering, Computer Science, and Management Information Systems students at Iowa State University, from \$88 to \$92 per academic year.
- g. Increase the computer fee charged Law students at the University of Iowa from \$88 to \$150 per academic year.



- h. Increase the student health fee charged at Iowa State University and the University of Northern Iowa from \$84 to \$88 per academic year.
- (2) That general institutional financial aid for students be increased at the same rate as the proposed increase in tuition and mandatory fees to offset the impact on students now receiving institutional financial aid.
- (3) That the additional tuition revenues be used for:
- o Implementation of the Doctor of Pharmacy program at SUI;
  - o Advancement of the SUI College of Law's strategic planning goals;
  - o At SUI: Modernization of classrooms and instructional labs, upgrading library technology and library staff training, upgrading faculty and support staff access to personal computing resources, and acquiring and upgrading instructional equipment;
  - o At ISU: Continued implementation of the 4-year graduation plan, increasing undergraduate and graduate instruction through expanded course offerings and instructional hours, improving student graduation and retention rates, increasing instruction of introductory courses by senior faculty, upgrading instructional support facilities, improving responsiveness to student needs, and accommodating the needs of nontraditional students;
  - o At UNI: Upgrading the technological infrastructure to improve services to students via on-line and telephone access to registration, degree audits, transcripts requests, open/closed class lists, financial aid information, etc.; and improving student access to academic and instructional services via networking of library materials and other instructional resources and services.
- (4) That the Board schedule final action on the proposed tuition and mandatory fee rates at the October Board meeting.

The recommended increases in resident undergraduate tuition and fees closely match the projected increase in the Consumer Price Index (3.5 percent) for 1996-97, are less than the projected increase in the Higher Education Price Index (4.2 percent), and are less than the growth built in to the institutional budgets for inflation and salary adjustments (3.7 percent).

The 3.5 percent increase is the smallest percentage increase since the Board began setting tuition rates annually, rather than biannually, in 1981-82.

The recommended increases in all resident and nonresident tuition and fees categories at Iowa State University and the University of Northern Iowa were 3.5-3.6 percent.

Recommended total resident undergraduate tuition and fees were \$2,646 at the University of Iowa, \$2,666 at Iowa State University, and \$2,650 at the University of Northern Iowa.

At the University of Iowa, a larger percentage increase was recommended for most nonresident categories (5.0 percent) than for most resident categories (3.5 percent).

Larger increases for Pharmacy and Law at the University of Iowa, ranging from 8.9-12.5 percent, were recommended to continue multi-year programs to raise tuition levels in those areas to fund new programs and initiatives.

The recommended increase in the basic computer fee was \$4 (4.5 percent) per year, from \$88 to \$92 at all three universities.

The recommended increase in the student health fee at Iowa State University and the University of Northern Iowa as \$4 (4.8 percent) per year, from \$84 to \$88. No increase was requested by the University of Iowa.

Proceeds from the tuition increase will be used to:

- o Strengthen undergraduate and graduate instruction with particular emphasis on improving and upgrading instructional technology and equipment;
- o Implement the 4-year graduation plan and improve student retention and graduation rates;
- o Improve student services via electronic access to registration, financial aid information, open/closed class lists, etc.; and
- o Improve student access to academic and instructional resources via electronic networking of library and other instructional resources and services.

*Nonresident Tuition:*

The recommended increase was 5 percent in most nonresident tuition categories at the University of Iowa and was 3.5 percent in all nonresident categories at Iowa State University and the University of Northern Iowa.

*Increases in Pharmacy Tuition at the University of Iowa:*

In order to assure adequate funding for the continuing implementation and development of the Pharm D. program, the Board Office recommended that a 7.5 percent tuition surcharge be added to the basic 3.5 percent resident and 5 percent nonresident undergraduate Pharmacy and Pharm D. tuition increases for 1996-97. The total percentage increase in Pharmacy tuition and fees was 10.5 percent for residents and 12.3 percent for nonresidents.

Two years ago the Board approved plans to phase out the University of Iowa's undergraduate Pharmacy program and replace it with an entry-level Doctor of Pharmacy (Pharm. D.) program. To fund additional costs associated with the Pharm. D. program, it was proposed that both undergraduate Pharmacy and Pharm. D. tuition be raised each year from 1994-95 through 1997-98 by an amount equal to the increase in basic tuition plus a surcharge.

The Board approved a \$600 surcharge for 1994-95 and a 7.5 percent surcharge for 1995-96. Surcharges of 7.5 percent were proposed for 1996-97 and 1997-98.

The recommended tuition increases for 1996-97 were not expected to have a negative impact on enrollments.

*Increases in Law Tuition at the University of Iowa:*

In order to increase funding for the College of Law at the University of Iowa to the level needed to advance the college's strategic planning goals related to strengthening fundamental lawyer skills training, the Board Office recommended increasing resident Law tuition by a base increase of approximately 3.5 percent plus a \$350 surcharge, and increasing nonresident Law tuition by a base 5 percent increase plus a \$500 surcharge.

The total percentage increase in Law tuition and fees was 11.8 percent for residents and 9.2 percent for nonresidents. This will be the third year that Law tuition has been raised by a base increase plus a surcharge, and will bring Law tuition to the level

originally requested by the College of Law when the series of surcharges was initially proposed in 1993.

Last year, the Board approved increases in Law tuition for 1995-96 of 4.2 percent plus a \$350 surcharge for residents, and 6 percent plus a \$735 surcharge for nonresidents. In 1994-95, the Law tuition increases were 4.5 percent plus a \$350 surcharge for residents, and 7.5 percent plus a \$500 surcharge for nonresidents.

University of Iowa officials do not expect the competitive position of the College of Law to be affected by the increases. The University of Iowa stated that Law students have been consulted on the surcharge and appreciate that the program improvements enabled by the increases will directly enhance the quality of their educational experience.

*How Do Regent Tuition Rates Compare?*

	1995-96 Res. Undergraduate Tuition & Fees	Regent % Diff. From Median/Aver.	Regent \$ Diff. From Median/Aver.
University of Iowa	\$2,558		
Iowa State University	\$2,574		
University of Northern Iowa	\$2,558		
Big Ten Public U. Median	\$3,706	-31.0%	-\$1,148
SUI AAU Group Median	\$3,428	-25.4%	-\$870
ISU Land Grant Group Median	\$3,165	-18.7%	-\$591
UNI Pub. Comp. U. Group Median	\$2,814	-9.1%	-\$256
Iowa Independent College Average	\$11,369	-77.5%	-\$8,811

	1 Year % Increase 94-95 to 95-96	1 Year \$ Increase 94-95 to 95-96	5 Year % Increase 90-91 to 95-96	5 Year \$ Increase 90-91 to 95-96
University of Iowa	4.2%	\$103	34.6%	\$658
Iowa State University	4.2%	\$103	35.5%	\$674
University of Northern Iowa	4.2%	\$103	35.6%	\$658
Big Ten Public U. Median	5.1%	\$180	38.7%	\$1,035
SUI AAU Group Median	6.1%	\$198	58.4%	\$1,264
ISU Land Grant Group Median	6.0%	\$179	48.6%	\$1,035
UNI Pub. Comp. U. Group Med.	10.1%	\$257	42.0%	\$832
Iowa Independent College Aver.	2.9%	\$323	38.5%	\$3,163

*Economic Indicators:*

	FY1997	FY1996	FY1995	FY1994	FY1993	FY1992
Higher Education Price Index	4.2%*	4.4%*	2.9%	3.2%	3.4%	3.2%
Consumer Price Index	3.5%*	3.6%*	2.7%	2.5%	3.1%	3.2%
Per Capita Personal Income-US**	NA	NA	NA	4.9%	3.3%	4.9%
Per Capita Personal Income-IA**	5.6%*	5.1%*	5.6%*	10.9%	.7%	6.2%
Resident Undergrad. Tuit. & Fees	3.5%*	4.2%	4.4%	5.6%	7.5%	9.1%

\* = Projected/Proposed

\*\* = Figures are calendar year rather than fiscal year

NA = Not Available

*Income in Relation to Tuition and Fees:*

*Tuition and Fees as a Percentage of Per Capita Personal Income*

	1994	1993	1992	1991	1990	1989	1988
IOWA	12.1%	12.9%	12.3%	12.1%	11.4%	11.7%	11.9%
Arizona	10.0%	10.2%	9.1%	9.5%	9.5%	9.1%	8.5%
California	19.3%	18.1%	15.0%	12.8%	9.7%	8.5%	8.2%
Illinois	15.6%	15.5%	15.9%	15.4%	14.8%	15.4%	16.0%
Indiana	15.3%	14.9%	14.6%	14.4%	13.2%	13.1%	13.7%
Michigan	24.5%	24.9%	23.3%	21.6%	20.2%	19.3%	19.2%
Minnesota	16.1%	16.5%	16.2%	15.2%	14.5%	14.2%	14.9%
Missouri	16.4%	15.8%	14.7%	13.9%	11.9%	11.5%	11.4%
Nebraska	11.8%	11.6%	11.0%	11.3%	11.0%	11.3%	11.2%
North Carolina	7.7%	7.6%	7.0%	7.2%	6.5%	6.5%	6.1%
Ohio	14.8%	14.9%	14.8%	14.3%	13.4%	13.2%	13.0%
South Dakota	12.7%	12.1%	12.0%	12.1%	12.0%	12.8%	13.3%
Texas	8.6%	7.8%	7.7%	7.3%	6.0%	6.2%	5.9%
Wisconsin	13.0%	12.8%	12.3%	12.2%	12.1%	12.2%	12.1%
National Average	13.9%	13.6%	13.0%	12.5%	11.6%	11.1%	11.0%

*Tuition and Fees and Institutional Costs:*

University of Iowa	% Change 1990-91 to 1995-96	1995-96	1994-95	1993-94	1992-93	1990-91
Resident Undergrad. Tuit. & Fees % Increase	34.6%	\$2558 4.2%	\$2455 4.4%	\$2352 5.6%	\$2228 17.3%	\$1900
Nonres. Undergrad. Tuit. & Fees % Increase	41.2%	\$8808 6.0%	\$8313 7.4%	\$7740 7.6%	\$7192 15.3%	\$6240
Undergraduate Unit Costs % Increase	25.1%*	\$7167* 5.3%	\$6807* 4.2%	\$6532* 7.6%	\$6069 5.9%	\$5731
University Composite Unit Costs % Increase	24.3%*	\$11,409* 5.4%	\$10826* 4.6%	\$10346* 6.9%	\$9676 5.4%	\$9179

\* = Estimate

Iowa State University	% Change 1990-91 to 1995-96	1995-96	1994-95	1993-94	1992-93	1990-91
Resident Undergrad. Tuit. & Fees % Increase	35.5%	\$2574 4.2%	\$2471 5.1%	\$2352 5.6%	\$2228 17.3%	\$1900
Nonres. Undergrad. Tuit. & Fees % Increase	32.6%	\$8192 6.0%	\$7731 4.7%	\$7386 5.6%	\$6996 13.2%	\$6180
Undergraduate Unit Costs % Increase	16.7%*	\$7715* 6.4%	\$7248* 7.1%	\$6770* 4.0%	\$6509 -1.6%	\$6612
University Composite Unit Costs % Increase	16.3%*	\$8909* 6.9%	\$8331* 6.5%	\$7819* 3.0%	\$7592 -0.9%	\$7662

\* = Estimate

University of Northern Iowa	% Change 1990-91 to 1995-96	1995-96	1994-95	1993-94	1992-93	1990-91
Resident Undergrad. Tuit. & Fees % Increase	34.6%	\$2558 4.2%	\$2455 4.4%	\$2352 5.6%	\$2228 17.3%	\$1900
Nonres. Undergrad. Tuit. & Fees % Increase	37.9%	\$6634 6.0%	\$6261 4.5%	\$5994 7.6%	\$5570 15.8%	\$4810
Undergraduate Unit Costs % Increase	28.7%*	\$6689* 2.5%	\$6526* 2.9%	\$6343* 6.5%	\$5956 14.6%	\$5199
University Composite Unit Costs % Increase	27.5%*	\$7102* 2.3%	\$6942* 2.3%	\$6787* 6.2%	\$6388 14.7%	\$5571

\* = Estimate

It has been Board policy that nonresident students pay, at a minimum, the full cost of their education at Regent universities.

Percentage of General University Revenue from General Funds Met Through Tuition Income

	University of Iowa	Iowa State University	University of Northern Iowa	Regent Universities Combined Total
1990-91	27.0%	29.3%	26.5%	27.8%
1991-92	29.0%	31.0%	29.2%	29.8%
1992-93	29.2%	31.2%	26.9%	29.6%
1993-94	29.4%	32.1%	27.4%	30.1%
1994-95	30.3%	32.0%	27.6%	30.5%
1995-96*	30.5%	31.4%	27.3%	30.3%

\* Budgeted

The Impact of the Proposed 1996-97 Tuition Rates on Tuition Revenues:

Gross Tuition Proceeds	University of Iowa	Iowa State University	University of Northern Iowa
Basic 3.5% and 5% Inc.	\$4,020,000	\$2,714,000	\$961,000
Pharmacy Surcharge	\$207,000		
Law Surcharge	\$371,000		
TOTALS	\$4,598,000	\$2,714,000	\$961,000

The estimated increases in the student financial aid set aside for 1996-97 are:

University of Iowa	\$735,000
Iowa State University	\$299,000
University of Northern Iowa	<u>\$187,000</u>
TOTAL	\$1,221,000

The estimated increase in net tuition revenues after deducting the student financial aid set aside are as follows:

Net Tuition Proceeds	University of Iowa	Iowa State University	University of Northern Iowa
Basic 3.5% and 5% Inc.	\$3,378,000	\$2,415,000	\$774,000
Pharmacy Surcharge	\$174,000		
Law Surcharge	\$311,000		
TOTALS	\$3,863,000	\$2,415,000	\$774,000

Use of Tuition Proceeds:

University of Iowa

Doctor of Pharmacy (Pharm. D.): University officials state that additional support for the Pharm. D. program will be provided by hiring two additional FTE faculty, additional teaching assistants and clerical staff, and acquiring additional supplies and equipment.

The College of Law will:

- o Permanently fund a clinical faculty member who teaches law practice skills and the College's female African-American faculty member, both of whom had previously been supported by nonrecurring funds;

- o Employ a new half-time technician to provide management, training, and technical support for student computer work stations;
- o Employ a half-time staff member to provide clerical support to student-run co-curricular programs; and
- o Augment the general budget in areas that support ongoing student activities.

General University: Tuition proceeds will be used for:

- o Modernization of classrooms and instructional labs, and acquiring and upgrading instructional equipment
- o Upgrading library technology and library staff training;
- o Upgrading faculty and support staff access to personal computing resources.

#### Use of Proceeds at Iowa State University

Tuition proceeds will be used for:

- o Continued implementation of the 4-year graduation plan;
- o Increasing undergraduate and graduate instruction through expanded course offerings and instructional hours;
- o Improving student graduation and retention rates;
- o Increasing instruction of introductory courses by senior faculty;
- o Upgrading instructional support facilities;
- o Improving responsiveness to student needs; and
- o Accommodating the needs of nontraditional students.

#### Use of Proceeds at the University of Northern Iowa

Tuition proceeds will be used to:

- o Upgrade the university's technological infrastructure to:
  - o Improve services to students via on-line and telephone access to registration, degree audits, transcript requests, open/closed class lists, financial aid information, etc.; and
  - o Improve student access to academic and instructional services via networking of library materials and other instructional resources and services.

*Student Health Fees:*

The Board Office recommended the student health fee at Iowa State University and the University of Northern Iowa be increased from \$42 to \$44 per semester, a 4.8 percent increase. The Board Office recommended the increase to cover increased costs due to inflation and to remove the need for larger, extraordinary increases in the future.

No increase in the student health fee at the University of Iowa, currently \$42 per semester, was requested. University of Iowa officials indicate it does not currently need additional health fee revenues.

During FY1996 the university will consider recommendations from a university task force for improving student health services programs and facilities. The recommendations will form the basis for proposals on the needed level of student health fees in FY 1998 and beyond.

Assuming stable enrollments, the estimated revenue from the recommended 1996-97 student health fees are:

Estimated 1996-97 Student Health Fee Revenues	Estimated 1996-97 Gross Revenues	Estimated Increase From 1995-96
University of Iowa	\$1,823,000	\$0
Iowa State University	\$2,113,000	\$96,000
University of Northern Iowa	\$983,000	\$44,000
TOTAL	\$4,939,000	\$140,000

*Student Health Facility Fee at Iowa State University:*

No increase in Iowa State University's \$8 per semester mandatory student health facility fee was proposed or recommended. This fee, which was first approved two years ago and was effective with the 1994-95 academic year, will cover debt service on bonds issued in July 1995 to cover the costs of the new Student Health Facility at Iowa State University.

Estimated 1996-97 revenue from the Student Health Facility Fee is \$416,000.

The Board has approved the schematic design of the Student Health Facility and bids are expected in November.

*Computer Fees:*

The Board Office recommended the computer fee charged to students at the three Regent Universities, other than Engineering and Law students at the University of Iowa, and Engineering, Computer Science, and Management Information Systems students at Iowa State University, be raised from \$44 to \$46 per semester, a 4.5 percent increase.

Assuming stable enrollments, the estimated 1996-97 revenue from the recommended computer fee is:

Estimated 1996-97 Computer Fee Revenues	Estimated 1996-97 Gross Revenues	Estimated Increase From 1995-96
University of Iowa**	\$1,796,000	\$78,000
Iowa State University**	\$2,008,000	\$86,000
University of Northern Iowa	\$985,000	\$45,000
TOTAL	\$4,789,000	\$209,000

\*\* = Excludes Engineering and Law computer fees at SUI and Engineering, Computer Science, and Management Information Systems computer fees at ISU.

The Board Office recommended the increase to cover increased costs due to inflation, to remove the need for larger, extraordinary increases in the future, and to continue to meet the growing demands and rising expectations of accrediting agencies, faculty, and students for expanded, state-of-the-art instructional computing resources.

*Law Computer Fee at the University of Iowa:*

University of Iowa officials proposed and the Board Office recommended that the computer fee charged Law students at the university be increased from \$44 per semester to \$75 per semester. The recommended increase would raise computer fee revenues in the College of Law from approximately \$70,000 to approximately \$120,000.

The increased revenues would be used to maintain, upgrade, and provide support for the network of approximately 40 computers, printers, and CD-ROMs used for database access and word processing in the Law Library.

*Other Computer Fees:*

No increase in the computer fee for Engineering students at the University of Iowa and Iowa State University, which is currently \$160 per semester, was proposed or recommended.

The fee is expected to generate approximately \$395,000 in revenue at the University of Iowa and \$1,048,000 at Iowa State University in 1996-97, with the funds earmarked for support of the computer services and facilities used by students majoring in Engineering.

No increase in the computer fee for Computer Science students and Management Information Systems students at Iowa State University, currently \$125 per semester, was proposed or recommended.

The fee was expected to generate approximately \$109,000 in revenue in 1996-97, with the funds earmarked for support of the computer services and facilities used by students majoring in Computer Science and Management Information Systems.

*Student Financial Aid Considerations:*

By far the largest source of student financial aid funds is the Federal government.

The major Federal student aid programs were largely untouched in the recently-passed Federal fiscal year 1995 recissions package, but Congressional funding proposals for Federal fiscal year 1996 do contain significant cuts in Federal student aid programs.

Because most Federal financial aid programs are forward funded a year ahead, the impact of Federal fiscal year 1996 cuts will not be felt by students and the universities until the 1996-97 academic year.

Perhaps the most significant and far reaching proposal currently being discussed is elimination of the in-school interest subsidy on student loans. Some proposals speak of eliminating the subsidy for all students, while others would only eliminate it for graduate and professional students.

University of Iowa officials estimated that loss of the interest subsidy for its undergraduates would cost the average undergraduate borrower \$515 per year and increase the individual borrower's total debt by 21 percent. Aggregate cost for University of Iowa undergraduates would be \$1.7 million for one year, \$6.5 million over 4 years.

Loss of the graduate/professional student subsidy would cost the borrower \$948 per year and increase the individual borrower's total debt by 32 percent. Aggregate cost for University of Iowa graduate/professional students would be \$1.4 million for one year, \$5.5 million over 4 years.

The financial impact on individual students at Iowa State University and the University of Northern Iowa would be similar.

The Pell Grant proposal passed by the House of Representatives would increase the maximum grant award by a small amount (\$100) but finance the increase by reducing the number of small grants, with the net effect of significantly lowering the total number of grants and total dollars awarded.

In recent years the proportion of student aid provided in the form of loans has increased significantly, while the proportion provided by grants and employment has declined.

The Regent universities estimate that the average loan indebtedness of Regent students upon graduation is currently between \$11,000-15,000.

The increased loan volume and the greater student reliance on loans means that issues of affordability and access are becoming more prominent.

*Estimated Total Cost of Attending Regent Universities:*

The Regent residence systems and financial aid offices have provided the following estimated 1996-97 room and board charges and other costs associated with attending the Regent universities:

1996-97 Estimated Total Cost of Attendance	Resident Undergrad. Tuition and Fees*	Room and Board**	Other Costs**	Estimated Total Costs**
University of Iowa	\$2646	\$3717	\$3320	\$9683
% Increase	3.4%	4.7%	5.6%	4.3%
Iowa State University	\$2666	\$3548	\$3138	\$9352
% Increase	3.6%	4.9%	4.3%	4.3%
University of Northern Iowa	\$2650	\$3283	\$3405	\$9338
% Increase	3.6%	5.5%	4.8%	4.7%

\* = Proposed  
\*\* = Estimated

Mr. Richey reviewed the Board Office recommendations with the Regents.

President Pomerantz stated that student government representatives had asked to make public statements. He then recognized Jennifer Sulentic, Vice President of the Iowa State University Government of the Student Body.

Ms. Sulentic said she was ecstatic that such a reasonable rate of tuition increase was proposed. She proceeded to discuss trends in increases in tuition including non-resident student tuition and the Higher Education Price Index.

President Pomerantz recognized Daniel Mangan, President of the Iowa State University Government of the Student Body.

Mr. Mangan reviewed with the Regents the Iowa State University FY 1995 expenditures by month, noting that during the last month of the fiscal year expenditures increased dramatically. He acknowledged that it was probably just wise fiscal planning to wait to the end of the year to make certain expenditures, but questioned whether the expenditures were all necessary. He then stated that Iowa State University students were very satisfied with the proposed tuition increase and that a 3-1/2 percent increase in tuition was worth it to maintain the educational quality.

President Pomerantz recognized Paul Olson, President of the Student Government at the University of Northern Iowa.

Mr. Olson addressed his comments to the future and how the stress of tuition costs affects students. He stated that students at the University of Northern Iowa appreciated that tuition will increase by only \$94 next year. He said financial aid is more frequently becoming loans which increases the hardship on students.

President Pomerantz recognized Tim Williams and John Gardner, University of Iowa student government representatives.

Mr. Gardner stated that he was not there to argue about the amount of tuition increase. He said he saw this moment as following others which have had a positive effect on the students and campuses. The footbridge by the Iowa Memorial Union has finally been repaired. Students were glad to see deferred maintenance being addressed. Students also appreciated the Board's emphasis on excellence in education and on the 4-year

graduation rate. He thanked the Regents for visiting the university's child care centers and for their dedication to excellence in education. He welcomed the new student Regent, Aileen Mahood, and invited her to meet with student leaders. He thanked President Pomerantz for attending students' meeting last night, noting that every time students and the Regents talk, things improve. They appear to finally be at a point where they can start working together. Students would like to see tuition remain affordable and for improvements to continue on the campuses.

Mr. Williams said it was nice to see that students' voices had been heard. The proposed tuition increase was the lowest increase in the last 14 years. He said students are important to society and the Board of Regents is important to students. Today's students will take over leadership of this country. Education prepares students to become leaders. Tuition determines access to education. He then asked for the Regents' assistance with the amount of out-of-state tuition. He said 35 to 40 percent of the student body consists of non-resident students. Non-resident students provide the university with more than just money.

Mr. Williams conveyed the hopes of all students that education will continue to be the Regents' #1 priority.

President Pomerantz expressed appreciation to the students for their presentations and said their messages had been delivered. The Board fully recognizes its obligations to the students. He underscored the issues around quality and said that if quality is not maintained, all students will be cheated. When it is necessary to increase tuition, the Board will take appropriate action but will always be mindful of the issues around access. He said the Board recognizes the value of the students. There was much on which the Regents and students had agreed today. He said he hoped that in the future when higher tuition increases may be necessary that the students will continue to be mindful of the quality issues.

Mr. Richey reviewed the proposed uses of the funds resulting from the tuition increase. He noted that Iowans are very fortunate that the Governor and General Assembly allow the proceeds of tuition rate increases to be targeted on the campuses. This year institutional officials unanimously proposed to target all proceeds for student-directed activities.

President Pomerantz referred to the proposed increases in tuition for non-resident students, stating that the tuition levels are intended, at a minimum, to cover the total cost of educating those students. This year an increment for capitals was added to the formula. He believes that non-resident tuition levels appropriately include building costs.

**ACTION:** President Pomerantz stated the Board, by general consent, approved the recommended action for this item, as outlined on page 176 of these Minutes.

**REPORT OF THE BANKING COMMITTEE.** The Board Office recommended the Board accept the report of the Banking Committee.

Regent Dorr stated that the Banking Committee completed its agenda that morning with the exception of the investment and cash management reports for the fiscal year ended June 30, 1995. He said the Banking Committee members discussed and took action on several items, some of which also required Board action, as follows:

MOTION: Regent Dorr moved to approve the preliminary resolution for the sale of up to \$15,900,000 Telecommunications Facilities Revenue Bonds, Series S.U.I. 1995. Regent Newlin seconded the motion, and upon the roll being called, the following voted:  
AYE: Collins, Dorr, Kennedy, Mahood, Newlin, Pellett, Pomerantz, Smith, Tyrrell.  
NAY: None.  
ABSENT: None.

MOTION CARRIED UNANIMOUSLY.

Regent Dorr stated that the Banking Committee members reviewed the Iowa State University Memorial Union Food Service and Student Office Space Remodeling and Financing project proposal. He said it sounded like an exciting project.

Vice President Madden stated that although the Iowa State University Memorial Union is a separate entity from the university, its financing obligations require Board of Regents approval. He believes the revenue streams are adequate to meet the debt service obligation. University officials will bring back next month the actual loan agreement.

President Pomerantz stated that he had a conflict and would not vote on the motion.

MOTION: Regent Dorr moved to approve the Memorial Union food service and student office space remodeling and financing for Iowa State University. Regent Tyrrell seconded the motion, and upon the roll being called, the following voted:  
AYE: Collins, Dorr, Kennedy, Mahood, Newlin, Pellett, Smith, Tyrrell.  
NAY: None.  
ABSTAIN: Pomerantz.  
ABSENT: None.

MOTION CARRIED UNANIMOUSLY.

Regent Dorr stated that the Banking Committee members received a presentation on The Common Fund and the issues around its investment activities. The Banking Committee recommended Board adoption of the following motion:

MOTION: Regent Dorr moved to withdraw funds from The Common Fund and invest in money market funds while evaluating/selecting new fund managers for funds currently invested in The Common Fund Short-Term Investments and Intermediate Cash Fund. Regent Newlin seconded the motion.

President Pomerantz stated that he had a conflict and would not vote on the motion.

Regent Tyrrell stated that what happened to The Common Fund could happen to any financial institution. He questioned whether moving the funds from The Common Fund would guarantee that the same sort of problem would not again arise.

Regent Dorr stated he was confident that moving funds from The Common Fund was the right action to take.

Vice President True stated that there are never any guarantees; what was proposed would provide greater assurances. Custody would be held at a bank selected by Regent representatives. He said The Common Fund has done well for the Regent institutions; but, given all of the circumstances, he felt they should make a change at this time. They would select another manager to provide intermediate investment services.

Regent Tyrrell questioned whether the amount of funds to be invested with an intermediate firm was contingent upon the amount of the losses. Vice President True responded that 100 percent of the short-term funds could be withdrawn. Initially, 90 percent of the funds from the intermediate pool can be withdrawn, which has been the policy of The Common Fund for a number of years. The Regent institutions would not lose earnings on the remaining 10 percent during the time it remains in the intermediate pool.

Regent Dorr noted that there would also be no loss of capital during the time the funds remain in the intermediate pool.

Regent Tyrrell asked for the yield projections. Vice President True responded that interest rates for money market accounts, which all three universities use, is around 5 percent and the yield curve is nearly flat. With regard to long-term investments, he said the target is to produce a yield of one-half of 1 percent higher than the Merrill Lynch 1-year treasury index.

Regent Tyrrell said he would defer to the collective wisdom of those who have studied this matter. President Pomerantz responded that since an issue had been made of the matter, it needed to be addressed. He said that if a similar incident happens with another fund in which the Regents invest, the funds will be moved again. The Board of Regents cannot afford to take the risk of leaving the funds with The Common Fund. There are risks inherent in leaving the funds versus moving the funds, but there is little choice. He hoped they were not moving into the "fire" from the "frying pan". He noted that the performance of Regent funds that are invested has been better than that of any other State agency or other comparable institution. Performance of Iowa's Regent

system investments ranks very high around the country. The Regents have to make sure the public funds are safeguarded. The idea of being absolutely safe is not in the equation.

Regent Dorr said he believed that the decision of the Banking Committee exemplified due diligence; not to do what was suggested would be irresponsible.

Regent Newlin stated that he concurred with Regent Dorr's comments and that he vigorously supported the motion.

VOTE ON THE MOTION:                      The motion carried with President Pomerantz abstaining.

Regent Dorr concluded the report of the Banking Committee by stating that the committee members reviewed internal audit reports of the University of Iowa and the University of Iowa Hospitals and Clinics.

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

**PROGRESS REPORT ON REVIEW OF ORGANIZATIONAL AUDIT.** The Board Office recommended the Board receive a progress report and the oral reports of President Pomerantz and Regent Kennedy on the organizational audit.

The Organizational Audit Oversight Committee met on September 11 for an initial discussion of the organizational audit. Below is a brief summary of that discussion.

- o     The Pappas Consulting Group has already begun its initial work on the organizational audit by reviewing and analyzing the final reports from the previous audit and the development of a list of questions and issues to be pursued during their visits at the institutions.
- o     Alceste Pappas indicated that she would be meeting with all members of the Board of Regents in the near future to gain the perspective of each of the Regents.
- o     The on-site visits are likely to start sometime in October. At this time it appears that the consultants will visit the University of Northern Iowa first, followed by the two special schools. The University of Iowa and Iowa State University would be the last to be visited.
- o     It was anticipated that a preliminary report will be drafted in December and the final report presented to the Board in January 1996.

Regent Kennedy stated that President Pomerantz, Mr. Richey, Dr. Barak and she met with Dr. Pappas earlier in the month. She said Dr. Pappas would first do a quick checklist and then would perform an in-depth audit on campus which would include interviews with the campus community concerning changes proposed in the original organizational audit to determine whether or not a particular goal had been met.

Dr. Pappas would then report back to the Board with recommendations and findings. Regent Kennedy asked that a procedure be established to continue to check the goals and whether or not they had been met. She said she felt that at the end of the meeting everyone had a clear understanding of the expectations. She believes there will be good communication with the Board and others involved as the process goes along.

**ACTION:** President Pomerantz stated the Board received the progress report on the organizational audit, by general consent.

**APPROPRIATION REQUESTS FOR FISCAL YEARS 1997 AND 1998.** The Board Office recommended the Board (1) approve the Board Office recommendation of FY 1997 and FY 1998 general fund operating appropriations, as follows:

	<u>FY 1996</u>	<u>FY 1997</u>	<u>% Inc.</u>	<u>FY 1998</u>	<u>% Inc.</u>
University of Iowa	\$252,671,126	\$260,262,995	3.0	\$267,620,890	2.8
Iowa State University	214,349,193	220,451,795	2.8	226,156,234	2.6
University of Northern Iowa	71,673,771	74,037,708	3.3	76,324,305	3.1
Iowa School for the Deaf	6,668,097	6,799,856	2.0	6,871,797	1.1
Iowa Braille and Sight Saving School	3,701,066	3,804,123	2.8	3,784,914	1.1
Special Purpose	4,882,229	7,358,622	50.7	7,103,105	-3.5
Regional Study Centers	302,327	334,778	10.7	337,290	0.8
Board Office	1,134,215	1,170,253	3.2	1,231,624	5.2

(2) Receive the report requested by the Board on two alternatives assuming: 1) no increase in appropriations for operations and 2) no increase except to fund the State salary policy for FY 1997.

The final Board Office recommendation for FY 1997 State appropriations for the five Regent institutions (exclusive of special purpose appropriations) was \$565,356,477, an increase of 3.0 percent over FY 1996, and \$580,758,140 for FY 1998, an increase of 2.7 percent over FY 1997.

Appropriations for FY 1997 salary increases, except annualization, will be included in a separate salary adjustment bill administered by the Department of Management.

The final Board Office recommendation for FY 1997 State appropriations for the five Regent institutions, including the cost of salary increases, was \$589,186,178, an increase of 7.3 percent over FY 1996.

The final Board Office recommendation for special purpose appropriations was \$7,358,622 (+50.7 percent) for FY 1997 and \$7,103,105 (-3.5 percent) for FY 1998. The increased recommendation for special purpose appropriation funding in FY 1997 reflected the \$2,675,000 for the construction of the building to house the National Advanced Driving Simulator (NADS); when this capital project is excluded, the increase is 7.2 percent.

	<u>FY 1996</u>	<u>FY 1997</u>	<u>% Inc.</u>	<u>FY 1998</u>	<u>% Inc.</u>
Operating Budget Total <sup>1</sup>	\$549,063,253	\$565,356,477	3.0	\$580,758,140	2.7
Salary Adjustment		23,829,701		0	-100
Sub-total	\$549,063,253	\$589,186,178	7.3	\$580,758,140	-1.4
Special Purpose Total <sup>2</sup>	4,882,229	7,358,622	50.7	7,103,105	-3.5
Total Institutional	553,945,482	596,444,800	7.7	587,861,245	-1.5
Board Office	1,134,215	1,170,253	3.2	1,231,624	5.2
Regional Study Centers	302,327	334,778	10.7	337,290	0.8
Clothing and Transportation	11,232	11,232	0.0	11,232	0.0
Tuition Replacement	26,900,000	27,900,000	3.7	28,200,000	1.1
Total	\$582,293,256	\$625,961,053	7.5%	\$617,641,391	-1.3%

<sup>1</sup> Includes salary annualization for FY 1997 and 1998

<sup>2</sup> Increase in FY 1997 is primarily due to funding recommended for the construction of the building to house the National Advanced Driving Simulator (NADS).

The percentage increase in the operating appropriations of the University of Iowa and Iowa State University are similar, with the exception of the impact of additional funding for enrollment growth at the University of Iowa.

Mr. Richey reviewed the Board Office recommendations with the Regents. The annualization for salaries was added so the reduction may not appear to be great; but the real decrease from the preliminary recommendations is \$1.9 million. He said \$23.9 million was to fund the salary policy, including salary annualization.

President Pomerantz referred to the University of Iowa strategic plan to address the shortage of library materials, and asked if the proposed budget would help to mitigate that problem.

Interim President Nathan responded that he believed that both the budgets projected for this year as well as for next year would address library needs to a significant extent. There will be an increase in the budget for library acquisitions. The university also was recommended to receive funding for infrastructure to add to the technology base for the library which will increase their ability to educate users. The allocations for this year and next year, which he said were generous, will take the university a far distance along the way to a solution to library funding problems.

President Pomerantz suggested that University of Iowa officials modify the strategic plan to deal with the realities of the library funding. Interim President Nathan responded that the matter would be addressed.

Regent Dorr referred to the 3 percent aggregate growth in the operating budget for salary adjustment, and asked if it was 3 percent of the salary component of the original budget or whether the salary adjustment was on top of the existing budget.

Mr. Richey responded that salary adjustment was an addition which would actually make the increase 7.3 percent.

Regent Dorr asked whether the salary component within the FY 1996 operating budget was increased by 3 percent plus the additional salary adjustment. Mr. Richey responded that the base salaries were in the \$585 million but the 3 percent increase was not for those salaries; it was for all the programs plus price inflation. Three percent of \$549 million was the \$16 million recommended in addition to the salary increase.

Regent Dorr asked whether there was a doubling up of the adjustment. Mr. Richey responded that there was not.

President Pomerantz stated that the philosophy for the appropriation package for several years has been to ensure there are adequate appropriations for competitive salaries. In an effort to have the best faculties in the country, one of the component pieces is salaries. The first priority for appropriations requests is to make sure they have top faculty. The next priorities are for libraries and supplies necessary to teach and do research. They were trying to have first-rate facilities, faculties and supplies which was what the appropriations requests were all about. He said it was important to have that philosophy in mind. The State legislature and the Governor must make sure the appropriations address the needs of the institutions which was inherent in the tuition discussion and appropriations requests.

MOTION: Regent Pellett moved to (1) approve the Board Office recommendation of FY 1997 and FY 1998 general fund operating appropriations, as presented, and (2) receive the report requested by the Board on two alternatives assuming: 1) no increase in appropriations for operations and 2) no increase except to fund the State salary policy for FY 1997. Regent Smith seconded the motion. MOTION CARRIED UNANIMOUSLY.

(a) University of Iowa. The Board Office recommended the Board approve the Board Office recommendation of FY 1997 and FY 1998 general fund operating appropriations for the University of Iowa.

	<u>FY 1997 Recommendation</u>	<u>FY 1997 % Increase</u>	<u>FY 1998 Recommendation</u>	<u>FY 1998 % Increase</u>
<u>University of Iowa</u>				
General University	\$207,865,239	3.2	\$213,840,058	2.9
University Hospitals	30,247,747	2.9	31,203,874	3.2
Psychiatric Hospital	7,286,693	1.0	7,361,545	1.0
Hospital School	5,985,590	1.2	6,058,367	1.2
Oakdale	2,964,487	2.7	3,043,914	2.7

Hygienic Laboratory	3,385,602	2.8	3,431,547	1.4
Family Practice	2,062,696	0.1	2,215,838	7.4
SCHS CA/HE	<u>464,941</u>	<u>0.2</u>	<u>465,747</u>	<u>0.2</u>
Total	\$260,262,995	3.0	\$267,620,890	2.8

The final Board Office recommendation for State appropriation funding for FY 1997 was \$260,262,995 (3.0 percent) and FY 1998 was \$267,620,890 (2.8 percent).

The following table reflects the final FY 1997 and FY 1998 Board Office recommendation changes from the preliminary recommendation:

	FY 1997 <u>Increment</u>	FY 1998 <u>Increment</u>
Salary Annualization	\$ 626,489	\$ 662,608
General Inflation	-238,923	-252,063
Utilities Inflation	-721,335	-711,137
Building Repairs	-591,213	-591,213
Undergraduate Education	300,000	300,000
UIHC - Indigent Care Program	-500,000	-500,000
Hygienic Lab - Safety Renovation Program	30,550	0
Hygienic Lab - Enhanced Communications Program	<u>22,000</u>	<u>5,500</u>
Total	<u>-\$1,072,432</u>	<u>-\$1,086,305</u>

Inflation funding assuming price inflation of 2.5 percent except for library collections (8.5 percent) was recommended as follows:

	FY 1997 <u>Recommendation</u>	FY 1998 <u>Recommendation</u>
General	\$1,194,612	\$1,224,478
Utilities	460,218	471,723
Library	<u>561,000</u>	<u>608,000</u>
Total	<u>\$2,215,830</u>	<u>\$2,304,201</u>

Building repair funds were recommended at \$655,000 for FY 1997 and FY 1998.

Opening new building funds were recommended as follows:

	FY 1997 <u>Recommendation</u>	FY 1998 <u>Recommendation</u>
General Education Fund	\$250,000	\$ 0
UIHC	<u>0</u>	<u>\$93,586</u>
Total	<u>\$250,000</u>	<u>\$93,586</u>

The recommended funding for FY 1997 represented the cost of operating the new Pharmacy Building addition. The new Pharmacy Building addition is scheduled for full occupancy in January 1996; the recommended funding would supplement the one-half year amount which was incorporated in the FY 1996 budget. Funding recommended for the costs of opening new buildings at the University of Iowa Hospitals and Clinics include completion of two capital projects scheduled for FY 1998.

	FY 1997	FY 1998
	<u>Recommendation</u>	<u>Recommendation</u>
Undergraduate Education	\$700,000	\$700,000

Total fall 1995 enrollment at the University of Iowa of 27,597 represented an increase of 298 students (+1.1 percent); increased undergraduate enrollment of 464 students (+2.2 percent) is offset by decreased graduate enrollment of 166 students (-2.5 percent).

The additional \$300,000 over the Board Office preliminary recommendation recognized the need for enrollment growth funding due to increased fall FY 1995 enrollments.

	FY 1997	FY 1998
	<u>Recommendation</u>	<u>Recommendation</u>
Graduate Assistant Stipends & Benefits	\$350,000	\$0

In FY 1995 and FY 1996, the university was able to accomplish the first two steps of the Plan to Revitalize Graduate Education by reallocating resources and applying new appropriations and revenues. Funding in the amount of \$350,000 in FY 1997 was recommended to complete the final year of the plan; the university will match this amount with reallocations or the application of new non-appropriated revenue.

	FY 1997	FY 1998
	<u>Recommendation</u>	<u>Recommendation</u>
Minority and Economically Disadvantaged Student Access	\$200,000	\$200,000

Opportunity at Iowa's strategic plan proposes programs and initiatives to increase the pool of college bound Iowa minority and economically disadvantaged students into the next century, as well as striving to ensure that students who enroll, graduate and continue to pursue careers and/or graduate or professional degrees.

	FY 1997	FY 1998
	<u>Recommendation</u>	<u>Recommendation</u>
Child Care	\$60,000	\$60,000

Through appropriation and reallocation, the university has been able to implement several of its highest priorities including providing support for the infant and toddler care needs of graduate assistants. The recommended funding of \$60,000 for both FY 1997 and FY 1998 will expand the number of student families who can be served.

## Institutional Initiatives

	FY 1997	FY 1998
	<u>Recommendation</u>	<u>Recommendation</u>
Libraries	\$652,000	\$652,000

The addition of \$652,000 in both FY 1997 and FY 1998 was recommended for the university libraries budget in order to more fully meet critical campus informational needs.

	FY 1997	FY 1998
	<u>Recommendation</u>	<u>Recommendation</u>
Biosciences	\$500,000	\$500,000

In FY 1996, the university plans to utilize \$680,000 from new state appropriations, other revenue sources and reallocations to focus recruitment in the highest priority areas of genetics and developmental biology and neurosciences.

The funding recommendations of \$500,000 in both FY 1997 and FY 1998 will be used for the recruitment of additional faculty, professional and scientific staff, and graduate students, and purchase of start-up equipment.

	FY 1997	FY 1998
	<u>Recommendation</u>	<u>Recommendation</u>
Educational Computing and Networking	\$500,000	\$500,000

Funding in the amount of \$500,000 for both FY 1997 and FY 1998 was recommended to update and expand educational computing technologies and implement a program to sustain them at appropriate levels.

	FY 1997	FY 1998
	<u>Recommendation</u>	<u>Recommendation</u>
Primary Health Care	\$330,000	\$375,000

Funding of \$330,000 in FY 1997 and \$375,000 in FY 1998 was recommended to continue to improve the State's support for the University of Iowa's health center's primary health care initiative.

	FY 1997	FY 1998
	<u>Recommendation</u>	<u>Recommendation</u>
Indigent Patient Care Program - State Appropriation Support Shortfall	\$500,000	\$500,000

University of Iowa Hospitals and Clinics officials requested a \$2,000,000 increase in its State appropriation for FY 1997 and an additional increment of \$2,178,000 in FY 1998 to replace paying patient revenues no longer available to subsidize the Indigent Patient Care Program. At this time, University of Iowa Hospitals and Clinics' request for additional appropriation support was limited to the known shortfall in State funding for the Indigent Patient Care Program; however, when the impact of Federal budget reduction proposals of \$17 million Medicare program reimbursement revenue reduction and \$5 million Medicaid program reduction become known, University of Iowa Hospitals and Clinics officials may modify its budget request to address these additional funding shortfalls.

	FY 1997	FY 1998
University Hygienic Laboratory	<u>Recommendation</u>	<u>Recommendation</u>
Safety Renovation Program	\$30,550	\$0

The UHL occupies old facilities not designed to serve as a modern day laboratory that must meet current worker occupational health and safety rules.

	FY 1997	FY 1998
University Hygienic Laboratory	<u>Recommendation</u>	<u>Recommendation</u>
Enhanced Communications Program	\$22,000	\$5,500

This program will connect the UHL to the Iowa Communications Network (ICN) and, working with its clients, expand the capacity and increase the efficiency of the Laboratory's communications and data transmission.

	FY 1997	FY 1998
	<u>Recommendation</u>	<u>Recommendation</u>
Family Practice Expansion Program	\$0	\$150,000

The additional recommended funding of \$150,000 in FY 1998 will accommodate program expansion by a total of 10 training positions over the current complement of 181.

Interim President Nathan thanked the Board and Board Office for recognizing the University of Iowa's most important needs. He said he wished to particularly acknowledge the importance of funding for undergraduate education considering the 500+ student increase in the liberal arts student body. The university must have appropriate courses for those students, especially considering the 4-year graduation plan. He acknowledged the proposed appropriation for graduate stipends, stating that the University of Iowa was at the mid-point in the Big 10 in terms of stipends offered to its graduate students. He expressed gratitude for the proposed funding for not only inflationary pressures on the library but also infrastructure needs of the libraries. He stated that the core of the university is the library.

Interim President Nathan acknowledged the recommendation for funding of the University of Iowa biosciences initiative. He commented on the National Research Council's rankings of the university's graduate programs. He said that 20 of the graduate programs were reviewed in 1992 and again in 1994. The ranking of thirteen of those programs had increased by at least a quartile while none of the rankings had

decreased. He said it was enormously gratifying to have their efforts of the last decade acknowledged in this way, which makes clear the importance of the biosciences initiative.

University of Iowa officials submitted documentation on the implications of a zero growth budget. Interim President Nathan shared with the Regents the assumptions that were recognized as university officials underwent this exercise. He said the goal of achieving the highest quality academic programs possible cannot be compromised. Across-the-board reductions could not be envisioned for that reason. Selective program and service reductions were the only alternatives. University officials assumed the 4-year graduation plan would be continued and that very substantial internal reallocation, amounting to almost \$76 million in 1994, would be continued and accelerated.

Interim President Nathan stated that given the above assumptions and the established time frame for response, university officials were unable to identify the specific programs in the university that would be impacted by a zero growth budget. He said that doing so would require a great deal of additional study. Instead, university officials provided target estimates of the aggregate impact on the University of Iowa's appropriations. He said what became clear was that student access to university programs would be markedly curtailed. It would not be possible to continue to offer a quality undergraduate experience to the number of students currently enrolled. University officials would have to limit enrollment and ultimately reduce the student population by 1,000. There would be rather substantial layoffs of staff and faculty. He said there was no question that the goals of the strategic plan would have to be modified substantially.

Interim President Nathan said this exercise was immensely instructive, especially in anticipation of actions of the Federal government to reduce funding to the states. He said there was no question that the university would have to do what it does with lower rates of increase. They will have to be even more cost efficient and effective. He concluded by stating that he hoped university officials had been responsive to the Board's request.

Regent Collins stated that he has never looked at an entity's budget of over \$2 billion, such as that of the University of Iowa, where they were unable to find some savings from things that are there just because they were always there. Did university officials find any kind of savings along that line? He said everything seemed predicated on the basis that programs will have to be cut. There seemed to be no consideration given to rearranging faculty or dropping some things that were not really needed. Secondly, have university officials ever turned down students at any of the Regent universities because of the inability to accommodate them?

Interim President Nathan stated that the University of Iowa turned down non-residents this summer. He then addressed Regent Collins' first question. He said the university's health sciences center represented a large segment of the budget. Health sciences officials are currently involved in a draconian exercise to reduce the size of its budget each year in order to be competitive on a regional basis. With regard to the non-health components of the budget, he said that more than 85 percent was for salaries. He

stated that the University of Iowa has prospered in what, on a national basis, is a very lean resource environment. The University of Iowa has achieved quality with a thinner margin than any other university in the Big 10. In the judgment of University of Iowa officials, it would not have been responsible to just cut out a certain percent of the physical plant, residence system etc. If such a plan were necessary, the whole university community would be brought together to make those decisions. He said the responsible judgment was to share with the Regents the net effect of a zero increase base budget. He did not feel it was appropriate to pick and choose in the non-academic areas.

Regent Dorr said there was no way to dispute the desire for quality and outstanding faculty; however, a 7.3 percent budget growth was not a small amount of budget growth. He found it enlightening that institutional officials pointed out that certain things may need to be done but that it would take some time. He hoped that there would be, in conjunction with the audit, a concerted effort to determine where programs and expenditures could be curtailed, reduced or at least re-evaluated. An article in the Iowa State Daily indicated that enrollment was down and that the high cost for non-resident tuition may be a factor. A Des Moines Register poll indicated that citizens want less government expenditures. He said he was empathetic about maintaining quality undergraduate and basic research programs. However, if institutional officials do not take it upon themselves to curtail the 7 to 10 percent budget growth, they will not have any alternatives. He hoped they would at least begin to lay the groundwork for maintaining the quality of these programs before they are backed into a corner and have to gut them. He suspected that would occur if they do not take the responsibility themselves.

Regent Collins stated that University of Iowa Hospitals and Clinics officials were doing a remarkable job of cost cutting through attrition, reducing rooms, etc., in response to reductions in revenues. UIHC officials anticipated that revenues were going to be reduced. He said that effort needed to be continued and strengthened, which would create a much stronger organization.

Interim President Nathan stated that the University of Iowa's tuition continues to be the lowest in the Big 10 by a substantial margin yet it offers an undergraduate education that is among the best in the Big 10. University officials work hard to maintain quality and to provide access. He did not want the Regents to think that university officials were not as committed to cost effectiveness as were the Regents.

President Pomerantz stated that it was very difficult for university administrators to respond to the kind of request that was made of them on a unilateral basis in a short period of time, focusing on what would be cut. He said the fact that they went through the intellectual process was a meaningful step. One of the reasons that he was so strongly in support of the strategic audit was because the process helps administrators focus on areas of improvement.

With regard to reconciling tuition and quality, President Pomerantz said there were a couple of ways in which to do that, including strong participation from the people of Iowa. Iowans have an unusual and admirable ethic around quality higher education. So how can they maintain the quality with limited resources? He said the answer was to

focus. They cannot and should not be all things to all people. University officials are very good at funding and strengthening their quality programs, for which all the institutions should be commended. However, they were not yet very good at eliminating marginal programs, which they needed to do if they were going to achieve all of their goals. The Board can provide assistance in the form of strategic audits, budgeting programs, and in-depth questioning of institutional administrators. The only way the quality goals can be reached, while maintaining access for the people of Iowa, is with the tuition levels. The Regents' obligation is to make sure administrators focus programs to get the greatest benefit and quality for the people of this state. He believes they are on the path to doing that.

Regent Tyrrell said it was his impression that the strategic plans were based on the supposition that there would be a continual expansion of the institutions. The Regents need to look carefully at what they are saying to the institutions regarding the strategic plans.

President Pomerantz stated that the institutional strategic plans were based on the Regent strategic plan, which served as the original guideline. Part of the reason they were reviewing the organizational audits was because there has been some wavering. He suggested that if they allow the audits to go forward in a meaningful way, then at the end of the day they will be back on the track of achieving what was being suggested.

MOTION: The motion for this item can be found on page 199 of these Minutes.

(b) Iowa State University. The Board Office recommended the Board approve the recommendation for FY 1997 and FY 1998 general fund operating appropriations for Iowa State University.

	FY 1997 <u>Recommendation</u>	% <u>Increase</u>	FY 1998 <u>Recommendation</u>	% <u>Increase</u>
<u>Iowa State University</u>				
General University	\$164,925,361	3.4%	\$170,027,390	3.1%
Ag. Experiment Station	31,868,933	0.4%	32,006,078	0.4%
Cooperative Extension	19,391,072	1.7%	19,711,895	1.7%
Inst. Physical Research & Tech	<u>4,266,429</u>	<u>3.5%</u>	<u>4,410,871</u>	<u>3.4%</u>
Total	\$220,451,795	2.8%	\$226,156,234	2.6%

The Board Office recommendation for State appropriations for Iowa State University for FY 1997 was \$220,451,795 (+2.8 percent) and FY 1998 was \$226,156,234 (+2.6 percent). The final FY 1997 and FY 1998 Board Office recommendation reflected the following changes from the preliminary recommendation:

	FY 1997 <u>Increment</u>	FY 1998 <u>Increment</u>
Salary Annualization	\$281,577	\$216,888
General Inflation	-154,479	-162,977
Utilities Inflation	16,136	-255,249
Building Repairs	-307,402	-307,402

Opening New Buildings	-12,750	0
Community Development Infrastructure	400,000	400,000
Iowa Beef Cattle Industry Center	<u>100,000</u>	<u>100,000</u>
Total	\$323,082	-\$ 8,740

Salary annualization funding of \$281,577 was recommended for FY 1997 and \$216,888 was recommended for FY 1998.

Inflation funding assuming price inflation of 2.5 percent except for library collections (8.5 percent) was recommended as follows:

	FY 1997	FY 1998
	<u>Recommendation</u>	<u>Recommendation</u>
General	\$ 772,400	\$ 791,709
Utilities	401,124	411,153
Library	<u>437,501</u>	<u>474,689</u>
Total	\$1,611,025	\$1,677,551

Increased building repair funding was recommended at \$600,000 for both years, 9.9 percent greater than the FY 1996 budget of \$6,089,055.

	FY 1997	FY 1998
	<u>Recommendation</u>	<u>Recommendation</u>
Improving Undergraduate Education	\$400,000	\$400,000

Total fall 1995 enrollment of 24,431 represented a decrease of 297 students (-1.2 percent); although the enrollment of freshmen directly from high school has increased by 3 percent to 4 percent; undergraduate enrollment has decreased by 104 students and graduate enrollment has decreased by 193 students.

Iowa State University continues to place highest priority on strengthening undergraduate teaching, programs and services.

	FY 1997	FY 1998
	<u>Recommendation</u>	<u>Recommendation</u>
Graduate Assistants	\$300,000	\$300,000

In order to be competitive in attracting and retaining the best graduate students, Iowa State University officials desire to follow the practice that is common at many other major universities and provide full tuition scholarships for graduate students who are on assistantships of one-half time or more. Currently, Iowa State University provides such students half the cost of in-state graduate student tuition scholarships for graduate assistants who are employed by units receiving state funds.

	FY 1997	FY 1998
	<u>Recommendation</u>	<u>Recommendation</u>
Higher Education Access	\$200,000	\$200,000

The funding recommendation of \$200,000 in both FY 1997 and FY 1998 will be used for additional scholarships to attract and provide financial support for more minority

students and expanded academic support services to ensure retention and progress toward graduation.

	FY 1997	FY 1998
	<u>Recommendation</u>	<u>Recommendation</u>
Child Care	\$60,000	\$60,000

Funding of \$60,000 in both FY 1997 and FY 1998 was recommended for Iowa State University to subsidize the child care center fees for students and lower-paid Iowa State University staff whose combined family incomes fit into subsidized categories based on a sliding fee scale.

#### Institutional Initiatives

	FY 1997	FY 1998
	<u>Recommendation</u>	<u>Recommendation</u>
Healthy Livestock for Iowa	\$1,200,000	\$800,000

Iowa State University requested \$2 million funding for FY 1997 which would enable the annual funding for this initiative to reach a level of \$3 million in accordance with the university's budget request for FY 1996. The Board Office recommendation of funding of \$1,200,000 for FY 1997 and \$800,000 for FY 1998 will enable the annual funding for this initiative to reach a level of \$3 million in FY 1998.

	FY 1997	FY 1998
	<u>Recommendation</u>	<u>Recommendation</u>
Improving Iowa's Research Capacity	\$200,000	\$200,000

In FY 1997, funds will be used to replace and add staff positions (4 of which are necessary to assure accreditation for the Laboratory of Animal Resources Unit), and maintenance contracts, new equipment, supplies, and services. FY 1998 funds will be used for staff positions, maintenance contracts, new and upgrading existing equipment, supplies, and services.

#### Community Development, Economic Development, and the Environment

This initiative includes community development infrastructure, distance education, Value-Added Products Laboratory, Iowa Pork Industry Center and Iowa Beef Industry Center.

	FY 1997 <u>Recommendation</u>	FY 1998 <u>Recommendation</u>
Community Development Infrastructure	\$400,000	\$400,000

Funding was recommended in both FY 1997 and FY 1998 to use the experimental farm as a model, develop a regional planning and community development laboratory in conjunction with the initiatives of the Wallace Foundation for Rural Research and Development and Outreach Center at the Armstrong Farm near Atlantic, Iowa.

	FY 1997 <u>Recommendation</u>	FY 1998 <u>Recommendation</u>
Distance Education	\$200,000	\$200,000

The university plans to provide funds to faculty and departments on a short-term basis to develop and design a program and series of courses, thus allowing the funds to be reallocated continually across the campus as additional courses and degree programs are identified for the ICN.

	FY 1997 <u>Recommendation</u>	FY 1998 <u>Recommendation</u>
Value-Added Products Laboratory	\$250,000	\$250,000

The goal of this request is to use basic chemistry to develop new technologies for adding value to Iowa-grown crops through four initiatives.

The Board Office recommended \$250,000 in both FY 1997 and FY 1998 for personnel, equipment, and supplies and services for the four initiatives.

	FY 1997 <u>Recommendation</u>	FY 1998 <u>Recommendation</u>
ADA Compliance	\$100,000	\$100,000

Iowa State University officials completed a thorough and detailed assessment of the campus for compliance with the Americans with Disability Accessibility Guidelines for Buildings and Facilities (ADAAG) in March 1994. University officials are now developing a transition plan that includes cost estimates and a timetable for structural changes on the campus that are necessary to achieve greater program accessibility.

	FY 1997 <u>Recommendation</u>	FY 1998 <u>Recommendation</u>
Iowa Pork Industry Center	\$100,000	\$100,000

The recently-formed Iowa Pork Industry Center will help Iowans make critical decisions that will have a large impact on the future of the swine industry in Iowa. The center will bring together the research-based information that is available from around the world, prepare instructional and informational materials, disseminate the information, and educate producers, public policy makers, and the public at large.

FY 1997	FY 1998
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Iowa Beef Cattle Industry Center	<u>Recommendation</u> \$100,000	<u>Recommendation</u> \$100,000
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Iowa State University officials proposed to use the requested funds for a Beef Cattle Industry Center to help Iowans make critical decisions that will have a large impact on the future of the beef cattle industry in Iowa dealing with areas such as feed lots, use of drugs, genetics, value pricing, and the branding of products.

	FY 1997	FY 1998
Technology Transfer	<u>Recommendation</u> \$100,000	<u>Recommendation</u> \$100,000

The recommended funding of \$100,000 in both FY 1997 and FY 1998 will be used by the IPRT Center for Advanced Technology Development (CATD) in its commercialization activities to extend its services more broadly across the University.

President Jischke said he was pleased that the Board Office recommendations reflected the overall priorities of Iowa State University. Support was continued for libraries and building repair. He said he was particularly pleased for the support of the rural development initiative. He noted that this was the most restrained request the Board had been given by the Board Office during his presidency, which was perhaps appropriate in this climate. He noted that what was proposed was a request. What has actually been funded in the past five to ten years for Iowa State University was very close to an inflationary adjustment.

President Jischke commented on the two scenarios which were beyond the more traditional one that university officials had developed. He noted that Interim President Nathan's comments were excellent and that they were endorsed by him. In one scenario, the university would seek to absorb both the salary costs and the non-salary mandatory increases of the university budget, which was about \$11.3 million. He pointed out that because there would be fewer State dollars with which to operate, the amount would leverage itself to over \$20 million -- fewer students would be served meaning less tuition income. The university would have fewer faculty and staff and, therefore, less grant and contract income. Therefore, the total impact on the university would exceed \$20 million, which he said was rather significant.

Iowa State University officials, over the last 6 or 7 years, have reallocated approximately \$45 million. President Jischke said there were few universities in the country that could match that record of reallocation. He cautioned that to try to reallocate to that extent in one year would have a very dramatic impact on the university. Iowa State University officials have tried to give the Board some sense of the meaning of a \$20.2 million budget reduction. They estimated that 250 faculty and staff would be impacted and 1,600 fewer students would be served. It represented the budget of about six academic departments and three to four research centers.

President Jischke stated the impact of a \$20.2 million budget reduction would be dramatic and significant. He said the aspiration to be the best land grant university in the country would not be achievable. University officials have some discretion over roughly one-third of the budget.

President Jischke stated that Iowa State University provides an excellent education for students with a relatively lower tuition than other land grant universities. The administrative costs of Iowa State University are below national norms.

As an example that Iowa State University officials are, in fact, making progress toward greater efficiency and effectiveness, President Jischke referred to the National Research Council's report on doctoral programs in this country. He said that of the 23 Iowa State University doctoral programs that were evaluated, the ranking of 18 had improved over 5 years ago. Those programs are focused in the physical sciences and engineering.

Regent Dorr said he suspected that if the university lowered its price and was more cost effective, student enrollment may increase and overall revenues may increase, as well.

President Pomerantz suggested that it might also work the other way -- if they lower the price they may get less students. There was a quality implication in lowering prices.

MOTION: The motion on this item can be found on page 199 of these Minutes.

(c) University of Northern Iowa. The Board Office recommended the Board approve the general fund operating appropriation requests for the University of Northern Iowa of \$74,037,708 for FY 1997 and \$76,324,305 for FY 1998.

The Board Office recommendation for State appropriations for operations for the University of Northern Iowa was \$74,037,708 (3.3 percent) for FY 1997 and \$76,324,305 (3.1 percent) for FY 1998. The final FY 1997 and FY 1998 Board Office recommendation reflected the following changes from the preliminary recommendation:

	FY 1997 <u>Increment</u>	FY 1998 <u>Increment</u>
Salary Annualization	\$113,830	\$118,862
General Inflation	-48,445	-51,109
Utilities Inflation	62,885	64,457
Building Repairs	-402,000	-402,000
Service and Outreach to Iowa Industries	150,000	150,000
Distance Education	<u>100,000</u>	<u>100,000</u>
Total	-\$ 23,730	-\$ 19,790

	FY 1997 <u>Recommendation</u>	FY 1998 <u>Recommendation</u>
Salary Annualization	\$113,830	\$118,862

The Board Office recommendation for salary and benefit annualization for FY 1997 and FY 1998 included merit step increases for general service staff and related escalation of fringe benefit costs.

Inflation funding assuming price inflation of 2.5 percent except for library collections (8.5 percent) was recommended as follows:

	FY 1997 <u>Recommendation</u>	FY 1998 <u>Recommendation</u>
General	\$242,222	\$248,278
Utilities	62,885	64,457
Library	<u>120,000</u>	<u>130,000</u>
Total	\$425,107	\$442,735.

Building repair funds were recommended at \$250,000 for both years. The sum of \$375,000 was recommended in FY 1998 for the opening of the Wellness/Recreation Center.

	FY 1997 <u>Recommendation</u>	FY 1998 <u>Recommendation</u>
Improving Undergraduate Education	\$400,000	\$400,000

Total fall 1995 enrollment at the University of Northern Iowa of 12,802 represented an increase of 230 students (+1.8 percent); the increase included 180 undergraduate students and 50 graduate students.

	FY 1997 <u>Recommendation</u>	FY 1998 <u>Recommendation</u>
Higher Education Access/Diversity	\$200,000	\$200,000

Funds were recommended for FY 1997 and FY 1998 for the "Iowa Minority Academic Grant for Economic Success" (IMAGES) program. Although the university is experiencing an increase in the number of minority students with IMAGES vouchers, limited funding has reduced individual awards and the number of students receiving awards.

	FY 1997 <u>Recommendation</u>	FY 1998 <u>Recommendation</u>
Child Care	\$50,000	\$50,000

The recommended funds will be used to implement recommendations made by the University of Northern Iowa's Campus Advisory Committee on Child Care.

### Institutional Initiatives

	FY 1997 <u>Recommendation</u>	FY 1998 <u>Recommendation</u>
Professional Development for Iowa's Educators	\$500,000	\$200,000

The sum of \$500,000 was recommended for FY 1997 and \$200,000 for FY 1998 for the university to train current K-12 teachers in the use of instructional technology, with an emphasis on the ICN.

	<u>FY 1997 Recommendation</u>	<u>FY 1998 Recommendation</u>
Juvenile Justice Initiative/ Center for Study of Adolescence	\$175,000	\$0

Funds were recommended for a Juvenile Justice Initiative which would conduct research to evaluate treatment and prevention programs aimed at juvenile offenders and assess the impact of proposed policy changes.

	FY 1997	FY 1998
	<u>Recommendation</u>	<u>Recommendation</u>
Service and Outreach to Iowa Industries	\$150,000	\$150,000

The university, through the Iowa Waste Reduction Center and the Recycling and Reuse Technology Transfer Center, has provided consultation, technical assistance and technology transfer through focused applied research to Iowa industries. The work of the centers encourages environmentally-sound solutions to environmental problems; the economic competitiveness of Iowa industries would, in turn, be enhanced.

	FY 1997	FY 1998
	<u>Recommendation</u>	<u>Recommendation</u>
Distance Education	\$100,000	\$100,000

This initiative will allow the university to provide needed course work at community colleges and other sites to place-bound Iowans who are unable to be resident university students, such as currently provided in the elementary education program at Carroll.

President Koob said he was quite satisfied with the recommendations of the Board Office. University officials were pleased for the support for quality education.

President Koob addressed the zero growth aspect of the budget preparation. He stated that in observing nearly two decades of externally-imposed budget reductions on higher education institutions of all kinds, the immediate impact is a loss of productivity. If a course is pursued in which the University of Northern Iowa is to become more effective, university officials would have to carefully compare the goals at the institution with those of the Board and over a longer time frame. He said university officials cooperated with the Board's request for a review of the impact of a zero percent growth in the budget, and that he found the exercise to be less instructive than did his colleagues.

President Koob said he spoke from considerable experience in examining whether an institution can survive that type of budget reduction. It has been his observation, coming from a state that has experienced that, that even after five years of budget reductions, the administrative overhead for the institution was still a smaller fraction of the total of those of other states.

University of Northern Iowa officials provided a general response to the Board's request rather than a specific response. President Koob said he believed that any specific responses at this point in time would be unwise.

MOTION: The motion for this item can be found on page 199 of these Minutes.

(d) Iowa School for the Deaf. The Board Office recommended the Board approve the Board Office recommendation of the FY 1997 and FY 1998 general fund operating appropriations for the Iowa School for the Deaf.

The Board Office recommendation for State appropriations for operations for the Iowa School for the Deaf for FY 1997 was \$6,799,856 (+2.0 percent) and FY 1998 was \$6,871,797 (+1.1 percent). The final FY 1997 and FY 1998 Board Office recommendation reflected the following changes from the preliminary recommendation:

	FY 1997 <u>Increment</u>	FY 1998 <u>Increment</u>
Salary Annualization	\$ 10,028	\$ 9,386
General Inflation	-5,325	-5,618
Utilities Inflation	-6,405	-6,950
Building Repairs	<u>-26,865</u>	<u>-26,865</u>
Total	-\$28,567	-\$30,047

Inflation funding assuming price inflation of 2.5 percent except for library collections (8.5 percent) was recommended as follows:

	FY 1997 <u>Recommendation</u>	FY 1998 <u>Recommendation</u>
General	\$26,626	\$27,291
Utilities	4,575	4,689
Library	<u>530</u>	<u>575</u>
Total	\$31,731	\$32,555

	FY 1997 <u>Recommendation</u>	FY 1998 <u>Recommendation</u>
Building Repairs	\$26,000	\$26,000

	FY 1997 <u>Recommendation</u>	FY 1998 <u>Recommendation</u>
Technology	\$10,000	\$0

	FY 1997 <u>Recommendation</u>	FY 1998 <u>Recommendation</u>
Library	\$4,000	\$4,000

	FY 1997 <u>Recommendation</u>	FY 1998 <u>Recommendation</u>
Textbooks	\$50,000	\$0

### Vehicle Replacement Program

The Board Office recommended that the \$52,000 funding appropriated in FY 1996 to replace a school bus be retained in Iowa School for the Deaf's base budget to establish a vehicle replacement program, which will assist the school in meeting its daily and residential transportation needs safely, comfortably, and economically.

The vehicle replacement plan calls for the purchase of two mid-sized passenger vehicles and two mini-vans in FY 1997 and two suburban vans in FY 1998.

Superintendent Johnson stated that he was very pleased with the recommendations of the Board Office. Institutional officials have been focusing efforts on improving academic achievement of students during the last few years. Those efforts have started to pay off. Enrollment is up over 10 percent while staff has been reduced by over 30 percent. School officials look at ways to become more efficient that will not impact students. He said he would also be very pleased if the Governor and General Assembly would support the Board Office recommendation on vehicle replacement.

MOTION: The motion for this item can be found on page 199 of these Minutes.

(e) Iowa Braille and Sight Saving School. The Board Office recommended the Board approve the Board Office recommendation of the FY 1997 and FY 1998 general fund operating appropriations for the Iowa Braille and Sight Saving School.

The Board Office recommendation for State appropriations for operations for the Iowa Braille and Sight Saving School for FY 1997 was \$3,804,123 (+2.8 percent) and FY 1998 was \$3,784,914 (+1.1 percent). The final FY 1997 and FY 1998 Board Office recommendation reflected the following changes from the preliminary recommendation:

	FY 1997 <u>Increment</u>	FY 1998 <u>Increment</u>
Salary Annualization	\$ 9,957	\$ 7,258
General Inflation	-2,498	-2,635
Utilities	-2,505	-2,680
Building Repairs	<u>-15,495</u>	<u>-15,495</u>
Total	-\$10,541	-\$13,552

Salary annualization funding of \$9,957 was recommended for FY 1997 and \$7,258 was recommended for FY 1998.

Inflation funding assuming price inflation of 2.5 percent except for library collections (8.5 percent) was recommended as follows:

	FY 1997 <u>Recommendation</u>	FY 1998 <u>Recommendation</u>
General	\$12,489	\$12,802
Utilities	3,131	3,210
Library	<u>480</u>	<u>521</u>
Total	\$16,100	\$16,533

	FY 1997 <u>Recommendation</u>	FY 1998 <u>Recommendation</u>
Building Repairs	\$17,000	\$17,000

Building repair increases were recommended at \$17,000 for each year which was a 97.1 percent increase over the FY 1996 budget of \$17,500.

	FY 1997 <u>Recommendation</u>	FY 1998 <u>Recommendation</u>
Replace Accounting System	\$60,000	\$0

One-time funding of \$60,000 in FY 1997 was recommended for the purchase of a new accounting system for the school.

#### Vehicle Replacement Program

The Board Office recommended that the \$52,000 funding appropriated in FY 1996 to replace a school bus be retained in Iowa Braille and Sight Saving School's base budget to establish a vehicle replacement program; these funds will be used to replace another high mileage school bus in FY 1997 and two suburban vans in FY 1998.

Superintendent Thurman expressed appreciation for the support of the Board Office. He stated that special education is unlike other education. Students in special education are covered by IEPs. The courts have repeatedly upheld that an IEP is a contract. The IEP states expected outcomes for each student in very specific terminology which the school has to base on the amount of people it has to deliver

services. From no other source than personnel can the school guarantee students' accomplishments. He said it was also nearly impossible to change an IEP once it is in place.

Superintendent Thurman stated that special education students have very specific safety, health and welfare needs which are dictated by students' abilities. He described a day this summer on which he went with summer school students to Adventureland. One student in particular required constant supervision. He stressed that safety and well being of their students requires people. In addressing a loss of money, it was not the teaching services which would be the primary concern. They will have to address the number of students who can be safely supervised in the school's environment. He asked that the Regents not think of this exercise in terms of the budget for Iowa Braille and Sight Saving School but rather as the resources that can be brought to bear on the students. He said 87 percent of the school's budget is for salaries.

MOTION: The motion for this item can be found on page 199 of these Minutes.

(f) Special Purpose Appropriations. The Board Office recommended the Board approve the Board Office recommendation of FY 1997 and FY 1998 special purpose appropriations.

	FY 1996 <u>Budget</u>	FY 1997 <u>Recomm.</u>	FY 1998 <u>Recomm.</u>
University of Iowa	\$2,731,144	\$5,175,540	\$4,987,971
Iowa State University	2,151,085	2,083,082	2,115,134
Lakeside Laboratory		100,000	
Total All Institutions	<u>\$4,882,229</u>	<u>\$7,358,622</u>	<u>\$7,103,105</u>
 Total Wallace Technology Foundation	 \$ 856,000	 \$ 856,000	 \$ 856,000

The final FY 1997 and FY 1998 Board Office recommendation reflected the following changes from the preliminary recommendation:

- o The increased funding for the National Advanced Driving Simulator (NADS) reflected the \$2,675,000 recommended in FY 1997 and FY 1998 for construction of the NADS building.
- o The doubling in funding for the State of Iowa Cancer Registry reflected an effort to place it in a more competitive range with other registries of the National Cancer Institute's (NCI) Surveillance, Epidemiology, and End Results (SEER) Program, in order to avoid its elimination.
- o Consistent with the Lakeside Laboratory's goal of upgrading all living, teaching and laboratory facilities, one-time funding of \$100,000 was recommended for FY 1997 for infrastructure improvements.

Additional information concerning the amount of funding recommended for specific items can be found in the docket memorandum for this item.

MOTION: The motion for this item can be found on page 199 of these Minutes.

(g) Regional Study Centers. The Board Office recommended the Board approve the Board Office recommendation of general fund operating appropriation requests of \$334,778 for FY 1997 and \$337,290 for FY 1998 for the regional study centers.

The Board Office recommendation for the State of Iowa appropriation for the regional study centers was \$334,778 (10.7 percent) for FY 1997 and \$337,290 (.8 percent) for FY 1998. The final FY 1997 and FY 1998 Board Office recommendation reflected the following changes from the preliminary recommendation:

	<u>FY 1997</u>	<u>FY 1998</u>
General Inflation	-\$489	\$-999
Southwest Iowa Regents Resource Center	30,000	*

\* Includes funds for a computer laboratory and increased staffing.

Recommended State of Iowa appropriation amounts for FY 1997 and FY 1998 were as follows:

Center	FY 1996 Iowa Appropriation	FY 1997 Recommended Amount from State of Iowa	FY 1998 Recommended Amount from State of Iowa
Quad-Cities Graduate Study Center	\$154,278	\$155,665	\$157,087
Tri-State Graduate Study Center	74,511	74,957	75,414
Southwest Iowa Regents Resource Center	73,538	104,156	104,789
TOTAL	\$302,327	\$334,778	\$337,290

Included was a 2.5 percent general inflationary cost increase, based on the Iowa share of the centers' non-personnel costs.

The FY 1997 recommendation for the Southwest Iowa Regents Resource Center includes \$20,000 to develop a small computer laboratory and provide an Internet connection, and \$10,000 to increase the coordinator position from .5 FTE to .67 FTE.

The FY 1998 recommendation for the Southwest Iowa Regents Resource Center retained the \$20,000 used to fund the computer laboratory and Internet connection in FY 1997; these funds will become a part of the center's operating budget base and will increase the positions of the coordinator and secretary (currently .6 FTE ) to approximately .87 FTE each.

MOTION: The motion for this item can be found on page 199 of these Minutes.

(h) Board Office Budget for Fiscal Years 1997 and 1998. The Board Office recommended the Board approve the Board Office request for the FY 1997 and FY 1998 general fund operating appropriation.

The requested budget for the Board Office for fiscal year 1997 reflected a 1.72 percent increase in total expenditures and a 3.18 percent increase in appropriations. The proposed budget included increases for annualization of salaries and two and one-half percent increase for price inflation; \$12,535 was included for updating office automation necessary to meet the responsibilities of the staff in working with the institutions on a day-to-day basis.

The request for additional staff in the Business and Finance unit was deferred until fiscal year 1998.

An appropriation increase of \$14,841 was requested for the FY 1997 budget as a partial reinstatement of the \$30,000 appropriated funds in FY 1996 that were mistakenly deleted during the 1995 Session.

The FY 1996 miscellaneous receipts declined due to a reduction on SPRE reimbursable expenses; however, it was necessary for the Board to make up the \$30,000 with additional institutional support.

The budget request for FY 1998 proposed the addition of a Business and Finance analyst position at a cost of approximately \$44,050 annually including supporting expenses of \$1,000, two and one-half percent price inflation and \$10,000 for continued technology upgrades for the Board Office.

The FY 1998 recommendation added an appropriation increase of \$15,159, to reinstate the total of \$30,000 cut in the appropriation during the 1995 Session.

The FY 1996 budget included the following programs financed from Federal and institutional funds:

- o Eisenhower/Title II is \$17,915 which included salary and benefits of \$9,225 and other expenses of \$8,690.
- o Facilities Officer is \$88,800, salary and benefits \$81,135 and other expenses totaling \$7,675.
- o Affirmative Action Officer \$93,093 for FY 1996 including an early retirement amount for FY 1996 of \$9,155.

The budgets for the Facilities Officer and the Affirmative Action Officer are a part of the University of Iowa budgets. FY97 funding for the Eisenhower/Title II is pending in Congress and will not be known until a later date.

MOTION:

The motion for this item can be found on page 199 of these Minutes.

**REPORT ON BUDGET PRIORITIES FOR FISCAL YEARS 1997 AND 1998.** The Board Office recommended the Board approve the priorities for twenty-five percent of each institution's adjusted base operating appropriations to fulfill State statutory requirements for budget development for FY 1997 and FY 1998.

The State of Iowa requires by statute (Chapter 8.23 Iowa Code) that each institution develop modified base budgets for FY 1997 and for FY 1998, assuming that appropriations are reduced by 25 percent from the FY 1996 base budget level.

The 75 percent base is built back by the institutions to the FY 1997 and FY 1998 request of the Board with a series of identified decision packages listed in priority sequence. The amounts of the 75 percent base, 25 percent restoration and FY 1996 appropriation for the Regent institutions are as follows:

	<i>75% Base</i>	<i>25% Restoration</i>	<i>FY 1996 Appropriation</i>
University of Iowa*	\$189,503,345	\$ 63,167,781	\$252,671,126
Iowa State University*	\$160,761,895	\$ 53,587,298	\$214,349,193
University of Northern Iowa	\$ 53,755,328	\$ 17,918,443	\$ 71,673,771
Iowa School for the Deaf	\$ 5,001,073	\$ 1,667,024	\$ 6,668,097
Iowa Braille & Sight Saving	\$ 2,775,800	\$ 925,266	\$ 3,701,066
<b>TOTAL APPROPRIATIONS</b>	<b>\$411,797,441</b>	<b>\$137,265,812</b>	<b>\$549,063,253</b>

\*excludes Special Purpose Appropriations

Each institution described the impact of the 25 percent reduction and established priorities for restorations of the 25 percent reduction to appropriations at the FY 1996 level.

**MOTION:** Regent Kennedy moved to approve the priorities for twenty-five percent of each institution's adjusted base operating appropriations to fulfill State statutory requirements for budget development for FY 1997 and FY 1998. Regent Mahood seconded the motion. **MOTION CARRIED UNANIMOUSLY.**

**FIVE-YEAR CAPITAL PLANS.** The Board Office recommended the Board (1) approve the Board Office recommendation of \$289,756,000 for the five-year general fund capital program for FY 1997- FY 2001 and (2) approve the five-year capital program of \$76,355,000 for the University of Iowa Hospitals and Clinics.

The Board Office recommendation was more realistic in terms of available revenue than the institutional requests which totaled \$428,755,000. For comparison purposes, for the period FY 1990 through FY 1995 projects totaling more than \$152 million were authorized by the Governor and General Assembly.

General Fund Capital Program FY 1997 - FY 2001

The Board Office recommendation was for a general fund plan of \$289,756,000 to be financed by appropriations or bonding. The only change from the Board Office preliminary recommendation presented in July 1995 was the transfer of the National Advanced Driving Simulator (NADS) building to the special purpose budget category.

The recommendation for the NADS building funds was moved back to the special purpose appropriation in the operating budget since NADS has historically been reported as a special purpose appropriation. The transfer of the funding recommendation to the capital request created misunderstanding and concern by constituencies of the universities. It was anticipated that funding for the NADS will be considered by the Governor and General Assembly separately from the capital program of the Board of Regents because the program is contingent upon Federal participation.

In addition to the recommended general funds, the sum of \$80,325,000 from other fund sources will help finance the recommended projects.

All state agencies must submit five-year capital project priority plans to the Legislative Capital Projects Committee no later than November 1 of each year. The Board is required by statute to submit a five-year building program to the General Assembly at the beginning of each legislative session.

The Board Office recommendations focused on academic/instructional facilities; they identify and provide for critical needs related to the missions of each institution. Major remodeling is emphasized and a high priority is placed on environmental health and safety and deferred maintenance.

The institutional total general fund requests and Board Office recommendations for FY 1997 - FY 2001 were as follows:

<u>Institution</u>	<u>Total Request</u>	<u>Total Recommendation</u>
SUI	\$164,790,000	\$115,440,000
ISU	146,110,000	106,320,000
UNI	106,500,000	61,700,000
ISD	10,403,000	5,644,000
IBSSS	<u>952,000</u>	<u>652,000</u>
Total	\$428,755,000	\$289,756,000

In some cases, funding was recommended in a fiscal year different than the year in which it was requested. The recommended amounts differ in some instances from the amounts requested.

University of Iowa officials requested State funding of \$52,600,000 for Bio-Medical Research and Education over the five-year period; State funding of \$27,000,000 was recommended.

Iowa State University requested \$22,000,000 in FY 1997 and \$9,320,000 in FY 1999 for the Engineering and Teaching Research Complex; the recommendation was for \$11,000,000 in FY 1997 and \$20,320,000 in FY 1999. The Board Office recommendation for State funding for the two phases of this project was consistent with past university requests.

Deferred maintenance funding was reduced from a total request of \$75,583,000 for the five-year period to a recommendation of \$33,276,000. Fire safety and deferred maintenance items will also be incorporated into the major remodeling projects recommended for funding.

It was recommended that utility projects at the University of Iowa be funded from other than State appropriations for that purpose.

Lower priority institutional projects were to be deferred into the out years.

Approval of the five-year capital program did not constitute approval of specific projects but was an estimate of future capital needs.

University of Iowa Hospitals and Clinics Five-Year Capital Program, FY 1997 - FY 2001

The Board Office recommended the University of Iowa Hospitals and Clinics' requested five-year plan of \$76,355,000 to be financed with patient-generated revenues. The proposed projects were summarized by type as follows:

New Construction	\$ 37,747,000
Remodeling/Renovation	31,154,000
Fire and Environmental Safety	<u>7,454,000</u>
Total	\$ 76,355,000

All projects listed on the plan will be brought forward for specific project approval by the Board.

Regent Tyrrell asked when the Regents would receive the report on deferred maintenance. Mr. Richey responded that the Regents would be presented with the report in November.

Regent Tyrrell asked whether steady improvement had been made in addressing deferred maintenance. Mr. Richey responded affirmatively, noting that special effort had been made by institutional officials.

MOTION: Regent Newlin moved to (1) approve the Board Office recommendation of \$289,756,000 for the five-year general fund capital program for FY 1997-FY 2001 and (2) approve the five-year capital program of \$76,355,000 for the University of Iowa Hospitals and Clinics. Regent Collins seconded the motion. MOTION CARRIED UNANIMOUSLY.

**CAPITAL REQUESTS FOR FISCAL YEARS 1997 AND 1998.** The Board Office recommended the Board (1) approve the Board Office recommendations for general fund capital budget requests of \$77,465,000 for FY 1997 and \$51,710,000 for FY 1998, and (2) approve tuition replacement appropriation requests of \$27,900,000 for FY 1997 and \$28,200,000 for FY 1998 with the understanding that FY 1997 needs will be reassessed by November 15, 1995.



## FY 1997 and FY 1998 General Fund Capital Budget Requests

The Board Office general fund recommendations for capital improvement projects total \$77,465,000 for FY 1997 and \$51,710,000 for FY 1998. The institutions requested general funds of \$106,833,000 for FY 1997 and \$94,662,000 for FY 1998 for capital improvements.

The only change from the Board Office preliminary recommendations presented in July 1995 was the transfer of the National Advanced Driving Simulator (NADS) building to the special purpose budget category. The recommendation for these funds was moved to the special purpose appropriation in the operating budget since NADS has historically been reported as a special purpose appropriation. The transfer of the funding recommendation to the capital request created misunderstanding and concern by constituencies of the universities. It was anticipated that funding for the NADS would be considered by the Governor and General Assembly separately from the capital program of the Board of Regents because the program is contingent upon Federal participation.

The recommended program for FY 1997 was quite optimistic in terms of the amount of funding available. However, most of the recommended projects have received some funding support from the Governor and the General Assembly or permission to proceed with project planning has been given by the Board.

Fire safety and deferred maintenance needs were given major attention in the recommended program. The highest priorities were the recommendations of \$2.2 million each year for fire and environmental safety and \$3.1 million each year for deferred maintenance. Additional fire safety and deferred maintenance needs were to be incorporated into the following major remodeling projects recommended for funding:

SUI	Biological Sciences Renovation
SUI	Engineering Modernization
UNI	Lang Hall (Auditorium) Remodel
ISU	Gilman Hall Addition - HVAC & Fume Hoods
UNI	Physics Building Remodel

New construction and renovation projects recommended are detailed on Table 1 (page 227 of these Minutes).

		(\$ Thousands)	
		FY 1997	FY 1998
		<u>Recom.</u>	<u>Recom.</u>
	School of Music Classroom Building /		
UNI	Performing Arts Center	\$ 7,100	
ISU	Intensive Livestock Research Facilities	17,640	9,000
SUI	Biological Sciences Renovation/Addition	17,160	
ISU	Engineering Teaching and Research Complex	11,000	
SUI	Engineering Modernization	16,225	
SUI	Bio-Medical Research and Education	2,000	25,000
UNI	Lang Hall (Auditorium) Remodel	1,000	9,100
ISU	Gilman Hall Addition - Systems Upgrade		3,000
UNI	Physics Building Remodel		300

Projects requested but not recommended for funding in FY 1997 or FY 1998 include:

University of Iowa

Power Plant Steam and Electric  
 Power Plant Ash Silo  
 Water Plant Well  
 Substation L Improvements  
 Chemistry Building Remodel  
 North Campus CWP Expansion

Iowa State University

Livestock Units for Swine and Cattle Research

University of Northern Iowa

Steam Distribution System Replacement, Phase I  
 Steam Distribution System Replacement, Phase II  
 McCollum Science Hall Addition  
 East Gym (planning)

Iowa School for the Deaf

Recreation Complex

Many of these projects were included in the outyears (FY 1999 - FY 2001) of the Board Office recommendations for the five-year general fund capital priority plan.

Tuition Replacement Appropriation

The recommendation for FY 1997 totalled \$27,900,000; the recommendation for FY 1998 was \$28,200,000. The FY 1996 tuition replacement appropriation was \$27,400,000; as of September 1995, FY 1996 expenditures were estimated at \$26,898,128.

The FY 1996 education appropriation bill requires the Board of Regents, Department of Management and Legislative Fiscal Bureau to determine and agree upon, by November 15, 1995, the amount that needs to be appropriated for tuition replacement for the fiscal year beginning July 1, 1996.

Board Office staff will be working with the Department of Management and Legislative Fiscal Bureau to refine the FY 1997 estimate during fall 1995.

The Board's financial advisor, Springsted, Inc., projects tuition replacement needs for each campus based on known debt service obligations and the universities' estimates of investment earnings.

The tuition replacement appropriation request may require modification due to changing interest rates, or speed of construction draws among other factors.

**MOTION:** Regent Tyrrell moved to (1) approve the Board Office recommendations for general fund capital budget requests of \$77,465,000 for FY 1997 and \$51,710,000 for FY 1998, and (2) approve tuition replacement appropriation requests of \$27,900,000 for FY 1997 and \$28,200,000 for FY 1998 with the understanding that FY 1997 needs will be reassessed by November 15, 1995. Regent Mahood seconded the motion. **MOTION CARRIED UNANIMOUSLY.**

**ANNUAL REPORT ON ENERGY CONSERVATION.** The Board Office recommended the Board receive the report and encourage the institutions to continue to pursue actively energy conservation measures and other methods to control energy costs.

Board of Regents institutions have significantly reduced their energy consumption on a BTU per gross square foot basis since FY 1979, the peak consumption year. Consumption has declined more than 16 percent per gross square foot at the University of Iowa and the University of Northern Iowa and more than 39 percent at Iowa State University from FY 1979 to FY 1995.

The reductions are even more impressive than the data show since there has been a growth in the installation of energy consuming research equipment, desk-top personal computers, and air-conditioning equipment.

In 1989 engineering analyses of the Regent facilities were undertaken to identify energy conservation measures (ECMs) to reduce energy consumption and control energy costs. To date more than \$12.9 million (1995 dollars) have been spent on these identified projects, saving more than \$3.1 million annually (1995 dollars).

Additional identified projects should be undertaken if they are cost effective and feasible.

Potential residence hall system ECMs should be reviewed since relatively few of the identified projects have been completed; savings which result from completion of these projects can help minimize future residence hall rate increases.

There are a number of energy conservation measures yet to be completed at the University of Iowa Hospitals and Clinics: the UIHC five-year plan includes energy conservation projects totaling almost \$5 million.

Other ECMs not identified in the 1989 studies have been completed either as part of renovation projects or separately.

To control energy costs the institutions also contract for fuel at the lowest cost, use the least cost fuel if there is a choice, and schedule air handling units around class schedules.

Regent Dorr asked if the annual report on energy conservation was still mandated by statute. Associate Director Racki responded affirmatively.

Regent Dorr stated that if this governance report was essential and provided good information, that was fine; however, if it resulted from the energy crisis and was of no continued value, then this matter should be re-evaluated.

MOTION: Regent Newlin moved to receive the report and encourage the institutions to continue to pursue actively energy conservation measures and other methods to control energy costs. Regent Collins seconded the motion. MOTION CARRIED UNANIMOUSLY.

**TIAA/CREF RETIREMENT OPTIONS.** The Board Office recommended the Board (1) Approve proposed changes in the Board of Regents' TIAA/CREF retirement plan that permits transferability at time of retirement to an approved vehicle which administers the assets in conformance with Regents policies. (2) Approve proposed changes in the Board of Regents' TIAA/CREF retirement plan that permits those who have separated from the Regents institutions to be governed by the rules of the institution by which they are currently employed and/or from which they retired. (3) Approve the modification of the current cashability provision in the retirement plan so that:

- (a) Distribution is allowed for up to one-third of the retirement accumulation which is attributable to the employee's contribution.
  - (b) Distribution, which ordinarily begins at age 62 or older, is allowed to occur upon entry into a retirement incentive agreement.
- (4) Approve the development of an additional early retirement option to offset the impact of the elimination of mandatory retirement coupled with the need for a differently trained mix of faculty and staff for presentation to the Board in December 1995.

- (5) Approve the implementation of a study by the institutions to begin to review the existing Board of Regents early and phased retirement programs by July 1, 1996, in order to determine if these programs should be extended beyond their current expiration date of June 30, 1997.

The proposed policy would allow retiring participants in the Board of Regents TIAA/CREF retirement plan to transfer accumulations to an approved carrier which would administer the assets in conformance with Regents policies. Approval of the policy would allow those employees who have separated from the Regents institutions to transfer their TIAA/CREF retirement accumulations to the employing institution and be governed by the rules of that institution.

Employees would be allowed to distribute up to one-third of the retirement accumulation coupled with an educational program advising faculty and staff on how to arrange a rollover of the funds to an Individual Retirement Account (IRA). The policy change would permit this distribution to occur upon entry into a retirement incentive agreement at an age earlier than the current threshold age of 62.

Approval of the policy would allow the development of an additional retirement option which will be presented to the Board in December 1995 to offset the impact of the elimination of mandatory retirement and the need for a differently trained mix of faculty and staff. This option might include an enhanced set of retirement inducements which would be available for only a brief period of time (a window plan).

In the last two years, 188 faculty and staff have retired under the Board's early retirement program. As mandated by the Age Discrimination in Employment Act (ADEA) mandatory retirement at age 70 was eliminated as of December 31, 1993.

Currently, there are 23 faculty aged 70 or older employed at the three universities.

Regent Dorr asked if the proposal would allow a retiree to roll over into another approved retirement account both the employee's contribution and that of the institution. Mr. Richey responded affirmatively.

Regent Newlin asked if an individual had a choice on the transferability. Mr. Richey responded that the individual did, within approved policy.

MOTION: Regent Kennedy moved to approve the recommended action as outlined on page 232 of these Minutes. Regent Smith seconded the motion. MOTION CARRIED UNANIMOUSLY.

**POLICY ON DONATION OF ANNUAL LEAVE FOR CATASTROPHIC ILLNESS.** The Board Office recommended that the Board approve the following policy and its addition to the Board of Regents Procedural Guide:

CATASTROPHIC ILLNESS POLICY

POLICY: Eligible employees may donate accrued vacation leave to another eligible employee for use as sick leave during a catastrophic illness or injury. Eligible employees are nonorganized faculty and staff who accrue vacation.

This contribution to an employee is converted to sick leave and used for a catastrophic illness or injury when the employee has exhausted all the sick leave, vacation, converted sick leave and compensatory time to which that employee is otherwise entitled and has not yet satisfied the waiting period for long-term disability benefits.

DEFINITION OF CATASTROPHIC ILLNESS OR INJURY: "Catastrophic illness or injury" means an illness and injury resulting in a medical condition for which a physician has certified the condition is likely to result in a loss of 30 or more work days.

ELIGIBILITY: All nonorganized faculty and staff who accrue vacation and are eligible for long-term disability coverage are eligible to receive donations provided that they meet the standard and provide the certification as set forth in item 2 above, have exhausted all paid leave and are not receiving any other supplemental payments (e.g., worker compensation or long-term disability).

RELATIONSHIP TO POLICY UNDER COLLECTIVE BARGAINING AGREEMENTS: Nonorganized faculty and staff covered by this policy are able to contribute vacation to and to receive vacation from those covered by collective bargaining agreements, which contain reciprocal catastrophic illness policies.

Leave can only be transferred between employees in the same Regents institution.

Leave shall be donated in increments of one hour or more.

Leave shall be calculated and distributed in actual hourly dollars.

The total leave donations received by an employee shall not exceed the amount necessary to cover the long-term disability waiting period.

Each Regent institution will develop a process by which eligible faculty and staff members may make the contributions provided in this policy.

The policy would allow nonorganized faculty and staff who earn vacation to donate leave to employees, either nonorganized or AFSCME-covered, who have a qualifying catastrophic illness and have exhausted all their leave. The vacation leave donated would be placed in the recipient's sick leave account and could not be returned to the donating employee.

Donated leave may be used up until the time the recipient has satisfied the waiting period for long-term disability coverage.

Nine-month faculty, since they do not accrue vacation, are not eligible to receive donations.

Employees in AFSCME bargaining units have been able to donate vacation to other AFSCME employees with catastrophic illnesses since the 1993-95 agreement was effective. The provision remains in the 1995-97 contract.

Since the option was available to AFSCME employees, only 14 employees have received donated leave at Regent institutions.

Approval of the policy would allow similar treatment of eligible employees covered by the AFSCME agreement and those not covered by the collective bargaining agreement.

Individual departments within the institutions would calculate the hourly salary/wage costs between the donating and receiving employees.

Mr. Richey stated the Board Office recommended that monetary equivalents be transferred in dollars, and not time.

Regent Pellett asked how the Regents' policy differed from the State's policy. Mr. Richey responded that the State has no employees who cannot earn vacation. Twelve-month Regent faculty do earn vacation versus 9-month faculty who do not earn vacation.

Regent Collins asked how often the Board Office expected this policy to be used. Mr. Richey responded that he did not expect the policy to be used overwhelmingly but that the Regents would have to wait to see how the pattern of usage will change.

Regent Pellett referred to the language in the proposed policy concerning the loss of "30 or more work days", and asked if those were consecutive work days. Director Williams responded affirmatively, noting that a normal work month would be 21 work days, not counting the weekend.

Regent Pellett asked how the policy would apply to an employee who is trying to fulfill his/her obligations of employment by working 1/2 days a couple of days per week, for example. Are those employees then not covered under this proposed policy?

Director Williams responded that the employee has to have exhausted all of his/her accrued vacation, sick leave, etc. The policy is designed to assist employees until they are eligible for long-term disability.

Mr. Richey stated that the issue of an employee who has utilized all his/her leave but is trying to work on a part-time basis had not been specifically addressed. The matter would be looked into and reported back to the Board.

President Pomerantz stated that the proposed policy addresses a catastrophic situation where an employee has used up their earned vacation and sick leave, and before the catastrophic coverage takes effect.

Regent Dorr asked whether the long-term disability program for non-contract covered employees was different than that for other State employees.

Vice President Madden responded that the long-term disability programs all pay a certain percentage of an employee's gross salary.

President Jischke stated that the policy allows employees who are not ill to contribute to employees who are.

Mr. Richey stated that the value of the donating employee's vacation time is transferred, not the number of hours; an employee cannot give more than they are making.

MOTION: Regent Tyrrell moved to approve the proposed policy, as recommended. Regent Pellett seconded the motion. MOTION CARRIED WITH REGENT DORR OPPOSED.

**BOARD OFFICE PERSONNEL TRANSACTIONS.** The Board Office recommended the Board ratify the Register of Personnel Transactions which included the following item:

Accept the early retirement of ROGER MAXWELL, EEO Compliance Officer, effective October 1, 1995.

MOTION: Regent Pellett moved to ratify personnel transactions, as presented. Regent Mahood seconded the motion. MOTION CARRIED UNANIMOUSLY.

President Pomerantz asked Roger Maxwell to come forward, which he did. He stated that Mr. Maxwell was retiring as Affirmative Action Compliance Officer for the Board of Regents after serving for 26 years. President Pomerantz invited Mrs. Maxwell and their four children who were also in the audience to come forward, which they did. President Pomerantz presented Mr. Maxwell with certificates of appreciation from the Board of Regents and the Governor, on behalf of the entire state.

Compliance Officer Maxwell thanked President Pomerantz and the Board for the recognition. He also expressed appreciation for the richness of his experience working for Iowa's Regent system.

**ANNUAL REPORT OF EARLY AND PHASED RETIREMENT.** The Board Office recommended the Board (1) receive reports from the institutions on the operation of the PHASED AND EARLY RETIREMENT programs in 1994-95, (2) establish a present value rate of 5.52 percent for lump sum payout under the EARLY RETIREMENT program for fiscal year 1996; and (3) direct that the institutions and Board Office conduct a study of the current EARLY AND PHASED RETIREMENT programs which expire on June 30, 1997, to determine if they should be continued, modified, or eliminated. Study is to be presented to the Board of Regents in March 1996.

During fiscal year 1995, there were 26 new entrants into the PHASED RETIREMENT program. Total cost of incentives for PHASED RETIREMENT program participants was \$524,618.

The difference between the total compensation received by the participants and the total compensation that would have been received if they had remained full time was \$1,259,995. The net saving realized was \$735,377.

Since its inception in 1982, 254 employees have participated in PHASED RETIREMENT with 63 still active.

New entrants into the PHASED RETIREMENT program for the last five years is as follows:

Fiscal year 1991	28
Fiscal year 1992	15
Fiscal year 1993	18
Fiscal year 1994	18
Fiscal year 1995	26

In fiscal year 1995, 113 faculty and staff members at the five institutions and Board Office participated in the EARLY RETIREMENT program.

Significant reductions were made in the benefits received in the program at the beginning of fiscal year 1993. Participation since fiscal year 1992 is as follows:

Fiscal year 1992	323 (last year of original policy)
Fiscal year 1993	52 (first year of policy with reduced benefits)
Fiscal year 1994	75
Fiscal year 1995	113

Since the inception of the program in 1986, 1,114 employees have chosen this retirement option.

Savings result when employees who elect EARLY RETIREMENT are either not replaced or replaced at lower salaries. 113 employees chose EARLY RETIREMENT in fiscal year 1995. 60 were replaced at lower salaries. 40 were not replaced. 6 were replaced at a higher salary; 7 at the same salary. An estimated saving of \$1.9 million was realized from future salary obligations over the period of time these 113 individuals will be in the program.

Over the past three years, the institutions have estimated the savings over the period of time the early retirees are in the EARLY RETIREMENT program at \$18 million. Most of the estimated savings is due to the fact that over 50 percent of the employees who retired under the early retirement program were not replaced.

Participants in the EARLY RETIREMENT program may elect to have the value of all or part of their future benefits paid in a lump sum. These payments are discounted.

For fiscal year 1995, the Board approved a present value discount rate of 4.81 percent which is the average of rates earned on 90-day and one-year Treasury Bills. The rate of

5.52 percent was recommended for fiscal year 1996 which is the average of July 1 rates earned on 90-day and one-year Treasury Bills.

MOTION: Regent Tyrrell moved to approve the recommended action, as outlined on page 237 of these Minutes. Regent Mahood seconded the motion. MOTION CARRIED UNANIMOUSLY.

**APPOINTMENTS TO COMMITTEES AND ORGANIZATIONS.** The Board Office recommended the Board approve the committee appointments recommended by President Pomerantz, as presented.

The resignation of Regent Melissa Johnson-Matthews and the appointment of Aileen Mahood to the Board necessitated changes in appointments to committees and organizations on which members of the Board serve. In addition, a new Strategic Planning Oversight Committee was created by the Iowa Coordinating Council for Post-High School Education. President Pomerantz was requested to designate persons to represent the Board on that important committee.

University of Iowa officials suggested that the liaison function with the University Hospitals be broadened to include the clinical enterprises in the College of Medicine for the purpose of effective communication. The Board would continue to act in its customary capacity as the Board of Trustees for University Hospitals. The addition of the clinical enterprises will encourage communication to the Board through its representatives on a structured basis. President Pomerantz recommended that the liaisons be the President and the Executive Director of the Board by virtue of their offices. The full Board will be kept fully informed by either or both of those two officers.

MOTION: Regent Pellett moved to approve the committee appointments recommended by President Pomerantz, as presented. Regent Tyrrell seconded the motion. MOTION CARRIED UNANIMOUSLY.

**APPEALS TO BOARD OF REGENTS. (a) Two Faculty and One Student.** The Board Office recommended (1) that the Board deny the request of the two faculty members for review of final institutional decisions and (2) that the Board deny the request of a student for a review of a final institutional decision.

Note: The Board had before it CONFIDENTIAL MEMORANDUMS and supporting documents in this matter.

The faculty members' request for a review of a final institutional decision was before the Board pursuant to the Board of Regents Procedural Guide, Section 2.07 as further explained by Section 4.25. The faculty members were appealing the decision of the institution with respect to the denial of promotion and tenure.

The student's request for review of a final institutional decision was before the Board pursuant to the Board of Regents Procedural Guide, Section 2.07. The student was

appealing the decision of the institution with respect to disciplinary action taken by the university against the student.

The Board Office and Attorney General's Office reviews of the documents submitted by the persons seeking review and the university relative to these matters concluded that the process and conclusion were consistent with pertinent laws and regulations and were substantially in compliance with policies and procedures of the Board and the university.

The Board Office recommended that the Board, based on the records before it, deny the request of the appellants to review the final institutional decisions. The Board's decision in these matters represents the final agency action for which the faculty members and student may seek judicial review as permitted by law.

MOTION: Regent Newlin moved (1) that the Board deny the request of the two faculty members for review of final institutional decisions and (2) that the Board deny the request of a student for a review of a final institutional decision. Regent Collins seconded the motion. MOTION CARRIED UNANIMOUSLY.

(b) Employee. The Board Office recommended that the Board affirm the decision of the president and deny the appeal on the basis of the record.

This was an appeal of an institutional decision to deny an employee's charges of discrimination against the employee's supervisor. The appeal was reviewed by the Attorney General's Office and it was recommended that the appeal be denied based on the record before the Board of Regents.

MOTION: Regent Dorr moved to affirm the decision of the president and deny the appeal on the basis of the record. Regent Mahood seconded the motion. MOTION CARRIED UNANIMOUSLY.

**VENDORS WITH POTENTIAL CONFLICT OF INTEREST.** The Board Office recommended that the Board approve the requests of:

- (1) Iowa State University to add Jaspering Electric to the list of approved vendors with a potential conflict of interest; and
- (2) Iowa State University to add Greg Johnson to the list of approved vendors with a potential conflict of interest.

Jaspering Electric is an electrical contracting business. Donald Jaspering, sole proprietor of Jaspering Electric, is the spouse of Marcia Jaspering, an information clerk in the Registrar's Office at Iowa State University. Marcia Jaspering does not have an active role in the business decisions of Jaspering Electric and has no influence or job responsibilities related to the awarding of contracts for projects at Iowa State University.

Greg Johnson provides custom hay baling. Greg Johnson is the spouse of Kay Johnson, a secretary in the College of Education at Iowa State University. Kay Johnson is not involved in her husband's business and has no influence or job responsibilities related to bid processing for forage handling at Iowa State University.

MOTION:

Regent Collins moved to approve the requests of: (1) Iowa State University to add Jaspering Electric to the list of approved vendors with a potential conflict of interest; and (2) Iowa State University to add Greg Johnson to the list of approved vendors with a potential conflict of interest. Regent Dorr seconded the motion, and upon the roll being called, the following voted:

AYE: Collins, Dorr, Kennedy, Mahood, Newlin, Pellett, Pomerantz, Smith, Tyrrell.

NAY: None.

ABSENT: None.

MOTION CARRIED UNANIMOUSLY.

**REVISION OF ADMINISTRATIVE RULES, APPLICATION FEES.** The Board Office recommended the Board approve final adoption of changes to Chapter 1, "Admission Rules Common to the Three Universities," of section 681, Board of Regents, of the Iowa Administrative Code.

In July, the Board approved submitting a Notice of Intended Action to amend the Board of Regents' Administrative Rules. The amendment removes the specific dollar amount necessary as application fee for admission to the Regent universities and replaces the specific amount with the phrase "in the amount approved by the Board of Regents."

The Notice of Intended Action was published August 16 in the Iowa Administrative Bulletin and was open for public comment. No written comments were received; nor were comments received during the public hearing on September 7.

The Administrative Rules Review Committee of the legislature reviewed the proposed amendments on September 13 and asked that the amount of the fee be listed in the Administrative Rules. The amendments were changed to read "with a \$20 application fee for U.S. citizens or permanent residents and a \$30 application fee for foreign students."

The Board was asked to complete the amendment procedure to the Administrative Rules. This action was undertaken because of a recent change in the fee by the Board and the need to bring congruity between the fee and its reference in Administrative Rules.

MOTION:

Regent Newlin moved to approve final adoption of changes to Chapter 1, "Admission Rules Common to the Three Universities," of section 681, Board of Regents, of the Iowa Administrative Code.

Regent Tyrrell seconded the motion. MOTION CARRIED UNANIMOUSLY.

**ADOPTION AND EMERGENCY FILING OF AN AMENDMENT TO THE ADMINISTRATIVE RULES ON DISASTER LEAVE AND DELETION OF OLYMPIC COMPETITION LEAVE.** The Board Office recommended the Board (1) approve proposed changes in Section 681 of the Iowa Administrative Code and (2) approve filing changes with Administrative Rules Review Committee.

The 1995 General Assembly in Senate File 106 approved a new category of leave for State employees. This leave referred to as “disaster leave” would allow employees who are certified by the American Red Cross as Disaster Service Volunteers to participate in disaster relief services in Iowa at the request of the American Red Cross.

The General Assembly also has rescinded the provision for Olympic competition leave. The current Regents Merit System administrative rule allowing for Olympic competition leave will be replaced with the rule implementing Senate File 106 allowing for disaster leave.

These amendments will be filed and adopted as emergency rules with the Administrative Rules Review Committee.

MOTION: Regent Newlin moved to (1) approve proposed changes in Section 681 of the Iowa Administrative Code and (2) approve filing changes with Administrative Rules Review Committee. Regent Collins seconded the motion. MOTION CARRIED UNANIMOUSLY.

**AFFILIATED ORGANIZATIONS REPORTS.** The Board Office recommended the Board receive reports on the following affiliated organizations:

- a. Iowa Measurement Research Foundation (SUI)
- b. Stanton Memorial Carillon Foundation (ISU)

The annual reports and financial information of the organizations presented in this report are on file at the Board Office.

ACTION: These reports were received by consent.

**BOARD MEETINGS SCHEDULE.** The Board Office recommended the Board approve the Board Meetings Schedule.

October 18-19, 1995	University of Northern Iowa	Cedar Falls
November 15-16	Iowa State University	Ames
December 13-14	Hotel Fort Des Moines	Des Moines
January 17, 1996	Telephonic	
February 21-22	University of Iowa	Iowa city
March 20-21	University of Northern Iowa	Cedar Falls

April 17-18	Iowa State University	Ames
May 15 (p.m.)	Iowa Braille and Sight Saving School	Vinton
May 16	University of Iowa	Iowa City
June 19-20	University of Northern Iowa	Cedar Falls
July 17-18	Iowa State University	Ames
September 18-19	University of Iowa	Iowa City
October 16-17	University of Northern Iowa	Cedar Falls
November 20-21	Iowa State University	Ames
December 11	To be Determined	Des Moines

ACTION: The Board Meetings Schedule was approved, by consent.

President Pomerantz 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, September 20, 1995.

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

Register of Personnel Changes for June and July 1995.

In accordance with the Board of Regents Procedural Guide, Section 4.22, approve the commissioning of MICHAEL A. HANKS and CHARLES D. GREEN as special security officers. Both individuals have successfully completed training at the Iowa Law Enforcement Academy.

MOTION: Regent Pellett moved to ratify personnel transactions, as presented. Regent Mahood seconded the motion. MOTION CARRIED UNANIMOUSLY.

**PROFESSIONAL AND SCIENTIFIC CLASSIFICATION SYSTEM.** The Board Office recommended that the Board approve the addition of a new classification within the Professional and Scientific Classification System of the University of Iowa: Environmental Compliance Manager, pay grade 15 (\$49,535 - \$87,475).

The proposed position is in pay grade 15 with a salary range of \$49,535 to \$87,475. The proposed position will be responsible for ensuring the university's compliance with growing numbers of Federal and State environmental regulations.

Currently, the responsibility for monitoring the university's compliance with the many Federal and State environmental regulations has been shared by several different individuals.

Vice President True stated that the request was for a critical position in the Business and Finance office and would report to him. He hoped to fill the position as rapidly as possible.

MOTION: Regent Tyrrell moved to approve the addition of a new classification within the Professional and Scientific Classification System of the University of Iowa: Environmental Compliance Manager, pay

grade 15 (\$49,535 - \$87,475). Regent Dorr seconded the motion. MOTION CARRIED UNANIMOUSLY.

**STRATEGIC PLANNING PROGRESS REPORT.** The Board Office recommended the Board receive a progress report on strategic planning at the University of Iowa.

The progress report on college planning provided a summary of the differences between the 1989/90 and 1995 strategic plans of the colleges and selected other first- level planning units.

Development of a "new plan" is on hold pending the arrival of a new permanent president and review of strategic planning as a part of the organizational audit.

The College of Business Administration has significantly altered its primary strategic planning goals. The new plan emphasizes: 1) enrollment growth (since enrollments are now at a much lower level and graduate increases appear to be attainable with well-organized student recruiting efforts), 2) better curriculum integration, 3) specialized programs only in areas of particular faculty strength, and 4) research pre-eminence in a small set of areas and excellence in all critical areas.

The College of Liberal Arts' plan focuses on goals that will contribute to achieving the level of excellence to which the faculty aspires: a diverse, high quality faculty of sufficient size; a diverse, high quality student body; excellence in teaching and learning; and improved infrastructure to support the teaching and research missions of the college. This plan incorporates some of the important objectives from the previous plan that have not yet been accomplished, but in large part it consists of new objectives and strategies, as the college met many of the objectives it set for itself in its earlier plan. Completely new are a more comprehensive mission statement, a limitation to four goals, and a greater emphasis on improvements in teaching and learning.

The College of Education's new strategic plan reorients the college significantly by 1) stressing that it is a professional college, since most of those it trains will become teachers and other types of educational practitioners; recognizing that 2) the reorganization has worked and requires little further attention; 3) the college must build on successes in the areas of research and scholarship, program excellence, teaching, and professional partnerships; and 4) fewer (than nine) major goals will help focus the college's aspirations.

The College of Engineering has completed a draft of a new plan. The college's long-term aspiration has been modified to add "with selected areas in which the college holds a leading position nationwide"--because, given the small college size, in order to gain national visibility the college needs to build on highly selective areas of strength. The college needs at least a few programs that are on everyone's short list of premier programs in the nation, regardless of size. A new section on long-term growth potential was also added to the plan. No other public engineering college rated among the top ten in the nation has an FTE less than 100.

The Graduate College's 1995 strategic plan is predicated upon a much more comprehensive and realistic assessment of environmental assumptions; the number of goals was reduced from 10 to 5; there is increased emphasis upon retention, graduation and successful movement into career paths for minority and other underrepresented students recruited to Iowa graduate programs; and there is increased emphasis upon the contribution of the graduate program to the state of Iowa, as well as to the region, the nation, and the world.

The mission statement for the University Libraries was revised to reflect an increased emphasis on providing access to information regardless of where it may be found (locally or remotely), to reflect the staff of the libraries' increasing important leadership role on both the state-wide and national levels, and to reflect more directly the libraries' teaching mission in support of an information-literate academic community and general citizenry.

Acting President Nathan stated that Associate Provost John Folkins had assumed responsibility for monitoring the strategic plan process and was available to answer questions or provide comments.

President Pomerantz suggested that the Regents be provided with a presentation next month at which time they could discuss the plan in more depth. Acting President Nathan agreed to do so.

**ACTION:** President Pomerantz stated the Board deferred this item until the October Board of Regents meeting.

### **PROGRESS REPORT ON ENHANCEMENT OF UNDERGRADUATE EDUCATION.**

The Board Office recommended the Board hear the presentation on the "Enhancement of Undergraduate Education at the University of Iowa."

The presentation showed the way in which Iowa's investment in undergraduate education is helping a sample of individual students achieve their goals. Topics of in the presentation included: Undergraduate Research Assistant Program, Opportunity at Iowa, the arts, the four-year plan and combining of academic advising, internship training, and placement services.

Interim Provost Becker stated that the Regents would be presented with experiences of five students who had taken advantage of some of the opportunities at the University of Iowa. He introduced Jeanne Pugh, a senior from Ames, who was in the honors program.

Ms. Pugh stated that one of the reasons she came to the University of Iowa was because of encouragement from the university to come as an open major, and to use GERs to explore what she wanted to do. Ms. Pugh decided to become a global studies major. She said that through the honors program she has been given a lot of opportunities. She has had the opportunity to work with the honors teaching practicum. She was on the search committee for an international studies vice president. Her internship was done in the Peace Corps in Washington, D. C. She will be working on her honors thesis this fall. She said she has been able to work with many faculty on

campus who have had diverse experiences. Teachers go out of their way to find opportunities for students once they know of students' interests.

Interim Provost Becker introduced Pete Diebel from Florida, noting that Pete was born at UIHC.

Mr. Diebel invited the Regents to stop by the Java House, which would not have been possible without the entrepreneurship program at the University of Iowa. He described the entrepreneurship program and what it has meant to him. He joined the entrepreneurship program while in the undergraduate college. University of Iowa students from various majors are invited to join the entrepreneurship program. The mixing of majors creates a much better experience. Technology is brought into the learning experience. He noted that one student was offered a job after interviewing an entrepreneur. Mr. Diebel interviewed an entrepreneur. Before the interview was over he could feel the passion this man has for what he does with his life.

Mr. Diebel stated that he is from Winter Park, Florida. He has friends who attend college in Florida and Texas; none of them have experienced anything like the entrepreneurship program at the University of Iowa. He was glad that Iowa is in the forefront.

Interim Provost Becker introduced Regina Muhl, a senior majoring in biomedical engineering. He noted that Ms. Muhl was from Mount Pleasant where she attended Van Allen Elementary School.

Ms. Muhl stated that she had an internship opportunity as an undergraduate research associate in biomedical engineering. After working in the laboratory for a semester, the professor asked her to be a teaching assistant for an engineering course, which led to an internship with General Motors in Michigan. She said she did not think she could have gotten all of these experiences at any other university.

Interim Provost Becker introduced Shawn Hingtgen from Cedar Rapids.

Mr. Hingtgen stated that he is an undergraduate scholar assistant involved in a program called vox blast which was written at the University of Iowa. Through the use of visual aids he demonstrated for the Regents what he has actually done while working with a professor in the laboratory.

Interim Provost Becker stated that every once in while after sitting in meetings all day he goes out and talks to undergraduates to remind himself what this is all about. He then introduced Traevana Potter-Hall, a second year student in the College of Law.

Ms. Potter-Hall read the essay that gave her the opportunity to study at the University of Iowa. She said she has done many of the same things the other students had spoken about. She described her home life with a crack-addicted mother; where she started from and where she is now. She said she represented the human face of the university. The doors have always been open to her.

Interim President Nathan said he echoed Dr. Becker's sentiment that the students are what the university is all about. He said it was impossible to conceive of a great university that does not have a great undergraduate program. Research universities offer extraordinary opportunities for undergraduates. He expressed great pride in the five young people who had just spoken, and in the university's ability to offer them the experiences they had described.

President Pomerantz thanked the students and university officials for the presentation. He said this was indeed what it was all about and about which they need be reminded of from time to time. These presentations are very meaningful.

**ACTION:** President Pomerantz stated the Board received the presentations, by general consent.

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

## PERMISSION TO PROCEED WITH PROJECT PLANNING

### Chilled Water Expansion

University officials requested permission to proceed with project planning for two chilled water expansion projects. The university initiated a central chilled water system on the campus in 1973. A major impetus for the project was to provide central chilling to the University Hospitals and Clinics and a number of health sciences buildings under construction at that time. Studies show central chilling to be cost effective by not duplicating multiple pieces of equipment in each building, conserving building space and reducing maintenance, labor and energy costs.

The university recently completed a major campus-wide chilled water study, conducted by Black and Veatch, which provides a 20-year plan for future expansion of the system. The two chilled water expansion projects presented at this time were consistent with the recommendations of that study.

### Expansion of the East Campus Chilled Water Distribution System

This project will extend the east campus chilled water distribution system to the area of the English-Philosophy Building and the Library. Both of these buildings have dedicated chilled water systems which are at the end of their useful lives and in need of repair or replacement. The cost of this expansion was expected to exceed 1 million. University officials wish to proceed with the project at this time in order to provide reliable air conditioning service to these critical facilities before the 1996 cooling season begins.

### Expansion of the West Campus Chilled Water Plant

This project will provide additional chilled water production on the west campus to supply the Pomerantz Family Pavilion and facilities with dedicated systems in need

of replacement. The project, the cost of which is expected to exceed \$1 million, will provide for mechanical improvements to the West Campus Chilled Water System to increase its output. The additional chilled water service will be needed on the west campus in 1996.

#### Hillcrest Residence Hall--Renovate Secondary Electrical System

University officials requested permission to proceed with project planning to address deficiencies in the secondary (interior) electrical service of Hillcrest Residence Hall. University officials wish to begin renovation of the secondary (interior) electrical system which is expected to exceed \$1 million. The project will be funded by Dormitory Improvement Reserves.

#### APPROVAL OF PROGRAM STATEMENTS AND DESIGN DOCUMENTS

#### University Hospitals and Clinics--A Family Care Center

It is critical for University Hospitals to develop the capacity to expand its primary care programs. The Family Care Center will meet these requirements by providing a multidisciplinary setting for outpatient primary care services.

The project will finish approximately 55,000 gross square feet of shell space on the lower level of the Pomerantz Family Pavilion to accommodate the functional requirements of the Family Care Center. Approximately 37,000 gross square feet of this space will accommodate the ambulatory care clinics and patient care support functions, and 13,000 gross square feet will be developed to serve the faculty and staff office and conference and teaching needs of the Department of Family Practice. Another 5,000 gross square feet will serve as general circulation needs on this level of the pavilion.

#### PROJECT DESCRIPTIONS AND BUDGETS

University Hospitals and Clinics--A Family Care Center \$11,558,750  
Source of Funds: University Hospitals Building Usage Funds

#### Preliminary Budget

Construction	\$ 9,455,000
Architectural/Engineering Support	685,500
Planning and Supervision	472,750
Contingency	<u>945,500</u>
 TOTAL	 <u>\$ 11,558,750</u>

University officials requested approval of the project budget in the amount of \$11,558,750. The work to be accomplished includes finishing of existing shell space; installation of mechanical, electrical, HVAC and fire protection systems; construction of walls, partitions and doors; installation of ceiling, wall and floor finishes and hospital casework. Estimates for finishing the 55,000 square feet of interior space range from

\$82 to \$126 per square foot depending on the type of space to be finished. These costs are comparable to construction costs for similar recent projects at University Hospitals.

The project will also include construction of a vehicular canopy to provide shelter for patients as they access the Center, installation of an air handling unit and a chiller to support air conditioning requirements, and the landscaping of an exterior building courtyard. The canopied entrance will be served with completion of the Pomerantz Family Pavilion Main Entrance Drop-Off Drive project.

University Hospitals and Clinics--Code Compliant Exit Passageway and Elevator Vestibule--Carver Pavilion      \$383,400

Source of Funds: University Hospitals Building Usage Funds

Preliminary Budget

Construction	\$ 307,000
Architectural/Engineering Support	30,700
Planning and Supervision	15,000
Contingency	<u>30,700</u>
TOTAL	<u>\$ 383,400</u>

University officials requested approval of a project description and budget to reroute a portion of the main corridor exit passageway on the first floor of the Carver Pavilion. The project will create two new fire/smoke elevator vestibules in order to comply with current National Fire Protection Association codes. The project will also include the relocation or modification of corridor lighting, air handling systems, and new corridor signage.

University Hospitals and Clinics--Radiation Oncology \$335,100

Simulator Remodeling

Source of Funds: University Hospitals Building Usage Funds

Preliminary Budget

Construction	\$ 269,800
Architectural/Engineering Support	24,800
Planning and Supervision	13,500
Contingency	<u>27,000</u>
 TOTAL	 <u>\$ 335,100</u>

University officials requested approval of a project description and budget for renovation and structural modifications to accommodate the installation of a replacement treatment simulator in University Hospitals Radiation Oncology Treatment Center. The project will permit the replacement of the existing 17 year old simulator which has become unreliable, technologically outmoded and increasingly expensive to maintain.

Hillcrest Residence Hall--Replace Primary Electrical Service \$908,700

Source of Funds: Utility Enterprise Improvement and Replacement Fund

Preliminary Budget

Construction	\$ 772,000
Design, Inspection and Administration	
Consultants	46,000
Architect/Engineering Services	13,700
Contingencies	<u>77,000</u>
 TOTAL	 <u>\$ 908,700</u>

University officials presented the project description and budget in the amount of \$908,700 for Board approval. The project will replace the two-phase high voltage supply with three-phase high voltage service compatible with the balance of the campus electrical system. Work will include the installation of new cable and ductbank, two 1,500 KVA transformers, and 480 volt transformers and ductbank adjacent to the building.

Arts Campus--Parking Lot 55 Expansion

\$374,004

Source of Funds: Parking Improvement and Replacement Funds and  
Income from Treasurers' Temporary Investments

Preliminary Budget

Construction	\$ 291,000
Design, Inspection and Administration	
Consultants	50,304
Architect/Engineering Services	3,700
Contingencies	<u>29,000</u>
TOTAL	<u>\$ 374,004</u>

University officials requested approval of a project description and budget to construct approximately 124 new parking spaces in the area directly west of Clapp Recital Hall. This project is necessary to replace parking which will be displaced by construction of the Levitt Center for University Advancement. The project will also provide additional parking to support the new building.

Bowen Science Building--Diabetes Research Laboratory Remodeling

\$292,700

Source of Funds: College of Medicine Earnings

Preliminary Budget

Construction	\$ 231,300
Design, Inspection and Administration	
Consultants	5,800
Architect/Engineering Services	32,500
Contingencies	<u>23,100</u>
TOTAL	<u>\$ 292,700</u>

University officials requested approval of a project description and budget to remodel approximately 2,200 square feet of space in the 5-500 core of the Bowen Science Building to provide laboratory space for diabetes research. The project will include: 1) removal of laboratory casework, walls, mechanical and electrical systems, 2) installation of partitions, doors, finishes, and laboratory casework, 3) minor repainting of the casework to be reinstalled, 4) installation of sinks and utility outlets, 5) connection of new ductwork to existing HVAC systems, and 6) installation of new lighting, panels, and electrical wiring.

University officials presented the following amended project budgets for Board approval.

Schaeffer Hall--Remodeling and Renewal

Original Budget \$8,938,000  
Amended Budget

\$8,938,000

Project Budget

	<u>Original Budget May 1995</u>	<u>Amended Budget Sept. 1995</u>
Construction	\$ 6,390,400	\$ 6,390,400
Design, Inspection, and Administration		
Consultants	742,000	742,000
Architectural/Engineering Services	290,300	290,300
Utility Extensions	704,000	704,000
Asbestos Abatement	56,000	56,000
Art in State Buildings	40,300	40,300
Contingencies	<u>715,000</u>	<u>715,000</u>
 TOTAL	 <u>\$ 8,938,000</u>	 <u>\$ 8,938,000</u>
 Source of Funds:		
Academic Building Revenue Bonds	\$ 7,945,305	\$ 7,945,305
Building Renewal	992,695	642,695
1996 Capital Infrastructure Fund		
Appropriation	<u>                    </u>	<u>350,000</u>
 TOTAL	 <u>\$ 8,938,000</u>	 <u>\$ 8,938,000</u>

University officials requested approval of an amended project budget to reflect modifications to the source of funds, which included the addition of funding from a capital appropriation.

Gilmore Hall Remodeling

Original Budget \$1,257,400

Amended Budget \$1,257,400

Project Budget

	Original Budget <u>May 1995</u>	Amended Budget <u>Sept. 1995</u>
Construction	\$ 1,005,900	\$ 1,005,900
Design, Inspection, and Administration		
Consultants	92,550	92,550
Architectural/Engineering Services	58,350	58,350
Contingencies	<u>100,600</u>	<u>100,600</u>
TOTAL	<u>\$ 1,257,400</u>	<u>\$ 1,257,400</u>

Source of Funds:

Building Renewal and Income from Treasurer's Temporary Investments	\$ 1,184,400	
Building Renewal		\$ 600,000
Income from Treasurer's Temporary Investments		196,400
Danforth Foundation	29,000	29,000
Gifts to the University	44,000	44,000
1996 Capital Infrastructure Fund Appropriation		<u>388,000</u>
TOTAL	<u>\$ 1,257,400</u>	<u>\$ 1,257,400</u>

University officials requested approval of an amended project budget to reflect modifications to the source of funds, which included the addition of funding from a capital appropriation and the distribution of building renewal and Treasurer's Temporary Investments funds.

\* \* \* \* \*

University officials reported nine new 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. Included was one project at the President's Residence, as follows:

President's Residence--Interior Repairs and Improvements \$16,000  
Source of Funds: Building Renewal

Preliminary Budget

Construction	\$ 15,700
Design, Inspection and Administration	100

Contingencies 200

TOTAL \$ 16,000

University officials requested approval of a project description and budget in the amount of \$16,000 for general repairs and improvements to the President's Residence to prepare the facility for re-occupancy. Work will include wall repairs and painting, fireplace screening, floor repairs, repairs to the third floor bathroom and replacement of the front door.

\* \* \* \* \*

#### ARCHITECT/ENGINEER AGREEMENTS

##### Campus Fiber Optic Network--Phase B

\$330,000

MIS Labs, Watertown, WI

University officials requested approval to enter into a second agreement with MIS Labs to provide schematic design and cost estimates for the remaining 66 buildings to be included in the network. The agreement provides for a fee of \$330,000, including reimbursables.

University officials also requested approval of agreements for engineering services for three individual Campus Fiber Optic Network projects, as follows:

##### Campus Fiber Optic Network - Project 3

\$126,484

Shive-Hattery Engineers and Architects, Iowa City, Iowa

University officials requested approval of an agreement with Shive-Hattery Engineers and Architects to provide engineering services for Project 3 of the Campus Fiber Optic Network which includes connections to Old Capitol, Macbride Hall, Seashore Hall, Phillips Hall, and Van Allen Hall. The agreement provides for a fee of \$126,484 including reimbursables.

##### Campus Fiber Optic Network - Project 5

\$183,167

MIS Labs, Watertown, WI

University officials requested approval of an agreement with MIS Labs to provide engineering services for Project 5 of the Campus Fiber Optic Network which includes connections to the Engineering Building, Medical Laboratories, Eastlawn and the Bowen Science Building. The agreement provides for a fee of \$183,167, including reimbursables.

##### Campus Fiber Optic Network - Project 6

MIS Labs, Watertown, WI

\$275,299

University officials requested approval of an agreement with MIS Labs to provide engineering services for Project 6 of the Campus Fiber Optic Network which includes connections to the Medical Education Building, Van Allen Hall, and the Dental Science Building. The agreement includes engineering services to the Medical Research Center in Project 6 as well as full-time resident engineering services. A budget revision will be forthcoming to include these services and updated construction costs. The agreement provides for a fee of \$275,299, including reimbursables.

Hillcrest Residence Hall--Renovate Secondary Electrical System

\$115,800

Alvine and Associates, Omaha, NE

University officials requested approval to enter into an agreement with Alvine and Associates to provide design services to upgrade the secondary (interior) electrical service to Hillcrest Residence Hall. The agreement provides for a fee of \$115,800, including reimbursables.

Arts Campus--Parking Lot 55 Expansion

\$44,904

Shive-Hattery Engineers and Architects, Iowa City, Iowa

University officials requested approval to enter into an agreement with Shive-Hattery Engineers and Architects to provide engineering services and construction documents for the construction of new parking spaces near Clapp Recital Hall. Shive-Hattery will employ Michael Van Valkenburgh Associates as a sub-consultant to facilitate compliance with the arts campus master plan. The agreement provides for a fee of \$44,904, including reimbursables.

University Hospitals and Clinics--O.R. Suite Support Facility \$42,450  
Mechanical/Electrical Equipment  
Hansen Lind Meyer, Iowa City, Iowa

University officials requested approval to enter into an agreement with Hansen Lind Meyer to provide preliminary design services for the installation of headend air handling and associated electrical equipment for operating room suite support space. The project will provide heating, ventilation and air conditioning to an area that is currently served by an alternate air handling system or no system at all. The agreement provides for a fee of \$42,450, including reimbursables.

University Hospitals and Clinics--Pomerantz Family Pavilion \$35,000  
Main Entrance Drop-Off Drive  
Hansen Lind Meyer, Iowa City, Iowa

University officials requested approval of an agreement with Hansen Lind Meyer to provide design services for the project. The agreement provides for a fee of \$35,000, including reimbursables.

Schaeffer Hall--Remodeling and Renewal--Utilities \$41,080  
Shive-Hattery Engineers and Architects, Iowa City, Iowa

University officials requested approval to enter into an agreement with Shive-Hattery Engineers and Architects to provide design services and construction observation for the utility connections and the portion of the Campus Fiber Optic Network, Project 2 involving the Pentacrest. The inclusion of the fiber optic connection in this contract will result in cost savings for both the utilities and the fiber optic projects. The agreement provides for a fee of \$41,080, including reimbursables.

University Hospitals and Clinics--UIHC Comprehensive Exterior Signage \$27,500  
Between John Pappajohn Pavilion and Pomerantz Family Pavilion  
Hansen Lind Meyer, Iowa City, Iowa

University officials requested approval to enter into an agreement with Hansen Lind Meyer to provide preliminary design services for a comprehensive signage plan to include the University Hospitals exterior, Emergency Treatment Center, Pomerantz and Pappajohn Pavilions, and directions to interstate highways. The project will enhance patient and visitor exterior wayfinding to University Hospitals. The sign upgrades are necessitated by roadway improvements in the vicinity of the Pappajohn and Pomerantz Family Pavilions. The agreement provides for a fee of \$27,500, including reimbursables.

Biomedical Research and Education Building and Related Capital Planning  
for the Health Sciences Center  
Payette Associates, Boston, Massachusetts, and Baldwin White Architects, Des Moines, Iowa

The Architect Selection Committee recommended the selection of Payette Associates and Baldwin White Architects to provide design services for the project. All of the firms

interviewed had impressive credentials and extensive national-level experience with projects similar to the Biomedical Research project. The Payette Associates/Baldwin White Architects association was thought to have a narrow advantage over the other well-qualified firms.

Expansion of East Campus Chilled Water Distribution System  
Expansion of the West Campus Chilled Water Plant  
 Black and Veatch, Kansas City, KS

University officials requested approval to negotiate agreements with Black and Veatch to provide preliminary design services for both projects. The university will return to the Board for approval of the negotiated agreements.

Amendments:

Water Plant--Sludge Dewatering Improvements Amendment #1 \$89,540  
 Howard R. Green Company, Des Moines, Iowa

University officials requested approval of Amendment #1 in the amount of \$89,540 which will provide construction administration and observation services, which were not included in the original agreement. Amendment #1 will not result in an increase in the project budget.

Multi-Tenant Facility, Oakdale Research Park--Remodel for Transgenic Facility \$11,024.00  
 CPMI, Inc., Des Moines, Iowa

Institutional Roads--UIHC Emergency Drive \$8,237.50  
 Shive-Hattery Engineers and Architects, Iowa City, Iowa

Institutional Roads--South Grand Avenue Improvements \$2,046.00  
 Shive-Hattery Engineers and Architects, Iowa City, Iowa

CONSTRUCTION CONTRACTS

Gilmore Hall Remodeling \$904,200.00  
 Award to: Hillebrand Construction of the Midwest, Davenport, Iowa  
 (6 bids received)

Art Building--Correct Fire Safety Deficiencies, West Wing \$388,200.00  
 Award to: McComas-Lacina Construction Company, Iowa City, Iowa  
 (1 bid received)

Medical Research Center--Correct Fire Safety Deficiencies \$321,006.00  
 Award to: McComas-Lacina Construction Company, Iowa City, Iowa  
 (2 bids received)

Library Area Master Plan--North Pedestrian Walkway and South Plaza Developments--South Parking Lot \$140,774.53

Award to: Metro Pavers, Inc., Iowa City, Iowa  
(3 bids received)

Art Building--Correct Fire Safety Deficiencies, West Wing--  
Asbestos Abatement

\$42,130.00

Award to: Enviro Safe Air, Sioux City, Iowa  
(3 bids received)

## CHANGE ORDERS TO CONSTRUCTION CONTRACTS

Pharmacy Building Addition

Mid-America Construction Company of Iowa, Iowa City, Iowa

Change Order #15 \$128,574

Change Order #16 \$221,549

University officials requested approval of Change Orders #15 and #16 to the agreement with Mid-America Construction Company which were necessitated by new regulations. Change Order #15 in the amount of \$128,574 will provide for the addition of process control data collection points necessary for continuous quality validation to the control system. Change Order #16 in the amount of \$221,549 will cover increased costs for a purified water system resulting from the addition of purification equipment and storage capacity, and modification of the distribution system from a standard design plastic system to a recirculating stainless steel system with very precise design and construction specifications as required by the FDA.

## ACCEPTANCE OF COMPLETED CONSTRUCTION CONTRACTS

Phillips Hall Remodeling

McComas-Lacina Construction Company, Iowa City, Iowa

West Campus Chilled Water Plant--Final Phase--Ceramic Cooling Tower  
Tower Engineering, Fort Worth, TX

Medical Education Building--Upgrade Research Laboratories

Selzer-Werderitsch Construction Company, Iowa City, Iowa

University Hospitals and Clinics--CSS and Processed Stores Relocation--Material  
Services Staff Restroom

McComas-Lacina Construction Company, Iowa City, Iowa

Burge Hall--Replace Windows, First and Fourth Houses

Swanson Glass, Des Moines, Iowa

Multi-Tenant Facility--Oakdale Research Park--Remodel for Transgenic Facility

Meisner Electric, Newton, Iowa

University Hospitals and Clinics--A Multi-Disciplinary Rehabilitation Center an Expanded  
Orthopaedic Clinic with Radiology and an Orthopaedic Faculty Office Suite

Merit Construction, Cedar Rapids, Iowa

University Hospitals and Clinics--Replace East Carver Pavilion Roof  
Iowa Falls Roofing of Cedar Rapids, Cedar Rapids, Iowa

University Hospitals and Clinics--General Hospital Sprinkler Installation--Phase A  
Blackhawk Automatic Sprinklers, Waterloo, Iowa

Burge Hall--Replace Windows, First and Fourth Houses  
Swanson Glass, Des Moines, Iowa

Biology Building--Animal Quarters Renovation  
McComas-Lacina Construct Company, Iowa City, Iowa

Multi-Tenant Facility--Oakdale Research Park, Remodel for Transgenic Facility  
Denis Della Vedova, Albia, Iowa

University Hospitals and Clinics--Urodynamics Suite Development and Urology Clinics Remodeling  
McComas-Lacina Construction Company, Iowa City, Iowa

MOTION: Regent Tyrrell moved to approve the university's capital register, as presented. Regent Newlin seconded the motion. MOTION CARRIED UNANIMOUSLY.

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

University officials requested approval to enter into a new lease as lessor with Oakdale Systems for its use of 857 square feet of business incubator space at the Technology Innovation Center at the Oakdale Research Park at the rate of \$428.50 per month (\$6 per square foot, \$5,142 per year) for a one-year period.

University officials requested approval to renew a lease as lessor with Bio-Research Products, Inc., for its use of 800 square feet of business incubator space at the Technology Innovation Center at the Oakdale Research Park at the rate of \$1,066.67 per month (\$16 per square foot, \$12,800 per year) for a one-year period.

University officials requested approval of an amendment to its lease as lessee with Mercy Health Center, Dubuque, Iowa, reflecting the relocation of the space used for the Child Health Specialty Clinic and the addition of 208 square feet, for a total of 436 square feet at the rate of \$181.67 per month (\$5 per square foot, \$2,180 per year) for a 16-month period.

University officials requested approval of an amendment to its lease as lessee with the United Way of Central Iowa, Des Moines, Iowa, reflecting the addition of 1,005 square feet of space for use by the School of Social Work at the rate of \$998 per month (\$11.92 per square foot, \$11,976 per year) for an eight-month period.

University officials requested approval to enter into a new lease as lessee with Towncrest Investment Associates for the university's use of 2,200 square feet of office space located in Iowa City, Iowa, to be utilized by University Hospitals for the Johnson County Blood Program at the rate of \$2,383.33 per month (\$13 per square foot, \$28,600 per year) for a one-year period.

MOTION: Regent Newlin moved to approve the leases, as presented. Regent Kennedy seconded the motion, and upon the roll being called, the following voted:  
AYE: Collins, Dorr, Kennedy, Mahood, Newlin, Pellett, Pomerantz, Smith, Tyrrell.  
NAY: None.  
ABSENT: None.

MOTION CARRIED UNANIMOUSLY.

**EXERCISE OPTION FOR THE PURCHASE OF THE OAKDALE RESEARCH PARK PROPERTY.** The Board Office recommended that the Board approve the action by the Oakdale Research Park Corporation to designate the University of Iowa Facilities Corporation as its assignee to exercise the Oakdale Research Park Corporation's option to purchase the 48,000 square foot Multi-Tenant Research Facility from CPMI - CRE Coralville Venture at the purchase price of \$5 million.

The property consists of a one story, multi-purpose building containing 48,000 gross square feet. Under the building lease approved at the March 1993 Board of Regents meeting, the entire building is leased to the university for research needs.

CPMI financed the building with Firststar Bank of Des Moines on a 15-year mortgage, which is consistent with the length of the building lease between CPMI and the Board.

On August 28, 1995, the Research Park Corporation approved a resolution to exercise the purchase option and designated the University of Iowa Facilities Corporation as recipient of the rights of the Research Park Corporation to purchase the building. Upon exercising the option to purchase the property, the University of Iowa Facilities Corporation could assume the three-year adjustable rate mortgage. After amortization of the mortgage, ownership would be transferred to the university.

The university is evaluating the merits of converting the financing from conventional bank loans to tax-exempt bonds; the conversion, if approved and implemented, would occur subsequent to the acquisition of the building and prior to the first repricing date - April 1, 1996. The funding flow for debt service payments would continue to be provided by the building lease.

MOTION: Regent Tyrrell moved to approve the action by the Oakdale Research Park Corporation to designate the University of Iowa Facilities Corporation as its assignee to exercise the Oakdale Research Park Corporation's option to purchase the 48,000

square foot Multi-Tenant Research Facility from CPMI - CRE Coralville Venture at the purchase price of \$5 million. Regent Smith seconded the motion, and upon the roll being called, the following voted:

AYE: Collins, Dorr, Kennedy, Mahood, Newlin, Pellett, Pomerantz, Smith, Tyrrell.

NAY: None.

ABSENT: None.

MOTION CARRIED UNANIMOUSLY.

**PRELIMINARY RESOLUTION FOR THE SALE OF UP TO \$15,900,000**

**TELECOMMUNICATIONS FACILITIES REVENUE BONDS.** The Board Office recommended that the Board adopt A Resolution authorizing the Executive Director to fix the date or dates for the sale of up to \$15,900,000 Telecommunications Facilities Revenue Bonds, Series S.U.I. 1995.

The bid opening and award is scheduled for October 18, 1995.

The University of Iowa Office of Information Technology, Hospitals & Clinics and Business Office developed an improvement plan to meet the university's voice, video and data communications needs for instruction, research, administration and outreach services.

The primary source of funding is \$14,020,000 in proceeds from a proposed Telecommunications Facilities Revenue bond issue. The size of the bond issue including project costs, issuance costs and debt service reserve would not exceed \$15,900,000. The repayment period will be 15 years.

The debt service on the bonds would be met through charges to users of the telecommunications facilities. The bonds also will be secured by a debt service reserve equal to the lesser of 10% of the bond principal or maximum annual debt service in any year prior to the final maturity year, together with investment earnings thereon.

The financing will enable the university to accelerate the completion of a modern campus network system in 1996 and 1997; the estimated date of completion is December 1997.

MOTION:

The motion for this item can be found under the Report of the Banking Committee, page 192 of these Minutes.

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

## IOWA STATE UNIVERSITY

The following business pertaining to Iowa State University was transacted on Wednesday, September 20, 1995.

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

Register of Personnel Changes for July and August 1995 which included seven requests for early retirement and two requests for phased retirement.

Accept the resignation of REID W. CRAWFORD, Vice President for External Affairs, effective September 6, 1995.

Approve the appointment of MURRAY BLACKWELDER as Interim Vice President for External Affairs effective September 7, 1995, at an annual salary of \$140,000.

Approve the appointment of DR. NOLAN HARTWIG as Interim Vice Provost for Extension effective August 1, 1995, at an annual salary of \$116,100.

Provided for the Board's information was the appointment of JEANNE K. JOHNSON as Interim Director of Affirmative Action at an annual salary of \$33,600 for half-time effective August 1, 1995.

MOTION: Regent Pellett moved to approve the university's personnel transactions, as presented. Regent Mahood seconded the motion. MOTION CARRIED UNANIMOUSLY.

**RENAME THE ISU CENTER THE AMES CENTER FOR ANIMAL HEALTH.** The Board Office recommended the Board refer the university's request to the Interinstitutional Committee on Educational Coordination and the Board Office for review and recommendation.

Iowa State University officials requested a change in the name of the Center for Immunity Enhancement in Domestic Animals to the Ames Center for Animal Health.

The Ames Center for Animal Health (ACAH) is a cooperative effort between Iowa State University, the USDA Animal and Plant Health Inspection Service, National Veterinary Services Laboratories and the USDA Agricultural Research Service National Animal

Disease Center. The center is closely linked to the College of Veterinary Medicine as the Dean of the College is one of three Directors of the Center.

The proposed name change better reflected the center's relationship with other entities.

ACTION: This request was referred by consent.

**AUTHORIZE A NEW INSTITUTE ENTITLED THE INSTITUTE FOR INTERNATIONAL COOPERATION IN ANIMAL BIOLOGICS.** The Board Office recommended the Board refer the university's request to the Interinstitutional Committee on Educational Coordination and the Board Office for review and recommendation.

Iowa State University officials requested approval for a new institute to be called the Institute for International Cooperation in Animal Biologics (biologics means vaccines and in this instance, animal vaccines).

This institute is a cooperative effort between Iowa State University, the USDA Animal and Plant Health Inspection Service and the USDA Agricultural Research Service. The overall goal of this institute is to improve the availability, safety, efficacy and use of veterinary biologics throughout the world.

The institute was being formed because of the need for greater international exchange in research, training and regulatory issues related to animal biologics.

ACTION: This request was referred by consent.

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

## PROJECT DESCRIPTIONS AND BUDGETS

Utilities--Heating Plant--Turbine Generator No. 5 Overhaul  
Source of Funds: Utility Repairs

\$350,000

### Preliminary Budget

Contracts	\$ 250,000
Design Services	3,000
Construction Administration	250
University Services	45,000
Project Reserve	<u>51,750</u>

TOTAL \$ 350,000

University officials requested approval of a project description and budget in the amount of \$350,000 for an internal inspection and major overhaul of Turbine Generator No. 5. The turbine generator is a 12 megawatt machine which was installed in 1969. The generator is due for a major overhaul based on the hours and cycles of operation as mandated by the university's insurance carrier and recommended by the manufacturer. The last major overhaul on the unit was completed in 1990. This project will permit continued and reliable operation of the generator.

Fire Safety Improvements--FY 1995

\$1,863,650

### Project Budget

Contracts	\$ 1,153,700
Design Services	183,000
Construction Administration	250,000
University Services	140,000
Miscellaneous	11,000
Project Reserve	<u>116,950</u>

TOTAL \$ 1,863,650

Source of Funds:

General University Funds	\$ 245,000
75th General Assembly Academic Building Revenue Bonds	618,650
76th General Assembly Capital Appropriation	<u>1,000,000</u>
TOTAL	<u>\$ 1,863,650</u>

University officials requested approval of a project budget in the amount of \$1,863,650 which will combine these projects into one improvement project. This project will also include fire and life safety projects to be initiated with a \$1 million capital appropriation authorized by the 76th General Assembly. This comprehensive project will allow the university to address its growing list of fire and life safety deficiencies cited by the State Fire Marshal and the university's Department of Environmental Health and Safety. None of the individual projects are expected to exceed \$250,000.

\* \* \* \* \*

Utilities--Deaerator Surge Tank Replacement

Feb. 1995 Budget \$240,000

Source of Funds: Utility Repairs

Revised Budget \$320,000

Project Budget

	<u>Feb. 1995 Budget</u>	<u>Revised Budget Sept. 1995</u>
Contracts	\$ 180,000	\$ 250,000
Design Services	32,000	40,000
Construction Administration	4,140	5,000
University Services	10,000	10,000
Miscellaneous	1,000	1,000
Project Reserve	<u>12,860</u>	<u>14,000</u>
TOTAL	<u>\$ 240,000</u>	<u>\$ 320,000</u>

University officials requested approval of a revised project budget in the amount of \$320,000, an increase of \$80,000, to allow award of the construction contract for the project.

A single bid was received for the project in the amount of \$238,900. The project consultant has analyzed the bid and believes it is fair representation of the work. Therefore, the university requests approval of the revised project budget.

Meats Laboratory--Refrigeration System Replacement

Original Budget \$855,500

Revised Budget \$755,500

Project Budget

	Original Budget <u>Dec. 1994</u>	Revised Budget <u>Sept. 1995</u>
Contracts	\$ 650,000	\$ 593,830
Design Services	78,500	59,500
Construction Administration	34,000	32,100
University Services	10,000	10,000
Miscellaneous	5,000	5,000
Building Automation	16,000	5,000
Project Reserve	<u>62,000</u>	<u>50,070</u>
TOTAL	<u>\$ 855,500</u>	<u>\$ 755,500</u>

Source of Funds:

Facilities Overhead Use Allowance	\$ 855,500	\$ 400,000
Agriculture Experiment Station		300,000
Cooperative Extension Service		30,000
General University Funds	<u>                    </u>	<u>25,500</u>
TOTAL	<u>\$ 855,500</u>	<u>\$ 755,500</u>

University officials requested approval of a revised project budget in the amount of \$755,500, a decrease of \$100,000. The reduction results from savings in engineering fees and the construction contract. The project budget now reflected the actual amount of the construction contract (\$593,830) and a reduction in design services.

The revised budget also included the addition of three fund sources to the project and a reduction in funding from Facilities Overhead Use Allowance.

\* \* \* \* \*

Animal Science Teaching Farm--Arena and Classroom

April 1995 Budget \$926,750  
Amended Budget \$926,750

Project Budget

	April 1995 Budget <u>                    </u>	Amended Budget <u>Sept. 1995</u>
Contracts	\$ 746,750	\$ 746,750
Design Services	74,675	74,675
Construction Administration	16,430	16,430
Miscellaneous	1,000	1,000
Fixed Equipment	4,800	4,800
Movable Equipment	4,800	4,800

Project Reserve	<u>78,295</u>	<u>78,295</u>
TOTAL	<u>\$ 926,750</u>	<u>\$ 926,750</u>
Source of Funds:		
Academic Building Revenue Bonds	\$ 926,750	\$ 51,750
Future Bonds or State Appropriations	<u>                    </u>	<u>875,000</u>
TOTAL	<u>\$ 926,750</u>	<u>\$ 926,750</u>

University officials requested approval of an amended project budget which reflected the reallocation of \$875,000 in Academic Building Revenue Bond funds from the Arena and Classroom project to the three agriculture projects which follow.

The amended budget included the addition of future bonds or State appropriations in the amount of \$875,000 to construct the project. The remaining bond funds in the amount of \$51,750 will be utilized for the project design. Construction will be delayed until additional funding is received.

Animal Science Teaching Farm--Swine Facilities--Phase 1

Original Budget \$400,000

Revised Budget \$985,000

Project Budget

	Original Budget <u>July 1994</u>	Revised Budget <u>Sept. 1995</u>
Contracts	\$ 300,000	\$ 800,000
Design Services	30,000	75,000
Construction Administration	6,000	17,500
Miscellaneous	1,000	1,000
Fixed Equipment	16,000	4,800
Movable Equipment	16,000	9,000
Project Reserve	<u>31,000</u>	<u>78,500</u>
TOTAL	<u>\$ 400,000</u>	<u>\$ 985,000</u>

Source of Funds:

Academic Building Revenue Bonds \$ 400,000

\$ 985,000

University officials requested approval of a revised project budget in the amount of \$985,000, an increase of \$585,000, to reflect an increase in the project scope to include a classroom and finishing buildings in Phase I of the project. The revised budget also reflected an additional \$585,000 in Academic Building Revenue Bond funds which was reallocated from the Animal Science Teaching Farm--Arena and Classroom project.

Beef Nutrition and Management Research Farm--  
Research Housing Renovation

Original Budget \$950,000  
Revised Budget \$990,000

Project Budget

	Original Budget <u>July 1994</u>	Revised Budget <u>Sept. 1995</u>
Contracts	\$ 750,000	\$ 750,000
Design Services	75,000	75,000
Construction Administration	25,000	25,000
Miscellaneous	1,000	1,000
Fixed Equipment	12,000	12,000
Movable Equipment	12,000	52,000
Project Reserve	<u>75,000</u>	<u>75,000</u>
TOTAL	<u>\$ 950,000</u>	<u>\$ 990,000</u>

Source of Funds:

Academic Building Revenue Bonds \$ 950,000      \$ 990,000

University officials requested approval of a revised project budget in the amount of \$990,000, an increase of \$40,000, which reflected the inclusion of additional movable equipment. The revised budget also reflected an additional \$40,000 in Academic Building Revenue Bonds which was reallocated from the Animal Science Teaching Farm--Arena and Classroom project.

Bilsland Swine Breeding Farm--Renovate  
Facilities--Phase 1

Original Budget \$700,000  
Revised Budget \$950,000

Project Budget

	Original Budget <u>July 1994</u>	Revised Budget <u>Sept. 1995</u>
Contracts	\$ 550,000	\$ 755,000
Design Services	55,000	75,000
Construction Administration	21,000	26,000
Miscellaneous	1,000	1,000
Fixed Equipment	9,000	9,000
Movable Equipment	9,000	9,000
Project Reserve	<u>55,000</u>	<u>75,000</u>
 TOTAL	 <u>\$ 700,000</u>	 <u>\$ 950,000</u>

Source of Funds:

Academic Building Revenue Bonds \$ 700,000      \$ 950,000

University officials requested approval of a revised project budget in the amount of \$950,000, an increase of \$250,000, which reflected an increase in the project scope to include construction of a finishing building and the remodeling of existing facilities. The revised budget also reflected an additional \$250,000 in Academic Building Revenue Bond funds which was reallocated from the Animal Science Teaching Farm--Arena and Classroom project.

\* \* \* \* \*

University officials reported 27 new 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

### Amendments:

Intensive Livestock Research and Instruction Facilities \$14,662.00  
RDG Bussard Dikis, Des Moines, Iowa

Carrie Chapman Catt Hall Remodeling \$1,080.00  
Baldwin White Architects, Des Moines, Iowa

Lake LaVerne Restoration \$5,585.17  
Gjersvik and Associates, Pleasant Hill, Iowa

## CONSTRUCTION CONTRACTS

Utilities--Deaerator Surge Tank Replacement \$238,900.00  
ACI Mechanical, Ames, Iowa

University officials requested approval to award the construction contract to the single bidder, ACI Mechanical, in the amount of \$238,900.

Iowa State Center Soffit Restoration \$195,450.00  
Award to: Wasche Interiors, Des Moines, Iowa  
(2 bids received)

Gilman Hall Renovation--Phase 3--South Entrance Renovation \$315,000.00  
Award to: Harold Pike Construction Company, Ames, Iowa  
(2 bids received)

Armory--Roof and Curtain Wall Replacement--Phase 3 \$67,771.00  
Award to: Wood Roofing Company, Des Moines, Iowa  
(7 bids received)

Iowa Braille and Sight Saving School--Boiler Replacement \$104,400.00  
Award to: Young Plumbing and Heating Company, Waterloo, Iowa  
(7 bids received)

Veterinary Medicine--Energy Conservation Remodeling--Phase 3--  
Testing and Balancing \$101,990.00  
Award to: Energy Management and Control, Topeka, KS  
(2 bids received)

Athletic Office and Training Facility--Steam Service \$276,900.00  
Award to: ACI Mechanical, Ames, Iowa  
(2 bids received)

Carrie Chapman Catt Hall Remodeling--Telecommunications \$9,606.00  
Award to: Wiring by Design, Urbandale, Iowa  
(3 bids received)

## CHANGE ORDERS TO CONSTRUCTION CONTRACTS

Parking Lots 28 and 29 Improvements  
Manatt's, Inc., Ames, Iowa

\$54,665.27

University officials requested approval of a change order in the amount of \$54,665.27 to the agreement with Manatt's, Inc., for the Parking Lots 28 and 28 Improvements project. The change order reflected additional costs for the actual quantity of various items over the amount estimated at the time of bidding. In addition to the quantity adjustments, the change order also included the installation of an additional concrete curb and gutter section, additional crack repair, and rim adjustment on two manholes.

## ACCEPTANCE OF COMPLETED CONSTRUCTION CONTRACTS

Gilman Hall--Partial Third Floor Remodeling--Phase 2  
Harold Pike Construction Company, Ames, Iowa

Insectary Greenhouse Renovation--Phase I  
Koester Construction Company, Des Moines, Iowa

Insectary Greenhouse Renovation--Phase 2  
Manning-Seivert Mechanical Contractors, Granger, Iowa

## FINAL REPORTS

Utilities--City of Ames Tie Line

\$2,975,090.61

MOTION:

Regent Newlin moved that the Register of Capital Improvement Business Transactions for Iowa State University be approved. Regent Tyrrell seconded the motion. MOTION CARRIED UNANIMOUSLY.

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

University officials requested approval of an extension of its lease as lessee with Dayton Road Development Corporation for the university's use of 2,401 square feet of office space located in Ames, Iowa, for the Small Business Development Center, at the rate of \$2,346.75 per month (\$11.73 per square foot, \$28,161 per year), for an additional one-year period.

University officials requested approval to enter into a new lease as lessor with Vista R and D Company for its use of 187 square feet of space in the Iowa State Innovation System at the ISU Research Park at the rate of \$225 per month (\$14.44 per square foot, \$2,700 per year) for a six-month period.

University officials requested approval to release John Hillebo, of Hillebo Farms, Ltd., from his farm lease as operator of 406.7 acres located in Polk County, effective February 28, 1996; the request was made by Mr. Hillebo at the advice of his physician due to health problems.

MOTION: Regent Newlin moved to approve leases, as presented. Regent Kennedy seconded the motion, and upon the roll being called, the following voted:  
AYE: Collins, Dorr, Kennedy, Mahood, Newlin, Pellett, Pomerantz, Smith, Tyrrell.  
NAY: None.  
ABSENT: None.

MOTION CARRIED UNANIMOUSLY.

**FARMLAND EXCHANGE - IOWA STATE UNIVERSITY/REILLY.** The Board Office recommended the Board authorize Iowa State University to exchange approximately 20 acres of Ruminant Nutrition Farm land located in Story County, Iowa, for 20 acres of farmland owned by Lawrence and Dorothy Reilly, subject to approval of the Executive Council of Iowa.

The proposed exchange would allow the university to straighten the north property line of the Ruminant Nutrition Farm; this will greatly assist the university in its farm operations. The exchange will enhance both parties' operating efficiencies and long-term land values.

The standard quality measurement of farmland in Iowa is the Corn Suitability Rating (CSR). This method establishes a value for each soil type and the combination of various soils determines the aggregate CSR. While the CSR for the 20 acres of the Ruminant Farm to be exchanged is slightly better than the 20 acres of the Reilly tract, the Iowa State University property is not nearly as well tilled as the Reilly tract.

These factors offset each other leading to the conclusion that the properties are equally valued; university officials did not believe that property appraisals are needed.

The property exchange was reviewed by the Attorney General's Office and was recommended for approval. Approval of the Executive Council of Iowa is required for the property exchange.

MOTION: Regent Collins moved to authorize Iowa State University to exchange approximately 20 acres of Ruminant Nutrition Farm land located in Story County, Iowa, for 20 acres of farmland owned by Lawrence and Dorothy Reilly, subject to approval of the Executive Council of Iowa. Regent Mahood seconded the motion, and upon the roll being called, the following voted:

AYE: Collins, Dorr, Kennedy, Mahood, Newlin,  
Pellett, Pomerantz, Smith, Tyrrell.

NAY: None.

ABSENT: None.

MOTION CARRIED UNANIMOUSLY.

**UNION FOOD SERVICE AND STUDENT OFFICE SPACE REMODELING AND FINANCING.** The Board Office recommended:

- (1) That the Board, subject to final review by the Regents' legal and financial advisors, authorize the Memorial Union Board of Directors to proceed with the Iowa State University Memorial Union Food Service and Student Office Space Remodeling and Financing.
- (2) That the Board Adopt a Resolution authorizing the Iowa State Memorial Union to begin initial proceedings to issue its 1995 Promissory Note in the estimated principal amount of not to exceed \$7,300,000 for the purpose of financing improvements to the Memorial Union Building, and partially refunding the outstanding principal amount of the \$1,658,881.23 Promissory Note dated May 22, 1992, and fully refunding the principal amounts of the \$200,000 Promissory Note dated January 24, 1978, and the \$2,350,000 Promissory Note dated May 20, 1977, and funding a reserve fund and related matters.

Iowa State University officials and the Memorial Union Board of Directors proposed to remodel approximately 37,000 gross square feet (GSF) of the ground floor of the Memorial Union at an estimated cost of \$5.8 million.

The Board of Regents was requested to adopt a resolution authorizing the Iowa State Memorial Union to begin initial proceedings to issue a Promissory Note in an amount not to exceed \$7.3 million. Proceeds from the note would be used for the renovation of the ground floor of the union and to refund existing promissory notes.

The note purchase agreement and final terms of the note would be brought forward for approval at the October 1995 Board of Regents meeting.

MOTION: The motion for this item can be found under the Report of the Banking Committee, page 193 of these Minutes.

President Pomerantz 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, September 20, 1995.

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

Register of Personnel Changes for July and August 1995.

Ratify the appointment of ROBERT D. KOOB as President of the University of Northern Iowa effective July 15, 1995, instead of August 15, 1995, at an annual salary of \$150,000.

MOTION: Regent Pellett moved to ratify the university's personnel transactions, as presented. Regent Mahood seconded the motion. MOTION CARRIED UNANIMOUSLY.

**REGISTER OF CAPITAL IMPROVEMENT BUSINESS TRANSACTIONS.** The Board Office recommended the Board approve the Register of Capital Improvement Business Transactions, as presented.

PROJECT DESCRIPTIONS AND BUDGETS

Baker Hall--Exterior and Electrical Repairs \$576,000  
Source of Funds: State Appropriation

<u>Preliminary Budget</u>	
Contracts/Purchase Orders	\$ 480,000
Consultant/Design Services	72,000
Contingencies	<u>24,000</u>
TOTAL	<u>\$ 576,000</u>

University officials requested approval of a project description and budget to replace windows, doors and concrete spandrels on the east wing of Baker Hall. The project will also connect the building to the campus 12,500 volt system.

UNI-Dome Emergency Repairs--Phases I and II Original Budget \$500,000

Source of Funds: Insurance, Dome Surplus Funds,  
and Building Repair Funds

Revised Budget \$700,000

Project Budget

	Original Budget <u>Jan. 1995</u>	Revised Budget <u>Sept. 1995</u>
Contracts/Purchase Orders	\$ 400,000	\$ 600,000
Consultant/Design Services	20,000	20,000
UNI Plant Services	40,000	40,000
Contingencies	<u>40,000</u>	<u>40,000</u>
TOTAL	<u>\$ 500,000</u>	<u>\$ 700,000</u>

University officials requested approval of a revised project budget in the amount of \$700,000, an increase of \$200,000, for Phases I and II of the project. The budget was being revised to reflect the actual repair costs to date.

\* \* \* \* \*

University officials reported one new 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

Institutional Roads 1994--Jennings Drive

\$5,000.00

Kirkham Michael and Associates, Cedar Falls, Iowa

## ACCEPTANCE OF COMPLETED CONSTRUCTION CONTRACTS

Commons Renovation--Art Work \$4,900.00  
Jeff Easley, Oxford, Iowa

Library Addition--Telecommunication System \$209,833.00  
Paulson Electric Company, Waterloo, Iowa

## FINAL REPORTS

Sabin Hall--Windows and Doors \$254,388.08

MOTION: Regent Kennedy moved to approve the university's capital register, as presented. Regent Collins seconded the motion. MOTION CARRIED UNANIMOUSLY.

**PROPOSED PROPERTY PURCHASE - 2412 WEST 27TH STREET.** The Board Office recommended the Board authorize the University of Northern Iowa, subject to approval of the Executive Council of Iowa, to purchase property located at 2412 West 27th Street, Cedar Falls, Iowa, at a cost of \$693,000.

University of Northern Iowa officials requested approval to purchase property located at 2412 West 27th Street, Cedar Falls, Iowa, from Wayne Engineering Corporation. The property consists of a 33,400 square foot single story pre-fabricated metal building (2,640 square feet of office space and 30,760 square feet of open warehouse space) located on 5.7 acres of land.

The property is located west of campus adjacent to university farm land with athletic fields to the north, and the university coal pile to the south.

The property would be purchased to consolidate campus warehousing needs and to provide space for the Iowa Waste Reduction Center. Currently, the university leases warehouse space and space for the Iowa Waste Reduction Center (total annual lease cost - \$48,400).

The purchase price for the property, based on two appraisals, was established at \$693,000, which was within Board policy. The cost per square foot to purchase this facility, including the land, was \$20.75. Construction of a comparable facility was estimated at \$23.40 per square foot. Funds for the purchase were available from Treasurer's Temporary Investments.

The property was within the university's campus master plan. The property purchase was reviewed by the Attorney General's Office and was recommended for approval.

Approval of the Executive Council is required for the property purchase.

Vice President Conner stated that in a Board meeting two months ago university officials indicated that they expected this sale of property would be brought to closure in the near future. The property has been in the university's land acquisition plan. A large number of storage areas will be consolidated and approximately \$48,000/year in rental payments will be freed up, with approval of this action.

President Pomerantz asked how much land was being purchased for \$693,000. Vice President Conner responded that the building, which was in excellent condition, was on 5.7 acres of land.

President Pomerantz asked who performed the appraisals. Vice President Conner stated that appraisals were obtained from two firms -- one selected by the seller and one selected by the university. He did not remember the names of the appraisers.

President Pomerantz asked that university officials inform the Regents of the names of the appraisers subsequent to this meeting.

**MOTION:** Regent Dorr moved to authorize the University of Northern Iowa, subject to approval of the Executive Council of Iowa, to purchase property located at 2412 West 27th Street, Cedar Falls, Iowa, at a cost of \$693,000. Regent Collins seconded the motion, and upon the roll being called, the following voted:  
AYE: Collins, Dorr, Kennedy, Mahood, Newlin, Pellett, Pomerantz, Smith, Tyrrell.  
NAY: None.  
ABSENT: None.

**MOTION CARRIED UNANIMOUSLY.**

**PROPERTY RENTAL.** The Board Office recommended the Board approve leases, as presented.

University officials requested approval of an agreement to lease as lessor a university-owned home located in Cedar Falls which will provide temporary housing to faculty and staff while they seek permanent housing, with the home to be rented by the month for up to one year per tenant at the rate of \$460 per month for fiscal year 1996.

**MOTION:** Regent Newlin moved to approve the recommended action, as presented. Regent Kennedy seconded the motion, and upon the roll being called, the following voted:  
AYE: Collins, Dorr, Kennedy, Mahood, Newlin, Pellett, Pomerantz, Smith, Tyrrell.  
NAY: None.  
ABSENT: None.

**MOTION CARRIED UNANIMOUSLY.**

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

## IOWA SCHOOL FOR THE DEAF

The following business pertaining to Iowa School for the Deaf was transacted on Wednesday, September 20, 1995.

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

Register of Personnel Changes for July and August 1995.

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

**REGISTER OF CAPITAL IMPROVEMENT BUSINESS TRANSACTIONS.** The Board Office reported there were no transactions on the Iowa School for the Deaf capital register this month.

**APPROVAL OF AGREEMENT WITH AREA EDUCATION AGENCY 13 AND LEWIS CENTRAL SCHOOL DISTRICT.** The Board Office recommended the Board approve the agreement with Area Education Agency 13 and Lewis Central Community School District.

Iowa School for the Deaf officials submitted the annual renewal of an umbrella agreement that indicates that Area Education Agency 13, Lewis Central, and Iowa School for the Deaf will work together in programming for Iowa School for the Deaf students who wish to attend Lewis Central for classes determined in their Individual Education Plan.

The only difference between this contract and last year's contract was an increase in cost of interpreter services from \$19.00 per hour to \$19.50 per hour in item 4b.

This agreement sets forth responsibilities of Area Education Agency 13, Lewis Central Community School District, and Iowa School for the Deaf to provide special education services for Iowa School for the Deaf students who wish to attend Lewis Central. Parties to the agreement will meet a minimum of two times per year to review the program.

One member from each agency shall serve as a screening committee to determine feasibility and the parameters of each student placement.

This agreement was consistent with Federal law that mandates that disabled students be educated to the maximum extent possible with their non-disabled peers.

The agreement was reviewed by the Attorney General's Office.

MOTION:

Regent Newlin moved to approve the agreement with Area Education Agency 13 and Lewis Central Community School District. Regent Smith seconded the motion. MOTION CARRIED UNANIMOUSLY.

President Pomerantz 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, September 20, 1995.

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

Register of Personnel Changes for the period of June 18 to August 12, 1995.

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

Superintendent Thurman introduced Mike Hooley, newly-appointed Director of Education at Iowa Braille and Sight Saving School. Director Hooley expressed appreciation for the opportunity that the Board and Superintendent Thurman had given him.

**REGISTER OF CAPITAL IMPROVEMENT BUSINESS TRANSACTIONS.** The Board Office reported there were no transactions this month on the school's capital register.

**AMENDMENT TO THE LEASE OF THE OLD HOSPITAL BUILDING.** The Board Office recommended the Board approve the lease, as presented.

School officials requested approval of an amendment to its lease as lessor with the Area Substance Abuse Council reflecting a decrease in the total amount of space leased from 965 square feet to 831 square feet at the reduced rate of \$496.52 per quarter (\$2.39 per square foot, \$1,986.08 per year) for a nine-month period.

MOTION: Regent Newlin moved to approve the lease, as presented. Regent Kennedy seconded the motion, and upon the roll being called, the following voted:  
AYE: Collins, Dorr, Kennedy, Mahood, Newlin, Pellett, Pomerantz, Smith, Tyrrell.

NAY: None.  
ABSENT: None.

MOTION CARRIED UNANIMOUSLY.

President Pomerantz 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 2:13 p.m., on Wednesday, September 20, 1995.

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R. Wayne Richey  
Executive Director