

The Board of Regents, State of Iowa, met on Wednesday and Thursday, September 18 and 19, 2002, at the University of Iowa, Iowa City, Iowa. The following were in attendance:

	<u>September 18</u>	<u>September 19</u>
<u>Members of the Board of Regents, State of Iowa</u>		
Dr. Newlin, President	All sessions	All sessions
Dr. Arbisser	All sessions	All sessions
Ms. Arnold	All sessions	All sessions
Dr. Becker	All sessions	All sessions
Mr. Fisher	All sessions	All sessions
Dr. Kelly	All sessions	All sessions
Mr. Neil	All sessions	Excused at 3:30 p.m.
Ms. Nieland	All sessions	All sessions
Dr. Turner	All sessions	Excused at 2:25 p.m.
<u>Office of the Board of Regents, State of Iowa</u>		
Executive Director Nichols	All sessions	All sessions
Director Barak	All sessions	Excused at 12:15 p.m.
Director Elliott	All sessions	All sessions
Director Wright	All sessions	All sessions
Associate Director Hendrickson	All sessions	All sessions
Associate Director Racki	All sessions	All sessions
Communications Specialist Boose	Excused	All sessions
Minutes Secretary Briggie	All sessions	All sessions
<u>State University of Iowa</u>		
Interim President Boyd	Excused	All sessions
Provost Whitmore	Excused	All sessions
Vice President Kelch	Excused	All sessions
Vice President True	Excused	All sessions
Director Katen-Bahensky	Excused	Arrived at 1:15 p.m.
Director Parrott	Excused	All sessions
Associate Director Braun	Excused	All sessions
<u>Iowa State University</u>		
President Geoffroy	Excused	Excused at 2:16 p.m.
Interim Provost Allen	Excused	Excused at 2:16 p.m.
Vice President Hill	Excused	Excused at 2:16 p.m.
Vice President Madden	Excused	Excused at 2:16 p.m.
Assistant to President Chidister	Excused	Excused at 2:16 p.m.
Director McCarroll	Excused	Excused at 2:16 p.m.
Director Steinke	Excused	Excused at 2:16 p.m.
Associate Director Baumert	Excused	Excused at 2:16 p.m.
<u>University of Northern Iowa</u>		
President Koob	All sessions	Excused at 2:11 p.m.
Provost Podolefsky	Excused	Excused at 2:11 p.m.
Vice President Romano	Excused	Excused at 2:11 p.m.
Vice President Schellhardt	All sessions	Excused at 2:11 p.m.
Associate Director Saunders	Excused	Excused at 2:11 p.m.
<u>Iowa School for the Deaf</u>		
Superintendent Johnson	Excused	Excused at 2:13 p.m.
Director Heuer	Excused	Excused at 2:13 p.m.
Interpreter Reese	Excused	Excused at 2:13 p.m.
Interpreter Gerischer	Excused	Excused at 12:15 p.m.
<u>Iowa Braille and Sight Saving School</u>		
Superintendent Thurman	Excused	Excused at 12:15 p.m.
Director Woodward	Excused	Excused at 2:13 p.m.

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

www.state.ia.us/educate/regents

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

GENERAL

The following business was transacted on Wednesday, September 18, 2002.

EXECUTIVE SESSION. President Newlin requested that the Board meet in closed session upon the request of an employee whose performance was being considered, pursuant to Iowa Code §21.5(1)(i); and, to discuss a matter with counsel which is either in litigation or where litigation is imminent, pursuant to Iowa Code §21.5(1)(c).

MOTION: Regent Becker moved to enter into closed session. Regent Neil seconded the motion, and upon the roll being called, the following voted:
AYE: Arbisser, Arnold, Becker, Fisher, Kelly, Neil, Newlin, Nieland, Turner.
NAY: None.
ABSENT: None.

MOTION CARRIED.

The Board having voted at least two-thirds majority resolved to meet in closed session beginning at 3:02 p.m. on September 18, 2002, and adjourned therefrom at 4:50 p.m. on that same date.

On Thursday, September 19, 2002, at 8:49 a.m., President Newlin welcomed everyone to the September meeting of the Board of Regents, State of Iowa.

APPROVAL OF MINUTES OF BOARD MEETINGS OF JULY 17-18 AND AUGUST 22, 2002.

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

ACTION: President Newlin stated the Board approved the minutes of the July 17-18 and August 22, 2002, meetings, as written, by general consent.

CONSENT ITEMS. (a) Institutional and Board Office Personnel Transactions. The following items were presented for ratification:

Register of Personnel Changes for June and July 2002 for the University of Iowa;

Register of Personnel Changes for July and August 2002 for Iowa State University;

Register of Personnel Changes for July 2002 for the University of Northern Iowa;

Register of Personnel Changes for July and August 2002 for Iowa School for the Deaf;

Register of Personnel Changes for June and July for Iowa Braille and Sight Saving School; and,

For the Board Office, appointment of William Nelson as Assistant Director, Academic Affairs and Research, effective August 19, 2002, at an annual salary of \$57,500; retirement of Charles Kniker, Associate Director, Academic Affairs and Research, effective September 2, 2002; and appointment of Barbara Dietrich Boose, Regent Communications Specialist, effective October 1, 2002, at an annual salary of \$47,500.

(b) Approval of Vendors with a Potential Conflict of Interest. The following additions to Iowa State University's list of approved vendors with a potential conflict of interest were presented for approval: Peg Barbour; Ingrid Lilligren, MGPS, Inc.; Elizabeth Robinson; and Rhonda Wiley-Jones.

(c) Regent Affiliated Organization Report. The Stanton Memorial Carillon Foundation (ISU) report was presented.

(d) Board Meetings Schedule. There were no changes to the Board meetings schedule as presented at the last Board of Regents meeting.

(e) Regent Merit System Classification Changes. Pay grade and title changes to Regent Merit System classifications in the AFSCME technical and clerical bargaining units were presented.

(f) Approval of the Establishment of a New Center to be called the Center for Integrated Animal Genomics (CIAG), Iowa State University. Approval of the establishment of the Center was requested.

(g) Proposed University of Iowa Operations Manual Change. Approval to modify the University of Iowa's Operations Manual to provide a probationary period for part time Professional and Scientific staff members the same as for full time staff was requested.

Regent Fisher stated that he had a question regarding the pay grade changes. President Newlin asked for a motion to approve the consent docket with the exception of the Merit System classification changes.

MOTION: Regent Becker moved to approve the consent docket, as presented, with the exception of the Merit System classification changes. Regent Arnold seconded the motion. MOTION CARRIED UNANIMOUSLY.

Regent Fisher asked if employees automatically receive salary increases if they are in a pay grade that is being increased. Director Wright responded it was his understanding that employees receive a percentage increase based on the change in pay grade. This is the first year of the new collective bargaining contract in which pay grade steps were eliminated. He believes the amount of salary increase for a pay grade change is 4.5 percent.

MOTION: Regent Kelly moved to approve pay grade and title changes to Regent Merit System classifications in the AFSCME technical and clerical bargaining units, as presented. Regent Nieland seconded the motion. MOTION CARRIED UNANIMOUSLY.

Executive Director Nichols stated that the Board Office welcomed Bill Nelson and Barb Boose to the Board's staff. President Newlin welcomed Dr. Nelson and Mrs. Boose, and said the Board members looked forward to working with them.

INTERINSTITUTIONAL COMMITTEE ON EDUCATIONAL COORDINATION.

(a) Establish Interdisciplinary Graduate Program in Biorenewable Resources & Technology, Iowa State University.

Provost Whitmore presented the recommendation of the Interinstitutional Committee on Educational Coordination to approve the University's proposed degree program. He said this graduate program will offer advanced study in the use of plant and crop-based resources in the production of bio-based products. Traditional academic disciplines are not equipped to train engineers and scientists in this emerging industry. He noted that there are no comparable programs within the state of Iowa that use the crop-based resources.

Regent Neil asked how the program meets the strategic plan of the academic units and how students will be recruited. Provost Whitmore said he presumed that there are currently students doing this work in a non-structured manner. This proposal would provide structure.

Interim Provost Allen stated that the proposed program is right in line with the University's strategic plan. There will be a close alliance to the Plant Sciences Institute initiative. In terms of student recruitment, he said Provost Whitmore was correct. Part of the recruitment will be through the professors who are currently working with the students.

MOTION: Regent Fisher moved to approve Iowa State University's proposal to establish a new interdisciplinary graduate program in Biorenewable Resources and Technology. Regent Becker seconded the motion. MOTION CARRIED UNANIMOUSLY.

(b) Convert Master of Physical Therapy to Doctor of Physical Therapy, University of Iowa.

Provost Podolefsky presented the recommendation of the Interinstitutional Committee on Educational Coordination to approve the University of Iowa's proposal. He said the University's proposal indicated that, for a variety of reasons, employers are demanding that therapists have a more independent level of functioning than in the past. The proposed program will prepare graduates to meet these new workforce demands.

Regent Fisher asked what accommodations will be made for students who do not want to switch from the master's degree program to the doctoral degree program. Provost Whitmore responded that the University's normal procedure is to ensure that those students who are in the "pipeline" can graduate under the guidelines which were in effect when the students enrolled at the University.

David Nielsen, Director of Physical Therapy program, stated that the proposal provides for students who enroll this fall in the Master of Physical Therapy program to transition to the Doctor of Physical Therapy program or to stay in the Master's program. A student survey indicates that all of the entering students are interested in the Doctor of Physical Therapy program. He noted that the program will not be implemented fully until Fall 2003. The curriculum to complete the Master of Physical Therapy program will remain in place for those students currently enrolled in the program.

Regent Becker referred to the meeting materials which indicated there is a demand for students with a Ph.D. in physical therapy versus a master's degree in physical therapy. She asked if a needs assessment was done within the state.

Professor Nielsen first noted that the proposal was for a professional doctoral degree, not a Ph.D. in Physical Therapy. He then stated that consortium meetings had taken place with faculty of other programs in the state. Small group meetings with clinical staff around the region were also held. At the Iowa Physical Therapy Association's spring conference, the conversion of the University of Iowa's master's degree program was one of the special issues on the agenda. Conference attendees overwhelmingly supported the conversion to the Doctor of Physical Therapy. There were questions about how those with bachelor's degrees in physical therapy would transition to the Doctor of Physical Therapy.

Regent Becker said it was difficult to envision that employers will be anxious to move staff hired at the master's level to pay at a higher doctoral level. She questioned what the benefit might be from an employer's standpoint.

Professor Nielsen stated that there is very little differential in starting salaries for those with the Master of Physical Therapy and the Doctor of Physical Therapy. He said salaries have not been a critical issue but it may be in the future. There is no differential salary scale.

Regent Becker said that, in the education field, that was not true. Salary scales are set up by educational level. She said she understands that the doctoral degree is desired by the profession but she was concerned about the cost and that the role of physical therapists might change in the future.

Regent Arbisser referred to information provided in the meeting materials regarding the duration of the program. It appeared that the duration of both the master's and doctoral programs was 2-1/2 years. He asked if there was any difference for the educational enrichment other than the summer program. Professor Nielsen responded that, primarily, that would be the strategy. However, students are currently restricted to taking no more than 15 semester hours per academic session. Students are participating in other activities without credit, which is common throughout these types of curricula. Physical therapy program officials are requesting that students be allowed to register for 18 to 20 semester hours during the regular academic session. The primary expansion of the curriculum would be during the summer. The final semester is also longer.

MOTION: Regent Arbisser moved to approve the University of Iowa's proposal to convert the Master of

Physical Therapy Program to a Doctor of Physical Therapy Program. Regent Arnold seconded the motion. MOTION CARRIED UNANIMOUSLY.

President Newlin stated that an earlier question of Regent Becker illustrated that she thought this proposal was for a Ph.D. He, also, thought it was a Ph.D. He noted that the University of Iowa has begun offering a Pharm.D. degree. He asked if the Board members could expect even more confusion regarding terminology of advanced degrees in the future.

Provost Podolefsky responded that there are a variety of professional degrees, possibly having to do with the Doctor of Philosophy often being a basic research degree in its origins. He speculated that the more clinical degrees have a variety of references. Most of the arts and sciences advanced degrees are Doctors of Philosophy, although probably not in the present-day meaning of the word "philosophy".

Provost Whitmore said he believes this is a trend and there may be more of these types of advanced doctoral degrees. He stated that the doctoral degree in a professional program is not research based as a primary element; it represents more in-depth training in a given field. He then said President Newlin was right in the example of the pharmacy doctorate, the Pharm.D. degree, which may be the first step in a wave of doctoral degrees.

Interim President Boyd said this started when the lawyers converted their Bachelor of Letters and Law into a Juris Doctor. He stated that the professional degrees referred to in this discussion have no relationship to the doctorate degree. These professional degrees show the professionalization of curricula and the desire for recognition of more advanced work. He then said it was important to remember that a lawyer is just a lawyer.

(c) Establish Master's and Doctoral Degrees in Community and Behavioral Health, University of Iowa.

ACTION: President Newlin stated that this item was being deferred, pending further discussion by the Interinstitutional Committee on Educational Coordination.

REACCREDITATION REPORTS. (a) College of Engineering, Iowa State University.

Interim Provost Allen presented the report on behalf of Iowa State University. He said the Accreditation Board for Engineering and Technology informed the College of

Engineering that 10 of the 11 undergraduate engineering programs evaluated were reaccredited through September 2007. The eleventh program, Engineering Science, was accredited through September 2003, due to students not having a major design experience. He said the primary focus of the reaccreditation process was on quality improvement. The report indicated that the various curricula are well structured, student outcomes assessments are strong, graduation placement is high, and employer satisfaction with graduates is high.

President Newlin noted that the accrediting board expressed concerns about the teaching and advising loads of the agricultural engineering faculty. He asked how that was being addressed. Interim Provost Allen said that particular unit is a two-college organization. College of Engineering Dean Melsa and College of Agriculture Dean Woteki are looking at those assignments.

President Newlin referred to the weakness identified in the professional component of the engineering science program. He asked for the next steps to continue accreditation of the program beyond 2003. Interim Provost Allen said the concern was that students are not being provided with an opportunity for design experience. He stated that the dean is looking at this area to determine what the future may hold.

President Newlin congratulated Iowa State University and the College of Engineering on the reaccreditation. He then asked Professor Allen, as Acting Provost, for his opinion of how the College of Engineering ranks nationally.

Interim Provost Allen stated that an external review of the graduate programs was recently completed. Based on those reviews, he said it is a top 30 program. Dean Melsa has discussed a game plan with faculty to move the College to the top 20.

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

(b) University of Iowa Hospitals and Clinics.

Please refer to the quarterly report of the University of Iowa Hospitals and Clinics, beginning on page 107, for this reaccreditation report.

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

ANNUAL INSTITUTIONAL REPORTS ON ACADEMIC PROGRAM REVIEW/ STUDENT OUTCOMES ASSESSMENT.

Assistant Director Gonzalez provided the Board members with a PowerPoint presentation of highlights of the annual report on academic program reviews and student outcomes assessment. She said the Board of Regents policy is that the universities should review one-seventh of their academic programs annually in order to address the Board's strategic plan to improve the quality of programs and improve teaching and learning. Major steps of academic program review include comprehensive self-study, panel of external peers and implementation plan. The institutions completed 33 program reviews during 2000-2001 – 8 at the University of Iowa, 11 at Iowa State University, and 14 at the University of Northern Iowa.

Assistant Director Gonzalez stated that academic program review is based on assessment of a program's strengths and weaknesses and, typically, results in modifications of curriculum and personnel changes. Professional accreditation is based on a unit's compliance with minimum standards set by a professional organization. She described the difference between academic program review and accreditation review (internal goal setting versus external review).

Assistant Director Gonzalez said that, for the past five years, student outcomes assessment has been a key factor in academic program review. The results of student outcomes assessment are used to improve teaching and learning. Using multiple measures, the assessments assist in determining if the student is accomplishing the goals of the program. She provided the following examples of how the results of student outcomes assessment have been used to improve academic programs, noting that the focus was on what could be done with existing resources:

- As a result of student feedback on course outcomes, the University of Iowa French Department instituted an honors section of Intermediate French, revamped its third-year French course, and instituted a capstone course for majors specializing in language.
- In Iowa State University's Health and Human Performance Program, curricular and instructional changes were made to provide more realistic simulations and assignments related to professional practice.
- In the University of Northern Iowa's Geography Program, both Human Geography and World Geography are now required for all Geography majors, and coordination of instructors of different sections of the two courses was improved.

One concern with regard to academic program reviews is the use of a single external reviewer. While the universities, in most cases, used at least two reviewers for most of the reviews for the year covered by this report, there were three program reviews conducted with fewer than two external reviewers and one conducted without any external reviewers.

Regent Fisher asked if the provosts are on schedule to complete reviews of all academic programs within a 7-year period. Provost Podolefsky responded that, at the University of Northern Iowa, they are on track to complete reviews of all academic programs within 7 or fewer years. Provost Whitmore said the University of Iowa is on a 7-year cycle, as well. In the last year, University officials asked the Board Office to allow the University to move a couple of the reviews to next year, partly as a cost savings. However, the University will be on track for completing those reviews, as well. Interim Provost Allen responded that Iowa State University will be on schedule although it was slowed down because of budget considerations.

Regent Turner asked if the provosts discuss with each department their mechanisms for student outcomes assessment. Interim Provost Allen responded that, at Iowa State University, a Department of Education professor monitors, instructs and educates departments on how to perform and utilize student outcomes assessment. Provost Whitmore responded that many of the University of Iowa's student outcomes assessments are driven by specific requirements of the accrediting agency of the academic departments. For the University's programs that are not accredited, the deans are asked to work with department chairs to develop those standards. The provost then works with the deans. In the School of Music, for example, student outcomes assessment is very detailed and has to do with playing in front of a jury. Provost Podolefsky stated that University of Northern Iowa officials established, a number of years ago, a faculty committee to oversee development of student outcomes assessment plans for each academic program. As a result of this effort, some very good student outcomes assessment programs were created. He pointed out that every student goes through learning outcomes assessment every time he/she takes a test or writes an essay.

President Newlin stated that institutional officials and Board members are striving for quality and excellence, an important part of which is academic program reviews. The reviews are on a 7-year schedule which allows the institutions to stage the costs. He said student outcomes assessments are important to maintaining and/or enhancing quality. He stated that quality is a very important factor in the reason that the three

universities have achieved record enrollments in the past years, which the Regents want to see continued.

With regard to having three people on the external program review teams, he noted that one of the programs presented for review in this report had no external reviewers. President Newlin said he hoped that University officials would continue to utilize three external reviewers.

Provost Podolefsky asked for one caveat to the requirement to have three external reviewers for each academic program review. At the University of Northern Iowa, separate program reviews are generally undertaken for graduate and undergraduate programs. However, sometimes two or three external reviewers are brought in to look at both the graduate and undergraduate programs. In those cases, there would be some overlap in membership of the external review teams.

President Newlin stated that Board members want the universities to achieve efficiencies where possible.

ACTION: President Newlin stated the Board, by general consent, (1) received the report and (2) encouraged the universities to continue to focus academic program reviews on program improvements based on existing resources and to describe more fully the programs' expected student outcomes and the program improvements that relate directly to student outcomes assessment measures.

CRITERIA FOR INSTITUTIONAL HEAD SEARCHES. (a) University of Iowa.

Professor Jonathan Carlson, Chair of the Presidential Search and Screen Advisory Committee, first stated that he always knew that his J.D. was no better than Interim President Boyd's L.L.J. He said that what really hurt was his comment that a lawyer is just a lawyer! With regard to the criteria for the search for a President for the University of Iowa, he said the criteria serves three purposes: 1) inform candidates of what the committee is looking for in a candidate, 2) as a basis for evaluating candidates, and 3) to inform external and internal stakeholders of the desired characteristics.

President Newlin thanked Professor Carlson and his committee for developing the criteria in time for the September Board of Regents meeting.

Regent Kelly thanked Professor Carlson for his hard work. He then said that one element left out of the criteria was diversity of ideas. He believes that universities are boycotting a wide range ideas including conservative ideas. Some universities have not allowed Supreme Court Justice Thomas to speak, while allowing Angela Davis to speak. He said he would appreciate the consideration of including diversity of ideas in the criteria. He then said he really liked the emphasis in the criteria on leadership.

Regent Fisher asked for an update on the search process and whether any applications are coming in. Professor Carlson responded that there is a developing strong pool of candidates. The committee is in the process of enlarging and broadening that pool.

Regent Fisher asked about the committee's timetable. Professor Carlson responded that the committee's timetable was the one given to it by the Board of Regents. It is his hope to be completed by the end of January, at the latest. In order to do so, over the next 6-8 weeks, a very good pool of candidates will have to be developed and screened.

President Newlin stated that the Board's suggestion was that it be provided with the names of four candidates in December. He then asked if Professor Carlson is satisfied with the outside search firm. Professor Carlson responded that he has had an opportunity to meet with some staff of the search firm. He believes it to be a great group, competent and with good ideas.

MOTION: Regent Turner moved to approve the University of Iowa Presidential Search and Screen Advisory Committee's proposed criteria. Regent Fisher seconded the motion. MOTION CARRIED UNANIMOUSLY.

(b) Iowa School for the Deaf. Dr. Richard Hurtig, Chair of the Superintendent Search and Screen Advisory Committee, stated that the committee met at the Iowa School for the Deaf and drafted the criteria before the Board at this meeting. He said the committee attempted to follow the template provided for defining general and personal attributes of candidates.

MOTION: Regent Becker moved to approve the proposed criteria for the Iowa School for the Deaf Superintendent search as proposed by the ISD

Superintendent Search and Screen Advisory Committee. Regent Arbisser seconded the motion. MOTION CARRIED UNANIMOUSLY.

REPORT ON ORGANIZATIONAL REVIEW – PHASES II AND III.

Deputy Executive Director Barak presented an overview of the organizational review activities to date. He stated that, last May, the Board approved a three-phase organizational review of the Board, Board Office and the five institutions. MGT of America, Inc., was selected to undertake Phase I of the review which was the identification of areas to be studied to improve efficiency, effectiveness, and accountability of the Regent enterprise. Phases II and III were to be short-term and longer-term, in-depth studies of the areas identified in Phase I. Phase II is now complete. In July, the Board of Regents approved five of the twelve Phase II projects recommended by the Priority Study Group on the Organizational Review. In August, the Priority Study Group on Organizational Review met to review the results of Phase II and approved the report.

Four of the seven remaining Phase II projects were conducted by MGT of America, Inc., including “streamline instructional program delivery”, “improve reallocation process”, “seek modifications to state regulatory statutes”; and “conduct further review of governance reports”. Two Phase II projects were coordinated by the Board Office: “review Board of Regents approval thresholds” and “review purchasing policies and practices”. One Phase II project was conducted at the institutional level: “review revenue enhancement opportunities”.

Deputy Executive Director Barak provided a PowerPoint presentation on the results of Phase II of the Regent organizational review and recommendations for the five projects remaining in Phase III. He recognized Deb Hendrickson, Associate Director of Business and Finance, to address Phase II, recommendation II-2:

A Board of Regents committee should review the current purchasing, contracting, and personnel appointment approval thresholds with the objective of delegating more decision-making authority to the institutions.

Associate Director Hendrickson stated that Joan Racki, Associate Director of Business and Finance, and she were co-leads on this project. She said they began by creating a comprehensive listing of thresholds which were forwarded to institutional personnel and MGT personnel for review. The review focused on thresholds related to purchasing, capital projects and personnel appointments with the objective of delegating more

decision-making authority to the institutions while maintaining accountability to the Board. She noted that some thresholds are set by Iowa Code and, therefore, require legislative action to change. She said the review of thresholds has assisted in recommending changes and updating the Regent Policy Manual. She referred the Board members to the location in the meeting materials of the recommended changes.

President Newlin expressed appreciation for all of the work that went into addressing this recommendation. Associate Director Hendrickson said it was a lot of work, and there was much collaboration with the institutions.

President Newlin said he presumed that agreement was reached on all of the thresholds, noting that there are some statutory limitations. This effort will also be of assistance in terms of efficiency and effectiveness. Associate Director Hendrickson responded that the threshold changes should assist with efficiency and effectiveness. She noted that the purchasing thresholds were included in the Policy Manual changes adopted by the Board in July.

Deputy Executive Director Barak stated that the next recommendation, II-3, part 1, was to be addressed by Kent Caruthers of MGT of America, Inc.:

The Board of Regents should prioritize and undertake a review of the instructional, research and public service delivery systems at each university with the objective of streamlining the delivery systems and reallocating academic resources.

Mr. Caruthers stated that this aspect of the project was a moving target. Due to dramatic changes in the budgets, institutional officials have had to make many of the changes that were recommended. He said that, in terms of course duplication, the course catalogs were analyzed and potentially duplicative courses were identified. In terms of class sizes and scheduling, MGT observed that the effort toward smaller class sizes has been impaired in recent years due to budget cuts. MGT recommended offering classes during under-utilized times. With regard to articulation of community college students, he said there are opportunities for a more comprehensive policy of program-to-program articulation. In terms of credits necessary to graduate, he said the University of Iowa has made much progress in its 4-year graduation rate and its promotion of the concept of graduating in 4 years. In terms of enrollment management, MGT recommended a review of the instructional delivery systems at each university, with the objective of streamlining the delivery systems and reallocating academic resources. One area in which no recommendation was offered was remedial education.

MGT determined that the offering of remedial education at Iowa's Regent universities is not nearly as common as at their peer institutions.

President Newlin addressed the issue of articulation of community college students. He said one issue related to the acceptance of credits transferred from the community colleges to the universities. A second issue was whether those credits apply toward a particular program.

Deputy Executive Director Barak responded that, in some cases, credits do apply toward graduation and, in some cases, they do not. He said the general education credits from the community colleges transfer to the Regent institutions. Courses students take beyond the community college general education program sometimes apply, as well.

Regent Becker referred to the recommendation that the Board of Regents Office continue to develop, with the assistance of other appropriate groups, a coordinated transfer articulation system that is available through an easily-accessed and interactive web site. She said such a website could assist students in determining whether their community college courses would be accepted at one of the Regent universities. She asked whether the recommendation will be considered. Deputy Executive Director Barak responded affirmatively, noting that all of the recommendations will be included in a work plan that will be submitted to the Board at a later date.

Regent Becker suggested an effort be made to determine whether the community colleges would like to work cooperatively with the Regent institutions to expand the number of courses that would meet requirements for transfer. Deputy Executive Director Barak responded that there are a number of such activities taking place. For instance, the 2+2 committee is working with the community colleges to determine more academic areas where 2+2 programs could be developed.

President Newlin asked President Koob to address the question regarding community college credits applying toward graduation at a Regent university. President Koob responded that the primary purpose of attending a university or a college is enrichment and growth opportunities for young people. He said students often enter with an interest in exploration versus a specific goal. Many students change their minds about their course of study. Thirty percent of students who enroll at the University of Northern Iowa are likely to change their minds, at least once, about their course of study. He would not want to lose that flexibility. There are also circumstances where students have received poor advising. There are circumstances where students' opportunities to take courses are delayed. President Koob said he is a strong advocate of removing all

barriers to success, but cautioned that they not remove students' opportunities to explore. Students should be allowed freedom to explore and freedom to grow.

Interim President Boyd expressed his agreement with the comments of President Koob. He stated that not everyone knows exactly what he/she will do upon entering a community college or university. He then stated that another issue was the concept of specialization or a career-oriented curriculum. The University of Iowa lost accreditation in two undergraduate programs because University officials tried to resist the concept of specialization. He said University officials are doing the best they can to address articulation with community colleges while, at the same time, they are facing the realities of specialized accreditation.

President Geoffroy said he concurred with the comments of his colleagues. University officials recognize the importance of articulation agreements. Iowa State University officials work hard to make those agreements effective.

Regent Fisher questioned whether students are advised about community college credits that are accepted at Regent universities but that do not count toward graduation. Provost Whitmore responded that University of Iowa officials have articulated with community colleges to develop courses that are considered acceptable. He said the information is clearly available but it is difficult to say whether every student has an advisor who makes that information clear. He stated that, if someone seeks out the information, the information is available.

President Newlin asked if anything is being done to work with the community colleges to make sure their courses are accepted toward graduation. Provost Whitmore responded that, without knowing specifics, the question was difficult to answer. He said there are a limited number of community college credit hours that will apply to the universities.

Associate Provost Lopes suggested that one needed to distinguish between several uses of the word "accepted". She noted, for example, that even the University of Iowa has courses that do not count toward graduation. She stated that the Regent universities have interactive websites where students can find out what courses transfer.

Regent Nieland said she is comfortable that the Regent institutions are being responsive in the area of community college credit transfers. She hoped that the community colleges are also working toward this responsibility.

Regent Turner encouraged university officials to continue to develop opportunities for 2+2 programs. She then pointed out that the Board members had not been provided with numbers to indicate how big a problem it is or is not for community college students to transfer to Regent universities.

Regent Neil referred to the dialogue between Regent universities and community colleges regarding this issue. He said he was very concerned about an article that appeared in the Des Moines Register initiated by one of the community colleges over this issue. He asked if there is regular dialogue for the benefit of students.

President Koob responded that there are regular conversations between representatives of the Regent universities and the community colleges. It has been his experience that faculty-to-faculty communication greatly enhances understanding. He noted that University of Northern Iowa officials have been very fortunate in the last couple of years in that community college faculty have changed their courses upon receiving information as to why the course credit would not transfer. He said those efforts have evolved significantly over the past several years. He then expressed appreciation for the supportive comments of Regents Nieland and Turner. He said there is a mythology that transfer of community college students to Regent universities is a problem. His experience has been that there is a strong willingness to cooperate on both sides.

Interim President Boyd added his support to the comments about the willingness of everyone to cooperate in the effort. He said newcomers to the state are not aware of the strong tradition of Regent universities and community colleges working together on the articulation issue. In addition to those two parties (community colleges and Regent universities), he said there is a very important third party: the student. The student has some decisions to make and is a critical element in making the transfer successful.

President Newlin said the questions that Board members had asked made it clear that the Regents think it is important to continue the cooperation and collaboration with community colleges. He then read the following Board Office recommendation as a way to emphasize its importance:

Because the Board of Regents regards improvement of articulation agreements a high priority, the Board Office will work with RCER, LACTS, and the 2 + 2 Council to enhance and increase both basic and program-to-program articulation agreements.

Deputy Executive Director Barak read recommendation II-4, as follows:

The Board of Regents should prioritize and conduct a review of revenue enhancement opportunities and establish a revenue growth schedule for each university.

Associate Director Hendrickson stated that officials of each university assessed the types and levels of revenue-generating activities that are in place and identified plans or initiatives that are being considered. Through that process, the universities identified opportunities within nine categories. The categories include: 1) tuition and fees, 2) contracts and grants, 3) marketing affinity programs, 4) sales of university products and services, 5) program participation and user fees, 6) cash management and investment practices, 7) leases/rentals of university assets, 8) asset management, and 9) private/public partnerships. The Board Office recommended that the Board:

1. Encourage the universities to focus revenue generating efforts on:
 - a) Activities consistent with their missions and programs and the provisions of Iowa Code Chapter 23A regarding competition with private enterprise.
 - b) Recurring and maintainable sources rather than one-time assets.
2. In conjunction with recommendation 6 of Item II-3, direct the universities to evaluate alternative methods to increase, account for, and distribute continuing education, summer school, and seminar revenues.
3. Request the universities to consult with peer institutions to identify best practices that might assist the universities in revenue generation.

Deputy Executive Director Barak read recommendation II-6, as follows:

The Board of Regents, working with institutional officials, should conduct a review of the purchasing policies and practices with the objective of reducing both the operational costs of purchasing activities and the prices paid for goods and services.

Associate Director Hendrickson stated that the Board Office and institutional representatives worked with MGT to develop a work plan to address recommendation II-6. At the same time, Board Office and institutional representatives continued

collaborative efforts to revise the purchasing section of the Regent Policy Manual. She said the work plan consisted of seven major activities, as follows:

1. Document policies, practices and administrative systems related to the purchasing function at each university.
2. Obtain assessment from users of the purchasing function including surveys, focus groups, and interviews.
3. Identify best practices.
4. In coordination with work on MGT Recommendation II-2 - Review Approval Thresholds, assess appropriateness of current bid level requirements on commodities and capital outlays.
5. Explore costs and benefits associated with greater utilization of group purchasing consortia.
6. Determine opportunities for more efficient operation of the central receiving function.
7. Make recommendations based on findings to update the purchasing section of the Regent Policy Manual and Iowa Administrative Code.

Associate Director Hendrickson stated that the Board approved the Regent Policy Manual changes at its July 2002 meeting which should aid in reducing operational costs of purchasing activities.

Deputy Executive Director Barak read recommendation II-7, as follows:

The Board of Regents should review the processes and the results of the reallocation policy over the past five years.

Mr. Caruthers stated that the Board of Regents adopted a policy in May 1996 directing that each institution reallocate 10 percent of its budget over the coming five-year period. As that period drew to a close, the Board called for an evaluation of implementation practices for and the effectiveness of the reallocation policy as part of the organizational review being conducted by MGT of America. He said MGT conducted a series of interviews on reallocation issues involving institutional staff, Board Office staff, and several Regents. Based on these interviews, MGT determined that:

▣ Institutional officials believe they have complied with the original intent of the reallocation program, but admit they received little specific guidance in 1997 about what was expected by the Board. Instead, the understanding of the policy can better be depicted as an evolutionary process as all parties gain experience with reallocation practices.

▣ Individual Regents and Board Office staff are not convinced that the types of reallocations taking place are fully achieving their original intent of strategically redirecting resources on an institution-wide basis to build excellence or to be proactive in engaging new opportunities.

Mr. Caruthers said the basic issue is that the concept of reallocation, as intended by the Regents in 1996, was never carefully articulated. As a result, the Board Office staff recommended, and the Board concurred, that the current review of the reallocation policy become part of the organizational review. MGT provided the following recommendations: 1) Determine whether to reaffirm the need for a reallocation policy. 2) Develop a clear definition of what types of reallocation activity are expected. 3) Design a reporting system that permits the institutions to demonstrate progress toward achieving the Board's goals.

President Newlin read the following Board Office recommendation to the Board:

1) Reaffirm the need for a reallocation policy for the next five years. 2) Request that the Board Office, working with the institutions, develop a clear definition of types of reallocation expenditures and design a reporting system to demonstrate progress toward achieving the Board's goals.

Regent Fisher stressed the importance of reallocation in the strategic planning process. He stated that, as the Organizational Audit Priority Study Group was addressing the reallocation recommendation, he realized that reallocation was not happening the way he had thought it was happening, which underscores the need to articulate the Board's reallocation policy. He said that, in the process of clarifying the reallocation policy, there might be differences in implementation of reallocation practices among the campuses.

President Newlin said it would be his hope that there would be many similarities among the institutions with regard to reallocation.

President Geoffroy stated that there were a number of areas where clarification would be very helpful. For example, in the current fiscal year, Iowa State University officials have reallocated 6.5 percent of the budget because of the budget cuts. Similar

reallocations will likely have to be done next year. Therefore, he said Iowa State University will have satisfied the 10 percent reallocation requirement in just two years.

President Newlin stated that the policy is 2 percent per year. If an institution exceeds 2 percent, that is good; however, there remains the requirement to reallocate 2 percent per year.

Regent Neil stated that he is somewhat sympathetic to the institutions on this issue. He said that, when the Board of Regents had a consistent partner in the funding of higher education, the reallocation policy made sense and could be measured. However, the reallocations become quite clouded with the shortfall in legislative appropriations.

President Newlin stated that the institutions need to continue to strive for quality. He believes that institutional officials will find ways to reallocate. He said he concurred with Regent Fisher's statement about the importance of the reallocation process. Even though the Regent enterprise has suffered a \$124 million cut in appropriations, it does not mean the institutions cannot continue to strive for quality.

Deputy Executive Director Barak stated that recommendation II-10, having to do with proposing modification to state statutes and other policies, was being deferred.

The next recommendation, II-11, stated that the Board of Regents should review its governance reporting requirements, with the objective of streamlining the reporting requirements while maintaining an adequate accountability system.

Mr. Caruthers stated that the Phase II review of governance reporting entailed three distinct information collection and analysis approaches: 1) a review of individual reports submitted to the Board over the past several years; 2) interviews with selected Board Office staff and university officials who are responsible for developing the reports; and 3) a survey of all Board Office and institutional staff members who are involved in developing and/or reviewing report submissions. Possible actions include eliminating a report, combining a report with another report, condensing a report, refocusing a report, or submitting a report less frequently. He said that, in many cases, the appropriate strategy will be to make no changes where the value-cost ratio for a report is already satisfactory. Benefits will come from making individualized changes to each report on a target list.

Deputy Executive Director Barak next addressed the five projects for review in Phase III of the organizational audit. He said these projects were identified by MGT of America, Inc., and approved by the Board, before the unprecedented budget reductions and

under-funding of various obligations. As a result, the Board Office has reviewed the five projects and issued recommendations that are somewhat different than the original recommendations.

With respect to recommendation III-1, to examine criteria and models for assessing the total facility space needs and level of classroom and laboratory utilization, and for guiding the design of new and renovated buildings, the Board Office recommended not proceeding with the project at this time.

With respect to recommendation III-2, to review the process for determining deferred maintenance needs of the institutions and assess the full needs of the institutions in deferred maintenance funds, the Board Office recommended not proceeding with the project at this time.

With respect to recommendation III-3, that each university prioritize and continue to undertake, when appropriate, re-engineering studies of institutional administrative and support services with the objective to reducing operating costs, etc., the Board Office recommended the university internal auditors or other appropriate assigned personnel assist with the reviews. Deputy Executive Director Barak stated that the Board Office also recommended that university internal auditors or other appropriate assigned personnel assist with recommendation III-4, to conduct a critical review of both current enterprise funds and potential new enterprise funds. With respect to recommendation III-5, the Board Office recommended the Board accept the proposal to undertake an in-depth review of selected administrative processes at the Iowa Braille and Sight Saving School. The work plan will be developed by the Board Office in cooperation with Iowa Braille and Sight Saving School.

Regent Fisher referred to recommendation III-1, to examine criteria and models for assessing the total facility space needs and level of classroom and laboratory utilization, and for guiding the design of new and renovated buildings. He stated his belief that this is a very important area. He said the Regents allocate tens of millions of dollars every year for new facilities on the various campuses. He believes that getting input as to the true need is very important in the Board's deliberations and discussions on capital improvements on the campuses.

Director Elliott stated that this recommendation was to have a set of procedures for identifying priorities on campus. It was felt that there are procedures at the institutions to regularly determine priorities, space needs, and other issues on campus. The Board of Regents is also presented with a five-year capital plan on an annual basis. She said the five-year plans present the priority capital projects at each institution. Therefore,

there is a constant evaluation of capital needs. Recommendation III-1 was a more specific recommendation relating to classroom size and type of needs on a broader national basis. The idea was to establish certain criteria before going forward. It was her understanding that, in each case, the institutions do look at those criteria.

Regent Fisher said he did not know what criteria is currently being used but he thought it would be good to review the criteria.

President Newlin asked Regent Fisher if this was an item on which the Board Office could work. Regent Fisher said he thought the recommendation should be kept "on the table".

President Newlin asked that the minutes reflect that the Board Office was directed to bring this matter back in 2003.

Deputy Executive Director Barak concluded the presentation. He stated that a work plan with timetables will be developed for each recommendation. He then thanked all of the Board and institutional staff who worked on the organizational review. He noted that doing so was an add-on responsibility for Board Office staff.

President Newlin thanked the Board Office staff and MGT of America officials, particularly Kent Caruthers, for their work on this very important project.

MOTION: Regent Turner moved to approve the recommended actions for the Organizational Review – Phases II and III, with the exception of recommendation III-1, to examine criteria and models for assessing the total facility space needs and level of classroom and laboratory utilization, and for guiding the design of new and renovated buildings. Regent Neil seconded the motion.
MOTION CARRIED UNANIMOUSLY.

REPORT ON MEETING OF THE IOWA COLLEGE STUDENT AID COMMISSION.

Executive Director Nichols presented an overview of the August meeting of the Iowa College Student Aid Commission. He stated that Michelle Durand-Adams was elected as Chair of the Commission for another one-year term. He said the Commission approved amendments to Iowa Administrative Rules. Allocations for 2002-2003 federal Leveraging Education Assistance Programs funds were made to the Iowa Grant

program which will result in a \$121,000 increase in Iowa Grant funds available to students at Regent institutions. These federal funds, however, may not be available in future years due to decreased state support for student aid programs.

Approval was granted to earmark some of the Commission's interest income for special programs designed to reduce defaults on student loans, including a program known as "student loan outfitters" for students considered to be at risk for default. Executive Director Nichols stated that preliminary discussion was held regarding potential initiatives to include in the FY 2004 budget request for student aid programs and the state fiscal situation. A report was presented at the meeting on the final FY 2003 program expenditures for various state grant and scholarship programs, indicating most were at expected levels.

Executive Director Nichols reported that the Commission also met two days prior to the September Board of Regents meeting, a full report of which will be available at the October Regents meeting. At its meeting, the Commission endorsed a budget request for FY 2004 which includes reinstating the college work study program at the state level. The Commission also approved undertaking an initiative funded by non-state dollars for research on student financial aid, a more complete report on which will be provided to Board members in October.

Regent Becker said she was pleased that the Commission allocated funds to research student financial aid. The effort will be important for the state at this time of increasing educational costs. She hoped the research would look broadly across the state at unmet financial need of students, which is not just a Board of Regents issue.

Regent Fisher asked about the source of funds administered by the Commission. Executive Director Nichols responded that the largest source was federal funds. The second largest is state appropriations. The third source of funds is the allowable margin or interest income on its servicing operations.

Regent Fisher asked if the Commission grants financial aid funds to individual students. Executive Director Nichols responded that, in some cases, it does grant funds to students. In other cases, funds are proportioned to the educational institutions.

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

OPERATING APPROPRIATIONS REQUESTS FOR FY 2004.

Executive Director Nichols presented a summary of the operating appropriations requests for FY 2004, which begins July 1, 2003. He noted that state appropriations for operations are an important part of the institutional strategic plans and the ability to achieve quality programs. Budget guidelines for the executive branch of state government require that preliminary budgets be submitted to the Department of Management by October 1. He said one priority in the appropriations requests is funding of incremental salary increases. A second priority is continued funding for past salary increases that were not fully funded by the state in FY 2003. A third priority is a series of new strategic initiatives, which represents less than 2 percent of the Regents budget (approximately \$11.5 million), that would begin to rebuild some of the priorities that were deferred due to the reduction in state funding. He stated that the Board of Regents was asked to provide a preliminary appropriations request for FY 2005. Included within the FY 2005 request is a proposal for \$38 million in strategic investments, details of which will be presented to the Board at a later date.

Regent Fisher asked for an explanation of the statement in the meeting materials that the Department of Management guidelines indicated that the incremental FY 2003 salary funding is not to be considered a continuing appropriation. Executive Director Nichols responded that, prior to the deappropriations of the past years, incremental salary funding was appropriated from the state general fund. In the last legislative session, funds appropriated to the Regents for salaries came from another source (Regent demutualization proceeds).

Regent Fisher asked if the Board will request full funding of salaries. Executive Director Nichols responded that the Board will ask for full funding of salaries from state appropriations.

Interim President Boyd said this year's salary money will be requested as well as next year's salary money since this year's funding came from a non-recurring source of funds. The salary funding situation is compounded by rapidly-increasing health insurance premiums. University officials also have to address restoration of faculty lines. He said 52.5 percent of the University of Iowa's general education funds come from the state. The general education money funds the vast majority of faculty costs. The University of Iowa has eliminated 315 positions, over 100 of which were faculty funded from general education funds, as part of the retrenchment. Funding was requested for student advising to further help students make their way through school. He stated that another priority for the University of Iowa is the College of Public Health and the Public Health Initiative which are important to the well-being of the state.

Libraries and instructional technology is another area addressed in the University's funding request. He concluded by stating that restoration of economic development funding was critical.

President Newlin asked for examples of elements of the University budget that are not funded by the general education fund. Interim President Boyd responded that research, University of Iowa Hospitals and Clinics, athletics, and residence halls are not funded by the University general fund. The general fund provides funds for the core educational operation. He noted that state funding of the general fund is going down and funding from students is going up. Therefore, the state of Iowa is departing from the traditional role of the public university being accessible.

Vice President Madden stated that each of the campuses has some differences with regard to what is funded by the general fund, although Interim President Boyd described the major features.

President Geoffroy stated that the highest priority request at Iowa State University is for salary funds. The highest priority for new resources is to repair the damage in the faculty ranks. He said faculty are the "heart and soul" of the University. Iowa State University has lost 420 positions, 120 of which are faculty positions, while enrollments are at record levels. Beyond personnel costs, the University requests funds to repair the damage done to its economic development programs. He said those are valuable programs for the future of the state.

Regent Turner asked President Geoffroy to comment about creating new faculty positions and restoring faculty positions that were lost. President Geoffroy responded that Iowa State University is down 80 tenure and tenure-track faculty plus there are a large number of "empty" positions. The loss of faculty has increased the demands on the remaining faculty. He said ways have to be found to rebuild faculty ranks.

President Newlin asked for the effect of the loss of faculty positions on the University's student/faculty ratio. President Geoffroy responded that the student/faculty ratio has increased by 23 percent. In 1995, the ratio was 15.9 students per faculty member. Currently, there are 19.5 students per faculty member.

President Koob expressed the University of Northern Iowa's support for the request for full funding of salaries. He said he would like for the salary funds to come from new money rather than from reductions elsewhere in the University's budget, as was experienced this year. He stated that in 1998, 76 percent of the University's faculty were tenured or tenure track. The strategic planning target for faculty tenure is 75

percent. The University recently experienced a fair number of faculty retirements. Those full-time tenure-track faculty were replaced with part-time adjunct faculty, which resulted in the number of tenure and tenure-track faculty declining from 76 percent to 63 percent. Therefore, University officials requested funding to restore faculty positions. The request was for 34 of the 126 faculty positions needed to achieve the strategic plan target. He concluded by stating that University officials support the economic development appropriations request.

Superintendent Johnson said he supported the points made by the university presidents. He reminded the Board members that the Iowa School for the Deaf has no other funding sources than those from the state.

Superintendent Thurman stated that five to six years ago, the Regent institutions began the process of reallocating resources, which has been successful. He said the strategic planning process, in conjunction with the reallocation activity, assisted in redirecting the School. However, as state funds are removed from the School, the reallocation process and the strategic planning process become less meaningful. He reminded the Board members that the special schools are K-12 schools. Unlike other K-12 school systems in the state, they have no right to a local property tax levy. He cautioned that, if the appropriations cuts continue in this coming year, it will be disastrous. He concluded by stating that School officials will ask to restore funding for the summer programs.

President Newlin stated that the Board members agree that the special schools need to be treated differently.

MOTION: Regent Fisher moved to (1) approve the operating appropriations requests for FY 2004, (2) approve the priorities for restoring the base operating appropriations for FY 2004 to fulfill state statutory requirements for budget development, and (3) approve the preliminary FY 2005 operating appropriations requests. Regent Arbisser seconded the motion. MOTION CARRIED UNANIMOUSLY.

TUITION POLICIES AND PROPOSED RATES.

Executive Director Nichols presented the Board Office recommendation for tuition policy and proposed rates. He stated that since July, when the Board completed approval of the FY 2003 budget, the Board Office staff has focused on preparation, in consultation

with the institutions, of FY 2004 budget preliminary recommendations. The most notable work has been on the recommendations for FY 2004 tuition and fees. He said that, given the situation that has resulted from dramatic reductions in state support, development of the tuition and fees proposal has been a difficult task. The Board Office generated dozens of options for review. In his estimation, the proposal presented at this meeting represented as reasonable a balance as possible under the circumstances. The “balance” that was sought was based on the following priorities:

- Maintaining educational quality in light of dramatic reductions in state support (\$2,780 per student over 2 years)
- Uncertainty about the restoration of significant state support in FY 2004
- An understanding that other budgetary/expenditure reductions by the universities will be needed; students cannot be asked to cover all of the reductions
- Estimated inflation in costs of doing business in FY 2004 (HEPI); and steady projections for demand (enrollment)
- A desire to keep Iowa’s public universities in a solid competitive market position on tuition versus “peer” institutions
- An eye toward per capita tuition versus per capita income
- Generation of significant internal and external resources for student financial aid for those most impacted by the potential cost increases
- A continued favorable “return on investment” for students and their families – their lifetime earnings payback versus cost of attendance.

Executive Director Nichols provided a PowerPoint presentation. He stated, for the record, that the Board Office recommendation will comply with Iowa law which mandates at least 30 days’ notice to students of the tuition recommendation, and that the final tuition decision be made no later than November. He outlined the proposed process which began on September 12 with the tuition proposal announcement, and which is anticipated to be finalized in November. This process would put the Board in public session at each of the three universities prior to its vote. Board members would be presented with brief remarks at this meeting from institutional heads and student representatives. More detailed presentations by the university presidents and students will take place in October. Finally, the Board will debate and make a decision in November.

With regard to proposed tuition increases, Executive Director Nichols said the proposal was expressed as a dollar amount instead of a percentage. He believes what leads to the greatest public understanding is to present the proposal in terms of what students actually pay. He said that doing so was particularly important when comparing tuition with that of other states. The recommendation for resident undergraduate and graduate tuition was an increase of \$650 per academic year or \$325 per semester. The

recommendation for non-resident undergraduate and graduate tuition was an increase of \$1,300 per academic year or \$650 per semester. For Iowa resident undergraduates, the recommendation would result in base tuition of \$4,342. When including the recommendation to complete the process of moving designated tuition to fees, the total of tuition and fees at each institution next year would be \$4,993 at the University of Iowa, \$5,028 at Iowa State University, and \$4,916 at the University of Northern Iowa. Executive Director Nichols presented the following projection of total cost to parents and students for attendance during the 2003-2004 academic year for resident undergraduate students, as follows: \$14,285 at the University of Iowa; \$14,113 at Iowa State University; and \$13,548 at the University of Northern Iowa. He said those costs include housing, food, books and transportation.

As a matter of historical interest, Executive Director Nichols provided the dollar amount of undergraduate tuition increases since 1998-99. He said the proposal for 2003-2004 is \$74 greater than the tuition proposal the Board adopted last fall. The major reason for the projected tuition increase is the dramatic and continuing reduction in state support in recent years. In FY 2000, Regent institutions' state appropriations were reduced by \$3.4 million. In FY 2001, the amount of reduction was \$2.7 million. In FY 2002, the reduction in state support was \$81.9 million, while in FY 2003, the reduction was \$42.6 million. He said the outlook for FY 2004 is "steady".

With regard to national comparisons, Executive Director Nichols presented a map of the United States which indicated the percentage change in state appropriations for higher education from 2000-2001 to 2001-2002. The fiscal condition of the majority of states resulted in increases in state support to higher education that were below the Higher Education Price Index. Iowa was one of a handful of states, however, where support literally went down. Iowa had one of the largest reductions in state support of higher education in the country.

Executive Director Nichols stated that the most recent 2-year reduction in state appropriations to Regent universities translates to a reduction of \$2,780 per student – far more than could or should be made up entirely by student charges. Expressed another way, even if this proposal is adopted and state support is not reduced, further expenditure reductions at the universities will be necessary. Projections for FY 2004 are for gross tuition proceeds of \$46.4 million, minus financial aid set aside of \$7.4 million, for net tuition proceeds of \$39 million. He said the \$39 million in tuition income compares to \$124 million in state appropriations reductions in FY 2002 and FY 2003. Therefore, the additional tuition income will not lead to a time of great expansion of budgets on the campuses.

Student financial aid set-aside from tuition revenues is budgeted at \$66.1 million for FY 2003. The Board Office proposal calls for an increase in the minimum tuition set-aside of 15 percent of tuition revenues, in recognition of the significant tuition increase proposal. The prior Board-required minimum for student aid set-aside from total tuition revenues was 11 percent. Executive Director Nichols noted that the campuses have exceeded the minimums in recent times. The Board Office recommends focusing set-aside funds on need-based programs. The proposal would provide an additional \$7.4 million for student financial aid next fall. The Board Office also recommends support of initiatives to increase state and federal support for student aid, such as grants, loans and work study. He said this is a vital part of the recommendation.

Executive Director Nichols next provided a chart which illustrated the universities' educational revenues by source. He said that, if the tuition proposal is approved and if the budget proposal is funded by the legislature in the amounts requested, state appropriations will account for 52.2 percent of educational revenues, tuition will account for 41.7 percent, and "other" revenues will account for 6.1 percent. He stressed that there is still much work to be done to rebuild state support of higher education. Since FY 2001, there has been a decrease in the percentage of educational costs paid by state support of Regent universities of over 10 percent. He said the Regents' FY 2005 appropriations request of the state will be significantly higher than those for FY 2004 and, hopefully, will help moderate the tuition increase recommendation at this time next year. FY 2004 incremental appropriation requests for strategic investments to begin to rebuild state support and moderate future tuition increases is \$11.5 million, while the recommended request for FY 2005 is \$38.7 million. The requested appropriation increases will begin to reverse the trend of state cuts and, eventually, rebuild state support as economic circumstances improve.

Peer comparisons of undergraduate tuition and fees for the 2002-2003 academic year indicate that the University of Iowa's peer group average is \$5,116 for residents and \$15,932 for non-residents while, at the University of Iowa, those figures are \$4,191 and \$13,833, respectively. For Iowa State University, the peer group average is \$5,110 for residents and \$15,213 for non-residents while ISU's figures are \$4,110 and \$12,802, respectively. Similar figures for the University of Northern Iowa indicate that the peer group average is \$4,182 for residents and \$11,912 for non-residents while UNI's figures are \$4,118 and \$10,426. Executive Director Nichols summarized that tuition at the University of Iowa and Iowa State University is roughly \$1,000 below their peers on average for resident students, and the University of Northern Iowa's tuition is comparable to its peers. He stated that, even if the tuition increase proposal is adopted, the Regent universities' tuitions would still be below average, even in the unlikely event the others do not increase tuition for next year. He said that utilizing percentages masks the comparisons of tuition increases. Since many other states already have

significantly higher tuition, reports that other states only raised tuition by a particular percentage does not reflect the fact that the increased revenues from students is equal to or higher than the revenues from the Board Office recommendations. He said tuition in Minnesota, for instance, is already \$2,500 higher per year than in Iowa. A 10 percent increase in Minnesota's tuition is the same dollar amount as the Board Office proposal for Iowa's Regent universities.

Executive Director Nichols stated that, at the request of several Regents, the Board Office investigated the relationship between per capita ranking of state incomes and per capita ranking of public university tuition and fees. The results for 2001-02 shows Iowa's ranking on per capita income was 33rd, and on tuition per capita was 33rd. Iowa was in a state of balance, right where the Board of Regents would want the figures to be. In Iowa, tuition and fees as a percent of per capita income for 2001-2002 was 12.7 percent, compared to a national average of 14.1 percent. He said the figures would likely change as statistics are updated but, based on available data, Iowans have paid less than the national average on public university tuition based on per capita income.

Executive Director Nichols presented a graph showing lifetime earnings for those with a high school education compared to those with advanced degrees or, in other words, the return on investment. The data indicated that lifetime earnings for an individual with a high school education were projected at \$1,200,000 while for those with a professional degree the earnings projection was \$4,400,000. He said it appeared, based on the most recent available data, that the average lifetime earnings benefit from receiving a bachelor's degree is at least \$900,000 beyond that of a high school graduate.

Executive Director Nichols presented a table with data showing non-resident tuition and estimated unit costs at each of the three Regent universities for FY 2003 compared to FY 2001. He said the information was provided in response to a question frequently asked about whether or not out-of-state students "pay their way". The data were broken down into the following categories to show different methods of calculating the cost of education: 1) non-resident undergraduate tuition only, 2) undergraduate unit costs, and 3) undergraduate unit costs with estimated capital costs. He stated that how the actual cost of education is computed has been discussed by the Board. He said the data showed that the simple answer to the question of whether non-resident students pay more than the cost of their education is yes, and that non-resident students would continue to do so under the tuition increase proposal. He pointed out that included in the document distributed to Board members containing questions and answers regarding the tuition proposal, were detailed data including non-resident tuition and fees for professional programs.

Executive Director Nichols stated that the last issue he wished to address was the tuition policy. Several proposals for changes in policy were considered and rejected in Board Office deliberations of the 2003-04 tuition rates. He said thorough Board consideration of the proposals would be appropriate in the upcoming strategic planning activities. Some of the ideas considered include: 1) charging differential tuition rates for new students, 2) charging differential tuition for undergraduates depending on the program, 3) changing admission standards for entering students, 4) instituting per credit hour tuition and fee structures, and 5) seeking a change in the timing of the process/deadline for final Board action on tuition. He recommended that the Board consider all of those types of proposals when it restructures its strategic plan.

Regent Kelly said he liked suggestion numbers 2) and 3). He asked if materials outlining those suggestions will be available to the Board members. Executive Director Nichols responded that the materials are not currently available but will be.

Regent Fisher said Executive Director Nichols had made a good presentation. He particularly liked the information on the cost to educate students on each campus.

Interim President Boyd stated that all of the data presented by Executive Director Nichols were valuable. The data regarding the decreasing percentage of state support and the increasing reliance on tuition income caused him concern. He said the institutions are committed to working with the Board to make the case to the state that that is the wrong direction in which to go. The Regent universities were established as accessible institutions. He stated that one budgetary challenge is the funding of salaries from new monies. University officials have to fund the positions that were lost due to budget cuts to maintain quality in the classrooms. The University also has to maintain access for students in the form of tuition aid. He noted that, in the last few years, the University of Iowa Foundation has more than doubled the amount of money it provides to the University for student financial aid. He expressed concern about funding of the work study program. Students are trying to work their way through college but, due to the large tuition increases, many students are forced to borrow their way through school. At the University of Iowa, the tuition increases have become a deterrent to medical school applications. University officials want to engage, with the Board of Regents, in a strong advocacy case for reversing the trends of declining state support and increased reliance on tuition revenues. He said increased state funds are necessary to have the kind of institutions that are worthy of this state.

President Geoffroy stated that he concurred with the comments of Interim President Boyd and that he supported the Board Office recommendation. He said it was unfortunate that budget cuts were forcing discussion of tuition increases of such magnitude. However, the budget cuts are real and have seriously eroded the quality of

Iowa State University at a time of record enrollments. He noted that the tuition increase only replaces part of the funds lost due to the budget cuts. In order to maintain the quality of Iowa State University, the proposed tuition increases are necessary. University officials will still have to make further budget cuts because of the overall revenue projections.

President Koob stated that the unprecedented budget reductions of the last year by the legislature put the Board of Regents in a no-win situation. From the point of view of the institution, the proposed tuition increase is inadequate. From the point of view of the student, it must seem extraordinarily high. He believes the real answer to this situation is the one proposed by Interim President Boyd—to reverse the privatization of public education in the state of Iowa. In the meantime, given the compromise that the Board Office has worked out and the extensive consultation that has taken place, he supports the Board Office recommendation. He congratulated the Board Office for developing a compromise that seems reasonable.

Regent Neil requested that the Regents be provided with the average student debt load at graduation and how that compares with student debt loads at peer institutions. Executive Director Nichols responded that the annual student aid report will come to the Board in October and will contain the requested information.

Regent Arnold referred to the recommendation to establish the new minimum for student financial aid set-aside at 15 percent, which was projected to provide an additional \$7.4 million for student financial aid. She asked if that amount of money was in addition to the funds the universities are already providing for student financial aid.

Executive Director Nichols responded that \$7.4 million of the total new tuition revenues would go toward financial aid. He said the percentages minimums have been exceeded in the past, in some cases. He then stated that the institutions might want to specifically address this matter next month.

Regent Arnold asked if the information would be broken down by type of aid. Executive Director Nichols said those decisions are left to the campuses. Perhaps the institutions could address those plans in October, as well.

Regent Becker asked that the report on student financial aid to be presented next month include what percent of tuition set aside as a whole will go to need-based aid versus merit-based aid. With regard to Regent Neil's question about the amount of the loans with which students graduate, she said some of the loans are taken out for purposes other than basic education costs. She said there may be other ways to determine how much of a student's need was financed through loans.

Regent Arbisser complimented Executive Director Nichols for the presentation. He then referred to the data on the state appropriations reductions and asked if \$2,780 is the amount of reduced support per Iowa student. Executive Director Nichols said that was correct.

Regent Arbisser said another piece of information which he particularly appreciated was the differential between the tuition charged for non-resident students and the cost to educate those students. He said that data illustrated how important it will be to continue to attract out-of-state students.

President Newlin stated that, at this point in the tuition discussion, the student government leaders would have an opportunity to address the Board.

Jeff Scudder, University of Northern Iowa student body president, expressed students' deep concern about the proposed increase in tuition and fees. He stated that, when combined with the past two years' increases, the current proposal would result in a cumulative 50 percent increase in tuition. He looked forward to conveying students' concerns over the coming months, and especially during students' primary presentation to the Board in October. At this meeting, he addressed accessibility and affordability. He stated that a key characteristic of public higher education is accessibility, regardless of a student's ability to pay. He said the excessive tuition increase would decrease access for lower-income students. He provided data on undergraduate borrowing at the University of Northern Iowa. The loan indebtedness upon graduation of those who borrow was \$16,378 in 1995-96 and \$18,083 in 2001-02.

Mr. Scudder provided Board members with an article regarding disparities in college access among the 50 states by the Lumina Foundation for Education. He presented highlights of data contained within the article which illustrated the connection between accessibility and affordability. He stated that the large tuition increases at Iowa Regent universities are reducing access, and asked that Board members vote to lower the tuition increase in November.

T.J. Schneider, Iowa State University Government of the Student Body President, asked why the quality of the educational experience is decreasing while the price is increasing. He stated that students of Iowa State University are opposed to the proposed record increase in tuition. However, students realize this is not where the fight belongs. One of the largest questions is why higher education has become a secondary priority for the state of Iowa. Over the last year, the Regent appropriations were decreased approximately 6.6 percent while other educational sectors, such as community colleges, were increased by 0.7 percent. The total increase for educational sectors other than the

Board of Regents was 3.2 percent. He questioned why the other sectors of education are receiving increases in appropriations while the Regents are being ravaged.

Mr. Schneider pointed out that tuition is a small portion of the total cost of an education. In addition to tuition and fees are room and board, books, travel and health care. With the proposed increase, the cost of education for an in-state undergraduate at Iowa State University will be approximately \$14,113. The cost of the services needed to obtain an education is nearly twice the cost of tuition and fees. He said the effects of last year's increase are already being seen. This year, there are 61 less enrolled undergraduate students at Iowa State University. With the proposed increase, the enrollment numbers could dwindle even more.

Nick Herbold, President of the University of Iowa student government, stated that students of the University of Iowa oppose the proposed increase in tuition and fees. With the assistance of Matt Blizek, Vice President of the student body, he provided a skit illustrating what the situation could be like for a student 20 years from now. He then stated that the state of Iowa is looking for the Board of Regents' leadership in the next few months. He urged the Regents to work with students to bring together the Board of Regents, state representatives, and the public for open dialogue about the appropriate level of public funding of public universities. He said the students have discussed the tuition issue with several state representatives. The legislators indicated that the General Assembly has not even discussed whether to continue the traditions of quality, affordability and prestige at Iowa's public universities. Mr. Herbold said that was unacceptable.

President Newlin thanked the students for their remarks, and said the Board looked forward to their presentations next month.

Executive Director Nichols acknowledged Jeff Scudder, T.J. Schneider, and Nick Herbold and thanked them for their recent conversation and for their presentation on that day.

Regent Kelly said it was his understanding that state legislators have received no input from students or from students' parents. He urged the students to urge their parents to lobby state legislators and the Governor.

ACTION: President Newlin stated the Board, by general consent, (A) Considered the following proposals for the 2003-04 academic year tuition and fees, effective with the summer session 2003: (1) A base tuition increase of: (a) \$650 for all resident

classifications of students; (b) \$1,300 for all nonresident classifications of students; and (c) A new minimum tuition set-aside for financial aid of 15% of gross tuition revenues with direction to the universities to focus on need-based aid.

(d) Differential professional tuition rates at the University of Iowa and Iowa State University.

(2) In addition to the proposed base tuition increase, changes to mandatory fees as outlined, which include: (a) A two-year phase out of all designated tuition allocations into mandatory fees.

(b) Proposals for new and increased mandatory fees. (3) In addition to the proposed base tuition increases, the surcharges proposed by the

University of Iowa, as outlined. (4) Tuition-related miscellaneous fees and charges, as presented.

(B) Considered studies of the Board's tuition policy and the related statutory timing provisions during the upcoming discussion of the Board's five-year strategic plan. (C) Considered providing multiple public comment opportunities on the tuition proposals prior to making a final decision.

(D) Encouraged those seeking elective office to support efforts to increase state and federal commitments to both public universities and state and federal student financial aid programs. This will assist current students with their education, and can help moderate future tuition requests.

REPORT OF THE BANKING COMMITTEE.

Regent Fisher stated that the Banking Committee met on the morning of September 19, 2002. The members approved a revised schedule for issuance of bonds for October and November 2002, and received a report on the costs of recent bond issuances. With regard to the quarterly investment and cash management report, he said the Regent endowment portfolios are doing well compared to the benchmarks. The Banking Committee received several internal audit reports for the University of Iowa, and took several actions related to sales of bonds. He then recognized Barry Fick, Springsted, Inc., the Board's financial advisor.

Mr. Fick stated that bids were received that morning on two series of University of Iowa Facilities Corporation Revenue Bonds, the proceeds of which will provide a portion of the funds to construct the Roy J. and Lucille A. Carver Biomedical Research Building. He said two series of bonds will be issued. The Series 2002A bonds, in the amount of \$17,000,000, would be exempt from federal, but not state, taxes and the Series 2002B bonds, in the amount of \$8,000,000, would be taxable.

Mr. Fick reported that four bids were received for the tax-exempt bonds. The winning bid was submitted by a group led by Morgan Stanley Dean Witter for a true interest rate of 4.45 percent for the 25-year bonds. He noted that the next best bid was for a true interest rate of 4.48 percent. The winning bid for the taxable bonds was submitted by A.G. Edwards for a true interest rate of 5.39 percent for the 25-year bonds. The next best bid submitted was for a true interest rate of 5.42 percent. He noted that, three years ago, the rate received for the taxable bonds would have been a good rate to receive for the tax-exempt bonds. For comparison purposes, he said the tax-exempt bonds received interest rates that were comparable or slightly better than rates received for AAA-rated municipal bonds. There is typically a 1-1/2 to 2 percent spread between rates for taxable and tax-exempt bonds. In this sale, however, the spread was less than 1 percent.

Ed Bittle, Ahlers law firm, the Board's bond counsel, stated that the University of Iowa Facilities Corporation met at 11:00 a.m. on September 19 and approved the sale of the bonds, pending approval of the Board of Regents. He noted that there were term bonds which would require a change to the bond indenture. There will be a bond issuance of up to \$25 million in 2004 to finance the completion of the construction of the facility.

MOTION:

Regent Fisher moved to Adopt A Resolution Authorizing and Approving the Execution and Delivery of the Ground Lease, the Lease, the Indenture, the Bond Purchase Agreement, the Tax Exemption Certificate and the Continuing Disclosure Certificate, and Authorizing and Providing for the Issuance of University of Iowa Facilities Corporation (Roy J. and Lucille A. Carver Biomedical Research Building Project) \$17,000,000 Revenue Bonds, Series 2002A, and \$8,000,000 Revenue Bonds, Series 2002B and Providing for the Payment Thereof. Regent Turner seconded the motion, and upon the roll being called, the following voted:
AYE: Arbisser, Arnold, Becker, Fisher, Kelly, Neil, Newlin, Nieland, Turner.

NAY: None.
ABSENT: None.

MOTION CARRIED.

MOTION: Regent Fisher moved to approve the revised bond issuance schedule. Regent Kelly seconded the motion. MOTION CARRIED UNANIMOUSLY.

MOTION: Regent Fisher moved to Adopt A Resolution authorizing the Executive Director to fix the date or dates for the sale of up to \$9,800,000 Dormitory Revenue Refunding Bonds, Series U.N.I. 2002. Regent Neil seconded the motion, and upon the roll being called, the following voted:
AYE: Arbisser, Arnold, Becker, Fisher, Kelly, Neil, Newlin, Nieland, Turner.
NAY: None.
ABSENT: None.

MOTION CARRIED.

Regent Fisher stated that the Banking Committee approved modification to the list of institutional banking relationships, primarily due to institutional name changes. He said the Banking Committee approved the selection of a new index fund manager, Vanguard, as recommended by Wilshire, the Board's investment advisor.

MOTION: Regent Fisher moved to approve modification of institutional banking relationships; modification of institutional brokerage services; and selection of Vanguard 500 Index mutual fund. Regent Becker seconded the motion. MOTION CARRIED UNANIMOUSLY.

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

CAPITAL APPROPRIATIONS REQUESTS FOR FY 2004.

Executive Director Nichols stated that the request for state appropriations for capital projects for FY 2004 were identical to those presented in July. The Board Office recommended that the Board formally request the appropriations.

MOTION: Regent Neil moved to (1) approve a FY 2004 capital improvement request of \$65,737,000 and (2) approve a FY 2004 tuition replacement appropriations request of \$23,953,459 with the understanding that needs will be reassessed by November 15, 2002. Regent Fisher seconded the motion. MOTION CARRIED UNANIMOUSLY.

FINAL FIVE-YEAR CAPITAL IMPROVEMENT PLAN, FY 2004-FY 2008.

Executive Director Nichols stated that the five-year capital plan was inclusive of the items the Board had just voted on as well as projects for the following four fiscal years. The projects total \$368.7 million.

MOTION: Regent Neil moved to (1) approve the five-year state-funded capital program for FY 2004 – FY 2008 of \$368.7 million, including the amount of \$69.4 million as the Board's request for FY 2005 and (2) approve the five-year program (FY 2004 – FY 2008) of \$158.8 million for the University of Iowa Hospitals and Clinics to be funded by Hospital Building Usage Funds and Hospital Revenue Bonds. Regent Becker seconded the motion. MOTION CARRIED UNANIMOUSLY.

ANNUAL REPORT ON RETIREMENT PROGRAMS.

Director Wright presented an overview of the annual report on retirement programs. He stated that a total of 34 employees entered the phased retirement program during FY 2001. Since the program was first approved in 1982, 545 employees have participated in the program. He said a total of 297 employees retired through the early retirement program. Since its inception in 1986, 2,609 employees have retired under the program. Early retirees have the option to receive payment for the value of future benefits in a lump sum or to receive them over time. If taken in a lump sum, the benefits are discounted. The Board Office recommended the Board establish a present value discount for FY 2003 of 1.9 percent. The Board's policy is to set the present

value at the average of the July 1 interest rates earned on 90-day and one-year Treasury bills.

Director Wright stated that, in July, the Board approved renewal of the phased retirement program for a five-year period beginning July 1, 2002. At the same time, the Board approved discontinuation of the early retirement program upon its expiration on June 30, 2002. The Board allowed each institutional head to exercise discretion as to whether faculty and staff who were eligible for the program on June 30, 2002, have until June 30, 2004, to request participation.

Regent Neil asked for an estimate of the impact of the phased retirement program on institutional budgets. Vice President True stated that phased retirement has been in place for some time although use of the program is somewhat nominal (approximately 17 employees last year). He said the phased retirement program provides some flexibility to accommodate a reduction in the number of faculty positions. However, by doing so, the University has less faculty to teach students.

Regent Neil asked if Vice President True was reporting that the phased retirement program does not have a large impact on the institutional budget. Vice President True responded that the phased retirement program does not have a large impact on the institutional budget. However, it represents one way to help manage the budget. He said the University of Iowa would be harmed without the program.

MOTION: Regent Turner moved to (1) receive the annual report on retirement programs for FY 2002 and (2) establish a present value rate of 1.9 percent for lump sum payout under the Early Retirement Incentive Program for FY 2003. Regent Neil seconded the motion. MOTION CARRIED UNANIMOUSLY.

APPEALS OF INSTITUTIONAL DECISIONS.

Director Wright stated that four appeals were before the Board for consideration. Although each appeal would be addressed individually, he said he would make some general comments that relate to all of the appeals. He discussed the standard by which the Board Office reviews the appeals particularly with regard to due process. Occasionally, there will be questions that the Board Office cannot resolve, based on the documents before it, and refers the matter back to the institution.

(a) Student Appeal.

Director Wright stated that the Board Office recommended this matter be referred to an Administrative Law Judge.

MOTION: Regent Neil moved to (1) submit the issue to an Administrative Law Judge (ALJ), to be assigned by the Department of Inspections and Appeals, so that an evidentiary hearing may be held and a Proposed Decision made for Regent consideration; and (2) limit the issue to be considered by the ALJ to the appropriateness of the heightened penalty for alleged failure to cooperate with the university investigation. Regent Becker seconded the motion. MOTION CARRIED UNANIMOUSLY.

(b) Student Appeal.

Director Wright stated that the Board Office recommended this matter be referred to an Administrative Law Judge.

MOTION: Regent Fisher moved to (1) submit the issue to an Administrative Law Judge (ALJ), to be assigned by the Department of Inspections and Appeals, so that an evidentiary hearing may be held and a Proposed Decision made for Regent consideration; and (2) limit the issue to be considered by the ALJ to the appropriateness of the heightened penalty for alleged failure to cooperate with the university investigation. Regent Arbisser seconded the motion. MOTION CARRIED UNANIMOUSLY.

(c) Student Appeal.

Director Wright stated that the Board Office recommended the Board refer this matter back to the institution.

MOTION: Regent Neil moved to remand this appeal to the University for further investigation and/or

proceedings. Regent Arbisser seconded the motion. MOTION CARRIED UNANIMOUSLY.

(d) Employee Appeal.

Director Wright presented the Board Office recommendation that the Board affirm the final decision of the University.

MOTION: Regent Neil moved to affirm the final institutional decision of the University. Regent Arbisser seconded the motion. MOTION CARRIED UNANIMOUSLY.

ANNUAL REPORT ON ENERGY CONSERVATION.

Associate Director Racki stated that the Board annually receives a report on energy conservation efforts at the Regent institutions. This report provides a means of assessing the efficiency and effectiveness of the operations of the Regent institutions. The report provides information on FY 2002 energy usage and energy costs, addresses the institutions' plans to continue to control energy costs in FY 2003 and future years, and fulfills a statutory requirement requiring a status report on the implementation of energy conservation measures identified in the 1989 energy audits, while highlighting other completed measures.

In FY 2002, the Regent institutions implemented additional energy conservation measures in an effort to reduce energy usage and expenditures in response to budget constraints. Associate Director Racki said the University of Iowa's "Principles for Energy Conservation" was begun in August 2001 to guide behavior in the area of energy conservation. This effort helped to reduce the University's total energy consumption in FY 2002 by 6 percent from FY 2001. She said Iowa State University implemented a comprehensive plan to provide general fund energy savings totaling \$1.5 million which resulted in a 9.8 percent reduction in total energy consumption from FY 2001.

As a result of energy conservation efforts at all the Regent institutions, FY 2002 energy consumption per gross square foot decreased an average of 8.9 percent from FY 2001. The FY 2002 reduction in energy consumption represents the largest average annual decrease in consumption per gross square foot in the past ten-year period at the Regent institutions. Energy expenditures at the Regent institutions decreased by a total of 4.3 percent, or approximately \$1.2 million, from FY 2001. This reduction resulted from decreased consumption levels as well as a general stabilization in energy costs from FY 2001.

Associate Director Racki stated that Regent institutional officials are continuing their efforts to identify and implement additional energy conservation measures to reduce energy expenditures.

President Newlin commended institutional officials for reductions in energy consumption.

MOTION: Regent Becker moved to (1) receive the annual report on energy conservation and (2) encourage the institutions to continue to pursue energy conservation measures and other methods to control energy costs in addition to the measures currently in place for FY 2003. Regent Arbisser seconded the motion. MOTION CARRIED UNANIMOUSLY.

INSTITUTIONAL AGREEMENTS, LEASES AND EASEMENTS.

Associate Director Racki stated that the meeting materials indicated that the report on the Attorney General's review of agreements, leases and easements would be presented at this meeting. She reported that all of the reviews by the Attorney General's Office had been completed. All leases were recommended for approval.

MOTION: Regent Fisher moved to approve: University of Iowa: 1) Lease agreements with a) Hawkeye North American Moving and Storage for the University's use of space to store the contents of the Old Capitol during the restoration of the building, b) The Wippler Group for the University's use of a residence in Iowa City for faculty housing; c) Village Court Associates for the University's use of apartment space in Johnston, Iowa, for a medical resident of the Carver College of Medicine Department of Ophthalmology; and d) Resource Development Associates for its use of business incubator space at the Oakdale Research Park. 2) Lease renewal with Greater Community Hospital, Creston, Iowa, for the University's continued use of space for a UIHC Child Health Specialty Clinic. 3) Lease amendments with a) Ottumwa Regional Health Center, Ottumwa, Iowa, for additional space for a UIHC Child Health

Specialty Clinic; and b) Thomas Alberhasky, extending the existing lease agreement for the University's use of office and warehouse space in Iowa City. 4) Easement agreement with the City of Iowa City, dedicating a portion of Mormon Trek Boulevard to the City. Iowa State University: 1) Lease agreement with RegenaCorp for its use of business incubator space at the ISU Research Park. 2) Revised lease agreement with the City of Ames, increasing the area leased to the City for the CyRide maintenance facility to allow expansion of the facility. 3) Lease renewal with the Wallace Foundation for Rural Research and Development for the University's use of space in Lewis, Iowa, for the Southwest Iowa Area Extension Office. Iowa School for the Deaf: 1) Water main extension agreement for Iowa School for the Deaf's contribution to a public improvement project to be undertaken by the City of Council Bluffs Water Works, and temporary construction easement for the City's use of a portion of School property. 2) Lease renewal with Iowa Western Community College for its use of space on the Iowa School for the Deaf campus for the College's Alternative High School Program. Regent Arbisser seconded the motion, and upon the roll being called, the following voted:
AYE: Ahrens, Arbisser, Becker, Fisher, Kelly, Neil, Newlin, Nieland, Turner.
NAY: None.
ABSENT: None.

MOTION CARRIED.

INSTITUTIONAL REGISTERS OF CAPITAL IMPROVEMENT BUSINESS

TRANSACTIONS. (a) University of Iowa. Vice President True stated that the University's capital register included a request for permission to proceed with project planning and selection of Rohrbach Carlson as architects for the Health Sciences Building C for the College of Public Health and Biomedical Research project. University officials also requested permission to proceed with project planning and architectural selection for the Chemistry Building Renovation project.

MOTION: Regent Turner moved to approve the Register of Capital Improvement Business Transactions for the University of Iowa, including acceptance of the University's recommendation for the contract award for the Old Capitol—Fire Restoration and Building Improvements, Phase 1 project. Regent Fisher seconded the motion. MOTION CARRIED UNANIMOUSLY.

Vice President True introduced Dr. John Buatti, Professor and Head of the Department of Radiation Oncology, University of Iowa Hospitals and Clinics, and Scott Hansche of HLM Design, to describe the location, appearance, function and floor plan for the new Center of Excellence in Image-Guided Radiation Therapy and Three-Story Building Shell project.

President Newlin asked when a determination will be made regarding the occupants of the shell space. Mr. Staley responded that, over the next two years, decisions will be made as to the occupants of each of the floors. University officials will return to the Board once those determinations are made.

Dr. Buatti stated that radiation oncology has undergone many changes. He presented a photographic image of previous methods of administering radiation therapy, which were non-computer controlled and non-image-guided. Previous methods required six weeks of daily treatment. Benefits of today's image-guided therapy include sparing of normal tissue and the treatment of patients taking place in 1-2 days. He said this project will create a state-of-the-art facility for radiation oncology for Iowans.

Mr. Hansche presented a rendering of the new building, the site for which will be to the west of the Pomerantz Family Pavilion. There will be three stories above grade and three levels below grade. The façade will continue the horizontal banding and materials of the Pomerantz Pavilion. Radiation oncology will be located in the lower level. He illustrated the routes to the area that will be utilized for in- and out-patients. He presented a comparison of the existing vault space and the new vault space, as well as a view of the interior of the new vault. The mezzanine level will house the facilities support while the sub-basement level will be for mechanical and electrical support. Level one is the entrance level for outpatients. Levels 2 and 3 will be used for future clinics.

Mr. Hansche provided an area analysis which indicated there will be a total of 218,500 gross square feet. The estimated construction cost for the project is \$31,715,000 while the total project cost is estimated at \$39,644,000. It is anticipated

that bids will be received in early-winter and the project will be completed and occupied in July 2004. February 2005 is the anticipated completion date for the clinics.

Regent Neil asked for the purpose of the project contingency line item of \$3 million. Mr. Hansche responded that the contingency is for unknown costs that may arise during the construction or to cover additional costs should there be an unfavorable bid environment, for example.

President Newlin referred to Dr. Buatti's earlier statement that this will provide a state-of-the-art image-guided radiation facility. He asked what other medical campuses have such an instrument. Dr. Buatti responded that Michigan has a large image-guidance center in radiation therapy that has been very well funded as a center for three-dimensional therapy. This project takes the therapy further by using infrared optic guidance in addition to image guidance which will make this truly the best therapy program in the country.

Regent Kelly asked for a brief explanation of the nature and type of radiation that enters a patient's body. Dr. Buatti responded that this is x-ray radiation that is generated by a linear accelerator, also termed photons. He said the radiation works like light, in that it falls off as it enters. He said that, while radiation truly is not focused, it is concentrated by virtue of the additive effects from multiple beams. The photon energy is delivered in a variety of ways to achieve concentration of dosage to the tumor.

President Newlin recognized Donna Katen-Bahensky, the new Director and CEO of University of Iowa Hospitals and Clinics. He said she has been on the job for about a month, and he asked her to speak to her experience so far.

Director Katen-Bahensky stated that the campus has been very welcoming. She offered the following observations as someone from the "outside". She said there is a great deal of collegiality. The collective intelligence is extraordinary. There is a willingness to work in multi-disciplinary and inter-disciplinary efforts. She concluded by stating that there are opportunities that they are all willing to work on.

(b) Iowa State University.

Vice President Madden stated that there were a number projects on the University's capital register. He said University officials requested permission to proceed with project planning for the General Classrooms and Auditoriums project which would upgrade instructional facilities in LeBaron Hall, Physics Hall, and various other campus buildings. University officials also requested to proceed with planning of some additional residence system projects.

Regent Turner referred to the architect/engineer agreement for the Union Drive—Suite Building 2 project and asked for the proposed timeline for construction and occupancy. Vice President Madden responded that the first suite building was occupied this fall and is full. If the Board approves the architectural agreement, University officials will begin planning the design of building 2. He expects that the building will be occupied in the fall of 2004.

Regent Turner asked if Suite Building 3 would be occupied in another two years. Vice President Madden said that possibility was still being discussed.

Regent Fisher asked if the food service facility (Community Center) was currently under construction. Vice President Madden responded affirmatively, noting that it should be finished next year.

Regent Fisher asked if the University is charging a premium to rent the Union Drive facilities. Vice President Madden responded affirmatively. President Geoffroy pointed out that it is a modest premium.

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

Vice President Madden introduced Tim Olson of SVPA Architects, Inc., to present the schematic design for the North Campus Chilled Water Plant project.

Mr. Olson presented several maps showing the project location. The largest building nearby is the Molecular Biology Building and the closest building is Printing Services. The site plan provides space for two cooling towers in phase 1 as well as a future cooling tower. He provided descriptions of the various floor plans, noting that the facility is designed to accommodate two chillers. The design includes a metal roof, glazing on the building, and double-insulated glass. He said the brick color will match the color of the more significant buildings in the area including the Molecular Biology Building and the Carver Co-Laboratory.

President Newlin asked if the pedestrian tunnel under the railroad tracks will accommodate bicycle riders. Vice President Madden responded affirmatively, noting, however, that it would not accommodate 7-foot-tall bicycle riders. He said there are not a large number of pedestrians who use the tunnel.

(c) University of Northern Iowa.

Vice President Schellhardt stated that the University's capital register was in order.

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

(d) Iowa School for the Deaf.

Superintendent Johnson stated that the School's capital register included two projects for which School officials requested approval.

MOTION: Regent Becker moved to approve the Register of Capital Improvement Business Transactions for the Iowa School for the Deaf. Regent Arnold seconded the motion. MOTION CARRIED UNANIMOUSLY.

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

STATE UNIVERSITY OF IOWA

PROFESSIONAL AND SCIENTIFIC CLASSIFICATION SYSTEM REVISIONS.

Director Wright stated that University of Iowa officials proposed changes to the pay grade of two Professional & Scientific classifications and the addition of one new classification. University officials also reviewed the existing descriptions for all information technology classifications and recommended reducing the number of classifications from 58 non-director level classes to 27.

MOTION: Regent Neil moved to (1) approve the addition of new classifications and change of pay grades for existing classifications and (2) approve the implementation of new information technology classifications. Regent Kelly seconded the motion. MOTION CARRIED UNANIMOUSLY.

APPROVE NAMING OF NEW FACILITY.

Interim President Boyd stated that this was a great day for the University of Iowa. He reported that Pamela J. Creedon has accepted the position of Director of the School of Journalism and Mass Communication. She comes to the University of Iowa from Kent State. Secondly, University officials recommended that the new facility for the School of Journalism and Mass Communication be named in honor of Philip D. Adler. Lloyd and Betty Schermer, Mr. Adler's son-in-law and daughter, made a generous gift (\$3 million) supporting the School in memory of Mr. Adler.

MOTION: Regent Arbisser moved to approve the naming of the new facility for the School of Journalism and Mass Communication as the Philip D. Adler Journalism and Mass Communication Building at the University of Iowa. Regent Becker seconded the motion. MOTION CARRIED UNANIMOUSLY.

RECEIVE REPORT ON IOWA NONPROFIT RESOURCE CENTER.

Provost Whitmore presented the report on behalf of the University. He stated that the mission of the Iowa Nonprofit Resource Center is to make more accessible educational, research, and service programs focused on strengthening the operational capacity of Iowa nonprofit organizations. He said it is, essentially, a non-profit leadership development training center. The Center is an interdisciplinary collaboration involving faculty and staff from multiple colleges and departments. The Center has also partnered with the Iowa State University Nonprofit Management Institute and the Siouxland Nonprofit Management Institute. Funding is provided by a grant (\$80,000), private sources (\$51,543), and the University of Iowa (\$15,000).

MOTION: Regent Neil moved to receive the report from the University of Iowa to establish the Iowa Nonprofit Resource Center. Regent Arbisser seconded the motion. MOTION CARRIED UNANIMOUSLY.

PURCHASE OF CITY OF IOWA CITY WATER PLANT PROPERTY.

Vice President True presented the University's request for approval of the "Offer to Buy Real Estate and Acceptance" with the City of Iowa City for the purchase of the City's water plant property, which will be vacated upon completion of a new water plant facility (scheduled for next spring). He said the property consists of five parcels (157,739 square feet) on the University's east campus. The property borders extend to the Iowa River on the west, the North Campus Chilled Water Facility on the east, and near North Hall to the north. The property also extends south on Madison Street, east of the Iowa Advanced Technology Laboratories, to Market Street. He said University officials wish to purchase the property for future east campus development; the specific use and timeline for development of the property have not been determined at this time. He noted that this was a fairly complex agreement.

MOTION: Regent Becker moved, subject to approval of the Executive Council of Iowa, to approve the Offer to Buy Real Estate and Acceptance between the University of Iowa and the City of Iowa City, for the University's purchase of the City's water plant property (to be vacated upon completion of a new facility), at the purchase price of \$1,106,000, effective July 1, 2003, including the following provisions: (1) The University's purchase of five parcels of property totaling 157,739 square feet,

generally located east of the Iowa River and west of the North Campus Chilled Water Facility, on the University's east campus. (2) The granting of six permanent easements totaling 49,608 square feet to the City of Iowa City to maintain the City's access to the Iowa River and existing utility lines. (3) The modification of the "28E Agreement Between the City of Iowa City and the University of Iowa Providing for the Development, Use, Occupancy, Management and Operation of a Parking Garage and Chilled Water Facility and a Water Storage Facility," dated August 9, 1988. Regent Neil seconded the motion, and upon the roll being called, the following voted:
AYE: Arbisser, Arnold, Becker, Fisher, Kelly, Neil, Newlin, Nieland, Turner.
NAY: None.
ABSENT: None.

MOTION CARRIED.

PURCHASE AND LEASE OF PROPERTIES AT 5 MELROSE PLACE, 7 MELROSE PLACE AND 223 LUCON DRIVE.

Vice President True presented the University's request to purchase three residential properties located near the University's west campus, to the south of Melrose Avenue and the UIHC Pomerantz Pavilion and the Field House. The property located at 5 Melrose Place consists of a ranch-style home in excellent condition on a 11,058 square foot lot; the proposed purchase price is \$200,500. The property located at 7 Melrose Place consists of a ranch-style home in good condition on a 8,935 square foot lot; the proposed purchase price is \$196,875. The property located at 223 Lucon Drive consists of a two-story home in good condition on a 17,100 square foot lot; the proposed purchase price is \$203,000. He reported that the purchase price for each property is consistent with Board policy for the purchase of property. The purchase agreements were reviewed by the Attorney General's Office. University officials propose to utilize Income from Treasurer's Temporary Investments for the property purchases. Following acquisition, the University will lease the properties at the rate of \$1,200 per month for the remainder of FY 2003.

MOTION: Regent Neil moved to (1) approve the purchase of the following properties, subject to approval of the Executive Council of Iowa: (a) 5 Melrose Place,

from the University of Iowa Facilities Corporation, at the purchase price of \$200,500; (b) 7 Melrose Place, from the Carl A. Pieper Estate, at the purchase price of \$196,875; and (c) 223 Lucon Drive from the University of Iowa Facilities Corporation, at the purchase price of \$203,000. (2) Authorize the University to add the dwellings to its tenant property inventory, each to be leased at the rate of \$1,200 per month for the remainder of FY 2003. Regent Arbisser seconded the motion, and upon the roll being called, the following voted: AYE: Arbisser, Arnold, Becker, Fisher, Kelly, Neil, Newlin, Nieland.
NAY: None.
ABSENT: Turner.

MOTION CARRIED.

RAZING OF BUILDINGS.

Vice President True presented the University's request to demolish three buildings on the far west campus, and five buildings on the south campus. He said the buildings have reached the end of their useful lives and are no longer needed for University use.

MOTION:

Regent Fisher moved to approve the following demolitions: (1) The Hawkeye Power Plant, Hospital Records Storage Building, and Housing Services Building, located in the far west campus area. (2) The residence and three small support buildings located at 511 South Madison Street, and the Sand Storage Building immediately adjacent to the north. Regent Arbisser seconded the motion, and upon the roll being called, the following voted:
AYE: Arbisser, Arnold, Becker, Fisher, Kelly, Neil, Newlin, Nieland.
NAY: None.
ABSENT: Turner.

MOTION CARRIED.

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

Vice President Kelch stated that Director Katen-Bahensky would provide the Board members with an overview of operations of the UIHC for FY 2002, which he believes was outstanding. He said that, during the last couple of years, our country has faced a dramatic economic downturn which has made it more challenging for the hospital to meet its budget. He expressed appreciation to faculty and staff for the good year. He distributed to Board members a copy of a recently-published article in People magazine about a one-pound micro-preemie who was treated at the Children's Hospital of Iowa. The neonatologists who treated the child were also featured on the Today Show.

Director Katen-Bahensky said she was pleased to present her first report as Director of University of Iowa Hospitals and Clinics. She, once again, thanked Interim President Boyd, Vice President Kelch and Board members for their selection of her candidacy. She hopes that, over the next few years, those individuals will look back and say it was one of the best decisions they have ever made. She noted that, a year from now, the Board members will review the annual report for FY 2003 which will represent her first year in the position.

Director Katen-Bahensky stated that FY 2002 was a very successful year. She said the University of Iowa Hospitals and Clinics provides a great service to the citizens of Iowa. Over 850,000 individuals received care last year, one-half of whom were from all 99 counties in Iowa. Approximately 51,000 patients were from the other 49 states, and 217 patients were from 27 foreign countries. She said an 8-pound Cedar Rapids child, who is the smallest individual to receive a liver transplant at the Children's Hospital of Iowa, was one example of the extraordinary care that is provided on a daily basis. She said care is provided in some of the most state-of-the-art facilities. The new pediatric blood and bone marrow transplant unit, which was named after the University of Iowa dance marathon (Dance Marathon Transplant Unit), a major contributor to the project, was opened this year. She also expressed appreciation to Board members and to legislators for authorization to issue \$100 million of hospital revenue bonds for the continuation of high-quality facilities.

Director Katen-Bahensky stated that she is very pleased with the partnership of the University of Iowa Hospitals and Clinics and the College of Medicine under the leadership of Dr. Kelch. She said the creation of this partnership was one of the best steps to take the institution into the future. This type of commitment to common goals does not exist in many other places. It is through that partnership that nine of the University of Iowa Hospitals and Clinics' services were listed in the top 50 by the U.S. News and World Report. This week it was announced that 144 of the University of Iowa

Hospitals and Clinics' physicians were listed as the best doctors in America, out of 311 physicians selected from the state of Iowa.

The University of Iowa Hospitals and Clinics joined with the Iowa Statewide Poison Control Center in a campaign to raise awareness about a new national hotline for poison emergency treatment and advice. Director Katen-Bahensky stated that the University of Iowa Hospitals and Clinics continues to provide very effective indigent patient care of the highest quality. She noted that the annual report of the University of Iowa Hospitals and Clinics will be distributed to members of the Board at the December meeting.

With regard to plans for the future, Director Katen-Bahensky provided Board members with information on some of the strategies she plans to pursue, noting that she reserved the right to change some of those slightly. The partnership with the College of Medicine will be continued and strengthened. She will work to ensure a solid relationship with other schools on the health sciences campus because doing so 1) increases the quality of patient care and 2) provides a future pipeline of health care professionals. She said she would like to sharpen the focus on patients' needs and establish measurements to demonstrate safety, service and outcomes. Another area which she would like to address is the creation of a much more positive working environment, including more openness and visibility on the part of the Hospitals leadership, and more enhanced communications with staff. Doing so will enhance recruitment and retention, and retain the University of Iowa Hospitals and Clinics' "employer of choice" status.

Director Katen-Bahensky stated that the University of Iowa Hospitals and Clinics has outstanding people and facilities. There needs to be a focus on improving some of the processes and systems. Services must be accessible in a timely and service-driven fashion. She would like to remove barriers to providing the outstanding care that faculty and staff know how to provide. They must plan for the most effective use of technology and set a direction for information technology as a way to improve care and communication, and to enhance productivity. Finally, to grow in the future, she said there needs to be support of clinical programs and other areas that have a strong research foundation and where there are significant market opportunities.

In summary, Director Katen-Bahensky said University of Iowa Hospitals and Clinics officials will focus on the patient, quality of care, processes, systems, growth of programs, technology, and staff. She believes that these selective strategies, well planned and executed over time, will allow the University of Iowa Hospitals and Clinics to remain a high-quality facility. She then introduced Ann Madden Rice, Chief Financial Officer, to provide specific statistics and financial information. She, once again, thanked Mrs. Rice for her interim leadership. She said the data will show that she provided

outstanding leadership during her tenure as Interim Director of the University of Iowa Hospitals and Clinics.

Mrs. Rice presented a summary of financial performance measures as of June 30, 2002. She said this has been a year of continued growth. The University of Iowa Hospitals and Clinics' financial performance compares favorably with that of others. The University of Iowa Hospitals and Clinics was able to care for the increased patient load and finish the year with a positive operating margin of 1.9 percent. She said the operating margin was less than budgeted because of unanticipated cuts in reimbursements. Significant cuts in state reimbursement were made in Medicaid and the indigent patient care program. If those reimbursements had not been cut, the margin would have been around 3 percent, which was the budgeted target. She stated that, on a per unit basis, costs were kept from rising. Cost containment efforts resulted in improved efficiency, without decreasing the quality of patient care services.

Regent Arbisser asked about the significant increase in obstetrical and neonatology patients. Mrs. Rice responded that there have been more births and more neonatal surgeries.

Regent Arbisser asked if the category of "net revenue by payor" included the indigent patient care revenues. Mrs. Rice responded that it did not. She said those revenues were included in the appropriations line of the "revenues and expenses" category.

Mr. Staley reviewed the operating statistics, noting that the trends were similar to those presented at the past meeting. He reviewed admissions to the University of Iowa Hospitals and Clinics for fiscal year 2002 and the four preceding years. In the past year, there were almost 41,000 total admissions, which was down about 500 in the aggregate. He said that is a reflection of efforts to consolidate patient visits and transportation. There was a small decline in admitted outpatients while there was an increase (almost 1 percent) in acute admissions. This was the highest number of acute admissions in the past five years. The Medicare case mix analysis was 1.88 compared to 1.74 in 1996. The case mix index for all Iowa secondary hospitals was 1.44. There has been a steady increase in clinic visits in the last five years. The off-site clinic visits rose approximately one percent. The on-site clinic visits increased 3.7 percent.

Regent Arbisser asked for the average cost to provide services at the off-site clinics and at the on-site clinics. Mr. Staley responded that he did not have that information with him but he would provide it later.

Regent Nieland asked why the number of acute patients was increasing. Mr. Staley responded that there were a whole host of factors including: 1) continued movement of patients from inpatient to ambulatory care, 2) increased age of patients, and 3) the more

success the UIHC has in treating life threatening diseases, the more likely that patients will return for other illnesses later in life. As mortality is increased, morbidity is increased.

Mr. Staley referred to exhibits which illustrated patient admissions by county, patient clinic visits by county, and off-site clinic visits by communities, and said the information represented a large contribution to health service for lowans. He then referred to the progress in meeting capital replacement objectives and indicated the construction projects that have been completed and those that have been initiated, one of which is the Dance Marathon Transplant Unit in the Colloton Pavilion.

Regent Kelly asked for clarification regarding the decrease in state appropriations. Mrs. Rice responded that state appropriations dropped from \$48.9 million in FY 2001 to \$44.5 million in FY 2002. Of that amount, approximately \$30 million is for the indigent patient care program and the remainder supports the psychiatric hospital and what was previously known as the hospital school.

Regent Kelly asked that University of Iowa Hospitals and Clinics officials work hard to protect the indigent care program. He said that, in the recent past, others have tried to take the program away from University of Iowa Hospitals and Clinics and to treat the patients locally.

Director Katen-Bahensky stated that, on June 27, 2002, the Joint Commission on Accreditation of Healthcare Organizations (JCAHO) informed the University of Iowa Hospitals and Clinics of its full re-accreditation. JCAHO indicated that 13 "Type I" recommendations noted in its November 7, 2001, report had been responded to in an effective manner. She said examples of the JCAHO Type I recommendations and the corresponding actions/implementations were available in the meeting materials. The re-accreditation is effective for three years for all services surveyed. She said the November report provided an overall score of 81. After responding to the Type I recommendations, JCAHO acknowledged the effectiveness of the University of Iowa Hospitals and Clinics' efforts and revised its original score from 81 to 94, the highest score given for a follow-up.

President Newlin congratulated University of Iowa Hospitals and Clinics officials for the score of 94. He asked for the highest score the University of Iowa Hospitals and Clinics has ever received. Mr. Staley responded that 94 was one of the highest scores the University of Iowa Hospitals and Clinics has ever received. A couple of years ago, the score was 92.

Regent Neil said it would be appropriate for the Board to commend the interim team of Ann Madden Rice, Robert Kelch and John Staley for a job well done.

MOTION: Regent Neil moved to commend Ann Madden Rice, Robert Kelch and John Staley for a job well done during the interim period. Regent Arbisser seconded the motion. MOTION CARRIED UNANIMOUSLY.

Regent Neil asked that a letter be prepared and forwarded to the parties named in the motion.

Director Katen-Bahensky introduced Bill Hesson, Associate Director of External Relations and Legal Services, and Chuck Helms, Chief of Staff.

Mr. Hesson presented highlights of the annual report on governance functions of the University Hospital Advisory Committee. Responsibilities the Board of Regents delegates through the President of the University of Iowa to the Committee include: 1) establishing and approving internal policies and procedures; 2) receiving, reviewing and following up on reports of studies evaluating the quality of professional services and studies reviewing the utilization of hospital facilities and services; and 3) granting and decreasing clinical privileges, including verification of the credentials of those who provide services.

Dr. Helms reported on the activities of the University Hospital Advisory Committee. He provided information on the Committee's agenda items, and the hospital safety, quality and performance improvement activities. He said the Office of Clinical Outcomes and Resource Management is responsible for coordinating production and analysis of performance data. He provided examples of such activities that have taken place and data that have been collected. With regard to the responsibility of granting clinical privileges, he referred Board members to an exhibit which listed the clinical staff of the University of Iowa Hospitals and Clinics.

Regent Arbisser asked for clarification regarding the credentialing of clinical staff. He said there seemed to be a conflict in the perceived quality of those activities by the Joint Commission on Accreditation of Healthcare Organizations and by the University Hospital Advisory Committee.

Mr. Hesson responded that the Joint Commission on Accreditation of Healthcare Organizations required the inclusion of a phrase that the physicians agreed to provide continuous care in their application. The phrase was not included with regard to credentialing; therefore, the University of Iowa Hospitals and Clinics received the lowest possible score in that area. This matter was corrected in the follow up.

Regent Kelly referred to the transmission of serious infections from staff to patients. He said he wished the University of Iowa Hospitals and Clinics well in its effort to reduce the occurrence of such transmission.

Regent Becker referred to the listing of clinical staff of the University of Iowa Hospitals and Clinics. She noted the difference in the number of full and assistant professors in each of the departments. She asked if there were any reasons for the differences including whether there is more turnover in some departments than in others.

Dr. Helms stated that the academic titles of professor and assistant professor have little to do with the quality of the care they provide. All clinical staff have to adhere to a very high standard. He said the titles relate more to academic issues than to credentialing.

Director Katen-Bahensky introduced Linda Everett, Director of Nursing Services and Patient Care, and Melanie Dreher, Dean of the College of Nursing, to present a report on the nursing workforce.

Director Everett stated that the U.S. Department of Health and Human Services projects there will be only 635,000 RNs to fill nearly 1,800,000 slots in 2010. Key factors include aging of nurses, general workforce shortages in ancillary professions and support labor, and decreased enrollment in RN programs. The nursing shortage is a global problem. In Iowa, there are 47,716 nurses, 807 new licenses issued each year, 582 nurses leaving each year, and 200 nurses added to the workforce each year. Expectations are for 8,000 nurses to retire in 5 years and 14,000 nurses to retire in 10 years. She provided information on the statistics for nurses at the University of Iowa Hospitals and Clinics and on retention efforts that are taking place. One such retention effort is to receive status as a "magnet hospital", which she described. She then provided examples of other magnet hospitals and the outcomes of such designation experienced at those hospitals.

Dean Dreher presented information on magnet hospital designation in the context of nursing education. She stated that retention is the focus of the magnet hospital initiative. She described some of the achievements of the collaboratory between the College of Nursing and the University of Iowa Hospitals and Clinics. She provided the example of the recently-approved program whereby students with degrees in other fields can be accepted into the nursing education program, and noted that 40 percent of the applicants are men. She said the University of Iowa Hospitals and Clinics' competition is with hospitals such as Mayo and Northwestern. The high quality of the Iowa nurse has a national reputation. Today's nursing graduates expect to be paid the same salaries as graduates with 4-year degrees in engineering and business, for example. A magnet hospital environment provides BSNs with recognition, respect and

compensation. The University of Iowa Hospitals and Clinics is very well positioned in this regard.

Regent Kelly thanked Director Everett and Dean Dreher for the fine presentation.

Director Katen-Bahensky thanked the Board members for their time.

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

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

IOWA STATE UNIVERSITY

SALE OF PROPERTY FOR PUBLIC RIGHT-OF-WAY.

Vice President Madden presented the University's request. He stated that, in September 2000, the Board authorized the University to negotiate with Hunziker and Associates Realtors and the City of Ames for the sale of 1.77 acres of University land at the proposed price of \$41,000. University officials requested Board approval of the proposed arrangement before the parties proceeded further with negotiations for the sale. University officials completed negotiations and the agreement was approved by the Ames City Council. The agreement was also reviewed and approved by the Attorney General's Office.

MOTION:

Regent Kelly moved to (1) approve the sale of 1.77 acres of land located west of Scholl Road and north of the Union Pacific Railroad right-of-way, to Hunziker and Associates Realtors in the amount of \$41,000, for construction of a roadway to serve a proposed residential development and to be dedicated as a public right-of-way to the City of Ames, subject to approval of the Executive Council of Iowa; and (2) authorize the development of an easement agreement with the City of Ames for construction of a sewer line across University property to the east of Scholl Road to serve the proposed residential development. Regent Fisher seconded the motion, and upon the roll being called, the following voted:

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

NAY: None.

ABSENT: None.

MOTION CARRIED.

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

UNIVERSITY OF NORTHERN IOWA

President Newlin asked Board members and institutional officials if there were items for discussion pertaining to the University of Northern Iowa other than those which were handled on the General Docket. There were none.

IOWA SCHOOL FOR THE DEAF

President Newlin asked Board members and institutional officials if there were items for discussion pertaining to the Iowa School for the Deaf other than those which were handled on the General Docket. There were none.

IOWA BRAILLE AND SIGHT SAVING SCHOOL

President Newlin asked Board members and institutional officials if there were items for discussion pertaining to the Iowa Braille and Sight Saving School other than those which were handled on the General Docket.

Superintendent Thurman asked to bring to the Board's attention the passing of a very dear friend of Iowa Braille and Sight Saving School: Dorothy McCutcheon O'Leary. He said Ms. O'Leary was blinded in 1915, at the age of 13, by a baseball. She came to the School where she stayed for the remainder of her high school education. She then attended what was called the Teachers College in Cedar Falls. Upon graduation, she returned to the Iowa Braille and Sight Saving School where she remained for 47 years as a teacher, as a supervisor and, finally, as principal.

Superintendent Thurman stated that Dorothy McCutcheon O'Leary passed away last week. There will be a memorial for her on campus on the afternoon of September 19. He said she would truly be missed. He noted that the School's auditorium was named for her.

President Newlin offered the Board's condolences.

ADJOURNMENT.

The meeting of the Board of Regents, State of Iowa, adjourned at 3:39 p.m. on Thursday, September 19, 2002.



Gregory S. Nichols
Executive Director