

The Board of Regents, State of Iowa, met on Tuesday and Wednesday, September 16 and 17, 2003, at Iowa State University, Ames. The following were in attendance:

	<u>September 16</u>	<u>September 17</u>
<u>Members of the Board of Regents, State of Iowa</u>		
Dr. Newlin, President	Excused	Excused
Dr. Arbisser	Excused	Excused
Ms. Arnold	Excused	All sessions
Dr. Becker	All sessions	All sessions
Mr. Downer	All sessions	All sessions
Mr. Forsyth	All sessions	All sessions
Mr. Neil	All sessions	All sessions
Ms. Nieland	All sessions	All sessions
Dr. Turner	All sessions	All sessions
<u>Office of the Board of Regents, State of Iowa</u>		
Executive Director Nichols	All sessions	All sessions
Director Barak	All sessions	All sessions
Director Elliott	All sessions	All sessions
Director Wright	All sessions	All sessions
Associate Director Hendrickson	All sessions	All sessions
Associate Director Racki	All sessions	All sessions
Assistant Director Anania	Excused	All sessions
Assistant Director Doyle	Excused	All sessions
Assistant Director Girardi	Excused	All sessions
Assistant Director Gonzalez	Excused	All sessions
Assistant Director Newell	Excused	All sessions
Communications Specialist Boose	All sessions	All sessions
Financial Analyst Friedrich	All sessions	All sessions
Minutes Secretary Briggle	All sessions	All sessions
<u>State University of Iowa</u>		
President Skorton	All sessions	All sessions
Interim Provost Cain	All sessions	All sessions
Vice President Jones	Excused	All sessions
Vice President True	All sessions	All sessions
Director Parrott	Excused	All sessions
Senior Associate Director Staley	Excused	All sessions
Associate Director Braun	Excused	All sessions
General Counsel Schantz	Excused	All sessions
<u>Iowa State University</u>		
President Geoffroy	All sessions	All sessions
Interim Provost Allen	All sessions	All sessions
Vice President Hill	Excused	All sessions
Vice President Madden	All sessions	All sessions
Executive Assistant to President Dobbs	Excused	All sessions
Assistant to President Chidister	Excused	All sessions
Director McCarroll	All sessions	All sessions
Director Steinke	Excused	All sessions
Associate Director Baumert	Excused	All sessions
<u>University of Northern Iowa</u>		
President Koob	All sessions	All sessions
Provost Podolefsky	All sessions	All sessions
Vice President Romano	Excused	All sessions
Vice President Schellhardt	All sessions	All sessions
Assistant Vice President Gaston	Excused	All sessions
Associate Director Saunders	Excused	All sessions
<u>Iowa School for the Deaf</u>		
Superintendent Prickett	All sessions	All sessions
Director Heuer	All sessions	All sessions
<u>Iowa Braille and Sight Saving School</u>		
Superintendent Thurman	All sessions	All sessions
Director Utsinger	All sessions	All sessions

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

www.state.ia.us/educate/regents

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

BOARD OF REGENTS, STATE OF IOWA

The following business was transacted on Tuesday, September 16, 2003, beginning at 12:59 p.m.

EXECUTIVE SESSION. President Pro Tem Turner requested that the Board meet in closed session pursuant to Iowa Code §21.5(1)(i) upon the requests of employees whose performance was being considered.

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

MOTION CARRIED.

The Board having voted at least two-thirds majority resolved to meet in closed session beginning at 1:00 p.m. on September 16, 2003, and adjourned therefrom at 3:17 p.m. on that same date.

The following business was transacted on Wednesday, September 17, 2003, beginning at 9:44 a.m.

President Pro Tem Turner welcomed everyone to the September meeting of the Board of Regents, State of Iowa.

APPROVAL OF MINUTES OF BOARD MEETING OF JULY 16-17, 2003.

President Pro Tem Turner asked if there were any additions or corrections to the minutes. There were none.

ACTION: Regent Neil moved to approve the minutes of the July 16-17, 2003, meeting, as written. Regent

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Becker seconded the motion. MOTION CARRIED
UNANIMOUSLY.

President Pro Tem Turner recognized President Skorton.

President Skorton introduced the University of Iowa's Interim Provost, Patricia Cain.

Interim Provost Cain stated she was pleased to attend the Board of Regents meeting.

President Pro Tem Turner recognized Provost Podolefsky.

Provost Podolefsky stated he was pleased to report that the National Association of State Boards of Accountancy had listed the University of Northern Iowa as #1 in pass rate for the uniform public accounting exam for May 2003. The pass rate for University of Northern Iowa graduates is nearly four times the national average.

President Pro Tem Turner recognized President Geoffroy.

President Geoffroy stated that morning's edition of the Des Moines Register featured two of Iowa State University's most outstanding faculty members. The husband and wife are among the nation's 100 vogue innovators.

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

(b) Institutional and Board Office Personnel Transactions. Ratification of the following personnel transactions was requested. *University of Iowa:* Register of Personnel Changes for June and July 2003. *Iowa State University:* Register of Personnel Changes for July and August 2003. The register included the appointment of Michael B. Whiteford, Professor of Anthropology and Associate Dean of the College of Liberal Arts and Sciences, as Interim Dean of the College of Liberal Arts and Sciences effective September 1, 2003, at an annual salary of \$165,000. *University of Northern Iowa:* Register of Personnel Changes for May, June and July 2003. *Iowa School for the Deaf:* Register of Personnel Changes for July and August 2003. *Iowa Braille and Sight Saving School:* Register of Personnel Changes for June and July 2003. *Board Office:* Appointment of Elaine Newell as Assistant Director, Legal Affairs, Human Resources and Information Systems, effective August 25, 2003, at an annual salary of \$59,241 plus the usual benefits. This is a University of Iowa P&S position detailed to the Board Office. Reclassification of Jean Friedrich from Administrative Assistant – Business and Finance to Financial Analyst II at an annual salary of \$47,400 plus the usual benefits. Financial Analyst II is a University of Iowa P&S position detailed to the Board Office.

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Appointment of Dr. Anthony Girardi as Assistant Director, Academic Affairs and Research, effective September 2, 2003, at an annual salary of \$54,000 plus the usual benefits.

(c) Approval of Vendors with a Potential Conflict of Interest. Approval was requested of the following additions to the respective institution's list of approved vendors with a potential conflict of interest: *University of Iowa:* Stoppelmoor Enterprises, Inc. dba Towncrest X-Ray and VB Company Inc. dba Mail Boxes of Iowa City. *Iowa State University:* Stecker-Harmsen, Inc., Mitchell Squire, Palisade Systems, Inc.

(d) Regent Affiliated Organization Report. Receipt of the Stanton Memorial Carillon Foundation report was recommended.

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

(f) Center for International Peace and Security Studies, University of Northern Iowa. Approval was recommended of the University of Northern Iowa's request to establish the Center for International Peace and Security Studies (CIPSS).

(g) Proposed Ph.D. in Applied Linguistics and Technology, Iowa State University. Referral to the Interinstitutional Committee on Educational Coordination (ICEC) and the Board Office for review and recommendation was recommended of Iowa State University's proposal to establish a Doctor of Philosophy in Applied Linguistics and Technology.

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

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

President Pro Tem Turner recognized Executive Director Nichols.

Executive Director Nichols introduced and provided background on two new members of the Board Office. Anthony Girardi is Assistant Director of Academic Affairs and Institutional Research. Elaine Newell is Assistant Director of Legal Affairs, Human

Resources and Information Systems. He said he was delighted that Dr. Girardi and Ms. Newell had joined the Board Office.

INTERINSTITUTIONAL COMMITTEE ON EDUCATIONAL COORDINATION.

(a) Approve M.S. and Ph.D. Degrees in Biomedical Sciences, Iowa State University.

Interim Provost Cain presented the recommendation of the Interinstitutional Committee on Educational Coordination to approve Iowa State University's proposal for an M.S. and Ph.D. program in Biomedical Sciences. She said the proposed program will replace existing graduate programs in the Department of Biomedical Sciences. There are no conflicts with offerings at the other two Regent universities.

MOTION: Regent Downer moved to approve Iowa State University's proposal for an M.S. and Ph.D. program in Biomedical Sciences. Regent Neil seconded the motion. MOTION CARRIED UNANIMOUSLY.

TUITION POLICIES.

Executive Director Nichols stated that, last fall, the Board committed to begin a review of the broad policies for tuition setting prior to discussing tuition rates for the next academic year. The tuition policies agenda item for this meeting was the beginning of that process. Board members were provided with an opportunity to give direction about overall tuition policies and rates. He said the Board of Regents has not reviewed its policies on tuition setting since 1997. Over that 6-year period, a number of changes have taken place in the environment, in student expectations, in enrollment, in the economy, and in funding of the universities.

Executive Director Nichols stated that tuition rates are based on assumptions about policy. He encouraged Board members to focus on the lengthy list of issues provided by the Board Office for the Board's consideration for further review.

Executive Director Nichols reported that representatives of the student governments were offered the opportunity to provide brief commentary on their perspectives of tuition policy, and institutional heads were asked to provide feedback on the list of issues for Board review.

President Geoffroy applauded the Regents for conducting the evaluation of tuition policy, noting that all of the items listed were appropriate. He said the proposed tuition policy evaluation illustrated the seriousness with which the Board considers the issues. Separate from the Board's analysis, an on-campus advisory committee at Iowa State

University recommended exploration of alternative tuition methods, including tuition differential and tuition by student credit hour. He expects the results will be reported in January.

President Geoffroy identified the issues which he considered particularly worth exploring. One such item is whether tuition should be charged strictly by student credit hour, which he said is a growing trend around the country. A second item he considered to be worthy of Board consideration is an evaluation of the merits of differential tuition. Tuition can be differentiated by class or by major or discipline. He said juniors and seniors might pay higher tuition than freshmen and sophomores, or engineering and business students might pay higher tuition than students majoring in other disciplines.

Regent Neil asked if the universities that charge differential tuition charge the higher rate for all four years or just the last two years. President Geoffroy responded that it was his understanding that the discipline-specific differential charges are typically charged for juniors and seniors. He offered to find out the answer to the question.

President Skorton expressed his gratitude to the Board for taking up the issues related to tuition policy, and to Board staff for presenting the issues. He said he was concerned about maintaining access, as well as quality and predictability, for families who are saving money for higher education. He agreed with President Geoffroy about tuition differential in the professional schools, and noted that there will also be a review of tuition issues by University of Iowa faculty in the coming academic year.

President Skorton referred to a letter prepared by the presidents of the student governments of the three Regent universities. He said the students had addressed the timing of setting tuition as an issue for Board review as well as the predictability of tuition. He noted that other higher education institutions have initiated fixed tuition for a student's first two years of education, perhaps through a tuition contract. Others have based tuition on an inflationary index.

President Koob stated it is appropriate that tuition policy be reviewed on a periodic basis. He suggested that the major reason for the current review of tuition policy is the significant transfer of educational costs to students. He said it was important to consider whether the general move toward privatization of higher education will be accepted. State appropriations now account for 50 percent of funding which he believes means that accessibility has been abandoned. He urged the Board to review its tuition policy in the context of whether there should be accessible public higher education.

Other issues which President Koob suggested should be reviewed are statutory timing of setting tuition and the Board's autonomy. He stated that differential tuition and per-credit-hour tuition made sense from a business-only perspective. He preferred the establishment of a ceiling to allow students the freedom to explore educational areas of interest without additional cost. One of the true values of higher education is to learn, grow and experiment in a protected environment. He would not want a student to choose not to become an engineer, for example, simply because of the cost.

Mike Banasiak, President, Government of the Student Body at Iowa State University thanked the Board for allowing students to speak on the issue of tuition policy, and for postponing the tuition decision to allow time for discussion. He hoped that the comments and suggestions in the letter from student government leaders would assist in the Board's deliberation.

Mr. Banasiak stated that students are going to focus their efforts this year on the state legislature. He said the tuition increase must be less than 10 percent. The state must be convinced that education needs to be its top priority. Together, that can be done.

Diane Egdorf, President of the Graduate and Professional Student Senate at Iowa State University stated that graduate students are asked to perform research and are often asked to teach, as well. Many graduate students are over the age of 30. Two years ago, she provided the Board of Regents with a petition regarding the tuition increase and the concurrent budget cuts to the University. Following presentation of the petition to the Board of Regents, Vice President Hill formed a student affairs task force to study the consequences of the tuition increase to the graduate students and to develop strategies.

Ms. Egdorf stated that the issues associated with graduate students differ significantly from those of undergraduate students, and include lost assistantships, borrowing more money, and working second and third jobs. Graduate students receive little federal or state support. As the first in her family to receive a college degree, Ms. Egdorf said she appreciates higher education.

Nate Green, President of the University of Iowa Student Government, thanked Board members for the discussion about tuition policy. He stated that tuition increases have directly affected students. He referred to the letter from the three student body presidents to the Regents, and said he was pleased that many of the issues identified by students were on the table for discussion. He said the conditional tuition plan has been advocated by student body presidents for the last several years.

Mr. Green pointed out that the Board of Regents has to decide on the amount of the increase in tuition before knowing the state budget situation. He encouraged Board members to discuss the issue of ensuring predictability of tuition rates/increases.

With regard to the large increases in tuition rates of the last three years, Mr. Green stated that some students have had to work second jobs. Some students have had to take a year off to make more money to pay for tuition, only to find that tuition had increased 40-50 percent in the interim. He said he would not support differential tuition increases for juniors and seniors because he believes that students should be treated the same. From a business standpoint, it may make some sense, but doing so would set a precedent. Students might not choose their true calling if the education costs more. He said he also did not support differences in tuition among the universities. All three universities should be viewed as equal.

Mr. Green asked that consideration be given to increasing financial aid. He stated that the students of median-income families do not qualify for much student financial aid although they also are not wealthy enough to pay for their education. He applauded the Board for increasing the tuition set-aside last year.

Mr. Green addressed the comparisons of tuition for the three universities with other universities across the nation, and stated that wages in the state of Iowa are not nearly as high as wages in other areas of the country.

Emiliano Lerda, President of the University of Northern Iowa Student Government, thanked Board members for their hard work to protect public higher education in the state of Iowa. He noted that he had visited with each Regent during the summer, and he appreciated the time each of them had spent discussing the issues with him.

Mr. Lerda stated that students strongly support addressing the statutory timing of setting tuition rates which, along with predictability, could be a great package to present to the state legislature. With regard to the basis for charging tuition, he suggested that, perhaps, the Board could continue its current practice for charging tuition but also charge a fee for those students who exceed 18 hours. He stressed that he was not indicating support for that practice but, rather, that he may find it acceptable. Students would also like more clarification regarding student fees.

With regard to the cost of higher education as a whole, Mr. Lerda stated that the real increase in the cost of education at the University of Northern Iowa last year was 19.2 percent. He referred to the issue of evaluation factors, and urged the Board to carefully determine what information to consider and the importance of such information. He noted that while the return on a student's investment in education was an important consideration in determining tuition, having the money to make the initial investment is a

challenge for many students. He said it was for that reason that access to public higher education has to be protected.

Mr. Lerda urged Board consideration of the issue of statutory timing as well as predictability. He said students believe the issues can complement each other and combining the issues could provide a more effective presentation to the state legislature. Predictability is needed in these uncertain economic times.

President Pro Tem Turner thanked all of the student representatives for their presentations.

Regent Nieland stated this was the first time since she has been a member of the Board of Regents that students have presented a joint tuition proposal. She congratulated the students for their work, which she said demonstrated they were all in this together.

President Pro Tem Turner asked the Board members if more direction was needed regarding the issue of statutory timing.

Regent Becker expressed interest in Mr. Lerda's comments about marrying predictability and timing. She said that, if the 2004 legislature would be willing to commit to funding the universities more than one year at a time, it would be possible to make changes in the timing of setting tuition.

Regent Neil said that, although it was a great idea, two-year budgeting by state government has been rejected in the past. Every state department would want to do likewise. He agreed that two-year budgeting would add predictability and lead time for planning. He referred to President Koob's comment about the state funding situation leading to the privatization of public higher education in Iowa, and said the Board needs to do a better job of explaining the institutions' needs. He expressed support for the notion of establishing parameters for tuition rates depending on whether or not the legislature fully funded salaries.

Regent Downer expressed strong support for Regent Neil's comments. He said that, unless parameters are established for what tuition would be depending on the level of state funding provided to the universities, the Board will continue to be faced with a trade off between low tuition and significant cutbacks to the universities. Maintaining quality and affordability while increasing predictability will require legislative changes. Although there have been discouraging signs in the last several years, he said he was not ready to give up.

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Regent Arnold referred to the following which was contained in the meeting materials for the tuition policy item, and asked if it was very likely that the Board would not act on tuition until July:

Changes in statutory timing for the Board's determination of tuition could delay Board action on tuition until after legislative actions are completed, meaning the Board may presumably not act on tuition until July (after the beginning of the fiscal year), due to the statutory 30-day notification.

Executive Director Nichols responded that the possibility of the Board not acting on tuition until July, due to the timing of legislative action, was very plausible. He said the Board of Regents is required to provide a 30-day notice prior to setting tuition and there is a dependence on the timing of the state. This year, the state budget was not given final approval by the executive branch until the first of June. If the Board Office were to immediately make a tuition recommendation following finalization of the state budget in June, it would be July before the Board would be able to act on the tuition recommendation.

Regent Arnold stated that such timing would create a difficult situation for students and for the universities.

Regent Becker stated that waiting until after final approval of state budgets to set tuition is not practical unless longer-term commitments can be received from the legislature.

Executive Director Nichols asked for the institutional impact on student financial aid packages of late tuition rate decisions.

Vice President True responded that late timing of tuition decisions takes place in other parts of the country. Those institutions make certain assumptions. In Iowa, the setting of tuition is a very public process. Another issue that would make late tuition decisions more difficult in Iowa than in other states is that Iowa has a reversion provision for its general fund budgets. If the budgeting process is built around assumptions, it would create difficulty in closing out the year because the unspent general fund money on June 30 is returned to the state.

Regent Forsyth thanked the students for the thoughtful letter which he said was very well done and was helpful in the dialogue. He supported the concept of joining arms with the students in addressing the legislature. He said a better job needs to be done of explaining to the legislature the implications of the decisions it makes. He presented comparison data of state appropriations to the Regent institutions and said the institutions have experienced a \$90 million shortfall in the most recent state

appropriations over FY 2001. He said the lack of state funds has had a significant impact on the increases in tuition rates.

Regent Forsyth said it was his understanding that the reason the legislature established the current timeframe was to provide predictability for the students. He stated that was a failed experiment. With the current timeframe, the Board of Regents has to make its tuition decision with no information of the level of state appropriations. It is when the state is having significant budget issues that the Regent institutions have incrementally significant budget issues. The one revenue lever for the institutions, in the short term, is tuition. He stated that the issue of predictability is critical, as is a statutory change in the timing of setting tuition.

Regent Forsyth cautioned against tying the setting of tuition to the timing of the legislature's budget process. By doing so, the legislature may be inclined to provide appropriations with an indication of the level at which it believes the Regents should increase tuition. He stated the Board of Regents should ask for greater flexibility in the timing of the setting of tuition.

President Pro Tem Turner stated the overall sense of the Board is that predictability, not just statutory timing of setting tuition, is very important issues for further consideration.

Executive Director Nichols pointed out that, in the fall, the Board will have an opportunity to discuss and approve the legislative program. Therefore, this was not the last moment to discuss that element of the issue of predictability.

President Pro Tem Turner asked for Board comment about the basis for charging tuition.

Regent Nieland stated it was her belief that everything was "on the table". She said the Board should review the basis for charging tuition.

President Pro Tem Turner stated that, if changes are made to the basis for charging tuition, it must be in a revenue-neutral approach. The Board would then review how the institutions' overall budgets would be impacted.

Regent Becker referred to the charging of differential tuition by student level, and questioned whether the graduation rates would increase as a result. She would like to know if retention would be greater in the junior and senior years, increasing the likelihood that students will have sufficient salaries to pay off their educational debts.

Regent Forsyth suggested the Board should consider differential tuition: 1) by level, 2) by discipline, 3) by institution, and 4) per credit hour. He said the Board could establish

benchmarks and learn from best practices, and determine what might be the unintended consequences. He suggested the Board should also look at per credit hour tuition as a budget neutral transaction. The model by which to evaluate the issues could include the following key outcomes: 1) quality, 2) access, 3) predictability, 4) accountable stewardship, and 5) equity. He said each outcome could be measured against predetermined criteria.

Regent Downer said he would also like to explore charging an overload fee to students who are taking more than 18 hours. Although concern was raised that this type of charge might penalize students for their interest in learning, he said it might also encourage students to finish their degrees sooner, which would decrease their costs.

Regent Neil expressed concern that the charging of differential tuition was a form of cost shifting. He said the charging of tuition by credit hour needs to be explored. Community colleges have been successful in charging tuition by credit hour. He expressed support for Regent Forsyth's idea of a system of benchmarking.

Regent Arnold stated that, although she agreed that all of the issues are important to consider, she would not want students to lose the ability to load up on hours and explore different courses. She said she would not be opposed to differential tuition by discipline. She reminded Board members that, in the recent past, the University of Northern Iowa offered courses in the summer to make better use of facilities during non-peak times.

President Skorton expressed support for continuing to seek the student perspective. He also agreed that everything is on the table, and encouraged the undertaking of market research.

Regent Becker referred to the Board of Regents policy that tuition be the same at all three universities, and said the Board members may want to re-visit that issue. She asked why that tuition policy was adopted.

President Pro Tem Turner said it was her understanding that the change was made to reflect that no one institution is considered better than another institution. With differential tuition, there may be an implication that the higher-priced institution is the more premier institution.

President Skorton stated that charging the same tuition among the three universities is very important for the reasons indicated by Regent Turner, and to maintain collegiality among the institutions.

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Regent Forsyth said the assessment of various methods for setting tuition could not be completed before the Board is required to set tuition this fall. He asked that all three universities have faculty groups report on reviews of the tuition policy issues by the end of the current academic semester. The Board of Regents could then again review tuition policy by February. This timeframe would allow time for Board staff to conduct national benchmarking and to move forward with addressing issues of predictability during the next legislative session.

President Pro Tem Turner asked that any factors for evaluating tuition that Board members deem to be appropriate or inappropriate be brought to the attention of Board staff.

Regent Becker referred to Regent Forsyth's suggestion that the Board review these issues again by its February meeting, and asked if that timeframe would allow sufficient time for faculty input.

President Geoffroy responded that the timeframe would be sufficient for Iowa State University.

President Skorton responded that the University of Iowa faculty work would be completed by winter break.

President Koob expressed confidence in the ability of the University of Northern Iowa faculty to complete the task in a timely manner.

President Pro Tem Turner stated that the Board of Regents members would like to set aside time to discuss specifically the tuition policy, preferably at its February meeting.

President Pro Tem Turner stated it was her privilege to introduce one of Iowa's leading legislators, Representative Willard Jenkins from Black Hawk County.

Representative Jenkins thanked the Board for the invitation to attend the meeting. He expressed his desire to increase the strength of the linkage between the Board of Regents and the legislature, especially regarding budgets. He acknowledged that linkage has been strained in the last three to four years. He said he was willing to work on the goal to make a stronger connection between the Regents and the legislature.

President Pro Tem Turner stated the Board members looked forward to continuing to work with legislators in a collegial manner.

ACTION: President Pro Tem Turner stated the Board, by general consent, (1) discussed the identified

issues and provided direction, where there was consensus, to Board Office staff regarding broad tuition policy and (2) considered further study of Board tuition policy and related statutory timing provisions during the upcoming discussion of the Board's five-year strategic plan and legislative priorities for the 2004 session.

REPORT OF THE BANKING COMMITTEE.

Regent Neil reported on the September 16, 2003, meeting of the Banking Committee. He said the Banking Committee approved resolutions related to bonds and authorized formation of a captive mutual insurance company, which he said was an innovative program. The Banking Committee received reports on bond refunding savings to the state, on quarterly investment and cash management, and on the status of internal audits.

Regent Neil then asked for a report from the Board's financial advisor and bond counsel on the sale of University of Iowa Dormitory Revenue Bonds.

Barry Fick of Springsted, Inc., the Board's financial advisor, reported on the two bids that were received that morning for the sale of \$25,000,000 Dormitory Revenue Bonds, Series S.U.I. 2003. He said the winning bid was submitted by UBS Financial Services for a true interest rate of 4.196 percent. The second bid was submitted by U.S. Bancorp Piper Jaffray for a true interest rate of 4.216 percent. He stated that only two basis points separated the two bids. He noted that the reoffering yields to be received by investors range from 1.2 percent to 4.65 percent, substantially better than would be received for a AAA-rate bond. The University of Iowa bonds were rated AA-2 by Moody's and A+ by Standard & Poor's, which was a reflection of the strength of the University and of the Board of Regents.

Ed Bittle of the Ahlers law firm, the Board's bond counsel, stated that the Board was presented with two resolutions for adoption.

MOTION:

Regent Neil moved to adopt (1) A Resolution providing for the sale and award of \$25,000,000 Dormitory Revenue Bonds, Series S.U.I. 2003, and approving and authorizing the agreement of such sale and award. (2) A Resolution authorizing and providing for the issuance and securing the payment of \$25,000,000 Dormitory Revenue Bonds, Series S.U.I 2003, for the purpose of

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paying costs of repairing, remodeling, and constructing improvements to and equipping existing residence halls and related facilities located on the campus of The State University of Iowa, including funding the debt service reserve fund, and paying costs of issuing the Bonds. Regent Nieland seconded the motion, and upon the roll being called, the following voted:
AYE: Arnold, Becker, Downer, Forsyth, Neil, Nieland, Turner.
NAY: None.
ABSENT: Arbisser, Newlin.

MOTION CARRIED.

Regent Neil stated that the Banking Committee recommended the Board approve the sale of Iowa State University Regulated Materials Facility Revenue Bonds.

Mr. Bittle stated that Vice President Madden had reported to the Banking Committee on the facility which will be built to facilitate the disposal of hazardous materials on campus.

MOTION: Regent Neil moved to approve a Resolution authorizing the Executive Director to fix the date or dates for the sale of up to \$7,000,000 Regulated Materials Facility Revenue Bonds, Series I.S.U. 2003. Regent Becker seconded the motion, and upon the roll being called, the following voted:
AYE: Arnold, Becker, Downer, Forsyth, Neil, Nieland, Turner.
NAY: None.
ABSENT: Arbisser, Newlin.

MOTION CARRIED.

Regent Neil stated that the Banking Committee recommended the Board approve a resolution for the sale of Iowa State University Academic Building Revenue Bonds. He said the legislature had deappropriated the intended funding for the project. University officials wish to proceed to secure permanent funding.

MOTION: Regent Neil moved to approve a Resolution authorizing the Executive Director to fix the date or dates for the sale of up to \$8,000,000 Academic

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Building Revenue Bonds, Series I.S.U. 2003.
Regent Downer seconded the motion, and upon
the roll being called, the following voted:
AYE: Arnold, Becker, Downer, Forsyth, Neil,
Nieland, Turner.
NAY: None.
ABSENT: Arbisser, Newlin.

MOTION CARRIED.

Regent Neil stated the Banking Committee recommended the Board approve
reimbursement resolutions for Iowa State University.

MOTION: Regent Neil moved to approve a Resolution
declaring an official intent under Treasury
Regulation 1.150-2 to issue debt to reimburse the
Iowa State University of Science and Technology
Utility System for certain original expenditures paid
in connection with specified projects. Regent
Becker seconded the motion, and upon the roll
being called, the following voted:
AYE: Arnold, Becker, Downer, Forsyth, Neil,
Nieland, Turner.
NAY: None.
ABSENT: Arbisser, Newlin.

MOTION CARRIED.

Regent Neil reported that the Banking Committee approved the formation of a captive
mutual insurance company for the purpose of providing medical liability coverage for
members of the College of Medicine Faculty Practice Plan. He stated that, assuming
the physicians at the University of Iowa continue their excellent practice patterns, this
effort will provide a significant financial savings to the University.

MOTION: Regent Neil moved to authorize the University of
Iowa to (1) assist with the formation of a captive
mutual insurance company for the purpose of
providing medical liability insurance, within defined
limits, for the participants of the Carver College of
Medicine Faculty Practice Plan and (2) purchase
surplus notes from the mutual company to be
formed in the amount of \$20 million to meet the

statutorily-required insurance surplus. Regent Forsyth seconded the motion. MOTION CARRIED UNANIMOUSLY.

Regent Neil stated that the refunding of bonds that has taken place over the past two years has saved the state over \$5.7 million. He said this effort should be recognized in light of the Board of Regents' stewardship of state resources.

ACTION: President Pro Tem Turner stated the Board received the remaining report of the Banking Committee, by general consent.

REGENT REALLOCATION POLICY.

Associate Director Hendrickson presented an overview of the proposed policy on reallocation. She stated that the Board approved a 5-year program on reallocations beginning in 1997. In September 2002, the Board reaffirmed the need for a reallocation policy for the next five years, and requested that the Board Office work with the institutions to develop a clear definition of reallocations and design a consistent reporting mechanism. In May 2003, proposed definitions of reallocations were presented to the Board. She said the Board accepted the definitions for the FY 2004 budget process, but requested the definitions of reallocations be redrafted to provide more strategic direction to the institutions for implementation during the FY 2005 budget process. A concern was expressed that the definition, as written, did not require the institutions to make strategic changes and could adversely impact the quality of the institutions.

With regard to the proposed reallocation policy, Associate Director Hendrickson stated that the policy would require the institutions to reallocate at least 1 percent of the continuing base general fund budget for focused strategic initiatives; fully describe strategic initiatives to be funded by reallocations; and, address specific criteria as detailed in the meeting materials. She said this process will segregate reallocations from the shifting of resources that occurs during the normal budgetary process. With Board approval of the proposed policy, the reallocation policy would be added to the Regent Policy Manual and brought back to the Board for approval in October.

President Skorton expressed support for the proposed policy, stating that it was more focused than the previous policy.

President Geoffroy stated that he concurred with President Skorton's comments about the policy.

President Pro Tem Turner acknowledged that the reallocation policy had been a concern of the Board. It appeared that a very good solution to an issue that had vexed the Board for several years had been achieved.

Regent Forsyth suggested the following changes to the policy:

The institution would ~~have the option to~~ provide a summary, in general terms, from where the reallocated funding was accumulated for these initiatives.

The reallocation policy will be reviewed at least every five years.

Superintendent Thurman expressed his support for the policy. He noted that, over the past few years, reallocation has assisted in the transformation of the Iowa Braille and Sight Saving School. He stated there is a limit to how much reallocation can be done at schools that provide services to residential students. There may be a time when further reallocation cannot be achieved.

MOTION: Regent Forsyth moved approval of the review of the proposed reallocation policy, with the inclusion of the two requested modifications. Regent Downer seconded the motion. MOTION CARRIED UNANIMOUSLY.

INSTITUTIONAL AGREEMENTS, LEASES AND EASEMENTS.

Associate Director Racki requested that the Board approve the agreements, leases and easements, as presented.

MOTION: Regent Neil moved to approve: University of Iowa—Lease agreement with the Iowa Secretary of State for its use of space on the Oakdale Campus for its Voter Registration Reform Project. Lease agreement with Prairie Lakes Area Education Agency for the University's use of space in Fort Dodge, Iowa, for a UIHC Child Health Specialty Clinic. Lease agreement with the State Public Policy Group for the University's use of space in Des Moines for the Center for Public Health Practice of the College of Public Health. Lease renewal with Finley Tri-States Health Group for the University's use of space in Dubuque for a UIHC Ophthalmology Outreach Clinic. Lease

renewal with Village Court Associates for the University's use of apartment space in the Des Moines area for residents of the Carver College of Medicine Department of Ophthalmology. Lease renewal with Resource Development Associates for its use of business incubator space at the Oakdale Research Park. Assignment of easement agreement to the University from MidAmerican Energy Company, resulting from the University's planned purchase of conduit space to install telecommunications service to the Finkbine Commuter Parking Lot. Iowa State University—Lease extensions with Banner Investments and Determan Investments for the University's use of space in Dubuque and Mason City for the Child Welfare Research and Training Project. University of Northern Iowa—Lease agreement with Waterloo MSA Limited Partnership, d/b/a Verizon Wireless, for construction of a telecommunications tower on the University's far west campus. Iowa School for the Deaf—Lease renewal with Iowa Western Community College for its use of space in the Careers Building on the Iowa School for the Deaf campus. Regent Forsyth seconded the motion, and upon the roll being called, the following voted: AYE: Arnold, Becker, Downer, Forsyth, Neil, Nieland, Turner.
NAY: None.
ABSENT: Arbisser, Newlin.

MOTION CARRIED.

ANNUAL REPORT ON RETIREMENT PROGRAMS.

Director Wright presented a summary of the annual report on retirement programs. He stated that a total of 30 employees entered the phased retirement program during FY 2003. Since the program was first approved in 1982, 576 employees have participated in the program. He said a total of 146 employees retired through the early retirement program. Since its inception in 1986, 2,755 employees have retired under the early retirement 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

payment is discounted. The recommended rate for FY 2004 is 1.0 percent which is the average of the July 1 interest rates earned on 90-day and one-year Treasury bills.

Director Wright stated that, in July 2001, the Board of Regents 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. Each institutional head was allowed to exercise discretion as to whether faculty and staff who were eligible for the early retirement program on June 30, 2002, have until June 30, 2004, to request participation.

Regent Forsyth stated that, as a new member of the Board of Regents, it was difficult for him to understand the history and purpose of the retirement programs, and to determine how well the programs had served their purposes. He said it would be helpful, in the future, to provide additional background for new Board members.

MOTION: Regent Downer moved to (1) receive the annual report on retirement programs for FY 2003 and (2) establish a present value rate of 1 percent for lump sum payout under the early retirement incentive program for FY 2004. Regent Becker seconded the motion. MOTION CARRIED UNANIMOUSLY.

SUBMISSION OF APPLICATIONS TO THE FEDERAL COMMUNICATIONS COMMISSION (FCC) FOR COMMERCIAL TRANSLATOR FREQUENCIES.

Assistant Director Gonzalez stated that, in February 2003, the FCC unexpectedly opened a filing window for commercial translator frequencies. Non-commercial stations were eligible to apply for the commercial translator frequencies with the understanding that, if commercial stations also applied, the non-commercial stations were automatically ineligible to proceed in the application process. Due to the short filing window, both Iowa State University and the University of Northern Iowa submitted applications for commercial translator frequencies. She noted that Board of Regents policy requires Board approval for submitting FCC applications for expansion.

University of Northern Iowa officials requested translator frequencies for areas it already serves in Des Moines. Iowa State University officials requested approval for a translator frequency in Osceola.

Regent Downer referred to a discussion he had previously with former Board of Regents member Arthur Neu. He said Mr. Neu indicated his belief that there are opportunities among the three university radio stations for more collaborative

programming. Regent Downer then asked to what extent collaborative programming is occurring and whether there might be further efforts to increase efficiency and improve programming.

Assistant Director Gonzalez stated that the biennial report on public radio stations will be reported to the Board in February 2004. During a recent planning meeting, collaboration and cooperation was a major topic of discussion. She noted there are many instances in which collaboration and cooperation is currently occurring.

Bill McGinley, General Manager of WOI Radio, stated there are some exciting new developments in progress. There is a collaborative effort between WSUI and WOI-AM in which the call-in talk shows, signature programs for both stations, have been combined. The call-in talk shows often feature university resources, thereby extending the universities' resources to the larger community. Beginning in July, the talk shows were combined so that each hour is produced by one and then the other station. So far, the feedback has been very positive. He stated that other avenues of cooperation are being pursued. Expenses have been reduced for each station and better public service is offered to the citizens of Iowa.

Mr. McGinley stated that discussion is occurring with John Hess at the University of Northern Iowa about another collaborative effort. He said he would be pleased to share more information during the February biennial report.

Regent Downer thanked Mr. McGinley for the information.

Regent Nieland stated that her part of the state (northwest Iowa) is not part of the public radio network of the Regent universities. She said Minnesota public radio is a model of coverage, an area she finds lacking in Iowa. She questioned whether there would ever be an opportunity to combine the stations into one station, or if doing so would raise issues about turf.

Mr. McGinley responded that he was optimistic about the scenario presented by Regent Nieland. He said the public radio community is focusing on increasing collaborative efforts and partnerships. The venture he presented between WSUI and WOI is just the first of what is hoped to be many such collaborations. Whether the stations become fully integrated under one "umbrella", he did not know.

Vice President Madden stated that, given overall finances, there is a need to look at ways to deliver services more effectively across Iowa. Draft "white papers" regarding those types of issues are being distributed internally and with the other institutions. The financial resources of all the radio stations are limited. There is a recognition of the

need for more cooperative activities which would also likely improve the quality of program delivery.

President Skorton complimented the radio station directors, who have been collaborating and working to increase coverage for quite some time. He stated that each station manager is responsible for maximizing the audience and for increasing the Arbitron ratings. With regard to the issue of financial constraints, he said some of the stations are now web cast. WSUI can be accessed anywhere in the world over the Internet. In both the areas of technology and collaboration, there is very little turf consciousness among the radio stations. He noted there were translators in addition to those that were indicated in the meeting materials. For instance, the University of Iowa's FM station has a translator in Dubuque. He addressed Regent Nieland and stated that, while her area of the state is not as well served by the university radio stations, there is a current effort to resolve that both by the web cast route and by a broader strategic plan.

John Hess, newly-appointed general manager of KUNI, stated that a new era of public radio is beginning in the state of Iowa. Cooperative partnerships are being developed wherever those opportunities present themselves. The existing audiences, which the stations have worked hard to build over the last 30 years, continue to be well served.

Regent Becker referred to the issue of radio station coverage throughout the state, and said she has experienced difficulty receiving a public radio station when she is traveling along the Missouri border. She then thanked the radio station representatives for their efforts.

MOTION:

Regent Downer moved to (1) approve Iowa State University's request to file an application for a construction permit with the Federal Communications Commission (FCC) to construct a 250-watt FM translator station in the Osceola area on a commercial frequency to be used by radio station WOI and (2) approve the University of Northern Iowa's request to file applications for commercial translators in Iowa City and West Des Moines to be used by radio station KUNI. Regent Neil seconded the motion. MOTION CARRIED UNANIMOUSLY.

Following a lunch break, President Pro Tem Turner thanked Iowa State University officials for their hospitality in hosting a luncheon with community leaders.

FY 2005 STATE FUNDING REQUESTS.

Executive Director Nichols presented an overview of the FY 2005 state funding requests. He stated that the following subparts embodied details of requests for state support of the Regent institutions. The Board is required to submit FY 2005 appropriations requests to the state on or before October 1, 2003. He said the five-year capital plan is also required to be submitted by state law.

Executive Director Nichols briefly outlined the state funding requests in the meeting materials, as follows: (a) The number one priority for state funding – incremental salary needs. (b) Operating appropriations for the institutions. (c) Tuition replacement, which is the state's obligation to provide debt service support of bonds for academic buildings which the legislature previously approved for construction. (d) and (e) Capital appropriations for facilities on the campuses which are funded by the state from sources other than the state general fund.

(a) Incremental Salary Appropriations Requests.

Executive Director Nichols stated that salaries are the most significant budget expenditures of the institutions and the Board Office. He said competitive salaries are crucial to the institutions and to the Board Office. The recommendation of the Board Office is that full funding of incremental salary needs be the first of the state funding requests.

President Koob stated that, for every year he has been at the University of Northern Iowa, the single largest impact on the budget has been the salary increment. In the best of times, before the current budget reductions, institutional officials could expect increases in the operational budgets of one-half to one percent. The most significant contribution the legislature makes to the Regent institutions is the salary bill. The degree to which the salary bill is funded determines the future of the institutions. He said that, over the last five years, the commitment to the salary bill has declined every year to the point where no funds were provided in the most-recently-completed fiscal year.

President Koob stated that the University of Northern Iowa has two bargained employee groups and one non-bargained employee group. Until this year, state law required that non-bargained employees receive salary increases comparable to those of bargained employees. Because of the reduction in state support for salary funding over the past several years, current staff has been reduced to provide salary increases to the remaining staff. He concluded by stating that the number one priority for the Board has to be the salary bill.

President Skorton provided a graph which compared University of Iowa faculty salaries with those of its peer institutions. The graph illustrated that the University of Iowa's ranking has fallen to 0.96 percent of the average, which is third from the bottom of its peer group. He stated it was impossible to over-emphasize the points made by President Koob. The success of the University of Iowa is entirely dependent on the quality of its personnel.

President Skorton offered the following news which he had received that day: He said the University of Iowa received approval for the state's first emergency medicine residency program. The program will be offered by the University of Iowa Hospitals and Clinics in partnership with St. Luke's Hospital in Cedar Rapids. Although it is unusual to receive accreditation the first time it is sought, the University of Iowa received provisional accreditation for three years. He stated this innovative program serves the state of Iowa and depends entirely on the quality of University personnel.

President Skorton stated that salary funding is the University of Iowa's most important priority. Although the University does not have the constraints of collective bargaining in its faculty ranks, University officials strive to provide comparable treatment of non-bargained employees with those who are covered by collective bargaining. Like the University of Northern Iowa, the University of Iowa has also lost positions through attrition as a result of the lack of salary funding. The University has also experienced larger class sizes, increased difficulty for students to get into classes, and difficulty retaining employees.

President Pro Tem Turner congratulated University of Iowa officials on the new residency program, noting that it is difficult to receive approval for a new residency program.

President Geoffroy provided a graph which illustrated the competitiveness of faculty salaries at Iowa State University. The University ranking has fallen to next to last compared to its peers. He reminded Board members that the University competes nationally for faculty. Salary is an important factor in the University's ability to recruit and retain great faculty. There is evidence that the University is beginning to lose faculty because of salaries.

Superintendent Thurman stated that, over the past three years, the Iowa Braille and Sight Saving School has recruited teachers of orientation and mobility and teachers of the visually impaired from Minnesota, Michigan, Kentucky, Texas, and California. Recruitment of employees from those states has occurred because of salaries. He said there is a huge national shortage of teachers of the visually impaired. He presented information on strategies utilized in some states to attract teachers, such as sign-on bonuses. He reported that Dr. Sunggye Hong from South Korea has accepted a

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position at the University of Northern Iowa to train individuals to teach the visually impaired. Dr. Hung will be very involved with the School. He thanked the University of Northern Iowa and the Board of Regents for their support for the position.

Superintendent Prickett stated that people are the mainstay of effective education. She echoed her colleagues' comments that the institutions compete nationally for the best teachers. She thanked Board members for their assistance in the Iowa School for the Deaf receiving state funding for salaries.

Regent Neil said there was no question that full funding of salaries is the number one budget issue because education is a people-driven business. He referred to Superintendent Thurman's examples of recruiting tools used by other schools, and suggested that type of information needed to be transmitted to state legislators. He pointed out that the head of the University of Iowa's family practice program was recruited to North Carolina. The salary range in North Carolina is almost double what is being paid at the University of Iowa. He stated there needed to be a compilation of those types of occurrences to put "a face" on what is happening and the significance of the salary funding to the universities.

Regent Forsyth referred to a recent new Regent orientation he had attended at the University of Northern Iowa. During the orientation, a student told the new Regents that they have to think about the intellectual infrastructure versus the physical infrastructure of the University. Regent Forsyth said he believes that was what was currently being discussed. To have a great institution, it takes outstanding faculty, outstanding staff and outstanding students.

Regent Forsyth said he believes the state funding requests have to be viewed in the aggregate, as do the respective dollar amounts and the environmental factors. From a Regental perspective, he said the environmental factors include a \$66.6 million salary shortfall since FY 2000, which is well in excess of 11 percent of state appropriations.

Regent Forsyth stated he had totaled some of the data provided by the Board Office and determined that, in FY 1998, the Regent enterprise received just under \$612 million from the state. State funding to the Regents peaked in FY 2001 with just over \$693 million. In FY 2004, state funding to the Regents was \$605 million, which is 1 percent less than in FY 1998 and \$88 million less than in FY 2001. He said the institutional heads have tried to maintain excellence despite the dramatic decline in state funding. He noted that the state budget experienced significant environmental factors, as well. Tax revenues did not turn around as predicted by the Revenue Estimating Conference.

With regard to the state funding requests presented for FY 2005, Regent Forsyth said there were additional strategy initiatives of just under \$38 million, incremental funding

requested of around \$37 million, fairly level tuition replacement needs of \$24 million, and new capital requests of \$67.5 million with another \$52.4 million of "tail". He stated that would not be a responsible package for the Board to endorse and that the Board should discuss funding requests in the aggregate. Given the circumstances of the state's budget, he did not believe the aggregate amount was a reasonable request.

Regent Becker pointed out that not everyone in the state understands the importance of faculty salaries. She said the importance of contact with faculty cannot be overstated at the B.A., M.A. and Ph.D. levels. Transmission of information is not simply done by giving someone a book to read. When working on her Master's degree, much of the knowledge she gained was not available in books but, rather, was from research the professors were developing. When the universities lose people, the universities lose the ability to inspire and instruct students. The economic impact of pushing the frontiers of knowledge is also lost when faculty leave.

Regent Becker stated that, while everyone understands the state's fiscal situation, there are different opinions on how it should be addressed. The feedback from students is that the budget cuts are damaging the quality of instruction, despite the efforts to minimize the impact on students. She said it is not good policy to cut funding to the universities when lowans want to create more growth in the state. She wants to submit the funding requests as presented. She said there are many people in the state who also want to have their pieces of the "pie". However, when there was money for salaries, the universities got none of it. The Regents are responsible for making sure the students receive a quality education. If the members of the Board of Regents, as citizens, do not speak out about how the funding cuts are hurting students, then the other voices of need in the state will overwhelm the Regents' message. She said the state needs to know clearly what is going to happen if inadequate funding of the Regent institutions continues.

Regent Downer expressed his concurrence with Regent Becker's comments. He stated that, if certain elements of the funding requests are not in the best interest of the institutions, the Board members have the opportunity to vote against those elements. He said he was not willing to limit support to only the salary funding request. The fact that salary funding is the top priority can be communicated to the General Assembly. He believes that an effective case has been made for all of the proposed elements of the state funding request.

President Pro Tem Turner said it was her understanding that, regardless of what is decided on the other funding issues, full funding of salaries is the Board's number one priority.

MOTION: Regent Neil moved to authorize the Board Office and Regent institutions to actively seek state funding for incremental salary needs for FY 2005 as its highest priority for requested appropriations. Regent Downer seconded the motion. MOTION CARRIED UNANIMOUSLY.

President Pro Tem Turner recognized Senator Bill Dotzler from Black Hawk County.

Senator Dotzler expressed support for salaries as the Regents' top priority for legislative funding. He said the salary issue is central to maintaining the quality of the Regent universities. Coming from the manufacturing world, he understands the importance of having a reliable and high-quality product. The faculty produce the students who create the new technologies that will be the future of our country. He said the state workforce board, on which he serves, recognizes the high quality of the Regent universities. He was confident that Iowa can compete in new technologies, ideas and skill sets.

Senator Dotzler stated that the role of the Regents, faculty and students is to take the message to the legislature about the value of quality universities to the state's economy. He asked that the Board members not forget about the students and the tuition they have to pay. He concluded by stating that it had been a great honor to address the Board of Regents.

President Pro Tem Turner thanked Senator Dotzler for his comments and support, and said the Board of Regents looked forward to working together with the legislature.

(b) Operating Appropriations Requests.

Executive Director Nichols stated that operating appropriations are the basic operating funds for the five institutions and the Board Office. By statute, incremental increase requests must be focused on strategic goals; this is consistent with the Board's direction in July that appropriations requests be presented in the context of the Board's strategic priorities. He said the appropriations requests are premised on having a stable base level of state funding. He noted that the requested appropriations amounts for each university had not changed since the initial presentation in July. However, the amounts for the two special schools and the Board Office were each reduced from what was presented in July.

Appropriations requests related to the Board's first and second priorities – high-quality education and discovery – represent the bulk of the appropriations requests. Appropriations requests related to the Board's third and fourth priorities – public service and accountability – represent a much smaller proportion of the resources. Executive

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Director Nichols noted that the amount of the request was similar to the amount requested by the Board one year ago in its two-year appropriations request. He said that, after substantial consultation, the decision was made to withdraw the remaining Board Office incremental request.

President Skorton expressed his agreement, in substance, with Regent Forsyth's comments about limiting the appropriations requests to the number one priority of funding for salaries. Nevertheless, there were other high priorities of the University of Iowa. He stated that restoration of faculty positions and public health initiatives were both personnel-related initiatives. Restoration of faculty positions would take place predominantly in the College of Liberal Arts and Sciences, which is where the vast majority of undergraduate education occurs. He said the Public Health Initiative is an ongoing effort to develop a nationally-prominent College of Public Health. He stated that the Cancer Registry is the state's cancer registry, the major funding for which is provided by the National Cancer Institute. The National Cancer Institute has insisted on a larger cost sharing by the state of Iowa. With regard to the indigent patient care program at the University of Iowa Hospitals and Clinics, he emphasized that the appropriations request was not an attempt to recover the appropriations reduction. Rather, the funding request was to address the non-salary inflationary costs of pharmaceuticals and medical materials. He concluded by stating that the remaining appropriations requests for the University of Iowa were described in the meeting materials.

President Geoffroy stated that Iowa State University's top priorities for appropriations, following competitive salaries for faculty and staff, were rebuilding the ranks of faculty, and restoring funding for the Agricultural Experiment Station, Cooperative Extension Services, and economic development activities.

President Koob stated that the requests of the University of Northern Iowa demonstrate the need created by the shortfall in state appropriations and relate directly to the cannibalization of faculty positions. Following the top priority of full funding of salaries, additional funding priorities include restoring faculty ranks, building repair, equipment repair, computer infrastructure, and economic development activities. He noted that, if salary funds are not received, further cannibalization of faculty positions will be necessary.

Superintendent Thurman stated that the past five years' strategic planning efforts had resulted in a much different Iowa Braille and Sight Saving School. The School provides the following services: 1) traditional, 2) consultants who serve students around the state, and 3) direct services. He asked for support to reinstate consultant positions.

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Superintendent Prickett said she echoed her colleagues' comments about full funding of salaries as the number one priority. For the Iowa School for the Deaf, additional priorities include funding for technology support and restoration of a position in the dormitory program.

Regent Forsyth stated his agreement that full funding of salaries was appropriate. He expressed concern that if the Board were to also request additional operating appropriations, it would be easy for legislators to say "no". He preferred to make it easy for legislators to say "yes" to the salary funding. He urged Board members to consider scaling back the institutional requests for operating appropriations. What was before the Board for approval was a 6.3 percent increase in operating appropriations and full funding of salaries, which amounted to another 6.3 percent increase in funding. He cautioned that the legislature might dismiss the requests as not being reality based.

Regent Neil expressed concurrence with Regent Forsyth's remarks. He said he doubted the Regents would receive an additional \$70 million in state funding next year. If salary funding is their number one request, then salary funding has to be their number one "song" and it has to be sung daily. He believes there is a better chance of receiving funding of salaries because the Regent universities did not receive any salary funds last year while all other state agencies did receive funding for salary increases.

Regent Downer expressed concern about the approach recommended by Regents Forsyth and Neil. He said that, in recent years, there were particular items that resonated with legislators and other items that did not. There seemed to be some resistance to full funding of salaries on the part of the legislature. While in favor of presenting the legislature with a strong message that full funding of salaries is the Regents' highest priority, he said he was not willing to abandon the other priorities. If there was a sense among Board members that the operating appropriations requests should be scaled back, he was willing to ask the institutions to do so, although the needs are real. He believes the Board of Regents is obligated to request operating appropriations for initiatives in addition to the salaries.

Regent Nieland expressed support for the remarks of Regents Neil and Forsyth. She stated that the Board of Regents is involved in a dance macabre with the state legislature. Full salary funding was not received last year and she believes the approach recommended by Regent Forsyth was interesting. If full funding of salaries is the Board's priority, perhaps presenting it as the only request would demonstrate the seriousness of the priority.

Regent Becker expressed concern about requesting funding only for salaries and not addressing the need to recoup the lost faculty positions. Students have been reporting that the losses of faculty have severely impacted the quality of their education.

Students are paying more while experiencing increasingly limited access to instructors. She said the priority to address lost faculty positions needs to be increased in importance.

President Skorton suggested, as a third alternative, that the Regents ask the institutional heads to reduce the askings, recognizing that salaries are, by far, the most important priority.

President Pro Tem Turner asked if President Skorton would recommend the reductions by accomplished as a percentage or by a given number. President Skorton responded that would be a decision of the Board of Regents. He noted that the percentage of requested increase was substantial, given the state's current fiscal realities.

President Pro Tem Turner asked that further discussion of the operating appropriations requests for FY 2005 be tabled until after the Board had considered the remaining FY 2005 state funding requests. She stated that doing so would allow time for development of a reasonable approach to reducing the institutional requests for operating appropriations.

Following review of the remaining FY 2005 state funding requests, Board members returned to the discussion of operating appropriations requests for FY 2005.

MOTION: Regent Forsyth moved to formalize the FY 2005 operating appropriations request of \$12 million; that the request have a single focus of restoring faculty positions; and, to transmit to the legislature the other legitimate needs that were not included in the request. If additional funds become available during the legislative session, the remainder of the operating appropriations requests would be reactivated. Regent Downer seconded the motion. MOTION CARRIED UNANIMOUSLY.

(c) Tuition Replacement Appropriations Requests.

MOTION: Regent Forsyth moved to approve the FY 2005 tuition replacement appropriations request of \$23,838,452, with the understanding that the amount may be modified after the proposed sale of Academic Building Revenue Bonds in October 2003. Regent Neil seconded the motion. MOTION CARRIED UNANIMOUSLY.

(d) Capital Appropriations Requests.

Executive Director Nichols stated that, in July, the Board reviewed the initial requests for state capital appropriations funding for FY 2005. He said the top priorities for FY 2005 were as follows:

Board Office Recommendations FY 2005 Capital Budget Request (in priority order)		
Inst	Project	\$ (000's)
ISU	Veterinary Teaching Hospital / Diagnostic Lab	\$14,450 *
UNI	Electrical Distribution Loop System / Load Break	3,600 *
SUI	Chemistry Building Renovation	20,400 *
ISU	Coover Hall, Information Science	5,950 *
UNI	Science Buildings Renovation, Phase 1	11,100
ISD, IBSSS, Lakeside	Deferred Maintenance, Renovations, Repairs	1,040
SUI, ISU, UNI	Fire Safety and Deferred Maintenance	11,000
	Total	\$67,540

*Additional funds for these projects are recommended in the out-years of the Five Year Plan (FY 2005 – FY 2009).

President Geoffroy addressed the two capital projects recommended for Iowa State University. The first project was for badly-needed renovation and expansion of the Veterinary Medicine Teaching Complex. He said the care of horses and small animals has grown significantly. The multi-phased project will also address accreditation issues. He noted that the University of California Davis just lost its veterinary medicine accreditation, in part because of its facilities. The second capital priority for Iowa State University was Coover Hall which houses electrical and computer engineering. He said the building footprint would not change. More useable space would be gained by demolishing the old wing and creating three floors of new construction.

Regent Forsyth asked if University officials were leveraging philanthropy for the two capital projects at Iowa State University. President Geoffroy responded that the total cost of the Veterinary Medicine Teaching Complex project was \$48 million, of which \$7 million would come from private funds. The Coover Hall project cost was \$25 million, of which \$10 million would come from private funds. He said there is a much higher

private contribution element to these two projects than has been the case historically. The private funds and state funds leverage each other.

President Skorton stated that the Chemistry Building at the University of Iowa was built in 1921. Chemistry is the third largest department within the College of Liberal Arts in terms of course seats offered per academic year. He said there is a very strong need for this capital project. The thrust of the proposed renovation is for new laboratories. With regard to the issue of leveraging funds, he said there are no private funds for the Chemistry Building project. He reminded Board members that the University of Iowa has an admirable history of leveraging funds for buildings, including several buildings for which no state funds were provided. The Chemistry Building is part of a multi-site program to provide upgraded classrooms in that area of the campus. The Blank Honors Center, the Pomerantz Center and the Dey House will add 15 general assignment classrooms. The major auditorium in the Chemistry Building will be replaced in the Pomerantz Center. Within this series of capital projects, private funds are helping to finance construction of the Blank Honors Center, the Pomerantz Center and the Dey House. The Chemistry Building, which includes instructional laboratories, non-general assignment classrooms and research space, does not have a philanthropic component.

Regent Becker related a conversation she had the previous evening, during the celebration of faculty excellence, with a chemistry faculty member of the University of Iowa. The faculty member told her how his experimentation had been damaged by rain due to a roof leak in the Chemistry Building.

President Koob stated that the two projects of the University of Northern Iowa's request were for aging facilities. First was a straight-forward deferred maintenance request for the Electrical Distribution Loop System/Load Break project. The second project was the continued upgrade of science facilities. He reminded Board members that the funds for capital projects were not funds that could otherwise be used for salaries.

Superintendent Thurman stated that, over the past several years, the Board has supported major capital projects at the Iowa Braille and Sight Saving School. He hoped he would not need to submit any major capital requests for a considerable period of time. The funds requested were to maintain the facilities on campus, one of which is 140 years old.

Superintendent Prickett thanked the Board for its support for ongoing maintenance at the Iowa School for the Deaf. She said the request for funds for Giangreco Hall was to continue the replacement of infrastructure. Air conditioning was a particularly important issue as the School is evolving to become a year-round school.

Regent Forsyth expressed his support for the recommended action, noting that the institutions had done a great job of prioritizing their requests. He said he understood the philanthropy issues addressed by the University presidents. He then asked that consideration be given to moving fire and environmental safety to the number one priority.

Regent Downer stated that he concurred with the comments of Regent Forsyth and the institutional heads. In addition, he said using bonding as a possible means of financing the projects should be revisited, given the current low interest rate environment.

Executive Director Nichols said there has been some discussion internally about the financing options. The institutions are willing to work with whatever funding mechanism the state chooses.

MOTION: Regent Forsyth moved, with the understanding that fire and environmental safety will be the first priority, to approve the FY 2005 capital improvement requests from the state's non-general fund sources for projects totaling \$67.54 million that focus on stewardship of existing resources needed to meet the Board's priorities. Regent Downer seconded the motion. **MOTION CARRIED UNANIMOUSLY.**

(e) Five-Year Capital Plans.

Executive Director Nichols stated that approval of the five-year capital plan does not constitute Board approval of the projects listed nor approval for fund raising for the projects. Rather, the plan is an estimate that is required to be submitted by the state.

MOTION: Regent Neil moved to (1) approve the five-year state-funded capital program for FY 2005 – FY 2009 of \$379.7 million to be funded by capital appropriations or Academic Building Revenue Bonds, with the state-requested funds to be combined with \$97.1 million in gifts and earnings and (2) approve the five-year capital program (FY 2005 – FY 2009) of \$173.4 million for the University of Iowa Hospitals and Clinics to be funded by Hospital Building Usage Funds, Hospital Revenue Bonds, and gifts and grants.

Regent Becker seconded the motion. MOTION
CARRIED UNANIMOUSLY.

**INSTITUTIONAL REGISTERS OF CAPITAL IMPROVEMENT BUSINESS
TRANSACTIONS.**

(a) University of Iowa.

Vice President True presented an overview of the University of Iowa capital register, which he said included a design presentation on the Melrose Avenue Parking Ramp. He referred to the recent fire at the Blank Honors Center site which caused superficial damage, and assured Board members that the project is on schedule. The contractor has provided assurances that the University will be able to hold classes in the facility by the spring term. He then introduced Dave Ricketts, Director of Parking and Transportation at the University of Iowa, to begin the presentation on the Melrose Avenue Parking Ramp.

Director Ricketts stated that the University of Iowa Hospitals and Clinics is served by four parking structures identified as 1, 2, 3 and 4. Ramp 1 is currently closed due to structural issues. He stated that Ramps 1, 2 and 4 provide patient parking. The request to expand the Melrose Avenue Parking Ramp is due to the overall growth in outpatient visits to the Hospital. University officials project that approximately 1,750 total patient parking spaces will be needed by 2010. There are just under 1,400 patient spaces currently available. This project will provide more than enough spaces to deal with the increased parking needs in the future. He noted there will be no specific rate increases tied to this project.

Rod Kruse of Herbert Lewis Kruse and Blunck Architects presented Board members with a review of the proposed schematic design. The presentation included information on structure and materials, site development and location, and views from various elevations and directions.

Regent Neil asked if vehicles would be able to enter the ramp area of both facilities from the southwest. Mr. Kruse responded that was an operational decision of the University's Parking and Transportation Department. The facility will be physically capable of providing that type of access.

Director Ricketts stated the existing Melrose Avenue Parking Facility serves the Family Care Center. Hospital officials have asked that the parking areas be operated independently. On weekends, and especially on game days, the parking can be opened up to allow easier access.

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Regent Becker asked on how many of the levels a vehicle could be driven from one side to the other if University officials chose to have the entire facility open. Director Ricketts responded that four levels could be completely accessed as described by Regent Becker. Otherwise, every other level would provide such access.

Regent Neil asked for the basis of the Hospitals' request to reserve the parking area for the Family Care Center. Director Ricketts responded it was his understanding that the Family Care Clinic is operated under different business rules.

Senior Associate Director Staley said the intention was to provide parking for patients of the Family Care Center on the same level as the entrance into the Family Care Center. The parking was designed to facilitate patient movement from the parking area to the individual clinics within the Pomerantz Family Pavilion.

Regent Forsyth asked for the walking distance from the proposed parking facility to the Pomerantz Family Pavilion. Senior Associate Director Staley responded that the current facility will be devoted entirely to patient parking. Staff and others will park in the newer part. Therefore, the distance for patients to walk into the Pomerantz Family Pavilion will continue to be approximately 100 feet.

Regent Forsyth asked if 1) the existing facility, currently for patient and staff parking, will be designated for Hospital patients, only, and 2) the new parking facility will be for staff. Senior Associate Director Staley responded affirmatively.

Mr. Kruse noted that the new parking ramp is designed to operate as one large facility depending on the programmatic needs.

Regent Downer asked if consideration had been given to setting the new parking facility back from South Grand Avenue so the façade is more in line with the Fieldhouse Addition. Mr. Kruse responded affirmatively, noting that the site is so tight that the ramp would be unable to function if it were moved back further. It was also for that reason that a more transparent and lighter architectural design was chosen.

Vice President True said the expectation was that repairs would be completed and Hospital Ramp 1 would be open by November. He noted that the University had received a great deal of cooperation from the Board Office so the ramp could be completed before winter.

Regent Neil asked what had happened in Ramp 1. Director Ricketts responded that in the construction of Ramp 1, which was opened in 1968, a construction technique was used which was favored at that time, but one which would not be used today. The result is that the salt carried in by cars has corroded the ramp's cables.

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Vice President True pointed out that vigilant maintenance of the University's parking system was why the problem in Ramp 1 was corrected before it became a safety issue.

Regent Neil complimented University staff for the handling of parking at the University of Iowa Hospitals and Clinics with one less ramp, and noted that he had parked in that area the previous week.

Vice President True stated there were a number of other projects on the University of Iowa capital register.

Regent Neil referred to the program statement for the West Campus Residence Hall project. He asked how the figure of 514 beds was determined, and how that number relates to the occupancy and revenue projections for the University of Iowa residence system.

Vice President Jones responded that the 5-year residence system plan projects a need for more than 400 beds. The long-range transition for the residence system was also factored into the plan. He said the West Campus Residence Hall was originally planned as a way of replacing Slater Hall while it is closed. Slater Hall currently has 500 beds. When the remodeling of Slater Hall is finished, its occupancy will be reduced to 300. University officials anticipate an increase in the residence system occupancy with the West Campus Residence Hall. However, the residence system will not increase by a large number of beds at this phase of the plan.

Regent Neil asked if all of the beds needed to be constructed at the same time or if the beds could be added in a phased manner. Vice President Jones responded that the 514 beds needed to be constructed at one time and as one facility to accommodate the closing of Slater Hall.

President Pro Tem Turner asked if suite style accommodations would be available in both of those residence halls. Vice President Jones responded affirmatively. He stated that, over a period of time, the residence system will be transformed into a flexible operation with multiple options. University officials wish to eventually eliminate all of the triple rooms.

MOTION: Regent Downer moved to separate Change Order #1 with McComas-Lacina Construction for the Mayflower Residence Hall—Replace Piping project from the balance of the capital register. Regent Neil seconded the motion. MOTION CARRIED UNANIMOUSLY.

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MOTION: Regent Neil moved to approve the University of Iowa capital register, as presented, with the exception of the Mayflower Hall project. Regent Downer seconded the motion. MOTION CARRIED UNANIMOUSLY.

MOTION: Regent Neil moved to approve the Mayflower Hall project, as presented. Regent Becker seconded the motion. MOTION CARRIED WITH REGENT DOWNER ABSTAINING.

Regent Downer asked that the record show him as abstaining from voting on Change Order #1 with McComas-Lacina Construction for the Mayflower Residence Hall—Replace Piping project due to a conflict of interest.

Vice President Jones asked to briefly address issues that were brought before the Board by residents of University apartments. He stated that a number of activities have been undertaken to respond to residents' concerns. The most tangible activity which will be underway soon is a new sidewalk connecting the Hawkeye Court-Hawkeye Drive Apartments with recreation facilities in the area. He said the Cambus system has modified its schedule somewhat to serve the area. University officials are also reviewing possible options for new construction. There is an effort to learn more about the demographics of the population and how to meet the needs of access. He said University officials would return to the Board to discuss this matter further at another time.

Following presentation of the Iowa State University capital register, the following discussion took place:

Regent Neil referred to the hiring of an out-of-state construction manager for the Kinnick Stadium renovations. He questioned whether there were no in-state companies that could perform that function.

Vice President True responded that, in this instance, University officials wanted to utilize a firm that has great breadth of experience in construction management with the specific qualifications of remodeling a large stadium in a short time period under intense conditions. He said the risks of not getting the work done on time are enormous.

Regent Neil asked what risk the firm was under in performing to the expectations. Vice President True noted it was not an at-risk arrangement. The construction manager operates as an agent of the University. The risk to the University is that of the job not

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getting done. University officials will work with the construction manager to make sure the project is completed on time, on schedule and on budget.

Regent Downer stated that the materials for this item indicated that various elements of the project would be packaged in a way that Iowa firms could bid on the project. He said it was important that Iowa contractors have an opportunity to bid on the projects, and noted that a number of contracts at the University of Iowa had recently been awarded to a firm from Wisconsin.

Vice President True stated the construction manager is precluded from bidding on the project and is, therefore, eliminated from the lion's share of the work and the money for this project. The construction manager and architectural team will be directed to work with Iowa firms to make sure they understand the expectations to attract many bidders.

Regent Forsyth said it was his understanding that University officials had withdrawn the Patient Visitor Center project from consideration this month. Vice President True said that was correct. University officials wish to bring that project back to the Board in November.

(b) Iowa State University.

Vice President Madden stated that the Iowa State University capital register included requests for permission to proceed with planning on several important projects:

1) College of Veterinary Medicine—Teaching Hospital and Diagnostics Laboratory Renovation, 2) Dairy/Animal Science Education and Discovery Facility, which will consolidate two of the University's dairy operations, 3) Morrill Hall renovation and 4) Pearson Hall remodeling.

President Pro Tem Turner said it was her understanding that the Morrill Hall renovation project was to be funded from private funds. It now appeared that state appropriations will be needed. She asked for the status of fund raising for the project.

Vice President Madden responded that University funds for a classroom have been included in the planning for this project since the beginning.

President Geoffroy responded that the appropriation received a year ago will be used to renovate classrooms in the building. He said fund raising is going well; \$5.3 million has been committed and further requests will be pursued.

MOTION: Regent Becker moved to approve the Iowa State University capital register, as presented. Regent

Neil seconded the motion. MOTION CARRIED
UNANIMOUSLY.

(c) University of Northern Iowa.

Vice President Schellhardt offered to answer questions regarding the University of Northern Iowa's capital register. There were none.

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

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

Director Barak stated there were two parts to the presentation—a general discussion of best practices in program review and a report on the most-recent reviews. He addressed the Board's efforts to assure the quality of institutional academic programs. He said such efforts include receipt annually of a variety of reports including regional and professional accreditations, post-audits, program reviews, and student outcomes assessment. He noted there are differences in the value of reports of the various accrediting organizations.

Director Barak presented the Board Office proposal to undertake assessment of the program review process at each institution to determine whether improvement can be made. Although the institutions have made significant improvements in stressing student outcomes assessment in program reviews and in using that information to direct program changes, he said there should be continued focus on student outcomes and on program improvements. The Board Office encouraged University officials to provide guidance to the external reviewers that recommendations for program improvements should be based on existing resources. The universities also need to describe more fully the programs' expected student outcomes and the program improvements that relate directly to student outcomes assessment measures.

Assistant Director Gonzalez provided a PowerPoint presentation which highlighted the annual report on academic program review and student outcomes assessment. She discussed the guidance provided in the Board's strategic plan and in its Policy Manual for program review. In 2001-2002, there were 13 program reviews conducted at the University of Iowa, 16 program reviews at Iowa State University, and 9 program reviews at the University of Northern Iowa. She said the best practices in student outcomes

assessment include identification of criteria and standards for learning, use of multiple measures to evaluate student learning, and use of the results to improve teaching and learning. She provided examples of how the results of student outcomes assessments have improved quality at each of the three universities. Nevertheless, the Board Office is concerned that student outcomes assessment plans are not clearly linked to improvement of teaching and learning. Implementation plans following program review are not well defined. There is a singular focus on need for increased resources.

Regent Forsyth stated that he has over 20 years of experience participating in internal and external reviews, and understands there are differences in the quality of outside reviews. He commended the Board of Regents for spending the time, energy and resources historically on program reviews.

Regent Forsyth suggested that a template be developed for reviewing academic programs. He said quality assessments should include benchmarking, review of best practices, determination of how to improve outcomes, and cost reduction. The results would demonstrate to the legislature the impact of budget cuts on educational quality. He noted that, in the academic environment, the mindset is not necessarily on reducing cost. He believes that cost reduction needs to be introduced because reducing cost and improving quality often go hand-in-hand. Process improvement needs to become part of the mindset, as well. Program discontinuation should be a category within the template. He said he was pleased that one of the reviews had resulted in program discontinuation, which meant that program reviews were working as they should.

Regent Forsyth noted there was frequent mention in the Board Office report of the need to “focus”, which would address program “creep”. He suggested that applying technology should also be a category of the template.

With regard to student outcomes assessment, Regent Forsyth suggested this critical activity would highlight where the quality of education is being negatively impacted by the state budget cuts. He said student outcomes assessment provides an opportunity to measure quality in a consistent manner.

ACTION: President Pro Tem Turner 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.

Provost Allen stated that Iowa State University does a good job of program review because Alicia Carriquiry, Associate Provost, has an understanding of and a passion for quality.

ACCREDITATION REPORTS, IOWA STATE UNIVERSITY.

Provost Allen presented information on three accreditation reports from Iowa State University. The reports were of the Bachelor in Landscape Architecture, the Veterinary Diagnostic Laboratory, and the Bachelor of Science in Industrial Technology – Manufacturing and Industrial Safety.

Regent Neil commended Iowa State University officials on the accreditations.

MOTION:

Regent Neil moved to receive the following accreditation reports: Bachelor in Landscape Architecture, Veterinary Diagnostic Laboratory, Bachelor of Science in Industrial Technology – Manufacturing and Industrial Safety. Regent Downer seconded the motion. MOTION CARRIED UNANIMOUSLY.

ANNUAL REPORT ON ENERGY CONSERVATION.

Associate Director Racki presented highlights of the annual report on energy conservation. She said the report provides an assessment of the effectiveness of the stewardship of public resources, as well as efforts to identify and implement best practices. The report provides information on FY 2003 energy usage and costs, and energy conservation measures undertaken at the Regent institutions. The report addresses the institutions' plans to continue to control energy costs in FY 2004 and future years, and fulfills a statutory requirement to provide a status report on the implementation of energy conservation measures identified in the 1989 energy audits of the campus facilities.

Associate Director Racki stated that, in FY 2003, energy conservation efforts of the Regent institutions helped to limit the total increase in energy consumption per gross square foot to an average of 1.9 percent over FY 2002. This average includes a 12.5 percent increase in BTUs per gross square foot at the Iowa School for the Deaf due, in part, to the first full year of operation of the Lied Multipurpose Complex. School officials plan to track closely the energy usage for the facility in FY 2004 and investigate potential energy reduction measures. The remaining institutions reported minor changes from FY 2002 to FY 2003 in energy consumption on a BTU per gross square foot basis.

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FY 2003 energy consumption reflects an average reduction of 26.7 percent on a BTU basis per gross square foot since FY 1979, the peak consumption year. The Regent institutions continue to implement energy conservation measures begun in FY 2002 in an effort to control or further reduce energy usage and expenditures in response to budget constraints.

Regent Neil referred to the plan for the University of Northern Iowa to undertake a cost-benefit analysis for the possible development of a utility enterprise system. He asked when the study would be completed and what kind of system was being contemplated.

Vice President Schellhardt responded that University of Northern Iowa personnel have consulted with personnel of Iowa State University and the University of Iowa to benefit from their utility enterprise experience. University of Northern Iowa officials are currently reviewing ways to support a utility enterprise without having to request funds from the state for boilers or for major upgrades. University officials will probably be able to report by the first of November. University officials are reviewing.

MOTION:

Regent Neil moved to (1) Receive the annual report on energy conservation. (2) Encourage the institutions to continue to pursue energy conservation measures and other methods to control energy costs, as funding allows, in addition to the measures currently planned for FY 2004. (3) Incorporate energy conservation items and life cycle costs analyses into major capital projects as part of the Board's direction adopted in June 2003 to minimize the need for increased operating funds related to new construction and renovations, as well as for other existing campus facilities, while continuing to emphasize funding needed for on-going maintenance and repairs. Regent Downer seconded the motion. **MOTION CARRIED UNANIMOUSLY.**

STUDENT APPEAL. Director Barak stated the student appeal was reviewed and denied by the Residency Review Committee. He said the Board Office recommended that the Board deny the appeal.

MOTION:

Regent Neil moved to deny the appeal for residency reclassification. Regent Nieland seconded the motion. **MOTION CARRIED UNANIMOUSLY.**

REVISIONS TO POLICY MANUAL.

Director Wright presented the proposed language for the formation of an interinstitutional committee on economic development and technology transfer. He noted that, earlier in the meeting, Associate Director Hendrickson presented the proposed reallocation policy. The Board was asked to approve the inclusion of the reallocation policy in the Policy Manual. He noted that Executive Director Nichols had indicated that a new Policy Manual will be available by the end of December.

Regent Forsyth said he assumed that the two changes he had earlier recommended be made to the reallocation policy would also be incorporated into the Policy Manual.

MOTION: Regent Forsyth moved, with the understanding that the two changes he had recommended be made to the reallocation policy would be incorporated into the Policy Manual, to (1) approve the first reading of Board of Regents Policy Manual §1.06E: Economic development and Technology Transfer Committee and (2) acknowledge as a first reading for the Board of Regents Policy Manual, an as yet unnumbered section on budget reallocations. Regent Becker seconded the motion. **MOTION CARRIED UNANIMOUSLY.**

UPDATE ON ECONOMIC DEVELOPMENT ACTIVITIES.

Regent Downer stated that Executive Director Nichols, representatives of the three universities, and several Board members have been involved in planning for implementation of the portion of the Grow Iowa Values Fund legislation which specifically pertains to the Regent institutions. Initiatives in the amount of \$10 million each were proposed by the University of Iowa and Iowa State University, and a \$5 million initiative was proposed by the University of Northern Iowa. He said the Regent institutions were also invited to apply for funds related to other areas of the legislation.

The areas of biotechnology, information solutions and advanced manufacturing are specifically-identified areas of the Grow Iowa Values Fund legislation. Regent Downer stated that much hard work had been done at all three universities to develop proposals for submission to the Grow Iowa Values Fund Board. He said the proposals from the

University of Iowa and Iowa State University both relate to biotechnology. The University of Northern Iowa proposed a \$5 million initiative related to information solutions and advanced manufacturing.

MOTION: Regent Downer moved to (1) receive the update on the Regent universities' economic development activities in response to the Grow Iowa Values Fund; (2) support the submission of a coordinated set of applications from the three Regent universities to the Grow Iowa Values Fund Board that embody the mission-appropriate projects, as described; and (3) return to the Regents for implementation of the proposals. Regent Forsyth seconded the motion. **MOTION CARRIED UNANIMOUSLY.**

APPOINTMENT OF PRINCIPAL, IOWA SCHOOL FOR THE DEAF.

Superintendent Prickett presented the request to appoint Rebecca Stafford as High School/Careers Program Principal at the Iowa School for the Deaf. She said School officials were pleased with the pool of candidates for the position. Ms. Stafford comes from the Tennessee School for the Deaf where she served as Vocational Program Principal. Ms. Stafford has also been an English teacher and has a law background.

MOTION: Regent Becker moved to approve the appointment of Rebecca Stafford as High School/Careers Program Principal effective September 2, 2003, at an annual salary of \$58,000 plus the usual benefits. Regent Arnold seconded the motion. **MOTION CARRIED UNANIMOUSLY.**

President Pro Tem Turner stated that Board members looked forward to meeting Ms. Stafford.

HOUSE RAZING, 1809 WEST 27TH STREET, CEDAR FALLS, UNIVERSITY OF NORTHERN IOWA.

Vice President Schellhardt presented the University of Northern Iowa's request. Regent Forsyth expressed a desire to table the University's request until after approval of the Arena financing.

Regent Becker asked for the impact on the planning for the Arena of tabling the University's request. Vice President Schellhardt responded that the property would have to be refurbished before it could be rented. He stated that, if the Board concurs with the information to be presented next month regarding the Arena project, approval at this meeting to raze the house would provide a jump start.

Regent Becker stated that, if the property is not rentable, it becomes a liability for the University.

MOTION: Regent Downer moved to approve the demolition of the house and garage located at 1809 West 27th Street, Cedar Falls, Iowa. Regent Nieland seconded the motion, and upon the roll being called, the following voted:
AYE: Arnold, Becker, Downer, Nieland, Turner.
NAY: Forsyth, Neil.
ABSENT: Arbisser, Newlin.

MOTION CARRIED.

HONORARY DOCTORATE OF HUMANE LETTERS DEGREE FOR DR. JOANNE BUBOLZ EICHER AT FALL COMMENCEMENT, IOWA STATE UNIVERSITY.

President Geoffroy presented Iowa State University's request. He stated that Dr. Eicher's credentials were outlined in the meeting materials. University officials would like to recognize Dr. Eicher for her pioneering contributions to and leadership in the field of textiles and clothing, and for her 40 years of studying and focusing scholarly attention on the richly varied textile traditions of Africa. He said Iowa State University has an exceptionally strong program in the area of textiles and clothing.

MOTION: Regent Forsyth moved to approve Iowa State University's request to award an honorary doctorate of humane letters degree to Dr. Joanne Bubolz Eicher at Fall 2003 commencement. Regent Becker seconded the motion. MOTION CARRIED UNANIMOUSLY.

NEW BIOSAFETY INSTITUTE FOR GENETICALLY MODIFIED AGRICULTURAL PRODUCTS (BIGMAP), IOWA STATE UNIVERSITY.

Provost Allen presented the University's request to establish a new Biosafety Institute for Genetically Modified Agricultural Products. He reviewed the proposed funding for

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the Institute, in light of the indication in the meeting materials that some of the sources of funds will last from one to three years. He stated that funds for two faculty positions and for administrative services (\$200,000) is a permanent funding source from University Enhancement Funds. Faculty recruitment funds (\$150,000) provided by the Colleges of Agriculture and Veterinary Medicine and by University Extension is also permanent funding. He noted that the external funding from the Iowa Department of Economic Development and the Iowa Cooperative occurred quickly after the activities of the Institute became known. He said the Plant Sciences Institute funding of \$25,000 is a permanent allocation, as is the \$31,000 from the Vice Provost's Office.

Provost Allen noted that President Skorton and he had discussed the proposed Institute and believe there is a great potential for collaboration among Iowa State University and the University of Iowa.

Regent Neil said the Institute appeared to be an activity that would fit within one of the categories of the Iowa Values Fund. He questioned whether University officials should seek funding from the Iowa Values Fund for the Institute. Provost Allen responded that University officials could pursue that suggestion.

President Geoffroy stated that Iowa State University officials are also aggressively pursuing federal funding. He anticipated that substantial federal funds would be forthcoming.

MOTION: Regent Forsyth moved to approve Iowa State University's request to establish a new Biosafety Institute for Genetically Modified Agricultural Products. Regent Downer seconded the motion.
MOTION CARRIED UNANIMOUSLY.

ADJOURNMENT.

The meeting of the Board of Regents, State of Iowa, adjourned at 4:45 p.m. on Wednesday, September 17, 2003.


Gregory S. Nichols
Executive Director