

The State Board of Regents met electronically on Wednesday, August 18, 1993.  
The following were in attendance:

Members of State Board of Regents

Mr. Berenstein, President	All sessions
Mr. Collins	Arrived at 11:13 a.m.
Mr. Dorr	Arrived at 10:33 a.m.
Ms. Furgerson	All sessions
Mrs. Hendricks	All sessions
Mrs. Johnson-Matthews	All sessions
Mr. Newlin	All sessions
Mrs. Pellett	All sessions
Dr. Tyrrell	All sessions

Office of the State Board of Regents

Executive Director Richey	All sessions
Deputy Executive Director Barak	All sessions
Director Kominski	All sessions
Director Specter	All sessions
Associate Director Houseworth	All sessions
Associate Director Racki	All sessions
Minutes Secretary Briggie	All sessions

State University of Iowa

President Rawlings	All sessions
Provost Nathan	All sessions
Vice President Rhodes	All sessions
Vice President True	All sessions
Associate Vice President Small	All sessions
Dean Banker	All sessions
Director Yanecek	All sessions
Interim Director Staley	All sessions

Iowa State University

President Jischke	All sessions
Vice President Madden	Arrived at approx. 10:50 a.m.
Associate Provost Swan	All sessions
Associate to the President Adams	All sessions
Executive Assistant to the President Mack	All sessions
Assistant to President Bradley	All sessions
Assistant Director Pounds	All sessions

University of Northern Iowa

President Curris	All sessions
Provost Marlin	All sessions
Vice President Conner	All sessions
Assistant to President Geadelman	All sessions

Iowa School for the Deaf

Superintendent Johnson	All sessions
Assistant Superintendent Balk	All sessions
Interpreter Cool	All sessions

Iowa Braille and Sight Saving School

Superintendent Thurman	All sessions
Director Hauser	All sessions

## GENERAL

The State Board of Regents held an electronic Board meeting on Wednesday, August 18, 1993, commencing at 10:30 a.m., in accordance with Section 21.8 of the Code of Iowa. The meeting was not held in person because it was not practical to have the Regents assemble in one location for this brief meeting. Each Regent in attendance was at a separate remote location. Public access was provided at the following locations:

Board of Regents Office, Old Historical Building, E. 12th & Grand,  
Des Moines  
University of Iowa, Old Public Library conference room, Iowa City  
Iowa State University, 117 Beardshear Hall conference room, Ames  
University of Northern Iowa, Gilchrist Hall board room, Cedar Falls  
Iowa School for the Deaf, Superintendent's office, Administration  
Building, Council Bluffs  
Iowa Braille and Sight Saving School, Superintendent's area,  
Main Building, Vinton

The conference operator called the roll and the following members were present:

Marvin Berenstein  
Betty Jean Furgerson  
Elizabeth Hendricks  
Melissa Johnson-Matthews  
Owen Newlin  
Nancy Pellett  
John Tyrrell

The conference operator indicated that Regent Collins was unavailable but that she would continue trying to reach him.

The following business pertaining to general or miscellaneous business was transacted on Wednesday, August 18, 1993.

President Berenstein stated that the Board would review the Minutes from the July Board of Regents meeting at its meeting in September.

Regent Dorr was added to the conference call at this point in the meeting (approximately 10:33 a.m.).

**PROPOSED OPERATING BUDGET REQUESTS - FISCAL YEAR 1995.** The Board Office recommended the Board receive a report on the FY 1995 general fund operating budget requests of Regent institutions and preliminary Board Office recommendations.

Preliminary recommendations will be revised based upon guidance from the Board and further input from the institutions. Final FY 1995 recommendations will be submitted to the Board for approval in September.

Increases recommended by the Board Office were as follows:

1. Full funding of projected State salary policies estimated at a cost of \$18.5 million.
2. Funding of one-half of estimated price inflation (\$2.6 million), the remainder to be financed through improved operations.
3. Full funding of \$1.2 million in library acquisition inflation.
4. Funding of \$3.0 million in building repairs, to be augmented by an additional \$3.0 million from targeted proceeds of anticipated tuition rate increases.

5. Funding of prior commitments:

SUI: IPPD Grant Match	\$ 900,000
ISU: Agriculture Research	3,000,000
UNI: Enrollment Growth	<u>1,100,000</u>
	<u>\$5,000,000</u>

6. The total recommended increase in appropriations was \$31,882.7 million, or 6.2 percent.

Development of the Appropriations Request:

Institutional officials were asked to prepare the preliminary FY 1995 budget requests. They adopted jointly the following guidelines:

Maximum increase request as a percentage of FY 1994 - 9.5 percent  
General Inflation - 4.1 percent  
Library Inflation - 10.0 percent  
Building Repair - Established formula as a minimum

Appropriation requests submitted by the institutions were based on the Board of Regents' goals and the institutional strategic plans.

The tuition revenue figures presented in the universities' revenue projections were based on academic year 1993/94 tuition rates multiplied by projected enrollments for fall of 1993.

The universities will adjust these numbers to reflect tuition policy, which will be developed by the Board Office for presentation to the Board at the September Board meeting.

#### Preliminary FY 1995 Operating Budget Request

Regent institutional officials requested total general fund operating budgets for FY 1995 of \$1,131.4 million (exclusive of salary increases), an increase of 6.1 percent over FY 1994.

The request includes \$561.9 million in total appropriations for operations, an increase of \$49.2 million or 9.6 percent, excluding salary adjustment requests, which the universities were not asked to provide at this juncture.

The main emphases of the requests were undergraduate education; strengthening research and other creative work; improving access by all Iowans to Regent universities; improving the facilities, equipment, and operating budgets basic to strong programs of teaching and research; and improving the flexibility, efficiency and accountability of governance of Regent institutions.

#### Board Office Recommendations - Preliminary FY 1995 Operating Budget Request

Between the time that guidance was developed for preparation of the budget requests and determination of preliminary Board Office recommendations, the State of Iowa suffered an unprecedented amount of weather-related damage to homes, businesses, crops and infrastructure. While the impact of the disaster is not fully known, as it is not yet ended, it is clear that FY 1995 appropriations' needs across the State will undoubtedly exceed current receipts.

The impact of a recent State Supreme Court verdict on taxability of certain income is expected to add unanticipated cost to the State of \$70 million spread over the next four years.

The preliminary Board Office recommendation for the FY 1995 State appropriations request was \$526.1 million, a total increase of \$31.9 million or 6.2 percent including salaries.

The recommended increases in appropriations for FY 1995 were allocated as follows:

Recommended Appropriation Increases - Regent Institutions  
(\$ Thousands)

	<u>FY 1995</u>	<u>% Increase</u>
<u>University of Iowa</u>		
General University	\$4,533.7	2.4%
University Hospitals	440.0	1.6
Psychiatric Hospital	109.9	1.6
Hospital School	115.6	2.1
Hygienic Laboratory	57.8	1.9
SCHS	4.8	1.1
Oakdale Campus	126.5	4.5
Family Practice	3.3	0.2
Special Purpose	0.0	0.0
Total	<u>\$5,391.6</u>	<u>2.3%</u>
<u>Iowa State University</u>		
General University	\$2,860.2	1.9%
Experiment Station	3,163.8	11.4
Cooperative Ext. Svc.	101.2	0.6
IPRT	0.0	0.0
Special Purpose	0.7	0.0
Total	<u>\$6,125.9</u>	<u>3.1%</u>
<u>Univ. of Northern Iowa</u>	\$1,717.9	2.6%
<u>Iowa School for the Deaf</u>	\$ 84.8	1.4%
<u>Iowa Braille &amp; Sight Saving</u>	\$ 62.5	1.8%
Sub-total Increase	\$13,382.7	2.6%
Salary Policy Estimate	<u>\$18,500.0</u>	
TOTAL INCREMENT	<u>\$31,882.7</u>	<u>6.2%</u>

Salary Annualization. The Board Office recommendation for salary and benefit annualization covered mandatory salary increases according to the collective bargaining agreements. It funds annualization of step increases for General Services staff of \$1,586,602, a preliminary estimate which will be refined in the September docket.

SALARY ANNUALIZATION

University of Iowa	\$1,207,774*
Iowa State University	279,654
University of No. Iowa	65,000
Iowa School for the Deaf	21,574
Iowa Braille & Sight Saving	12,600
TOTAL	<u>\$1,586,602</u>

\* SUI's health insurance premiums increase mid-fiscal year.

Price Inflation. The institutional appropriations requests included a 4.1 percent increase for price inflation for supplies, utilities, rentals, building repairs, equipment and student aid. A 10.0 percent price inflation increase was requested for library acquisitions. The Board Office preliminary recommendation was to fund general price inflation at one-half the level requested by the institutions, and library inflation at the full amount requested:

General inflation	\$2,646,075
Library inflation	<u>1,150,059</u>
Total inflation	<u>\$3,796,134</u>

Building Repair. Ongoing building repair and maintenance must be accomplished to protect the State's investment in campus facilities. The preliminary Board Office recommendation for building repair was based on the formula developed by the Board in FY 1990. The Board Office recommended \$3.0 million in appropriations of the \$6.9 million requested with an additional \$3.0 million to be financed from proceeds of tuition rate increases:

BUILDING REPAIR

	<u>Request</u>	<u>Recommendation</u>
University of Iowa	\$2,802,001	\$1,209,912
Iowa State University	3,500,000	1,511,308
University of Northern Iowa	500,000	215,901
Iowa School for the Deaf	71,663	30,944
Iowa Braille & Sight Saving	73,958	31,935
TOTAL	<u>\$6,947,622</u>	<u>\$3,000,000</u>

Opening New Buildings. The Board's desire to improve facilities was aided in the request for funding to open new buildings. The request supports the universities' need to secure adequate funding for the operation of new and remodeled facilities. It was recommended that these costs be absorbed by the institutions.

OPENING NEW BUILDINGS

	<u>Request</u>	<u>Recommendation</u>
University Hospitals & Clinics	\$91,803	\$0
Iowa State University	<u>60,520</u>	<u>0</u>
 TOTAL	 <u>\$152,323</u>	 <u>\$0</u>

Administrative Systems. Two universities requested funding to improve their administrative systems. This funding will address the Board of Regents' goal to improve the flexibility, efficiency, and accountability of governance throughout the Regents system. The preliminary Board Office recommendation was that the universities absorb these costs.

ADMINISTRATIVE SYSTEMS

	<u>Request</u>	<u>Recommendation</u>
University of Iowa	\$200,000	\$0
University of Northern Iowa	<u>200,000</u>	<u>0</u>
 TOTAL	 <u>\$400,000</u>	 <u>\$0</u>

Improving Undergraduate Education. The Board Office preliminary recommendation regarding undergraduate education was to fund improvements through reallocations and enhanced faculty productivity.

IMPROVING UNDERGRADUATE EDUCATION

	<u>Request</u>	<u>Recommendation</u>
University of Iowa	\$1,250,000	\$0
Iowa State University	2,500,000	0
University of Northern Iowa	<u>500,000</u>	<u>0</u>
 TOTAL	 <u>\$4,250,000</u>	 <u>\$0</u>

Access to Higher Education. The Board Office recommendation for improvement of student aid budgets to improve access to the universities was that it be financed through reallocations.

ACCESS TO HIGHER EDUCATION

	<u>Request</u>	<u>Recommendation</u>
University of Iowa	\$ 250,000	\$0
Iowa State University	750,000	0
University of Northern Iowa	<u>75,000</u>	<u>0</u>
TOTAL	<u>\$1,075,000</u>	<u>\$0</u>

Minority Recruitment and Diversity. Funds were requested for minority recruitment to enhance diversity in the University of Iowa student population. They would be used for minority student aid. Although this effort is a high priority of the Board, it was not included in the recommendation at this time.

Request: \$745,000; Recommendation: \$0.

Graduate Research/Education. One of the Board of Regents' goals is to strengthen research and other creative work at the Regent institutions. It was recommended that this effort be continued through reallocations.

University of Iowa officials' request included a new assistant or associate dean in the Graduate College whose work would be to recruit and retain graduate students, and to pay graduate students' tuition support.

Iowa State University would direct \$2 million to replace and expand equipment and computer technology. No additional funding was recommended.

University of Northern Iowa officials requested \$200,000 for increases in graduate assistant stipends (now at \$6,000), the number of graduate assistantships in selected areas, and equipment purchases.

GRADUATE RESEARCH/EDUCATION

	<u>Request</u>	<u>Recommendation</u>
University of Iowa	\$1,500,000	\$0
Iowa State University	2,000,000	0
University of Northern Iowa	<u>200,000</u>	<u>0</u>
TOTAL	<u>\$3,700,000</u>	<u>\$0</u>

Prior Commitments and New Initiatives. Requested institutional initiatives total almost \$25 million. The Board Office recommended funding as follows:



PRIOR COMMITMENTS AND NEW INITIATIVES

	<u>Request</u>	<u>Recommendation</u>
University of Iowa	\$12,971,135	\$ 900,000
Iowa State University	7,781,181	3,000,000
University of Northern Iowa	3,750,000	1,100,000
Iowa School for the Deaf	41,975	0
Iowa Braille & Sight Saving	120,960	0
TOTAL	<u>\$24,665,251</u>	<u>\$5,000,000</u>

Defense Conversion, Reinvestment, and Transition Assistance Program. State match funds were requested to make the University of Iowa eligible for federal funding to develop and deploy technologies which advance both defense and commercial economic competitiveness. At its July meeting the Board approved the university's application for the grant and expressed its intent to request \$900,000 in matching State funds from the legislature.

Agriculture Research. The Iowa State University Agriculture Experiment Station requested funding for a comprehensive agriculture research program. The Board Office preliminary recommendation was to fund the entire \$3.0 million of the request for FY 1995 in accordance with previously-established Board policy.

Enrollment Growth. The Board Office recommended funding \$1.1 million for the University of Northern Iowa for enrollment increases. Funding of the recommendation would complete the second year of the 1994-1995 biennium request for enrollment-related resources as provided by previously-established Board policy. University of Northern Iowa was appropriated \$1.3 million for enrollment growth for FY 1994.

Unfunded Requests. Regent institutions made substantial requests for funding that were not included in the preliminary Board Office recommendation. Upon further consultation with the Board and the institutions concerning the program implications of these requests, the Board Office may recommend additional funding for these initiatives in September.

President Berenstein stated that this was an opportunity for Board members to offer any comments on the Regents' preliminary operating budgets. He then asked if everyone had received the revisions to the docket memoranda. There was a general indication from Board members that they had received the revisions.

Mr. Richey stated that the recommendations were preliminary and were subject to further review. The recommendations included funding for obligations committed by State policy or Board commitment including salary policy and annualization. The Board Office recommended requesting State funding for

half the cost of price inflation. It was recommended that library price inflation in the amount of 10 percent be funded fully. The Regents' priority of maintaining buildings and eliminating the accumulation of deferred maintenance was addressed in the \$3 million building repair recommendation to be matched by \$3 million in tuition income for a total of \$6 million.

Mr. Richey said the Board Office eliminated from its recommendations many of the requests of the institutions. Some of those requested items have high institutional priority but because of what has happened to the state's economy, particularly as a result of the flood damage, the Board Office felt it was a time to be very conservative in what is submitted to the General Assembly and Governor. The Board Office recommended requesting a 6.2 percent increase in State appropriations.

President Berenstein reminded the Regents that these were preliminary recommendations. Final action would be taken at the September Board meeting at which time the Regents would also give preliminary consideration to recommendations for tuition rates. He then recognized President Rawlings.

(Vice President Madden was added to the conference call at this point in the meeting (10:50 a.m.). Mr. Richey stated that he had received a message that Regent Collins was out of his office at a hearing. Therefore, it may be a while before he is added to the conference call.)

President Rawlings stated that Mr. Richey had provided a good outline of the budget requests and recommendations. Many things were not recommended that are very high priorities with university officials. University officials and Board Office staff will continue discussions over the next few weeks in preparation for presentation of the final budget request recommendations in September. He said more progress needs made with regard to undergraduate education which they would be discussing with the Board Office.

President Berenstein asked that the Regents be provided with an update on the flood situation in Iowa City. President Rawlings responded that there was concern about another flash flood that morning. They were warned that a new crest is coming down the Iowa River from Marshalltown and was expected to arrive in the next 24 to 48 hours.

Regent Dorr asked if university officials expected to carry on programs with the normal starting date. President Rawlings responded that they expected to start on schedule. Some classrooms will need to be replaced on a temporary basis. Students who would have been housed in Mayflower will have to be temporarily doubled and tripled in other residence halls.

Regent Dorr questioned whether the flooding could continue to occur until November. He stated that typically the two wettest months of the year in Iowa are June and September. Regent Newlin said the most recent information

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he had read said the jetstream pattern was still locked in. Regent Dorr said that was what he was referring to. These high levels of water could last longer than expected.

President Berenstein recognized President Jischke.

President Jischke said he echoed President Rawlings' comments; while recognizing the reason for the conservative nature of the Board Office recommendation, he said there were some items in Iowa State University's proposal that were not only high priority with the university but with leaders throughout the state. He would work with the Board Office in the next few weeks to adjust the recommendations.

President Berenstein asked for an update on the flooding situation at Iowa State University.

Vice President Madden stated that they were still making reasonably good progress in opening classes. The water level is not causing problems in buildings. Squaw Creek was back within its banks that morning. Iowa State University does not have the kind of ongoing flooding problem as is being experienced at the University of Iowa. With regard to Hilton Coliseum, he said they are making reasonably good progress and expect to be able to use the facility by the first week of September. He believed that all buildings would be back in working condition in September.

Regent Hendricks asked if progress was being made in working with the insurance companies. Vice President Madden responded affirmatively, stating that they were working through it. Federal Emergency Management Agency representatives are on campus and indicated it would be a month before they complete their inspection. Indications are that they will be able to work their way through this.

President Curris stated that he shared with his colleagues a general satisfaction with the approach taken by the Board Office staff in presenting this most conservative budget request. With regard to State finances, he acknowledged the possibility of significant outlay of resources to deal with flooding and, therefore, he endorsed the conservative approach. He was concerned about the priorities on his campus which he would continue to talk about with Board Office staff. Of particular concern was the growing recognition that University of Northern Iowa needs to strengthen its industrial technology program in response to what manufacturers are asking for. He called the Board's attention to an institutional request in that area and said he hoped to talk with staff in order to make a recommendation favorable to that University of Northern Iowa program.

Superintendent Johnson stated that he was supportive of the Board Office recommendation. He hoped the recommendations presented by the Board Office would be funded. One area of concern was funding for salaries. A second

minor area was funding of utility costs which he said have escalated significantly in the last few months.

Superintendent Thurman stated that he also believed the Board Office recommendation was appropriate. Of the 3 Iowa Braille and Sight Saving School programs not recommended, he agreed with 2 of the recommendations and would withdraw those requests. The one program he hoped to continue was the preschool program for blind infants. He looked forward to discussing that further with the Board Office.

Regent Hendricks asked if Iowa Braille and Sight Saving School officials had looked at alternatives for preschool funding. Superintendent Thurman responded that Iowa Braille and Sight Saving School officials have had discussions with Department of Education representatives and still have not found an appropriate funding source. He said they will continue looking. When Iowa Braille and Sight Saving School received money from the Hilton-Perkins grant it was with the understanding that the grant money was just seed money.

Regent Hendricks asked if they had tried to bill the area education agencies. Superintendent Thurman responded that Iowa Braille and Sight Saving School officials had not tried to bill the area education agencies. At this point in time there is considerable discussion about the role of the special schools and what they can and cannot bill for.

Regent Furgerson said she had a couple of questions related to how the budget requests fit the priorities the Regents set in terms of strategic planning. She said that led her to wonder, if they cannot follow their strategic plans in putting funding emphasis on certain aspects of their budgets, what good is a strategic plan? She was particularly concerned about funding for improving undergraduate education and was also concerned about the decrease in funding for diversity and for child care.

Mr. Richey said the recommendation does not fund strategic plan initiatives in terms of requesting additional appropriations but strongly suggests that the initiatives be continued by institutional reallocation of funds. The Board Office recommendations were very conservative. No increases were recommended for strategic initiatives except for enhancing building maintenance.

Regent Furgerson said that when budget recommendations are presented it would be helpful to know, if reallocation is the recommendation, what amount of money will go to those areas through reallocation? Mr. Richey responded that the Board Office did indicate in every instance where there was a request whether reallocation was the recommendation.

Regent Furgerson asked, for instance, if "zero" means no money will go to a particular line item or that no increase in State funding was being

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requested. Mr. Richey responded that staff would work with institutional officials to provide that information in the future.

Regent Dorr asked to make a couple of observations. He said he realizes that budgets are the lifeblood of any institution. The Board Office proposed a 6.2 percent aggregate appropriations increase while during the last 12 months the Consumer Price Index increased 2.7 percent. In light of the current state of the economy, he suggested they look at an even tighter budget request. He was concerned that the public sector continues to fund inflation at arbitrarily higher levels than are actually occurring. He was not supportive of the 6.2 percent budget increase in relation to inflation. They have to take a hard look at these requests because the monies just are not there. He was supportive of providing child care in general, but was concerned about providing child care for well-paid employees. They need to subsidize child care for students but he felt they should look closely at providing child care for high-paid staff and faculty.

Regent Dorr stated there is a proliferation of centers. He would like to have a complete list of centers including their budgets, ages of the centers, centers' original purposes and purpose for which the centers are continued. He said he wanted to look at that relative to centers that have outlived their usefulness versus new centers being proposed. They have to curtail some of these programs. They have done that in the context of academic programs to a large extent but outside the menu of academic programs, centers are being less harshly reviewed than academic programs have been.

Regent Dorr said one other issue they needed to look at was salary and benefit programs. He asked for an update at the September meeting on the whole health insurance issue. They need to begin to aggressively address who is paying what for health care and whether they should continue at the level they have in the past.

Regent Tyrrell stated that he did not see anything in the University of Iowa budget about undergraduate education. President Rawlings responded that university officials included considerable sums in the budget for undergraduate education.

Mr. Richey stated that \$1,250,000 was budgeted specifically for undergraduate education at the University of Iowa while other items have an ancillary impact on undergraduate education.

President Berenstein stated that this had been a healthy discussion about budget request recommendations. The institutions' preliminary requests received Board Office recommendations based on taking a conservative approach to requests for funds from the State. He said Regent Dorr said that perhaps they needed to pare those budgets down again. The Regents had

a "full plate" to digest before the next meeting in analyzing the different points of view.

President Jischke asked to respond to a few of Regent Dorr's comments. He stated that two-thirds of the proposed appropriations request increase from the Board Office was the cost of the salary policy that was adopted by the State of Iowa and driven by contractual agreement with AFSCME. The inflationary adjustment proposed by the Board Office was, in fact, only 2 percent. The only other adjustments proposed to be made were for prior commitments. The budget requests were driven by the salary policy over which institutional officials have little, if any, control. He stressed that it is an extremely conservative proposal.

Regent Dorr said he understood but feels that salary policy particularly fringe benefits, need to be reevaluated. If the Board Office was recommending a 2 percent inflationary increase then that, he said, is appropriate. He was concerned, however, that after taking this most conservative approach this year, in the future they will gain momentum. He said the private sector has been taking a tremendous hit in this economy, much more than the public sector. The Regents need to be sensitive to that.

Regent Hendricks said that if the Regents were to raise tuition some of the other items requested for funding might be funded. Mr. Richey said that was correct noting it was recommended that \$3 million of the increase be targeted toward building maintenance. They cannot calculate a dollar amount until the Board Office completes its studies and recommends the tuition rates. The first priority from any tuition rate increase is to maintain student financial aid, which takes approximately 15 percent of any proceeds. Mr. Richey said it is likely that approximately \$3 million might be available for purposes other than building maintenance. He assumed that if the Board Office recommends a tuition rate increase, that increase would be targeted toward improvement of instruction, particularly undergraduate education.

President Rawlings stated that university officials had received very clear indications from the Governor's Office that the salary policy will not be funded anywhere near its full cost, which is a very significant amount of money. University officials will have to fund obligations for which they have no alternatives.

Regent Tyrrell referred to Iowa State University's 5-year agriculture research initiative and asked how many years that initiative would run. President Jischke responded that it was a 5-year initiative and that this was the last year.

Mr. Richey stated that the same type of conservative budget request was recommended for the Board Office, except more so. He said there was a very

significant problem in the area of equipment. He will be presenting something to the Board on alternatives for equipping the office.

**ACTION:** President Berenstein stated the Board received a report on the FY 1995 general fund operating budget requests of Regent institutions and preliminary Board Office recommendations, by general consent.

(a) University of Iowa Requests for FY 1995 Not Included in Board Office Recommendations. The Board Office recommended the Board receive a report on University of Iowa requests for FY 1995 that were not included in the Board Office recommendations.

University of Iowa officials requested \$11.4 million for initiatives which were not recommended by the Board Office.

Stabilization of Medical Education \$ 500,000

The proportion of the College of Medicine's budget from general education funds has declined from 25 percent in the mid-1980s to 20 percent currently. These funds would increase the State appropriations for the College of Medicine.

Equipment Restoration \$2,500,000

This request was calculated using the equipment replacement formula used by the Board of Regents. Equipment for research, education and instructional laboratories was included.

Regulatory Compliance \$ 516,000

These funds would pay for compliance with new Federal government regulations by adding 5 FTE positions. The University of Iowa's compliance with regulations by OSHA, the Americans With Disabilities Act (ADA), Environmental Compliance, and other Federal regulations would be funded.

Academic Telecommunications Systems \$ 140,000

These moneys would provide support staff for a campus-wide digital telecommunications network. Four FTE positions would be funded.

VP Research Office -- Program Infrastructure \$ 299,800

Four FTE positions would be added to assist faculty and staff in preparing proposals, making applications and administering external funding for research and educational programs.

Advanced Research Computing \$ 395,000

The requested funds would pay for high-performance scalable parallel computing equipment, visualization equipment and one FTE position.

Research Equipment Replacement \$1,834,800

These funds would purchase new equipment and replace obsolete equipment for use in advanced research.

Health Service Research & Policy Analysis \$ 500,000

This establishes a University of Iowa Center for Health Services Research and Policy Analysis. These funds would be used to recruit and hire a center director, deputy director and support staff.

Increments for Existing Special Purpose Appropriations \$1,476,333

Funds would increase State appropriations for a number of programs, such as the State Tumor Registry, Center for Agricultural Safety and Health, Iowa Substance Abuse Consortium, the Center for Biocatalysis and Bioprocessing, the Center for Advanced Drug Development, and the National Advanced Driving Simulator.

New Special Purpose Appropriations:

Center for Health Effects of Environmental Contamination \$ 451,788

Funds would provide for a director and staff to support research under the Iowa Groundwater Protection Act. The program has existing State funding of \$275,000.

Biomedical and Health Science Technology Transfer \$ 296,500

These funds pay for a specialized technology transfer unit in health sciences. Marketability of research would be targeted.

Center for Global & Regional Environmental Research \$ 500,000

Four new positions would begin to investigate plant and soil dynamics. The positions would include a director who is an international authority on climate change, a modeler, an ecologist and a policy analyst. A field site would be funded.



Iowa Birth Defects Registry \$ 310,400

The State Birth Defects Registry monitors the occurrence of birth defects in Iowa. These funds would replace Iowa Department of Public Health funds lost two years ago.

Oakdale Research Park \$ 221,000

Funding would support part of the expenses of the Oakdale Research Park. Included are professional services, marketing, staff, maintenance and common areas.

Technology Innovation Center \$ 175,000

Staff and support would be added for the university business incubator facility. Currently, eleven tenants use this Oakdale facility.

Family Practice Program Expansion and Outreach \$ 232,000

(Information forthcoming)

Medical Technology Equipment and Supplies (Not Specified)

ACTION: President Berenstein stated the Board received a report on University of Iowa requests for FY 1995 that were not included in the Board Office recommendations, by general consent.

(b) Iowa State University Requests for FY 1995 Not Included in Board Office Recommendations. The Board Office recommended the Board receive a report on Iowa State University requests for FY 1995 that were not included in the Board Office recommendations.

Iowa State University officials requested \$4.5 million for initiatives which were not recommended by the Board Office.

Technology Transfer \$1,900,000

These funds would fund formal contacts between faculty research and Iowa businesses and manufacturers.

Outreach Initiative \$1,500,000

A market study would be prepared to identify degree programs that could serve non-traditional students and use the Iowa Communications Network

and other technology. Additional resources would provide student recruitment, advising, and library and computing resources.

Child Care \$ 60,000

Sick child day care would be funded. Renovation and building projects would be funded.

E-SET Youth Initiative \$1,000,000

Additional field staff would be hired to initiate youth programs in ten central Iowa counties. 4-H programs would be made available in urban areas.

Public Fire Safety Education Program \$ 40,000

Finance training for fire department personnel and others in local fire prevention and education programs to reduce fire incidence and loss.

ACTION: President Berenstein stated the Board received a report on Iowa State University requests for FY 1995 that were not included in the Board Office recommendations, by general consent.

(c) University of Northern Iowa Requests for FY 1995 Not Included in Board Office Recommendations. The Board Office recommended the Board receive a report on University of Northern Iowa requests for FY 1995 that were not included in the Board Office recommendations.

University of Northern Iowa officials requested \$2,950,000 for initiatives which were not recommended by the Board Office.

Educational Reform: Technology \$ 500,000

Funding will prepare personnel, develop curriculum using computers and multimedia technology, pilot projects and research related to the use of computers and distance learning.

Child Care Services \$ 50,000

Funding would add staff to care for more children of university students and faculty/staff. A new infant/toddler room has been added.

Industrial Technology for Iowa Manufacturers \$ 450,000

Funding would allow students, faculty and staff to work with Iowa manufacturing clients. Conservation and energy efficient products and techniques would be considered.

Math Partnership Program \$ 250,000

Working with local school districts, curricula to improve mathematics education would be developed.

Special Purpose Appropriations:

Center for Applied Research in Metal Casting \$ 400,000

Funding would match Federal funds to provide applied research for small foundries.

Institute for Decision Making: Pilot Project through ICN to Provide Community Development Assistance \$ 200,000

The Institute for Decision Making already assists 250 communities. Enhanced services would be provided to assist communities with economic and community development programs, and job creation.

Industrial Site Location Program \$ 500,000

Funding would promote multimedia approaches to economic development via fiber optics or satellite. The funds would add to an existing pilot project using multimedia.

Iowa Waste Reduction Program \$ 600,000

The center aids small business with solid, hazardous waste management, wastewater and air emissions reduction. Free on-site visits, telephone consultation, workshops and presentations, and manuals are provided.

ACTION: President Berenstein stated the Board received a report on University of Northern Iowa requests for FY 1995 that were not included in the Board Office recommendations, by general consent.

(d) Iowa School for the Deaf and Iowa Braille and Sight Saving School Requests for FY 1995 Not Included in Board Office Recommendations. The Board Office recommended the Board receive a report on special schools' requests for FY 1995 that were not included in the Board Office recommendations.

Iowa School for the Deaf and Iowa Braille and Sight Saving School officials requested \$162,935 for initiatives which were not recommended by the Board Office.

In-Service Staff Training (ISD) \$ 41,975

The funding would pay for additional staff in-service training. An added 2.89 FTE positions and supplies and materials would be funded.

Preschool Program (IBSSS) \$ 44,110

The Federal Hilton-Perkins grant funding of the preschool position for multiple disabled preschool children expires in 1993. This would fund continued service to these preschool children.

Elementary Program Enhancement (IBSSS) \$ 38,425

The funding would provide one additional elementary education professional staff member.

Technology Initiative (IBSSS) \$ 38,425

A staff member would coordinate all activities related to the technological adaptations used by blind and visually impaired students.

ACTION: President Berenstein stated the Board received a report on special schools' requests for FY 1995 that were not included in the Board Office recommendations, by general consent.

(e) Preliminary Board Office Budget Request for Fiscal Year 1995. The Board Office recommended that the Board receive the preliminary report on the Board Office budget request for fiscal year 1995.

The preliminary request for the Board Office budget for fiscal year 1995 was based on State salary policies and partial funding of expected price inflation. The salary policies for fiscal year 1995 assume average increases of four percent for professional and scientific employees, less the non-recurring portions of salary increases for fiscal year 1994. The non-recurring increases amount to one percent for the professional staff.

The net increase for salaries of professional and scientific employees for fiscal year 1995 would be three percent over the current year.

Salary policies for Merit System employees were based on collective bargaining agreements and the application of those policies to non-contract Merit System employees. The \$650 bonus per Merit System employee on a full-time basis for fiscal year 1994 was not continued into fiscal year 1995. The increases for fiscal year 1995 were based on allowing employees to progress through merit step increases within the scales and the adjustment of the scales by two percent at the outset of the fiscal year and a further two percent at mid- fiscal year.

The proposed budgets for supplies and services excluding salaries were based on one-half of the projected price inflation of 4.1 percent in the Higher Education Price Index. The estimate does not include the salary component of the Higher Education Price Index.

The Board Office has extensive needs for upgrading of its computer equipment and expansion to allow greater utilization of current technology. A request for total office equipment budget of \$35,000 was made by the Board for fiscal year 1994 that was not included in the appropriations by the General Assembly. It was not requested for fiscal year 1995.

No additional staff was requested at this time. However, an intensive review of staff needs is planned for late-August and the results of that review will be reflected in the revised request presented to the Board for the Board Office at the September meeting.

**ACTION:** President Berenstein stated that the Board received the preliminary report on the Board Office budget request for fiscal year 1995, by general consent.

**SALE OF \$8,935,000 ACADEMIC BUILDING REVENUE BONDS, SERIES S.U.I. 1993.** The Board Office recommended the Board, subject to the receipt of acceptable bids:

- (1) Adopt a Resolution providing for the sale and award of \$8,935,000 Academic Building Revenue Bonds, Series S.U.I. 1993, and approving and authorizing the agreement of such sale and award.
- (2) Adopt a Resolution authorizing and providing for the issuance and securing the payment of \$8,935,000 Academic Building Revenue Bonds, Series S.U.I. 1993, for the purpose of constructing, equipping and furnishing an addition to the Pharmacy Building on the campus of the State University of Iowa located in Iowa City, Iowa.

- 3) Adopt a Resolution declaring an official intent under Treasury Regulation 1.150-2 to issue debt to reimburse the State Board of Regents for certain original expenditures paid in connection with specified projects.

The receipt and opening of the bids was scheduled for 10:30 a.m. on Wednesday, August 18, 1993. The award was scheduled for 11:00 a.m.

The proceeds from the sale of these bonds will be used for the construction of a 78,750 square feet addition to the Pharmacy Building on the University of Iowa campus. The university has begun construction of the Pharmacy Building Addition, utilizing available university funds, in order to take full advantage of the 1993 construction season.

The third resolution will provide reimbursement to the university for original expenditures made from university funds for construction of the Pharmacy Building Addition. This resolution must be approved within 60 days after any original expenditures are made to permit reimbursement from bond proceeds.

The university anticipates that it will begin expending funds for the project in the period following the sale of the bonds through the closing date (tentatively scheduled for September 28).

#### Bond Specifics

Average Maturity: 14.13 Years

Bonds Dated: September 1, 1993

Interest Due: July 1 and January 1 commencing January 1, 1994

Optional Call: Bonds maturing on or after July 1, 2004, are callable commencing July 1, 2003, at par

Denomination: \$5,000 and integral multiples thereof

Mr. Anderson stated that three bids were received, which he summarized as follows:

Merrill Lynch bid \$8,935,048.55 for a true interest rate of 4.8380 percent.

Piper Jaffray, Inc., bid \$8,935,957.75 for a true interest rate of 4.5444 percent.

[Regent Collins joined the conference call at this point in the meeting (11:13 a.m.).]

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Dain Bosworth bid \$8,935,000 for a true interest rate of 4.5249 percent.

Mr. Anderson commented that 2 months ago the Regents issued bonds for the benefit of the University of Northern Iowa. The bonds were structured similar to these bonds. The best bid at that time (4.82 percent) was considered amazing and the best bid for this issuance was 30 basis points better. He said he heartily recommended the Regents accept the bid of Dain Bosworth.

Mr. Haynie discussed the three resolutions with respect to this matter. The first resolution relates to the sale of the bonds. The second resolution relates to the terms of issuance of the bonds. The third is the reimbursement resolution which says that when the bond proceeds are received institutional officials will use part of the proceeds to reimburse construction and preliminary costs which the university has occurred. With regard to the redundancy of the third resolution, Mr. Haynie said this was the first opportunity to deal with the June 4 arbitrage rebate rule. Bond counsel will work to streamline the process in the future. He said the third resolution was designed to make sure there is no loss of qualification for any expenditures which were incurred before the bond proceeds were received.

Mr. Richey asked if one motion for the three resolutions would be adequate. Mr. Haynie responded that it would be.

MOTION:

Regent Furgerson moved to (1) Adopt a Resolution providing for the sale and award of \$8,935,000 Academic Building Revenue Bonds, Series S.U.I. 1993, and approving and authorizing the agreement of such sale and award; 2) Adopt a Resolution authorizing and providing for the issuance and securing the payment of \$8,935,000 Academic Building Revenue Bonds, Series S.U.I. 1993, for the purpose of constructing, equipping and furnishing an addition to the Pharmacy Building on the campus of the State University of Iowa located in Iowa City, Iowa; and (3) Adopt a Resolution declaring an official intent under Treasury Regulation 1.150-2 to issue debt to reimburse the State Board of Regents for certain original expenditures paid in connection with specified projects. Regent Hendricks seconded the motion, and upon the roll being called, the following voted:

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AYE: Berenstein, Collins, Dorr, Furgerson,  
Hendricks, Johnson-Matthews, Newlin,  
Pellett, Tyrrell.  
NAY: None.  
ABSENT: None.

MOTION CARRIED UNANIMOUSLY.

Mr. Haynie stated that the extent of flood damage at the campuses was included for the University of Iowa in the official statement for this bond sale. He felt that the bond market paid the university and the Board of Regents a very sincere compliment with the rates bid on this issuance. This is a very resounding vote of confidence from the bond market.

**CONTRACT AWARD AND REVISED BUDGET, PHARMACY BUILDING ADDITION.** The Board Office recommended that the revised project budget and construction contract award for the Pharmacy Building Addition project be approved.

University of Iowa officials requested approval of a revised budget for the Pharmacy Building Addition project in the amount of \$16,495,000, a reduction of \$1,943,000.

Seven bids were received for the construction contract for the addition. No bidding irregularities were reported. Award of the construction contract for the Pharmacy Building Addition to Mid-America Construction Company in the amount of \$11,879,000 for the base bid plus Alternate #5 was recommended.

Award of Alternate #7 relating to the "skin" of the addition was under continuing review. This alternate would provide a substitute finish for the building which would result in a reduction of \$100,000 to the contract.

The low bidder has agreed to extend the time for acceptance of the alternate for 60 days. A report on Alternate #7 will be presented to the Board at its September meeting.

Vice President True stated that University of Iowa officials presented a budget revision based on actual bids received. They were delighted that the bids were very competitive and were below expectations. He then introduced Dean Banker.

Dean Banker stated that he was delighted the bids came in substantially under the architect's estimate. The planning for this project was very good.

Regent Dorr asked for the nature of the \$1 million reduction for equipment and furnishings from the original approved budget.



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Dean Banker responded that college officials, through a development council, intend to perform fund raising to secure the scientific equipment. The goal of the development council is to generate \$1 million toward the bricks and mortar and another approximate \$1 million toward instrumentation for the building. The development council consists of 20 people working to raise approximately \$2 million through private gifts. They have already raised about \$1/3 million.

Regent Dorr said he was delighted that they were going to raise those funds through private fund raising. He then asked if the construction reduction in the revised budget comes from the lowered interest cost or lower materials and construction costs in general.

Dean Banker said they were able to lower the construction budget as the result of the good bids and the nature of the market. Because of the low bids they were able to reduce the contingency on this project and also reduce the amount required for construction.

Regent Dorr said he was gratified with that, as well. He then said he wished to make one observation as it pertains to budget issues. The bulk of the revised budgets on these projects are coming out of the private sector. When looking at the design, inspection and administration costs the budget has actually gone up. He suggested that with regard to those costs, not specifically about the Pharmacy Building, this was a good example of where they are getting cost savings versus where they are not. He suggested that design, inspection and administration costs needed looked at very aggressively to try to get some containment.

Mr. Richey stated that matter is a significant priority to be undertaken by the Board staff for all of the institutions.

Regent Dorr stated that all of those professional costs need to be very closely addressed. That is an area that has a lot of "fat" in it that could be cut back.

Regent Hendricks asked for the status of the skin alternate. Vice President True responded that university officials have yet to confirm that the alternate meets the specifications. They will make that determination fairly soon.

MOTION:

Regent Hendricks moved that the revised project budget and construction contract award for the Pharmacy Building Addition project be approved. Regent Dorr seconded the motion. MOTION CARRIED UNANIMOUSLY.

Dean Banker stated that the Regents had all been invited to a ground breaking on September 1. The Governor and many others will be there and he hoped that as many of the Regents as possible could attend.

President Berenstein stated that he would be unable to attend the ground breaking but had asked Regent Hendricks to act in his place. She will make some comments at the ground breaking.

Dean Banker stated that he looked forward to seeing Regent Hendricks.

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

September 22-23, 1993	Iowa State University	Ames
October 20-21	University of Northern Iowa	Cedar Falls
November 17-18	Iowa School for the Deaf	Council Bluffs
December 15-16	University of Iowa	Iowa City
January 19, 1994	Telephonic	
February 16-17	Iowa State University	Ames
March 16-17	To Be Determined	Sioux City
April 20-21	Iowa Braille and Sight Saving School	Vinton
May 18-19	University of Northern Iowa	Cedar Falls
June 15-16	University of Iowa	Iowa City
July 20-21	Iowa State University	Ames
September 21-22	University of Northern Iowa	Cedar Falls
October 19-20	University of Iowa	Iowa City
November 16-17	Iowa State University	Ames
December 14-15	To Be Determined	Des Moines

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

President Berenstein then asked Board members and institutional officials if there were additional general or miscellaneous items for discussion. Hearing none, he said he had some comments to make.

President Berenstein reminded the Regents of their understanding that they would keep each other apprised of what is going on. He said he continues to monitor the Iowa medical complex in the Board's various roles there. He has had conversations with Regent Newlin concerning the search for a director of the hospital. He had a telephone conversation earlier this week with Vice President Manasse.

President Berenstein stated that he has had several conversations with Regent Dorr concerning fiber optics. A conference call was held between the priority study committee and the Regents' lobbyists concerning this project. There was a recommendation to hold a seminar on this project to be set up

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within the next 60 days. President Berenstein will be involved in the technology transfer seminar to be held in Des Moines on September 15.

Regent Furgerson and President Berenstein are involved with the Higher Education Strategic Planning Council. Regent Furgerson has graciously accepted to chair one of its major subcommittees. President Berenstein stated that Bill Anderson, chairman of the council, is moving to Arkansas; therefore, the Governor will have to choose another chair to govern that council. A meeting scheduled for September 21 has been cancelled because not all of the members were available.

President Berenstein stated that he is continuing to work with President Curris concerning the newspaper article of last week about the uplink mobile unit. He said he has had some conversations concerning the Lakeside Laboratory coordinating committee appointment. He is considering three recommendations he has received from Okoboji representatives and expects to make a recommendation to the Board for approval at the September meeting.

Regent Tyrrell was asked to schedule an athletic priority study committee meeting for the September Regents meeting. The committee will consider athletic matters including the publicity that University of Iowa received at last month's meeting. With regard to former Regent Tyler's comments, President Berenstein said he thought that was handled by the University of Iowa.

President Berenstein said it was his understanding that the WOI-TV case will be heard by the Iowa Supreme Court in mid-September. He has heard nothing further concerning that matter.

President Berenstein suggested the Regents be thinking about different philosophies concerning tuition including the impact of the additional expenses to be incurred because of the flood debacle. He stressed that this was a very visible area for the Regents. Many different audiences will have different comments. They should start to think about tuition both from the universities' standpoint and the legislature's standpoint.

President Berenstein then thanked all of the Regents for their continued cooperation.

Regent Dorr commended universities' officials, particularly the University of Iowa, for the way they have handled the flood issues this summer. With only a couple of exceptions, he felt they had done a stellar job in a very difficult situation.

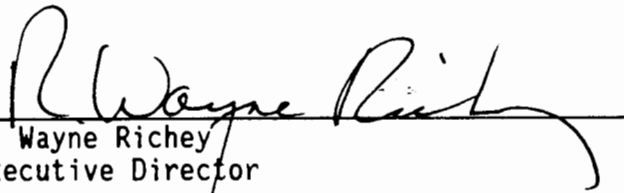
Superintendent Thurman stated that Iowa Braille and Sight Saving School officials were notified a few days ago that the internationally-famous artist P. Buckley Moss will be on the Iowa Braille and Sight Saving School campus on September 30. She will be unveiling one of her newest works which

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Iowa Braille and Sight Saving School officials think may be perhaps old main of Iowa Braille or the Benton County Courthouse. She is going to hold a workshop with the students. There will be a formal invitation in the mail to the Regents and Board Office very soon.

Regent Furgerson referred to President Berenstein's comments regarding student tuition. She said she hoped the Regents would keep in mind the fact that some of the students' families were impacted adversely by the flood.

**ADJOURNMENT.** The electronic meeting of the State Board of Regents adjourned at 11:40 a.m., on Wednesday, August 18, 1993.

  
R. Wayne Richey  
Executive Director