

MEMORANDUM

To: Board of Regents
From: Board Office
Subject: Campus Video System Service – Fee Proposals
Date: March 7, 2000

Recommended Action:

Give preliminary consideration to proposed FY 2001 Campus Video Service fee increases at the University of Iowa, as set forth below.

Executive Summary:

The University of Iowa is requesting to increase its Campus Video System Service fees over the next three years as follows:

	Existing <u>FY2000</u>	<u>Proposed</u>		
		<u>FY2001</u>	<u>FY2002</u>	<u>FY2003</u>
Basic Service	\$16.00	\$18.00	\$20.00	\$22.00

Fees for optional services are proposed to remain at the existing rates of \$9.95 each for CINEMAX and HBO, \$1.50 for remote control and \$10 for a one-time subscription-processing fee.

Campus Video System is a component of the University of Iowa Telecommunications System. It provides optional entertainment television (cable) services to residence halls and family housing.

The current rate for these services of \$16 has been in place with no increase since July 1994. The proposed increases are intended to cover higher costs and necessary enhancements.

In accordance with Iowa Code §262.9.18, the Board of Regents is to take action no sooner than 30 days after notification of the proposed increase to presiding officers of each student government organization at each affected institution. The Board is being requested to give preliminary consideration to the rate increases in March with final approval in April.

Background and Analysis:

The Campus Video System, a component of the University Telecommunications System, provides entertainment television service to University of Iowa residence halls and family housing. In December 1986, the Board of Regents approved an agreement between Heritage Cablevision (which later became TCI and now is AT&T) whereby AT&T provides programming which is distributed by the University. Through this contract, cable services are made available on an optional basis to students living in University residence halls.

Subscription rates pay for operating maintenance and programming expenses to provide the entertainment services. The original monthly fee for this service was set at \$15. In January 1994, the Board approved a \$1 increase for a fee of \$16 per month to be implemented in July 1994. This rate has been in place with no increase since July 1994.

Residential cable rates over this 6-year period have increased 65 percent, from \$20.93 to the current level of \$34.40 per month. Cable services have also been significantly enhanced (by the addition of six new channels) which has contributed to the increase in costs incurred by the University to make cable services available.

In order for the University to continue to make quality cable services available, including ongoing technological enhancements and repairs (such as \$580,723 in expenses related to rewiring of residence halls) and new programmatic options, it is necessary to lock in rate increases for the next 3-year period. For those students who elect to purchase the services, the scheduled increases will cover operating costs and will enable enhancements of the cable services.

Deb A. Hendrickson

Approved: _____
Frank J. Stork