

The State Board of Regents met on Wednesday, September 10, 1997, at the University of Northern Iowa, Cedar Falls, Iowa. The following were in attendance:

September 10

Members of State Board of Regents

Mr. Newlin, President	All sessions
Ms. Ahrens	All sessions
Mr. Arenson	All sessions
Mr. Fisher	All sessions
Dr. Kelly	All sessions
Mrs. Kennedy	All sessions
Mr. Lande	Excused at 12:30 p.m.
Mrs. Pellett	All sessions
Mrs. Smith	All sessions

Office of the State Board of Regents

Executive Director Richey	All sessions
Deputy Executive Director Barak	All sessions
Director Houseworth	All sessions
Director Stadlman	All sessions
Associate Director Elliott	All sessions
Associate Director Racki	All sessions
Assistant Director Brodkey	All sessions
Assistant Director Tiegs	All sessions
Minutes Secretary Briggie	All sessions

State University of Iowa

President Coleman	All sessions
Provost Whitmore	All sessions
Vice President Jones	All sessions
Vice President Rhodes	All sessions
Vice President True	All sessions
Interim Director Stork	All sessions

Iowa State University

President Jischke	Excused at 3:25 p.m.
Provost Kozak	Excused at 3:25 p.m.
Vice President Hill	Excused at 3:25 p.m.
Vice President Madden	Excused at 3:25 p.m.
Executive Assistant to President Dobbs	Excused at 3:25 p.m.
Assistant to the President Mukerjea	Excused at 3:25 p.m.
Director Bradley	Excused at 3:25 p.m.
Director McCarroll	Excused at 3:25 p.m.
Associate Director Steinke	Excused at 3:25 p.m.

University of Northern Iowa

President Koob	Excused at 1:55 p.m.
Provost Marlin	All sessions
Vice President Conner	All sessions
Vice President Follon	All sessions
Executive Assistant to President Gadelmann	All sessions
Director Chilcott	All sessions
Assistant Director Saunders	All sessions

Iowa School for the Deaf

Superintendent Johnson	Excused at 3:30 p.m.
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GENERAL
September 10, 1997

Director Heuer
Interpreter Reese
Interpreter Rapp

Excused at 3:30 p.m.
Excused at 3:30 p.m.
Excused at 3:30 p.m.

Iowa Braille and Sight Saving School

Superintendent Thurman
Director Utsinger
Director Woodward

Excused at 2:25 p.m.
Excused at 2:25 p.m.
Excused at 2:25 p.m.

GENERAL

The following business pertaining to general or miscellaneous business was transacted on Wednesday, September 10, 1997.

President Koob introduced Dean Switzer to introduce three important principals in the Slovakian Project.

Dean Switzer described the Slovakian Project and then introduced Tomas Kozik, Anna Koprdoва, Maria Dudakova, and their interpreter Katarina Cockrell.

President Newlin welcomed the Slovakian Project representatives to the Board of Regents meeting.

President Newlin recognized Provost Marlin.

Provost Marlin stated that she had some good news that she wanted to share with the Board members. She said University of Northern Iowa officials take great pride in the university's accounting program. Last week university officials received data on the pass rate from May's administration of the CPA exam. She said the pass rate for all sections for first-time exam takers nationally is only 13.5 percent. The pass rate of the University of Northern Iowa candidates was 34.3 percent which ranks the university 9th nationally in terms of the pass rate. Provost Marlin congratulated the faculty and students.

President Newlin congratulated all of those involved in the success on the CPA exam. He said the recognition was wonderful.

APPROVAL OF MINUTES OF BOARD MEETING OF JULY 22-23, 1997. The Board Office recommended the Board approve the minutes.

President Newlin asked for additions or corrections to the minutes.

ACTION: President Newlin stated the Board approved the minutes of the July 22-23, 1997, meeting, as written, by general consent.

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

Ratify personnel transactions at the Regent institutions, as presented;

Receive affiliated organization report on the ISU Stanton Memorial Carillon Foundation;

Receive the report of the July meeting of the Iowa College Student Aid Commission;

Approve the appointment of Daniel J. Reschly, Interim Associate Dean of Education, to fulfill one year vacancies on the Iowa School for the Deaf and Iowa Braille and Sight Saving School Advisory Committees;

Approve the Board meetings schedule;

Approve the ISD-AEA 13 Employment Agreement for Speech Language Pathology; and

Approve the umbrella agreement between the Loess Hills Area Education Agency (AEA 13), the Lewis Central Community School District, and the Iowa School for the Deaf.

Regent Lande referred to the report of the Iowa College Student Aid Commission. He questioned the \$10 million increase in appropriations from 1997 to 1999. How much of the \$10 million increase is legislatively mandated and how much is something over which the Regents have any discretion?

Mr. Richey responded that the Iowa College Student Aid Commission report presented proposals by the staff for the commission to request of the Governor and General Assembly. He said the \$1.4 million for the National Guard Tuition Assistance Program was the result of action taken in the last legislative session. The only other program of

significance was the Tuition Grant Program which has been on track for the last 3 years for increases of approximately \$3 million per year because the program suffered almost no increase for a number of years in the late-1980s and early-1990s.

Regent Lande asked who are the loan administrators. Mr. Richey responded that United Student Aid Funds has been administering the program under contract for a number of years. It does all of the computer work, determines eligibility, etc.

Regent Lande asked if the 10 percent for loan administration was of the total amount. He noted that only two of the categories of appropriations requested were listed as loans. Mr. Richey responded that it was 10 percent of the amount of the Federal Guaranteed Student Loans actually issued. Those funds are paid out directly by the federal government and do not go through the accounts of the Iowa College Student Aid Commission. A portion of the earnings can be kept by the commission for administration of the program. A very large part of the 10 percent loan administration cost is for the contract with the United Student Aid Funds.

Regent Lande said it appeared that there were not many of the expenditures over which the Board of Regents has control. Mr. Richey responded that the Board of Regents has no control over the funds. The report of the Iowa College Student Aid Commission is an information item. The Board of Regents has one member on the Iowa College Student Aid Commission.

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

INTERINSTITUTIONAL COMMITTEE ON EDUCATIONAL COORDINATION. (a) Post-Audit, Middle School/Jr. High School Education-University of Northern Iowa. The Board Office recommended the Board receive the post-audit report for the Bachelor of Arts Major in Middle School/Junior High School Education at the University of Northern Iowa and approve the continuance of the program.

The post-audit report on the B.A. in Middle School/Junior High Education indicated that the program has successfully met the various objectives of the program that were established at the time that the program was initially approved by the Board of Regents.

MOTION: Regent Arenson moved to receive the post-audit report for the Bachelor of Arts Major in Middle School/Junior High School Education at the University of Northern Iowa and approve the continuance of the program. Regent Fisher

seconded the motion. MOTION CARRIED
UNANIMOUSLY.

(b) Post-Audit, B.A. in Russian - University of Northern Iowa. The Board Office recommended the Board receive the post-audit report for the Bachelor of Arts Major in Russian at the University of Northern Iowa and approve the continuance of the program.

The B.A. in Russian program meets or exceeds expectations for the program at the time of its initial approval. Enrollments, costs, and quality are consistent with initial expectations.

MOTION: Regent Arenson moved to receive the post-audit report for the Bachelor of Arts Major in Russian at the University of Northern Iowa and approve the continuance of the program. Regent Smith seconded the motion. MOTION CARRIED UNANIMOUSLY.

PRELIMINARY REPORT ON FALL 1997 ENROLLMENT TRENDS. The Board Office recommended the Board receive the report.

University of Iowa

Undergraduate enrollments at the University of Iowa are expected to be up slightly. Graduate enrollments are expected to be down as part of enrollment management. Professional student enrollments should remain stable.

Iowa State University

Iowa State University enrollments are expected to be 1.5 - 2 percent greater than last fall's enrollment. Iowa State University officials attribute its increase to a strong increase in new freshmen, a modest increase in new transfer students, and increased retention of continuing undergraduates.

While undergraduate enrollments should increase, the number of graduate students is expected to decline.

With greater attention to student retention and new student recruitment, Iowa State University officials expect to see modest enrollment increases for the next three years.

University of Northern Iowa

University of Northern Iowa officials expect its third consecutive year of enrollment gains. University of Northern Iowa officials noted that increased retention among undergraduates and increased numbers of new transfers and graduate students account for most of the expected increase.

University of Northern Iowa expects to report a slight decline in new freshmen. Projections are for continued slow growth through the end of this decade.

Future enrollment increases are contained in strategic initiatives of the University of Northern Iowa to increase minority student enrollments and to increase the number of international students on campus.

Iowa School for the Deaf

Iowa School for the Deaf officials anticipate no changes in its enrollments. A small graduating class last spring and larger senior high classes are providing the school a steady population at the present.

While the school expects to hold its own in the immediate future, the changing nature of special education may mean future enrollment declines.

Good parental relationships have helped Iowa School for the Deaf maintain educational placements at the school at its current levels as the school seeks to serve the deaf and hard of hearing community in Iowa.

Iowa Braille and Sight Saving school

Enrollments at Iowa Braille and Sight Saving School will be down almost 20 percent. The school had several currently enrolled students move out of state during the summer months while placements for several other students were changed back to local school districts.

While on-campus enrollments drop, outreach services provided by the school continue to grow.

The school has sought to embrace the changes in special education by consulting with area education agencies who desire to educate students with visual disabilities in their local environments.

President Coleman stated that University of Iowa officials do not perform an official enrollment count until September 15. It was anticipated that enrollments of

undergraduates would be up slightly. University officials expect the mix between resident and non-resident students to be about the same.

Regent Lande asked about graduate enrollment management at the University of Iowa. President Coleman responded that university officials are reviewing all graduate programs with regard to the number of students being accepted and whether there is a reasonable expectation that those students will receive a degree. The university does not throw open the doors and take all comers.

Regent Fisher asked for the percentage of non-resident students at the University of Iowa. President Coleman responded that non-residents accounted for about 36-37 percent of the University of Iowa student population.

President Jischke said he was pleased to report that Iowa State University officials anticipated a significant increase in enrollments, almost 2 percent, which was nearly 500 additional students, primarily undergraduates. Iowa State University will experience its largest freshman class in over 12 years. He said the increased enrollment was the result of a team effort on the campus. Excellent progress had been made in recruitment efforts. This year's record freshman class will be accommodated with full course loads. Students will be getting all of their classes.

President Newlin asked about the number of students who sign up for the 4-year graduation plan. President Jischke responded that the number of students opting for the four-year plan was a little better but was not significantly changed. For many students it is not a program that is particularly attractive or important to them. Information on the 4-year graduation plan is included as part of the orientation program but is not garnering a lot of attention.

Regent Fisher asked what percentage of Iowa State University freshmen are non-residents. President Jischke responded that just under 25 percent of freshmen are non-residents. One-half of those non-residents come from the United States and the other 1/2 come from 120 other countries.

Regent Kennedy asked about a comment in the docket memorandum which indicated that the number of graduate students at Iowa State University was expected to decline. President Jischke responded that a number of things were happening which impacted the number of graduate students. The job market at the graduate level is a lot softer than it has been in the past which has an effect on the whether students decide to continue their education at the graduate level. Additionally, the financial aid package is targeted more toward loans than grants. Therefore, the economics are quite clear. He said those are factors that are beginning to change the graduate level enrollments. The market for research positions for Ph.D. level graduates is soft.

President Koob stated that the University of Northern Iowa continues to see an increase in its enrollment. This year it is anticipated that the increase will be roughly 1 percent although the final count of enrollments will not take place for a couple more days. He said he was pleased to note that graduate student enrollment was up after a decline last year. He expects there could be a significant pressure at the graduate level for teachers. At the undergraduate level the university has experienced a growth in retention and an increase in transfer students.

Regent Fisher asked if the University of Northern Iowa could handle a 3 percent increase in enrollments. President Koob said the university could handle a 3 percent increase if there was advance notice of the increase.

Regent Pellett asked that the 4-year graduation plan committee meet next month.

Superintendent Johnson stated that the student numbers at the Iowa School for the Deaf were staying about the same although inside the numbers they were seeing some change.

Regent Fisher referred to the closing of the Nebraska School for the Deaf and asked about the impact on Iowa School for the Deaf's enrollment. Superintendent Johnson said there was not yet any impact. The Nebraska School for the Deaf is still open. It was scheduled to close its elementary program on December 31, 1997, and the secondary program some time afterward.

Regent Fisher asked if Superintendent Johnson anticipated that the school's closing would impact the Iowa School for the Deaf's enrollment. Superintendent Johnson said he did not know what the Nebraska Department of Education might decide to do.

Mr. Richey stated that the closing of the Nebraska School for the Deaf was being monitored closely to see if there is any role the Iowa School for the Deaf can play.

Superintendent Thurman said the population on the Iowa Braille and Sight Saving School campus has dropped significantly. It was now down to 45 students after starting with 55 students last year. He said special education is changing dramatically. School officials are developing plans to meet those changes. He described the process that is being undertaken.

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

ANNUAL STUDENT FINANCIAL AID REPORT. The Board Office recommended the Board (1) receive the report, (2) request student aid directors to continue monitoring the federal budgeting process and report changes in the student aid programs as appropriate to the Board, and (3) encourage the universities to continue their efforts to provide more scholarship and grant opportunities to students.

Regent universities dispensed over \$400 million in student financial aid during the 1996-1997 school year. Almost half of that came in the form of educational loans to students as compared to 33 percent only five years ago. The other two forms of student aid, grants and employment, comprise the remainder of the student aid program. All three forms of financial aid increased in dollars awarded over 1995-1996 with loan awards increasing 6.4 percent, employment funds increasing 6.1 percent, and scholarships increasing 3.7 percent.

The strong gains made over the past four years in the amount of funds awarded as loans have led to equally strong gains in the average indebtedness of undergraduate students at graduation for students who have incurred debt. The most change has occurred at the University of Iowa where average undergraduate indebtedness at graduation for students who have debt has gone from \$8,761 to \$16,241. Although Iowa State University and the University of Northern Iowa averages are higher (\$17,896 and \$16,957, respectively), they have not risen as rapidly as the University of Iowa's average.

Reauthorization of the Higher Education Acts in 1992 created new opportunities for the federal government to support higher education through loans programs and refocused attention on Pell Grants, a basic educational opportunities grant for low to mid-income level families. Congress is again debating reauthorization of the Higher Education Act and may continue the various efforts made through the budgeting process to modify the nation's student aid programs.

Federal aid programs fared well in federal FY 1997 legislation. These funds became available to colleges for the 1997-1998 school year. Among the programs which benefited are the Pell Grant program and College Work-Study. The maximum Pell Grant rose from \$2,470 to \$2,700. College Work-Study increased 35 percent to \$830 million dollars available nationally.

Recent passage and signing of the Taxpayers Relief Act of 1997 may have far reaching effects on financing of higher education. The bill contained several tax credit measures to assist families with children in college and individuals who engage in lifelong learning. Until the Internal Revenue Service has promulgated rules and regulations to interpret the law, parents and student aid personnel are unsure what the long-term ramifications of this law will be.

Assistant Director Tiegs reviewed the information provided in the docket memorandum.

Regent Kennedy asked when the educational IRA would be available. Assistant Director Tiegs responded that scholarships are supposed to be available on January 1, 1998.

President Newlin asked that the three financial aid directors provide comments on this report.

Roland Carrillo, University of Northern Iowa, stated that financial aid officers continue to be concerned about the increase in students loans. University officials are working toward curbing that trend by offering work opportunities to try to minimize the amount of student indebtedness. Financial aid officers continue to provide counseling to students and families. He noted that financial aid officers believe that even if borrowing is the only way to finance an education, it is a means to go to school.

Regent Fisher asked if incoming freshmen negotiate their loans prior to September. Mr. Carrillo stated that financial aid packages are awarded in the spring of the year before students come to the university. Financial aid officers explain the promissory note to the student. The maximum guaranteed student loan award is \$2,625 a year for freshmen, \$3,500 a year for sophomores, and \$5,500 a year for juniors and seniors.

Regent Pellett asked about the delinquency percentage. Mr. Carrillo said the default rate on student loans is 3.8 percent to 3.9 percent in Iowa which is far below the national average of 10 percent.

Regent Pellett asked for an explanation of the much lower default rate for Iowa students. Mr. Warner, University of Iowa, responded that there were a couple of reasons for the low default rate. There is a growth in the amount of federal funds available. There are students at the University of Iowa who are not borrowing at all. He noted that schools have no control over who is borrowing under the unsubsidized loan program. Over 6,000 students borrowed almost \$24 million just in this past year. The next reauthorization (1998) allow states to put some limit on the amount of borrowing. The actual annual amounts that students can borrow has increased significantly. There is a whole new population of parents and students who are borrowing more.

Regent Pellett asked for the interest rate. Mr. Warner said the interest rate is capped at 8.25 percent. He pointed out that the financial aid officers are all working very closely with the university foundations to raise private dollars to make available to students. Those scholarships are available both on a merit basis and need basis. The employment work-study program also provides funds to students. He said the federal

work-study program funding was increased by 35 percent, which was distributed according to a formula. Additional funds were received at the University of Iowa. The University of Iowa is participating in the America Reads program.

Mr. Warner stated that University of Iowa financial aid officials have concerns about the amount of loans being taken out by students. With regard to high-risk students, he said financial aid officers are paying attention to the special needs of those students and are offering grants and scholarships, not loans, to bring them to the Regent institutions. Loans are the last thing included as part of those students' financial aid packages .

Regent Pellett asked if financial aid officers were successful in offering financial aid to high-risk students in forms other than loans. Mr. Warner said it is difficult. The largest percentage of financial aid is from federal funds, and the largest of those funds is in the form of loans.

Regent Pellett stated that however well-intentioned the financial aid programs are, rising costs mean rising spending, which means more charges, which then raises tuition and student aid. She said it is a circle.

Mr. Warner stated that the prevailing Federal point of view holds the family responsible first and foremost to finance a student's education. Financial aid is to assist where the families cannot.

Regent Fisher asked if there are enough funds to take care of all the requests for loans. Mr. Warner responded that loans are basically an entitlement.

Regent Fisher asked how much money a parent can borrow. Mr. Warner responded that a parent can borrow as much as \$10,000; there is no cap or limit on the direct-plus loan program. Ability to pay has nothing to do with it.

Regent Ahrens commended the financial aid officers and others for increasing the number of scholarships and the size of the awards. Those funds help put a lot of students through school.

Regent Lande asked why the amount of loans at the University of Iowa was so much lower than at the other schools. Mr. Warner stated that historically the average family income for students attending the University of Iowa has been higher than at the other Regent universities.

President Jischke stated that the amount of students loans had doubled and employment dollars had increased slightly. The startling change in the financial aid picture has been in the number of loans. He said he believes in increased access and

opportunity but there are some consequences. The average student indebtedness for 4 years is \$40,000. A rational decision would be to take a little longer to complete an education in order to work to pay part of the expense. He said that one of the unintended consequences of dependence on loans is that students take a little longer to finish their degrees. Three-fourths of Iowa State University students work. There is a limit to the amount of debt a student can carry.

President Jischke referred to an earlier remark about private fund raising. He said Iowa State University officials have embarked upon the largest fund-raising effort in history. \$2-1/2 million per year is targeted to be generated for financial aid for needy and talented students.

President Jischke stated that Congress and President Clinton have agreed upon a very sizable tax benefits package to encourage opportunities in higher education. It was clear from discussion in Washington, D.C., that there was an assumption that those in higher education would not take advantage of the additional resources by raising tuition enormously. He stated that Iowa State University officials will continue their efforts to contain costs. As the amount of student aid goes up, charges should not go up to take advantage of the situation. He did not think that had been the case. The idea is to increase opportunity, not increase cost. They have a burden in Iowa to carry out their end of the bargain.

ACTION:

President Newlin stated the Board, by general consent, (1) received the report, (2) requested student aid directors to continue monitoring the federal budgeting process and report changes in the student aid programs as appropriate to the Board, and (3) encouraged the universities to continue their efforts to provide more scholarship and grant opportunities to students.

TUITION POLICIES AND PROPOSED RATES. The Board Office recommended:

(1) That the Board give preliminary consideration to proposed 1998-99 academic year tuition rates and mandatory fees, effective with the summer session 1998, as follows:

(a) Increase all base tuition categories at the University of Iowa, Iowa State University, and the University of Northern Iowa by 3.9%;

(b) In addition to the above base tuition increase:

1. Establish a \$490 surcharge for business administration undergraduate resident and nonresident students to implement computing and technology, improve job readiness, develop practitioner courses, and enhance experiential learning opportunities.

2. Increase the resident Law tuition at the University of Iowa by a \$300 surcharge and nonresident tuition by a \$500 surcharge in line with the college's strategic planning goals related to strengthening fundamental lawyer skills training.

3. Establish a \$1,000 surcharge per academic year for third year resident and nonresident University of Iowa Dentistry students which expands the surcharge established last year for first and second year students to fund a simulation clinic, clinical and teaching laboratory improvements, and equipment upgrading and replacement.

(c) Increase computer fees as follows:

		1997-98 Academic Year Rate	Proposed 1998 -99 Academic Year Rate
SUI	All students other than Law and Engineering	\$ 98	\$102
	Law students	160	170
	Engineering students	330	340
ISU	All students other than Engineering, Computer Science and Management Information Systems students	94	98
	Engineering students	330	334
	Computer Science and Management Information Systems students	258	262
	All students	96	100

(d) Increase the student health fees at each university as follows:

	<u>1997-98 Academic Year Rate</u>	<u>Proposed 1998-99 Academic Year Rate</u>
SUI	\$86	\$90
ISU	90	94
UNI	90	94

(2) That general institutional financial aid for students be increased at the same rate as the proposed increase in tuition and mandatory fees to maintain access for those having financial need to attend the universities.

(3) That the Board schedule final action on the proposed tuition and mandatory fees rates at the October Board meeting.

The Board Office recommended a 3.9 percent tuition and fees rate increase and the proposed surcharges for the Colleges of Business Administration, Law, and Dentistry at the University of Iowa; the increases will generate approximately \$8.1 million, net of increased student aid set aside.

The recommended rate increase of 3.9 percent was consistent with the increase (2.4 percent - 4.2 percent) in the Higher Education Price Index projected by Dr. Charles Whiteman of the Institute for Economic Research at the University of Iowa and was less than the estimated increase in the Regent composite unit cost of instruction of 4.9 percent.

The proposed total increase for tuition and fees of 3.9 percent was less than projected increases in Iowa personal income in calendar years 1997 (5.0 percent), 1998 (5.9 percent) and 1999 (6.1 percent).

The proposed 1998-99 tuition and fees will keep the Regent undergraduate resident tuition and fees among the lowest rates when compared to peer institutions.

Regent average 1996-97 resident undergraduate tuition and fees were 78.8 percent of the national average for public universities and continue to decline.

Regent tuition and fees as a percentage of Iowa per capita income (11.7 percent) are less than the percentages of most other regional comparative states and the nation (13.9 percent).

Since FY 1993, base tuition rate increases have averaged 4.2 percent while general university expenditures have increased by an average of 5.1 percent.

With the proposed tuition rates, the percentage of the general education budget financed by tuition revenue was expected to decline in FY 1999.

The tuition increases will to be used to strengthen undergraduate and graduate instruction and to provide other improvements to the educational experiences including continued implementation of the four-year graduation plan and improvement of student retention and graduation rates, and student academic and support services.

Each of the universities proposed increases to the computer fees (ranging from 1.2 percent - 4.3 percent) and health fees (ranging from 4.4 percent - 4.7 percent); no changes in the health facility fees were proposed.

Tuition affordability for needy students will be maintained by applying the tuition set aside percentage to the increase in tuition rates.

The universities have recently made significant efforts to increase student financial aid from institutional and private sources to ensure access by needy students.

Federal student aid policy for federal FY 1998 provides increased support including a maximum Pell grant award of \$3,000 per academic year, an increase of \$300 over the current level.

The Iowa Code requires that tuition and mandatory fees be set no later than the November Board meeting preceding the start of the academic year for which the rates will be effective and that 30-day written advance notice be given prior to any changes in tuition and fees.

ECONOMIC INDICATORS

In accordance with section 7.25 of the Regents Procedural Guide, tuition rate increases are to be set annually by the Board using information on the most recently published Higher Education Price Index (HEPI).

The table below shows the annual percentage increases since fiscal year 1994 as well as projected increases in the HEPI, the Consumer Price Index (CPI), per capita personal income in the US and Iowa, and Regent resident undergraduate tuition and fees:

	FY 1999	FY1998	FY1997	FY1996	FY1995	FY1994
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Higher Education Price Index	2.4 - 4.2%*	2.1 - 3.9%*	2.7%	3.0%	3.0%	3.4%
Consumer Price Index	2.9%*	2.9%*	2.9%	2.7%	3.0%	2.5%
Per Capita Pers. Income-US**	N/A	2.2%	3.3%*	4.5%	5.3%	3.9%
Per Capita Pers. Income-IA**	6.1%*	5.9%	5.0%*	7.9%	3.7%	8.6%
Res. Undergrad. Tuit. & Fees	3.9%*	3.9%	3.5%	4.2%	4.4%	5.6%

* Projected/Proposed
 ** Figures are calendar year rather than fiscal year
 N/A Not Available

The projected increases in the Consumer Price Index for FY 1998 (2.9 percent) and FY 1999 (2.9 percent) are based on the consensus forecast of 50 national forecasters surveyed by Blue Chip Economic Indicators. The Consumer Price Index is a measure of the average change in prices over time in a fixed market basket of goods and services that people buy for day-to-day living.

The projections for the Higher Education Price Index (HEPI) are based on analyses prepared by Dr. Charles Whiteman of the Institute for Economic Research at the University of Iowa. The Higher Education Price Index measures the price level of goods and services colleges and universities purchase for their current educational operations. While the average premium of the HEPI inflation rate over the CPI for 1994 through 1997 is 0.25 percent, the premium in 1994 was 0.9 percent.

Iowa's per capita personal income increased by 7.9 percent in 1996, according to figures released by the Iowa Economic Forecasting Council; this increase compares to a national average of 4.5 percent as reported in the Survey of Current Business. Iowa's per capita personal income of \$22,560 in 1996 ranked 28th in the nation, which is better than the 33rd ranking in 1995; the per capita income was 93 percent of the national average of \$24,231.

In 1996, Iowa had the third largest percentage increase in per capita personal income (7.9 percent) of any state. According to the Iowa Economic Forecasting Council, Iowa personal income is predicted to grow 5.0 percent in 1997 while the Blue Chip Economic Indicators' forecast for national personal income growth is 3.3 percent.

For 1998, the Iowa forecast is stronger with a 5.9 percent increase expected as compared to the national average percentage of 2.2 percent which has been declining.

Tuition and fees as a percentage of per capita personal income should decline in Iowa with the proposed 1998-99 tuition and fees and the projected increases in per capita personal income for calendar year 1998.

INCOME INDICATORS IN RELATION TO TUITION AND FEES

The following table lists the 10 states represented in the Regent universities' AAU, Land Grant, and Public Comprehensive University comparison groups, along with other states contiguous to Iowa and shows the average public university resident undergraduate tuition and fees charged in each state as a percentage of each state's per capita personal income.

Tuition and Fees as a Percentage of Per Capita Personal Income

	1996	1995	1994	1993	1992	1991	1990	1989
IOWA	11.7%	12.2%	12.2%	12.7%	12.0%	11.9%	11.4%	11.7%
Arizona	9.6%	9.7%	9.8%	10.0%	9.0%	9.3%	9.5%	9.3%
California	17.3%	18.1%	19.0%	17.8%	14.7%	12.5%	9.7%	8.5%
Illinois	15.7%	15.7%	15.4%	15.3%	15.5%	15.1%	14.8%	15.4%
Indiana	16.9%	16.7%	16.5%	14.6%	14.3%	14.1%	13.2%	12.3%
Michigan	23.0%	23.2%	24.2%	24.3%	22.9%	21.2%	20.2%	19.3%
Minnesota	17.4%	17.3%	15.7%	16.0%	15.7%	14.7%	14.5%	14.2%
Missouri	18.0%	17.3%	16.4%	15.7%	14.5%	13.8%	11.9%	11.5%
Nebraska	11.4%	11.9%	11.8%	11.6%	11.0%	11.3%	11.0%	11.3%
North Carolina	9.6%	7.8%	7.6%	7.4%	6.8%	7.1%	6.5%	6.5%
Ohio	14.7%	14.5%	14.5%	14.5%	14.3%	13.8%	13.4%	13.2%
South Dakota	12.7%	13.5%	13.2%	12.2%	12.0%	12.2%	12.0%	12.8%
Texas	14.4%	11.3%	8.5%	7.6%	7.5%	7.1%	6.0%	6.2%
Wisconsin	13.0%	12.9%	12.9%	12.6%	12.1%	11.9%	12.1%	12.2%
NATIONAL AVERAGE	13.9%	13.7%	13.7%	13.4%	12.8%	12.3%	11.6%	11.1%

Regent tuition and fees as a percentage of Iowa per capita personal income are less than the percentages of most other Midwestern states and the nation as a whole.

TUITION AND FEES AS RELATED TO INSTRUCTIONAL COSTS

The following tables contain information on Regent resident and nonresident undergraduate tuition and fees, estimates prepared by the Board Office of unit costs of instruction for FY 1998 and FY 1997, and actual unit costs from the biennial reports covering FY 1995, FY 1993, and FY 1991.

University of Iowa	Change					
	FY 1991 - FY 98	FY 1998	FY 1997	FY 1995	FY 1993	FY 1991
Resident Undergrad. Tuit. & Fees		\$2,760	\$2,646	\$2,455	\$2,228	\$1,900
% Increase	45.3%	4.3%	8.4%	10.2%	17.3%	

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Nonres. Undergrad. Tuit. & Fees		\$9,616	\$9,244	\$8,313	\$7,192	\$6,240
% Increase	54.1%	4.0%	11.2%	15.6%	15.3%	
Undergraduate Unit Costs		\$7,572*	\$7,227*	\$6,850	\$6,069	\$5,731
% Increase	32.1%*	4.8%*	5.5%	12.9%	5.9%	
University Composite Unit Costs		\$12,263*	\$11,750*	\$10,836	\$9,676	\$9,179
% Increase	33.6%*	4.4%*	8.4%	12.0%	5.4%	

* Unit costs for FY 97 and FY 98 are estimates based on increases in general fund budgets and enrollment changes.

Iowa State University	Change FY 1991 - FY 98	FY 1998	FY 1997	FY 1995	FY 1993	FY 1991
Resident Undergrad. Tuit. & Fees		\$2,766	\$2,666	\$2,471	\$2,228	\$1,900
% Increase	45.6%	3.8%	7.9%	10.9%	17.3%	
Nonres. Undergrad. Tuit. & Fees		\$8,808	\$8,480	\$7,731	\$6,996	\$6,180
% Increase	42.5%	3.9%	15.7%	10.5%	13.2%	
Undergraduate Unit Costs		\$8,039*	\$7,596*	\$7,048	\$6,509	\$6,612
% Increase	21.6%*	6.0%*	7.8%*	8.3%	-1.6%	
University Composite Unit Costs		9,369*	\$8,860*	\$8,211	\$7,592	\$7,662
% Increase	22.3%*	5.7%*	7.9%*	8.2%	-9%	

* Unit costs for FY 97 and FY 98 are estimates based on increases in general fund budgets and enrollment changes.

University of Northern Iowa	Change FY 1991 to FY 98	FY 1998	FY 1997	FY 1995	FY 1993	FY 1991
Resident Undergrad. Tuit. & Fees		\$2,752	\$2,650	\$2,455	\$2,228	\$1,900
% Increase	44.8%	3.9%	7.9%	10.2%	17.3%	
Nonres. Undergrad. Tuit. & Fees		\$7,136	\$6,868	\$6,261	\$5,570	\$4,810
% Increase	48.4%	3.9%	9.7%	12.4%	15.8%	
Undergraduate Unit Costs		\$7,300*	\$7,057*	\$6,530	\$5,956	\$5,199
% Increase	40.4%*	3.4%*	8.1%*	9.6%	14.6%	
University Composite Unit Costs		8,148*	\$7,797*	\$7,012	\$6,388	\$5,571
% Increase	46.3%*	4.5%*	11.2%*	9.8%	14.7%	

* Unit costs for FY 97 and FY 98 are estimates based on increases in general fund budgets and enrollment changes.

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

TUITION AND MANDATORY FEES - RESIDENT

The recommendations for resident undergraduate base tuition and fees plus mandatory fees (computer, health, and health facility fees) for 1998-99 are as follows:

Institution	Base Tuition and Fees	Mandatory Fees	Total Tuition and Fees		Percentage Increase	Dollar Increase
SUI	\$2,666	\$202	\$2,868	*	3.9%	\$108
ISU	\$2,666	\$208	2,874	*	3.9%	108
UNI	\$2,666	\$194	2,860		3.9%	108

* Dollar costs and increases for students majoring in Business Administration, Engineering, and Pharmacy at SUI and dollar costs for students majoring in Engineering, Computer Science and Management Information Systems at ISU are slightly higher.

An increase of 21.7 percent (\$598) in total tuition and fees for residents was recommended for business administration undergraduates to implement computing and technology, improve job readiness, develop practitioner courses, and enhance experiential learning opportunities.

A larger increase in total tuition and fees for Law at the University of Iowa of 9.0 percent was recommended to continue multi-year programs to raise tuition levels related to strengthening fundamental lawyer skills training.

An increase of 20.4 percent (\$1,236) in total tuition and fees for residents was recommended for third-year dental students; increased funds above the basic 3.9 percent increase will expand the surcharge established last year for first- and second-year students to third-year students and will fund a dental simulation clinic and provide for laboratory and equipment improvements for the University of Iowa College of Dentistry.

TUITION AND MANDATORY FEES - NONRESIDENT

The recommendations for nonresident undergraduate base tuition and fees plus mandatory fees (computer, health, and health facility fees) for 1998-99 are as follows:

Institution	Base Tuition and Fees	Mandatory Fees	Total Tuition and Fees	Percentage Increase	Dollar Increase
SUI	\$9,788	\$202	\$9,990*	3.9%	\$374
ISU	\$8,944	\$208	9,152*	3.9%	344
UNI	\$7,221	\$194	7,415	3.9%	279

* Dollar costs and increases for students majoring in Business Administration, Engineering, and Pharmacy at SUI and dollar costs for students majoring in Computer Science and Management Information Systems at ISU are slightly higher.

An increase of 9.0 percent (\$864) in total tuition and fees for nonresidents was recommended for business administration undergraduates to implement computing and technology, improve job readiness, develop practitioner courses, and enhance experiential learning opportunities.

A larger increase in nonresident total tuition and fees for Law at the University of Iowa of 7.2 percent was recommended to continue multi-year programs to raise tuition levels related to strengthening fundamental lawyer skills training.

An increase of 9.4 percent (\$1,718) in total tuition and fees for nonresidents was recommended for third-year dental students; increased funds above the basic 3.9 percent increase will expand the surcharge established last year for first and second year students to third-year students and will fund a dental simulation clinic and provide for laboratory and equipment improvements for the University of Iowa College of Dentistry.

INCREASES IN BUSINESS ADMINISTRATION TUITION AT THE UNIVERSITY OF IOWA

University of Iowa officials proposed a \$490 surcharge for undergraduates of business administration to:

- Implement computing and technology by regular upgrading and replacement of computers for business administration students, providing Internet access to students at their residences, and providing free or heavily-subsidized advanced computing workshops;

- Improve job readiness by increasing the coordination between the development office and the placement office, hiring staff to coordinate student groups and activities, and hiring a writing expert to run a writing center and teach workshops on writing and communication skills;
- Develop practitioner courses that give students the chance to exercise their skills and to integrate their knowledge across functional areas; and
- Enhance experiential learning opportunities by developing an externship/ shadowing program for workplace experiences for students.

The total recommended percentage increase in base tuition and fees for business administration students is 21.7 percent for residents and 9.0 percent for nonresidents.

Business Administration resident and nonresident tuition and fees are the lowest among Public Big Ten universities; among the eleven AAU universities in the University of Iowa's comparison group, the University of Iowa's resident Business Administration tuition and fees rank the lowest, and nonresident tuition and fees rank second lowest.

University of Iowa officials do not expect the competitive position of the College of Business to be affected by the increase.

INCREASES IN LAW TUITION AT THE UNIVERSITY OF IOWA

To increase funding for the College of Law to the level needed to advance the college's strategic planning goals related to improving student-centered and professional activities, the Board Office recommended increasing resident Law tuition by a base increase of 3.9 percent plus a \$300 surcharge, and increasing nonresident Law tuition by a base 3.9 percent increase plus a \$500 surcharge.

The total recommended percentage increase in base tuition and fees for Law was 9.0 percent for residents and 7.2 percent for nonresidents.

This will be the fifth year that Law tuition has been raised by a base increase plus a surcharge; each year the surcharge is added to the base. Despite the increases of the last several years, resident Law tuition and fees rank second last among the seven public Big Ten universities offering law while the nonresident Law tuition and fees ranks last.

Among the eleven AAU universities in the University of Iowa's comparison group, data were available on ten institutions; both resident and nonresident Law tuition and fees

rank 7th. University of Iowa officials do not expect the competitive position of the College of Law to be affected by the increases.

INCREASES IN DENTISTRY TUITION AT THE UNIVERSITY OF IOWA

University of Iowa officials proposed a phased tuition surcharge program of \$1,000 per student to be assessed to third-year students in FY 1999 in addition to the 3.9 percent increase in base tuition and fees; in FY 1998, the \$1,000 surcharge for first- and second-year dental students was implemented.

The total recommended percentage increase in base tuition and fees for third-year dental students is 20.4 percent for residents and 9.4 percent for nonresidents.

Under the proposal, the tuition surcharge would be assessed to first- through third-year students in FY 1999 and first- through fourth-year students in FY 2000; graduate students would be assessed a surcharge of \$500 beginning in FY 2000.

The tuition surcharge will provide a revenue stream that is constant and dependable to partially support facility renovation, a simulation clinic and teaching laboratory improvements, and equipment replacement planning over the next decade and beyond.

Dentistry resident tuition and fees are the lowest among Public Big Ten universities while Dentistry nonresident tuition and fees are the second lowest; among the eleven AAU universities in the University of Iowa's comparison group, the University of Iowa's resident Dentistry tuition and fees rank the lowest, and nonresident tuition and fees rank second lowest.

University of Iowa officials do not expect the competitive position of the College of Dentistry to be affected by the increases.

University of Iowa officials state that Dental students have been consulted on the surcharge and are supportive of the facility renovation and equipment replacement program.

COMPARATIVE TUITION INFORMATION

Regent 1997-98 resident undergraduate tuition and fees are generally well below the median and average tuition and fees of peer comparison groups and the average for 26 Iowa colleges and universities:

	1997-98 Res. Undergraduate <u>Tuition & Fees</u>	Regent % Diff. From <u>Median/Aver.</u>	Regent \$ Diff. From <u>Median/Aver.</u>
University of Iowa	\$2,760		
Iowa State University	\$2,766		
University of Northern Iowa	\$2,752		
Big Ten Public U. Median*	\$4,340	-36.4%	-\$1,580
Big Ten Public U. Average*	\$4,479	-38.4%	-\$1,719
SUI AAU Group Median*	\$3,808	-27.5%	-\$1,048
SUI AAU Group Average*	\$3,633	-24.0%	-\$873
ISU Land Grant Group Median*	\$3,520	-21.4%	-\$754
ISU Land Grant Group Average*	\$3,567	-22.5%	-\$801
UNI Pub. Comp. U. Group Median*	\$3,033	-9.3%	-\$281
UNI Pub. Comp. U. Group Average*	\$2,998	-8.2%	-\$246
26 Iowa Independent College and University Average	\$12,840	-78.5%	-\$10,081

* Averages and medians exclude Iowa institutions

The gap between the Regent tuition and the median and averages of the peer groups continues to widen.

Regent 1997-98 resident undergraduate tuition and fees rank last among Big Ten public universities, 9th out of the eleven AAU universities in the University of Iowa's comparison group, 9th out of the eleven land grant universities in Iowa State University's comparison group, and 7th out of the eleven public comprehensive universities in the University of Northern Iowa's comparison group.

National averages for 1997-98 are not yet available, but Regent average 1996-97 resident undergraduate tuition and fees of \$2,646 were 78.8 percent of the national average of \$3,358 for public universities, as reported in the annual study by the Washington State Higher Education Coordinating Board; in 1995-96, the Regent average tuition and fees were 79.7 percent of the national average of \$3,216.

Iowa resident undergraduate tuition and fees as a percentage of the national average have declined each year since 1988-89; in that year, Regent tuition and fees were 93.2 percent of the national average.

As shown in the following table, increases in Regent resident undergraduate tuition and fees during the past 5 years have been significantly less than the increases in the median and average tuition and fees of the peer comparison groups:

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	<u>1 Year</u>		<u>5 Year</u>	
	% Increase	\$ Increase	% Increase	\$ Increase
	96-97 to <u>97-98</u>	96-97 to <u>97-98</u>	92-93 to <u>97-98</u>	92-93 to <u>97-98</u>
University of Iowa	4.3%	\$114	29.4%	\$468
Iowa State University	3.8%	\$100	24.1%	\$538
University of Northern Iowa	3.8%	\$102	23.5%	\$524
Big Ten Public U. Average*	4.7%	\$191	33.3%	\$1,102
Big Ten Public U. Median*	4.5%	\$187	33.0%	\$988
SUI AAU Group Average*	4.6%	\$154	46.2%	\$1,034
SUI AAU Group Median*	4.2%	\$183	38.9%	\$1,017
ISU Land Grant Group Average*	5.5%	\$176	44.4%	\$1,001
ISU Land Grant Group Median*	4.5%	\$166	35.6%	\$905
UNI Pub. Comp. U. Group Aver.*	6.5%	\$172	34.5%	\$777
UNI Pub. Comp. U. Group Med.*	4.1%	\$149	32.9%	\$790
26 Iowa Independent College Aver.	3.9%	\$477	28.4%	\$2,836

* Averages and medians exclude Iowa institutions

In 1987-88, University of Iowa tuition and mandatory fees were 69.2 percent of the average and 74.8 percent of the median of Big Ten public universities' tuition and mandatory fees; in the 1997-98 academic year, University of Iowa tuition and mandatory fees are 61.6 percent of the Big Ten public universities' average and 63.6 percent of the median.

In 1987-88, Iowa State University tuition and mandatory fees were 93.0 percent of the average and 88.0 percent of the median of the land grant comparison group tuition and mandatory fees; in the 1997-98 academic year, Iowa State University tuition and mandatory fees are 77.5 percent of the comparable land grant university average and 78.6 percent of the median.

In 1987-88, University of Northern Iowa tuition and mandatory fees were 106.0 percent of the average and 95.6 percent of the median of the eleven comparable public comprehensive universities peer group tuition and mandatory fees; in the 1997-98 academic year, University of Northern Iowa tuition and mandatory fees are 91.8 percent of the comparable public universities peer group average and 90.7 percent of the median.

GENERAL UNIVERSITY BUDGETS, TUITION RATES, AND REVENUE

Since FY 1993 base tuition rate increases have averaged 4.2 percent; general university expenditures have increased by an average of 5.1 percent.

For FY 1997 and FY 1998 base tuition rate increases (3.5 percent and 3.9 percent, respectively) were significantly less than the increase in the general university expenditures (4.8 percent and 5.2 percent). (FY 1998 increase is the budgeted amount.)

Rates of Growth in General University Budgets
Compared to Increases in Base Tuition Rates

	University of Iowa	Iowa State University	University of Northern Iowa	All Universities	Base Tuition Increase
1992-93	7.2%	7.9%	12.4%	8.2%	7.0%
1993-94	4.2%	3.4%	3.2%	3.7%	5.0%
1994-95	5.0%	2.5%	3.3%	3.8%	4.5%
1995-96	5.0%	4.3%	5.8%	4.9%	4.1%
1996-97	5.0%	4.4%	5.2%	4.8%	3.5%
1997-98*	5.7%	4.8%	4.6%	5.2%	3.9%
Aver. Inc.	5.0%	3.9%	4.4%	5.1%	4.2%

* Budgeted

In 1997-98, the percentage of general university revenue met through tuition income was expected to decline at the University of Iowa and Iowa State University, remain constant at the University of Northern Iowa, and decrease for the Regent universities overall.

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

	University of Iowa	Iowa State University	University of Northern Iowa	Regent Universities Combined Total
1991-92	29.0%	31.0%	29.2%	29.8%
1992-93	29.2%	31.2%	26.9%	29.6%
1993-94	29.4%	32.1%	27.4%	30.1%
1994-95	30.3%	32.0%	27.6%	30.5%
1995-96	30.3%	31.5%	27.8%	30.3%
1996-97	30.3%	31.4%	27.3%	30.2%
1997-98*	30.0%	30.8%	27.4%	29.9%

* Budgeted

TUITION REVENUES BASED ON PROPOSED 1998-99 TUITION RATES

Assuming enrollments at the projected fall 1997 level, the estimated increase in gross tuition revenues for 1998-99 with the recommended tuition increases were as follows:

Gross Tuition Proceeds	University of Iowa	Iowa State University	University of Northern Iowa	Total
Basic 3.9% Increase	\$4,167,400	\$3,275,300	\$1,187,000	\$8,629,700

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SUI Business Surcharge	588,000			588,000
SUI Law Surcharge	261,900			261,900
SUI Dentistry Surcharge	68,000			68,000
TOTALS	\$5,085,300	\$3,275,300	\$1,187,000	\$9,547,600

The Board Office recommended that general institutional financial aid for students be increased at the same rate as the proposed increase in tuition and mandatory fees to offset the impact on students now receiving institutional financial aid.

The estimated increases in the student financial aid set aside for 1998-99 are:

University of Iowa	\$ 813,600
Iowa State University	360,400
University of Northern Iowa	225,500
Total	\$1,399,500

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

Net Tuition Proceeds	University of Iowa	Iowa State University	University of Northern Iowa	Total
Basic 3.9% Increase	\$3,500,600	\$2,914,900	\$961,500	\$7,377,000
SUI Business Surcharge	494,000			494,000
SUI Law Surcharge	220,000			220,000
SUI Dentistry Surcharge	57,100			57,100
TOTALS	\$4,271,700	\$2,914,900	\$961,500	\$8,148,100

USE OF TUITION PROCEEDS

University of Iowa

General university tuition proceeds will be used to:

- Maintain the student aid percentages commensurate with the overall tuition increase;
- Commit earmarked tuition and fees in the specific described manner;
- Fund instructional equipment, library operations and technology support, improvements to classrooms and other campus gathering places for students, student academic and support services; and
- Leverage the request for state support of academic initiatives.

Business administration surcharge will provide resources for students to implement computing and technology, improve job readiness, develop practitioner courses, and enhance experiential learning opportunities.

College of Law surcharge (for student-centered improvements and professional activities) will add a computer technician, academic support specialist, secretarial support, a coordinator for special events and student activities, and a legal clinical supervisor.

College of Dentistry surcharge will continue funding to construct a simulation clinic and provide teaching laboratory improvements as well as equipment upgrading and replacement.

Iowa State University

Tuition proceeds will be used for:

- Continued implementation of the four-year graduation plan and improvement of student retention and graduation rates;
- Increased instruction including expansion of course offerings and instructional hours, and instructional support due to increased enrollments;
- Improved responsiveness to student needs and accommodation of the needs of non-traditional students;
- Increased instruction of introductory courses by senior faculty; and
- Continued upgrading of instructional support facilities and increased student access to such facilities.

University of Northern Iowa

Tuition proceeds will be used to:

- Continue to improve undergraduate education to make students more active participants in their own education by better equipping the learning environment, providing access to necessary software and courseware as well as providing access to more "real world" experiences; and
- Provide financial aid, on-campus work opportunities, and improved learning opportunities for students.

COMPUTER FEES

The Board Office recommended the following computer fees for the 1998-99 academic year:

		1997-98 Academic Year Rate	Proposed 1998 -99 Academic Year Rate	% Increase
SUI	All students other than Law and Engineering	\$98	\$102	4.1%
	Law students	160	170	6.3%
	Engineering students	330	340	3.0%
ISU	All students other than Engineering, Computer Science and Management Information Systems students	94	98	4.3%
	Engineering students	330	334	1.2%
	Computer Science and Management Information Systems students	258	262	1.6%
UNI	All students	96	100	4.2%

Assuming stable enrollments, the estimated 1998-99 revenues from the recommended computer fees are:

Computer Fee Revenues

	Estimated 1998-99 Gross Revenues	Estimated Increase From 1997-98
University of Iowa	\$2,800,000	\$184,000
Iowa State University	\$3,276,000	\$86,000
University of Northern Iowa	\$1,167,000	\$47,000
TOTAL	\$7,243,000	\$317,000

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

The mandatory computer fee has and continues to serve the purpose for which it was established, providing a distinct resource to respond to computer infrastructure and technology needs to support instructional initiatives and programs.

Significantly more resources have been devoted to computer needs than prior to the initiation of the fee.

Earmarked funds permit the institutions to plan programs and regular upgrades to sustain and improve technology-based learning environments.

Engineering and Law students at the University of Iowa and Engineering, and Computer Science and Management Information Systems students at Iowa State University currently pay higher mandatory computer fees than other students.

STUDENT HEALTH FEES

The Board Office recommended the following student health fees for the 1998-99 academic year:

Student Health Fees				
	1997-98 Rate	Proposed 1998-99 Rate	Dollar Increase	% Increase
University of Iowa	\$86	\$90	\$4	4.7%
Iowa State University	90	94	4	4.4%
University of Northern Iowa	90	94	4	4.4%

The Board Office recommended the increase to cover increased costs due to inflation and to remove the need for larger, extraordinary increases in the future.

Assuming stable enrollments, the estimated revenues from the recommended 1998-99 student health fees are:

Student Health Fee Revenues		
	Estimated 1998-99 Gross Revenues	Estimated Increase From 1997-98
University of Iowa	\$2,133,474	\$80,074
Iowa State University	2,232,270	94,990
University of Northern Iowa	<u>1,070,000</u>	<u>45,000</u>
TOTAL	\$5,435,744	\$220,064

STUDENT HEALTH FACILITY FEE

No increases were proposed or recommended for the 1998-99 academic year mandatory student health facility fee. Estimated 1998-99 revenue from the Student Health Facility Fee is \$240,000 for the University of Iowa and \$420,000 for Iowa State University.

STUDENT FINANCIAL AID CONSIDERATIONS

The universities, during recent years, have made significant efforts to increase student financial aid from institutional and private sources to help ensure affordability.

In 1996-97 over 51,000 awards were given as grants; these totaled over \$91 million. Those grants provided by institutional funds totaled almost \$35 million (20,000 awards).

Institutional funds at the universities from private sources provided long-term loans of \$925,000 for 1996-97

Institutional employment in the form of graduate, teaching and research assistantships totaled \$68 million and included 5,700 awards.

Total student financial assistance for 1996-97 from all sources was \$404 million and encompassed approximately 136,000 awards.

Federal student aid policy for federal FY 1998 provides increased support including a maximum Pell grant award of \$3,000 per academic year, an increase of \$300 over the current level; Pell funding for 1996-97 totaled \$16.3 million for 11,366 awards at the Regent institutions.

ESTIMATED TOTAL COST OF ATTENDING REGENT UNIVERSITIES

The Iowa Code requires that the estimated cost of attending the Regent universities, including room and board and other costs, be published in a docket memorandum along with the final approved tuition and mandatory fees.

The Regent residence systems and financial aid offices have provided the following estimated 1998-99 room and board charges and other costs associated with attending the Regent universities:

	Resident Undergrad. Tuition and Fees*	Room and Board**	Other Costs**	Estimated Total Costs**
University of Iowa	\$2,868	\$4,016	\$3,466	\$10,350
% Increase	3.9%	5.0%	2.1%	3.0%
Iowa State University	\$2,874	\$3,895	\$3,295	\$10,064
% Increase	3.9%	6.8%	2.8%	4.7%
University of Northern Iowa	\$2,860	\$3,651	\$3,787	\$10,298
% Increase	3.9%	6.0%	3.8%	4.3%

* Proposed

** Estimated

Actual room and board rates are set in the spring when the effects of such variables as labor contracts, occupancy rates, and the costs for food, utilities, and repairs are better known.

Mr. Richey reviewed the information contained in the docket memorandum.

President Coleman commended the Board Office for developing a reasoned and rational recommendation. She said University of Iowa officials support the overall increase in tuition and the surcharges, including the proposal from the College of Business Administration. She asked that Allison Miller and Dean Fethke speak to the issues.

Allison Miller, President, University of Iowa student government, stated that any increase in tuition hurts students. She said that last year she told the Regents that students wanted to know where the additional funds were going. At that time, Regent Dorr asked her to go back to students and find out what their priorities are and to become involved in the budgeting process. Over the summer the students did become involved in the process. Students presented a list of priorities to university administrators. The priority list presented in the docket was directly related to students. She said that during the next two weeks students will be given cards to check off their top priorities from the list presented in the docket. She said it was important that student priorities are #1.

Ms. Miller stated that students will continue to come to the University of Iowa because it is a great school. Students will stay at the university because it is affordable. She said students had a lot of concerns about the business surcharge. If business students are going to be asked to pay an additional cost, they want to be assured that they receive the benefits. If business students are to be asked to pay a larger fee, there must be a way to ensure that only the business students will receive the benefit. Currently every student has the same base tuition. The most distressing fact to students is that the surcharge would force business students to pay a much higher tuition. She requested that the surcharge become an additional fee so as not to become a part of the base tuition.

Regent Arenson asked for clarification of the distinction Ms. Miller was making between an increase in tuition and an increase in fee. Ms. Miller said it was her understanding that the surcharge is to be added onto the tuition and would compound the cost. Otherwise, a fee is separate. If the fee is necessary at the level proposed, students would like to see it as a separate fee so that the increase does not compound the amount of tuition that they are already paying.

President Coleman stated that the tuition surcharge does not have to go into the base for compounding for future tuition increases. She said that was a separate issue. Even though it is a tuition surcharge, it does not automatically become part of the base if it were proposed that way. She said that issue could be dealt with separately.

Dean Fethke stated that the Pappajohn Business Administration Building came on line in 1994. University officials made a commitment to a very high level of technical excellence in that school. In many respects the school is a world leader in technology. Faculty were encouraged to incorporate advanced technology in the classrooms, which they did. Faculty added tremendous software capability and encouraged students to buy into the program, which students have done. He said the pressure on the physical plant and on the technology has been enormous. In order to remain in the forefront of technology, university officials have to find a way to sustain support for this very expensive item.

Dean Fethke discussed the enhancement of the students' profiles in the job markets. He said university officials are receiving both systematic and anecdotal evidence that the job markets recognize that the University of Iowa business administration students come with special skills and special abilities.

Dean Fethke stated that one aspect of the university's request is to help provide a way for the college to remain an outstanding example of technically-enhanced teaching. In doing that, university officials believe there will be an improvement in the profiles of students in the job markets. The second aspect is a career service development initiative that is permeating the college's strategic plan. He said an enormous amount of attention has to be paid to recruiting, advising, internship, cooperative education, and placement for students. Students have to be prepared in a way that they are professionally able to meet the job markets. Dean Fethke feels this is going to distinguish those students from others and will give them an advantage.

Dean Fethke said the payoff of this request is directly to the students. University officials are accountable to the students for the investment. He expects average starting salaries will increase as well as access to internships. Placement profiles are expected to increase as a result of these investments.

Regent Arenson asked that the business students in attendance for this portion of the meeting come forward and present the Regents with their points of view.

Dean Fethke introduced Jon Troen, Jeff Galloway and Scott Nelson. Each of the students provided remarks on their personal experience as business students and offered their support for the proposed surcharge.

Regent Fisher asked if the students were saying they would be willing to absorb the additional expense to invest in technology and the other aspects of this surcharge.

Mr. Nelson responded affirmatively, stating that the expense could be equated to buying books or any other technical tools which are essential to their educational program. He noted that as an accounting major, his books on average cost 25 percent more than books for any other business degree student. He said he would never forego buying the books because they cost a little more.

Regent Lande stated that Dean Fethke and the students had all spoken eloquently to the need for the technology surcharge. He said it did not appear to be different in kind or substance from the surcharge that is presently instituted at Iowa State University for the computer science program and for other programs. He said part of the increase is described as improving job readiness. He asked what was required in the job readiness portion of the request that is not currently offered.

Mr. Troen stated that it is unknown what demands are going to be placed on business graduates in the next 10, 15, 20 years. He believes the surcharge will allow students to move with business. The university will not be locked into spending it on computers or on writing skills specifically, but to change with what skills the business community demands of students. As far as addressing the skills which students do not yet have, he said the students can never learn enough to be wholly prepared for the business world.

Mr. Nelson addressed the job readiness portion of the proposal. He said students who have experienced mock interviews and other forms of readiness programs on average are more likely to be hired because they practice these skills.

Mr. Galloway said the proposal included having practitioners come in as adjunct professors. Those individuals could convey real-world job experience to students.

Dean Fethke stated that college officials continually talk to the business community. He believes that writing communication skills are crucial for students. He said the University of Iowa has a tremendous talent pool of writing skills in its English department and writer's workshop. College administrators are trying to incorporate those as a component of a wide variety of classes in the business program.

Regent Arenson stated that there is always a tension between quality and price. He expressed his support for all of the goals identified by the individuals in support of the proposed surcharge for the College of Business. He said the question was how do they fund it. He was concerned about any new surcharges for undergraduate students for a

number of reasons. It opens the door to an increasing number of surcharges over the next year or two years or 5 years.

Regent Arenson questioned whether there was another way to accomplish the goals without surcharging. Perhaps they could look at the overall tuition increase of 3.9 percent. Maybe the Board should go back to the drawing board with the tuition proposal and make the tuition such that it covers development of centers of excellence. Maybe that would mean a 1/2 of a percentage point more than 3.9 percent and maybe that would mean 4.9 percent. The universities could work with the Board Office and justify why the tuition ought to be increased to a particular level without surcharging.

Regent Arenson reiterated his support for the College of Business to proceed on the course that it had embarked upon. He encouraged other deans and other universities to do the same things. However, they need to be realistic about the cost of education and the benefits, and charge appropriately.

Dean Fethke stated that the philosophical issue that University of Iowa officials were confronting was the issue of lining up the benefits of the increase in tuition with the recipients. There is a feeling that the business school is indeed on the cutting edge of technology and that the fees being requested will accrue directly to the juniors and seniors in the College of Business. He said doing so sharpens the accountability of the business school.

Regent Arenson said it was his understanding that the Regents already have a method by which the university could pass on additional computer technology costs by the college. Dean Fethke said the computer fee brings in approximately \$200,000 a year to the business school, \$150,000 of which goes directly to lab monitors and personnel. The rest goes to software and hardware configuration development.

Ms. Lopez stated that \$30,000 a year is earmarked for the replacement of machines in the student laboratories. There are 216 machines. Replacing those machines with a machine to accommodate the data intensive operations of the business college would require turning over the machines every 3 years. To turn over the 216 machines on \$30,000 a year would take 15 years.

Regent Arenson stated that the Board has already set a precedent with Iowa State University in the computer science and MIS departments that they have a separate and higher computer fee. He said he would not object to an increase in the computer fee for business students. He was concerned about the other aspects of the proposed surcharge including the job preparation etiquette and additional personnel.

Ms. Lopez described the job readiness program proposal.

Regent Kennedy stated that the efforts toward excellence are wonderful. She did not want to discourage the efforts. With regard to the surcharge proposal, she said there were basically four items. She agreed with Regent Arenson's comments that there is already a precedent that would allow for a unique fee in the business administration college to cover the technology part of the proposal. With regard to the next three categories, she questioned whether those were unique to the business administration college, although she understood the uniqueness in the area of job readiness.

With regard to the areas of practitioner course series and the enhancement of experiential learning, Regent Kennedy said that was where education is going in general. She said it was a wonderful example to all the universities and colleges of where they should be going.

Regent Kennedy asked that in the next month some creative thinking take place to find a way to accomplish the goals using the more traditional structure of fees and tuition.

Dean Fethke stated that he and Vice President Phil Jones have frequent discussions about the job markets requiring different entry points than they did even a decade ago. Entry is taking place through internships and cooperative arrangements all the way from undergraduate through graduate education. University officials must find a way of accommodating this process for all students.

Regent Kennedy stated that the Regents have philosophically tried not to have hidden charges in what it costs students to attend a Regent university.

Dean Fethke said he hoped to see a rather large infusion of private money into this process. The private money will offset state money to help with career service development because industry is interested in the activity.

President Coleman stated that university officials had listened carefully to everything that was being said. They will be working to address concerns during the next month. She expressed appreciation for the Board's willingness to listen to the issue. She pledged to work with everyone to try to accomplish what needs to be done.

President Jischke said he supported the Board Office recommendations for tuition and fees as they affect Iowa State University. The proposed 3.9 percent increase is clearly within the range of the estimate for the Higher Education Price Index and, therefore, consistent with the Board's written policy that tuition adjustments ought to be inflationary. He believes such a policy will keep Iowa State University affordable for students and significantly below the tuition levels for comparable universities around the

country. The additional resources will be used to make inflationary cost adjustments for instructional programs and to improve those programs.

President Jischke addressed the issue of surcharges as a policy matter. He said the University of Iowa proposal has an affect on Iowa State University. Iowa State University officials have been operating under the assumption that the Board desires that tuition be kept low. If a policy change takes place, he said the Regents should understand that there will be other proposals. There are similar desires at Iowa State University to increase the revenue base and resource base for particular programs. He urged the Board members to think carefully about whether, particularly at the undergraduate level, they want similar programs within the Regent system to have different cost structures, or different programs on a given campus to have different cost structures. He said that was a fundamental change in how public institutions have been financed over the years.

Regent Lande stated that he assumed the request for a special fee for junior and senior students in the business administration program at the University of Iowa is, in large part, comparable to the fee currently charged computer science and management information students at Iowa State University. President Jischke responded that there is such a fee at all levels in computer science, engineering and management information systems but the proposed surcharge at the University of Iowa is significantly higher. He cautioned that there would be a lot more surcharging proposals if such a proposal is adopted for the University of Iowa College of Business Administration.

Regent Arenson asked President Jischke to distinguish between the fee that Iowa State University computer science, engineering and management information systems students pay and the surcharge that was proposed for business students at the University of Iowa.

President Jischke stated that the Iowa State University fee is targeted specifically on technology. It is not a general surcharge on tuition. He noted that the University of Iowa also has a computer fee in addition to the surcharge.

President Coleman said the University of Iowa has an additional computer fee for law and engineering students.

President Jischke suggested that if there is a move to a policy that involves more general surcharges, the Board will see many more proposals. The University of Iowa proposal, if adopted, creates a competitive environment that will generate a response.

Regent Lande stated that a portion of the University of Iowa surcharge proposal was not different in kind or amount from what Iowa State University was already charging.

He questioned whether it was possible to provide a portion of the increase without having done anything different in policy. He said it was possible that the Board may consider across-the-board tuition increases. He said he did not object to targeted fees such as the computer fees at Iowa State University or those that were proposed for technology for the College of Business Administration at the University of Iowa. He was willing to look at other special targeted fees such as proposed for the other part of the business program surcharge.

Regent Kennedy stated that Allison Miller made a good point that the students are always looking at where the increases in fees are going. She suggested that future reports, beginning next year, include information from the three universities on how the previous year's tuition increases were used. They could provide examples not only to the students but to the Regents and to the general public.

President Jischke said this was a small amount of money that could always be managed. However, when considering the finances of universities in the large, every year there are certain unavoidable cost increases. The cost of the lights and the cost of water goes up. He said no one wants to pay those common costs. Funds are targeted by the funding source. There needs to be an understanding that in operating the institutions there are real overhead costs. The institutions do not function without a power plant or custodial service. Those costs have to be borne one way or the other. Resources from the legislature are targeted. Private giving is targeted. They were now discussing targeting tuition and fee revenue.

Regent Arenson questioned whether it would be onerous to establish a number of targeted surcharge funds and try to manage those funds. President Jischke stated that much can be done with modern information technology. However, he questioned how wise it would be to do so. With regard to the question of how public higher education is financed, he said it was very much a shared financing. For every dollar that students contribute, the people of Iowa put up two.

Regent Kennedy stated that it was her understanding that the cost-of-living increase in tuition means that some of the revenue is going to pay lights, etc. She asked that the unavoidable cost increases to which tuition revenues will be targeted be included in the information that is provided on how tuition increases from the prior year were allocated. She said that information had been shown quite well during review of institutional budgets. She asked that it be included during discussion of tuition.

Regent Ahrens stated that doing so would make the students feel that there is more accountability. It will give students a way to quantify why there is a tuition increase.

Regent Arenson asked if a 3.9 percent increase in the tuition provides Iowa State University with enough funding for this coming year to achieve the level of quality that university officials are trying to achieve in the various programs. President Jischke responded that the answer was unequivocally yes. University officials believe that progress will be made. As was mentioned earlier, there is a tension in wanting to be the best land grant university in America, which has implications for quality, range of programs, and facilities, and being very accessible. Ultimately there is a judgment that is brought to bear by the Board of Regents on behalf of the people of Iowa. He said that was why this was a policy question.

President Jischke stated that Iowa State University officials have tried to keep the cost to students at inflationary adjustments. University officials have tried to raise a lot more private money. They have tried to convince the people of Iowa to invest more than an inflationary adjustment in the institution and the people have done that. He said the resource base has been built not through tuition and fees. The goal is to keep the enrollments up. University officials have focused on raising private funds and being much more effective with the legislature, and have asked faculty and staff to be more competitive in terms of grants and sponsored programs.

Regent Pellett asked for the percentage of Iowa State University's budget that comes from tuition. President Jischke responded that the university has a restricted and an unrestricted budget, which are each about one-half of the total budget. The unrestricted budget includes instructional programs. Students contribute a little less than one-third of that budget, about \$90 million. He said students contribute about 30 percent of the unrestricted budget which is a good estimate of the cost that students bear of their education.

Regent Fisher referred to state appropriations and asked for the average increase over the last three years, not including capital appropriations. Mr. Richey responded that the appropriations increase was about 5 percent, not quite 1 percent above the cost of general state salary policy.

Regent Fisher referred to the Board's reallocation policy of a minimum of 2 percent by the institutions. He questioned if that were to change to 3 percent or 4 percent, would it help to improve the universities' centers of excellence?

President Jischke responded that 2 percent was at the upper end of what can be systematically and consistently reallocated without very significant program reductions. If the number was doubled to 4 percent, for example, it would require the elimination of major programs because the dollar amount would be sufficiently large. Then the policy question is how broad, how narrow, how deep. What is the purpose of these public universities? He said there is a role for all the universities to play in creating access for

educational opportunities. There is a role for each university to play in having programs that are very distinctive and specialized, and that reflect the special needs of Iowa.

Regent Fisher asked if reallocation had been helpful and effective in eliminating weak programs or poor programs. President Jischke responded affirmatively, noting that the greater power of reallocation is its strengthening of good programs. He proceeded to describe the allocation process that takes place on the Iowa State University campus.

President Koob expressed his support for the proposed 3.9 percent base increase in tuition. He said the funds would provide a base to meet three categories of expenditures. One category of expenditure is financial aid. At the University of Northern Iowa 19 percent of tuition proceeds are set aside for financial aid. He noted that there is a significant change at the federal level that could cause university officials to reassess that percentage. A year from now university officials may consider changing that amount depending on the impact of the changes in financial aid at the federal level.

President Koob said the second category of expenditure is to support changes in the campus that are identified in the strategic plan. University officials will continue to direct tuition dollars toward those things which impact students directly on campus which includes changes in the fundamental facility. He provided the example on the University of Northern Iowa campus of the recent switch over in the university's core technology support switch. University officials make a point of trying to justify how tuition dollars are spent and to spend them directly on student needs.

The third area of expenditure of tuition funds is to address protected group retention issues. President Koob stated that a task force on the campus was created to ensure the greatest synergy within current programs to identify absences or holes in programs in order to meet the goal of bringing the retention rate of protected groups to that of the campus.

President Koob addressed the tuition surcharge issue for the University of Iowa. He said the surcharge does impact on other institutions in this state. He agreed with the three points made by President Jischke. He stated that University of Iowa officials had confronted head-on the issue of where the money is to be appropriated. Does the Board desire that accountability occur at the institutional level where it is at the present time? He said funds come to the institutions through tuition and an appropriation from the legislature. The institutions allocate those funds internally to their centers of excellence. If the Board takes the approach requested by the University of Iowa, the funds would be appropriated to colleges. He said that was a fundamental change in policy for the Board of Regents.

President Koob appealed to the Board for the process. He has found here in Iowa an extraordinarily civil approach to dealing with major policy issues. University officials discuss among themselves and with the Board Office what ought to be done with respect to general policy direction within a university. He said that sets the tone for institutional appropriation requests and allows institutional officials to come forward to the Board with a sense of unity.

In addition, President Koob said the Board of Regents has established its desire to carefully examine over time major policy shifts. That desire was demonstrated most clearly with respect to distance education during this last year. He described the process the Board went through in reaching its draft recommendation to ask the universities to consider the state as their campuses as opposed to the physical boundaries of a campus. He stated that the University of Iowa's surcharge proposal was brought to the Board without any prior study. He urged the Regents to take the time and effort, compressing it if necessary, to understand what they are trying to accomplish and whether in fact that is what was intended.

President Newlin stated that deliberations should proceed along the lines recommended by President Koob, even if it requires a delay in the tuition decision until November. He said there ought to be full discussion among the university presidents and the Board Office on all of the basic policy issues. They need to take up the issues relative to whether the funds are going to be raised by surcharges or by a tuition increase of 3.9 percent or 4.9 percent; whether funds are going to be appropriated at the college level or at the university level, etc.

Regent Arenson stated that one other fundamental issue that was touched on is who controls those funds. Should this Board allocate funds that are controlled by students versus college administrators? He said he sometimes has the feeling that students have a notion about controlling university funds. While student input is important, the Board looks to the leaders it has appointed at the universities to control the funds. That is Board policy.

Regent Lande asked President Koob if he believed that the proposal for a surcharge to business students at the University of Iowa is a break in policy. President Koob responded that he did believe so. He said he personally opposes all additional fees. He believes that tuition ought to be what it is. The universities ought to state up front to the student what it takes to attend one of the universities. There should be no additional fees targeted for any subject. He said he was given the authority in his last position to charge computer fees on his campus and he refused to do it. He believes there are significantly better ways to achieve the same ends. He has attempted in the last year to reduce all course fees on the University of Northern Iowa campus, to absorb them into the tuition increase.

Regent Lande asked how President Koob would distinguish between the students whose curriculum required 15 classroom hours and another who had a curriculum which required extensive use of expensive facilities and laboratories. President Koob stated that he has been forced to make that type of decision throughout his entire career. He provided the example, of one point in his career, where he was forced to decide whether or not to initiate a nursing program on the campus. The nursing program required clinicals that were 10-to-1 student-faculty ratio. He made the decision to fund the program. It was going to mean that other programs had less money; however, it was an overall benefit to the state and to the university.

Regent Lande referred to Mr. Nelson's statement about his accounting books being more expensive than other business students' books, and asked for President Koob's opinion on the difference in costs of books.

President Koob stated that choices are constantly made by students. Choices are made between their personal convenience and the dollars that they have to spend. He said it is the same tension as between cost and quality. Students are making those types of decisions constantly. They do it with respect to text books, with respect to computers, with respect to paper, pens and pencils. President Koob stated that the best quality experience is if everything can be provided for everybody at the highest level. At some point the students' personal convenience and their ability to succeed in school will compensate for whatever judgments they feel about their money. An equilibrium will be reached. He said it is in making those choices with respect to books and computers that students' personal freedoms need to be protected. He said that to protect students, do not charge specific fees; instead, do it all the same way. Students should be told up front what it costs. Financial aid should be provided for those who cannot pay it.

Regent Fisher stated that the average computer fee for students is \$96. He asked President Koob if the amount of those fees was enough to keep up on state-of-the-art software and hardware. President Koob responded that the amount of funds generated by the computer fee was not anywhere close to enough. University of Northern Iowa officials have spent ten times that amount of money. An additional \$500,000 was reallocated into technology this year just to keep up with the changes.

President Koob said he did not see that situation changing. The benefit of the investment in technology is an improved personal productivity for both the faculty and the student. Computers are personal productivity tools. Society ultimately benefits from the increase in productivity because it keeps the economy growing without inflation growing behind it.

President Newlin asked that President Koob address Regent Arenson's question relative to the 3.9 percent tuition increase allowing the university to make progress toward achieving its aspirations relative to the University of Northern Iowa. President Koob responded that the University of Northern Iowa presently finds itself in the top 10 public comprehensive universities in the nation. University officials intend for the university to stay there. They intend to improve the university. They wish to be the top university but they do not wish to do that on the backs of the students. He said students should be charged a fair price. The fair price will continually increase because of inflation. He said university officials have worked hard to bring strategic initiatives to the legislature, to establish accountability parameters to defend those initiatives with the legislature. University officials must be entrepreneurial in other ways including private fund raising. He said it was a focus on added value and added income from those resources other than tuition to which he preferred to turn to achieve continuing excellence.

President Newlin recognized Rob Wiese, President of the Iowa State University Government of the Student Body.

Mr. Wiese presented the Regents with charts and graphs in support of his rationale for a tuition increase in a lesser amount than 3.9 percent. He said the Higher Education Price Index continues to decline. There is a growing disparity in the amount of tuition paid between in-state and out-of-state students. He discussed the tuition and Consumer Price Index increases. He expressed concern about the difference between Dr. Charles Whiteman's projection of HEPI increases versus actual HEPI increases. Mr. Wiese concluded by stating that he believed the Regents care enough about the students of Iowa to lower the proposed tuition increase from 3.9 percent to 3 percent.

Jeremy Williams, an Iowa State University student, then addressed the proposed surcharge for University of Iowa business students. He said the Code of Iowa 262.34(b) provides for a student fee committee. He suggested that the proposed fee should go through the student fee committee so students can have a voice. If the business students are to be asked to pay more, the proposal should go through the special fees committee instead of changing the tuition rate. He said the percentage of increase in tuition should be the same for all students.

Mr. Wiese stated that students feel that a tuition increase in the range of 3 percent or 3.3 percent would be much better for students; that 3.9 percent is too much when the economy is doing so well.

Regent Fisher asked if Mr. Wiese would favor a tax increase to the citizens of Iowa as opposed to a tuition increase of 3.9 percent. Mr. Wiese responded that he would not want to have taxes raised on Iowans.

Regent Fisher stated that tuition and taxes pay most of the cost of the universities. The Regents try to reach a fair compromise in spreading that cost. If the students want to put more of the cost of the operation of the university on the citizens, that would mean a tax increase. Mr. Wiese stated that the research done by students shows that prices are not going to go up as high as 4.2 percent. He noted that Dr. Whiteman's projections of the HEPI during the past few years have consistently been quite high.

Regent Fisher stated that in order to improve the universities, it will take an investment greater than an inflationary adjustment to allow the universities to invest in new and better programs and new and better people.

Mr. Richey stated that the statement made by Mr. Williams regarding the authority of the student fee committee was inaccurate. The fee committee referred to in the Code of Iowa has responsibility only to student activity fees. It is an advisory committee and is restricted to the student activity fees, not to general tuition or computer and other fees.

Regent Lande stated that the students' charts would purport to show that Dr. Whiteman's projections have regularly run more than a percent higher than the actual Higher Education Price Index. He asked Mr. Richey to comment on whether that was correct or not.

Mr. Richey responded that in recent years, the margin between the Consumer Price Index and the Higher Education Price Index has decreased substantially, down to about .3 percent. What has happened in the last 3 to 4 years with respect to HEPI is very unusual. In the years prior to that, the margin between HEPI and the CPI ranged up to 2 percentage points.

Regent Lande said the students' chart indicated that HEPI has been ranging downward since 1992. Mr. Richey said that was correct. However, the Higher Education Price Index for the Iowa Board of Regents universities is more in the 5 percent plus range in terms of price growth. He said salaries went up 4-1/2 percent minimum on average.

Regent Pellett asked if there was a lot of catch-up to be done as far as the university budgets. Why is Iowa's index higher than the national average?

Mr. Richey responded that Iowa's salary policy had contributed somewhat. There was a period in the late-1980s and early-1990s when there was no increase in appropriations and were even some cuts in the appropriations at mid-year. He stated that some of the increase in the last few years is make up. The current amount requested is for keep up. He said the Regent institutions are subject to state salary

policy. There has been less growth in other universities in the nation than has been experienced in Iowa. Our state is in better shape in terms of public financing of its institutions compared to the national average.

President Koob introduced Teresa Manley, President, Northern Iowa Student Government.

Ms. Manley said she did not see the justification for the proposed 3.9 percent increase in tuition. She believed that a 3.0-3.3 percent would be more fair and adequate. She said the Consumer Price Index is related to the Higher Education Price Index by .3 percent. She said 3.0-3.3 percent should meet or exceed the expected price increases. The students' proposed increase was more along the lines of the anticipated per capita income increase for Iowans. She expressed concern for the amount of tuition paid by out-of-state students. She discussed the students' desire to know where the increase in tuition is spent. Ms. Manley said she was concerned about the University of Iowa proposed increase in the fees of the business college. In the future such a fee might have a snowball effect. She would not like to see the negative competition between the schools increase.

President Newlin thanked the students for their participation. He stated that full scale discussion would take place in the next 30 days regarding the issues of tuition, fees and surcharges, and how they might or might not be implemented. If necessary, the Regents may need to delay their decision making.

ACTION: President Newlin stated the Board received this docket item, by general consent.

OPERATING APPROPRIATION REQUESTS FOR FY 1999 AND FY 2000. The Board Office recommended the Board (1) approve the Regent technology initiative of \$10.1 million for each of three years, FY 1999 - FY 2001, for technology improvements and (2) refer to the individual appropriation requests for FY 1999 and FY 2000.

The Board Office recommendation for operating appropriation request for the five Regent institutions for FY 1999 totals \$632.3 million (+3.3 percent) exclusive of salary policy. With estimated salary requirements of \$26.4 million, the recommendation for FY 1999 represented an increase of \$46.9 million (+7.7 percent).

The Board Office recommendation for the operating appropriation request for FY 2000 was \$650.5 million (+2.9 percent). It is exclusive of salary policy which cannot be estimated because of the collective bargaining process.

The preliminary budget recommendations presented in July were increased by

\$2.7 million for FY 1999 and \$1.1 million for FY 2000.

Incremental appropriations for FY 1999 and FY 2000 as requested by the universities and recommended by the Board Office are listed by purpose:

	FY 1999		FY 2000	
	<u>Request</u>	<u>Recommend.</u>	<u>Request</u>	<u>Recommend</u>
Salary Annualization	\$956,570	\$865,704	\$0	\$0
Inflation	8,026,625	5,650,104	8,486,413	6,014,704
Building Repairs	3,566,555	1,810,000	3,573,854	1,810,000
Opening New Buildings	456,336	456,336	1,411,485	977,455
Improving Undergraduate Education	8,500,000	3,250,000	8,500,000	2,800,000
Research and Graduate Education	5,200,000	1,000,000	5,200,000	800,000
Child Care	200,000	75,000	400,000	75,000
Institutional Initiatives	<u>22,392,825</u>	<u>7,339,233</u>	<u>18,362,627</u>	<u>5,727,461</u>
Totals	\$49,298,911	\$20,446,377	\$45,934,379	\$18,204,620

Salary annualization funding of \$865,704 for FY 1999 was recommended to pay merit salary increments and benefits for which commitments have already been made.

Opening new building funding was recommended for maintenance, cleaning, and utilities costs associated with the operation of new and remodeled facilities based on anticipated opening dates.

Improving undergraduate education is a top priority of the Board and the universities; funding was recommended at \$3.3 million for FY 1999 and \$2.8 million for FY 2000.

Funding of \$1.0 million for FY 1999 and \$800,000 for FY 2000 was recommended for research and graduate education at the University of Iowa and Iowa State University.

Child care funding of \$75,000 was recommended for the universities to meet the child care needs of students.

The Board Office recommendation for institutional initiatives was \$7.3 million in FY 1999 and \$5.7 million for FY 2000.

Institutional Initiatives

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	FY 1999		FY 2000	
	<u>Request</u>	<u>Recommend.</u>	<u>Request</u>	<u>Recommend.</u>
University of Iowa	\$11,133,982	\$2,919,233	7,347,380	\$2,477,461
Iowa State University	8,100,000	3,000,000	7,800,000	2,250,000
University of Northern Iowa	2,550,000	1,300,000	2,600,000	900,000
Iowa School for the Deaf	459,343	120,000	505,247	60,000
Iowa Braille & Sight Saving	<u>149,500</u>	<u>0</u>	<u>110,000</u>	<u>40,000</u>
Total	\$22,392,825	\$7,339,233	\$18,362,627	\$5,727,461

A Regent-wide technology initiative was recommended at \$10.1 million for each of the three years, FY 1999 - FY 2001, for technology improvements to ensure Iowa's position of educational leadership and provide the educational opportunities for the 21st century.

A state appropriation was requested to fund the FY 1999 costs for computer conversion associated with the century date change. The FY 1999 estimated general fund costs for the century date computer conversion of the University of Iowa, Iowa State University, and University of Northern Iowa total \$1.5 million.

The Board Office recommended funding the following institutional initiatives:

	<u>FY 1999 Recommendation</u>	<u>FY 2000 Recommendation</u>
SUI		
Library Enhancements	\$1,000,000	\$1,000,000
Biosciences	500,000	700,000
Arts and Humanities	300,000	300,000
Technology Based Teaching Initiative	750,000	500,000
Special Purpose	<u>369,233</u>	<u>(22,539)</u>
Total — SUI	\$2,919,233	\$2,477,461
ISU		
Extension 21	\$1,250,000	\$1,250,000
Reengineering Engineering Education	1,000,000	0
Center in Fundamental Plant Science	<u>750,000</u>	<u>1,000,000</u>
Total — ISU	\$3,000,000	\$2,250,000
UNI		
International Education and Work Experience	\$400,000	\$100,000
Preparation of Special Education Teachers	350,000	150,000
Teacher Education for the 21st Century	500,000	300,000
Institute for Decision Making	50,000	0
Student Transition	0	150,000

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Qualities of an Educated Person	0	100,000
Access to Education	<u>0</u>	<u>100,000</u>
Total --- UNI	\$1,300,000	\$900,000
 ISD		
Vocational Education	\$60,000	\$60,000
Math Science Initiative	30,000	0
In-Service Staff Training	<u>30,000</u>	<u>0</u>
Total --- ISD	\$120,000	\$60,000
 IBSSS		
Vocational Program	<u>0</u>	<u>40,000</u>
Total --- IBSSS	<u>\$0</u>	<u>\$40,000</u>
 Total	 \$7,339,233	 \$5,727,461

The final FY 1999 and FY 2000 Board Office recommendations reflected the following changes from the preliminary recommendations:

	<u>FY 1999</u> <u>Increment</u>	<u>FY 2000</u> <u>Increment</u>
Salary Annualization	\$142,634	0
Utilities Inflation	2,160	\$2,225
Improving Undergraduate Education	450,000	(100,000)
Research and Graduate Education	500,000	400,000
Child Care	75,000	75,000
SUI Biosciences	(200,000)	0
SUI Health & Independence of Elderly Iowans*	(336,000)	(306,000)
SUI Arts and Humanities	100,000	100,000
SUI Technology Based Teaching Initiative	250,000	0
SUI Special Purpose Initiatives	386,000	406,000
ISU Extension 21	1,250,000	750,000
ISU Reengineering Engineering Education	0	(500,000)
ISU Center in Fundamental Plant Science	(250,000)	0
UNI International Education & Work Experience	(50,000)	(50,000)
UNI Preparation of Special Ed. Teachers	150,000	(50,000)
UNI Teacher Education for the 21st Century	200,000	0
UNI Student Transition	0	150,000
UNI Qualities of an Educated Person	0	100,000
UNI Access to Education	0	100,000
UNI Institute for Decision Making	50,000	0

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ISD Math/Science Initiative	30,000	0
IBSSS Staff Development	<u>(35,000)</u>	<u>0</u>
		0
TOTAL INSTITUTION INCREASE	<u>\$2,714,794</u>	<u>\$1,077,225</u>

* Funding, at same level as preliminary recommendation, has been included as a special purpose appropriation.

Appropriation Requests for FY 1999

	<u>Request</u>	<u>% Increase</u>	<u>Recommend.</u>	<u>% Increase</u>
University of Iowa	\$305,348,484	8.3	\$291,294,858	3.3
Iowa State University	258,458,349	8.1	246,915,879	3.3
University of Northern Iowa	85,450,004	7.0	82,724,070	3.6
Iowa School for the Deaf	7,766,561	8.0	7,366,354	2.9
Iowa Braille & Sight Sav. School	<u>4,204,213</u>	<u>5.4</u>	<u>4,043,916</u>	<u>1.4</u>
Subtotal	\$661,227,611	8.1	\$632,345,077	3.3

Appropriation Requests for FY 2000

	<u>Request</u>	<u>% Increase</u>	<u>Recommend.</u>	<u>% Increase</u>
University of Iowa	\$324,839,901	6.4	\$299,572,265	2.8
Iowa State University	278,242,300	7.7	253,977,550	2.9
University of Northern Iowa	91,237,004	6.8	85,367,070	3.2
Iowa School for the Deaf	8,387,886	8.0	7,503,457	1.9
Iowa Braille & Sight Sav. School	<u>4,318,899</u>	<u>4.0</u>	<u>4,129,355</u>	<u>2.1</u>
Subtotals	\$707,025,990	6.9	\$650,549,697	2.9

Mr. Richey reviewed the information provided in the docket memorandum. He said the recommendation was drafted after consulting closely with the institutions. With regard to the request for \$1.5 million in appropriations to assist the institutions in FY 1999 to complete conversion to the year 2000 of all their computers, he said the institutions will be at the mercy of whether the state can find the money to share with the Regents in view of the significant need and in view of the cost being borne by the institutions to solve the problem.

Regent Fisher noted that during the morning the students had indicated that they wanted it articulated more where their tuition increases are going. The information provided for this docket item showed where appropriation increases were going. He suggested the institutions might want to provide students with something similar.

Mr. Richey said that had been done except a dollar figure had not been put on the individual amounts.

Regent Fisher suggested that overhead be treated as a lump sum as was done for the appropriation request. Mr. Richey responded that the overhead is supposed to be financed by appropriation. The proceeds of the tuition increase would be used for other initiatives including improving academic affairs, students affairs, etc., if the overhead

inflation request is funded. If it is not funded, then out of necessity a part of the tuition increase must be used for that purpose.

MOTION: Regent Fisher moved to (1) approve the Regent technology initiative of \$10.1 million for each of three years, FY 1999 - FY 2001, for technology improvements and (2) refer to the individual appropriation requests for FY 1999 and FY 2000. Regent Kennedy seconded the motion. MOTION CARRIED UNANIMOUSLY.

(a) University of Iowa. The Board Office recommended the Board approve operating appropriation requests for the University of Iowa as follows:

<u>University of Iowa</u>	FY 1999		FY 2000	
	<u>Recommendation</u>	<u>% Increase</u>	<u>Recommendation</u>	<u>% Increase</u>
General University	\$232,037,147	3.7	\$239,816,222	3.4
University Hospitals	31,366,081	1.3	31,704,322	1.1
Psychiatric Hospital	7,752,301	0.7	7,791,190	0.5
Hospital School	6,540,650	0.8	6,571,650	0.5
Oakdale	3,081,837	1.7	3,128,775	1.5
Hygienic Laboratory	3,710,433	1.3	3,738,271	0.8
Family Practice	2,227,647	0.2	2,229,713	0.1
SCHS CA/HE	520,872	0.2	521,560	0.1
Special Purpose	<u>4,057,890</u>	<u>11.2</u>	<u>4,070,562</u>	<u>0.3</u>
Total	<u>\$291,294,858</u>	<u>3.3</u>	<u>\$299,572,265</u>	<u>2.8</u>

Incremental appropriations for FY 1999 as requested by the university and recommended by the Board Office were as follows:

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FY 1999

	Request	Board Office Preliminary Recomm.	Difference Prel/Final	Board Office Final Recomm.
<u>University of Iowa</u>				
Salary Annualization	\$580,500	\$408,000	\$152,650	\$560,650
Inflation				
General Inflation	2,378,900	1,486,816	0	1,486,816
Utilities	877,172	481,358	0	481,358
Library Acquisitions	932,000	932,000	0	932,000
Subtotal: Inflation	<u>4,188,072</u>	<u>2,900,174</u>	<u>0</u>	<u>2,900,174</u>
Building Repairs	1,311,129	600,000	0	600,000
Opening New Buildings	122,346	122,346	0	122,346
Subtotal	<u>6,202,047</u>	<u>4,030,520</u>	<u>152,650</u>	<u>4,183,170</u>
Improving Undergrad. Educ.	4,000,000	1,300,000	450,000	1,750,000
Research & Graduate Educ.	2,000,000	0	500,000	500,000
Child Care	100,000	0	30,000	30,000
Institutional Initiatives				
Library Enhancements	1,300,000	1,000,000	0	1,000,000
Classrooms, Labs & Campus				
Improvements	1,600,000	0	0	0
Biosciences	700,000	700,000	(200,000)	500,000
Health and Independence of				
Elderly Iowans*	336,000	336,000	(336,000)	0
Arts and Humanities	300,000	200,000	100,000	300,000
Technology Based Teaching				
Initiative	2,000,000	500,000	250,000	750,000
Increasing Diversity	400,000	0	0	0
Indigent Patient Care Prog.	2,508,000	0	0	0
Comprehensive Assistive				
Technology Services	54,500	0	0	0
Outpatient Biobehav. Service	155,000	0	0	0
Hygienic Laboratory	84,000	0	0	0
Oakdale Campus Infrastruc.				
Improvement	250,000	0	0	0
Family Practice Prog. Expan.	190,000	0	0	0
Special Purpose Initiatives	<u>1,256,482</u>	<u>(16,767)</u>	<u>386,000</u>	<u>369,233</u>
Subtotal	<u>17,233,982</u>	<u>4,019,233</u>	<u>1,180,000</u>	<u>5,199,233</u>
Total SUI Increase	<u>\$23,436,029</u>	<u>\$8,049,753</u>	<u>\$1,332,650</u>	<u>\$9,382,403</u>

* Funding at same level as preliminary recommendation has been included as a special purpose appropriation.

Salary annualization funding of \$560,650 was recommended to pay merit salaries increments and benefits for which commitments have already been made.

Opening new building costs were based on the opening of the Levitt Center for University Advancement and the Family Care Center.

Funding of \$1,750,000 was recommended to strengthen undergraduate education at the university through expanded instructional technology, student retention and career service programs, and teacher education.

Funding of \$500,000 was recommended to support research and graduate education.

Funding of \$30,000 was recommended to support the university's five-year plan to improve child care services, particularly for student families.

The recommended incremental appropriations for institutional initiatives included the following:

- Library enhancements at \$1,000,000 to increase information resources via technology, enhance curriculum development, and strengthen library services to students and faculty;
- Biosciences at \$500,000 to continue the support of identified priorities, new faculty and staff, and start-up expenses, as well as to strengthen support for biosciences faculty and staff;
- Arts and humanities at \$300,000 to develop curricula for the benefit of undergraduate and graduate students, fund cooperative projects, and integrate computer training programs;
- Technology based teaching initiative at \$750,000 to build a coordinated program for technology teaching investment and to address the continual need for training on the operation and emerging application of technology;
- Iowa Birth Defects Registry at \$50,000 to provide some state funding for surveillance activities and to leverage the Registry's efforts to secure federal funding; and
- Health and Independence of Elderly Iowans at \$336,000 to design, develop, and maintain a competitive world-class environment for the pursuit and application of knowledge and training related to aging.

Incremental appropriations for FY 2000 as requested by the university and recommended by the Board Office were as follows:

FY 2000	SUI Request	Board Office Preliminary Recomm.	Difference Prel/Final	Board Office Final Recomm.
<u>University of Iowa</u>				
Inflation				
General Inflation	\$2,478,536	\$1,549,089	\$0	\$1,549,089
Utilities	918,374	500,859	0	500,859
Library Acquisitions	1,043,000	1,043,000	0	1,043,000
Subtotal: Inflation	<u>4,439,910</u>	<u>3,092,948</u>	<u>0</u>	<u>3,092,948</u>
Building Repairs	1,311,129	600,000	0	600,000
Opening New Buildings	376,998	376,998	0	376,998
Subtotal	<u>6,128,037</u>	<u>4,069,946</u>	<u>0</u>	<u>4,069,946</u>
Improving Undergrad. Educ.	4,000,000	1,300,000	0	1,300,000
Research & Grad. Education	2,000,000	0	400,000	400,000
Child Care	100,000	0	30,000	30,000
Institutional Initiatives				
Library Enhancements	1,300,000	1,000,000	0	1,000,000
Classrooms, Labs and	2,000,000	0	0	0
Campus Improvements				
Biosciences	700,000	700,000	0	700,000
Health and Independence of Elderly Iowans*	306,000	306,000	(306,000)	0
Arts and Humanities	300,000	200,000	100,000	300,000
Technology Based Teaching Initiative	2,000,000	500,000	0	500,000
Increasing Diversity	400,000	0	0	0
Indigent Patient Care Prog.	115,000	0	0	0
Comprehensive Assistive Technology Services	113,400	0	0	0
Outpatient Biobehav. Serv.	218,100	0	0	0
Special Purpose Initiatives	(105,120)	(428,539)	406,000	(22,539)
Subtotal	<u>13,447,380</u>	<u>3,577,461</u>	<u>630,000</u>	<u>4,207,461</u>
Total SUI Increase	<u>\$19,575,417</u>	<u>\$7,647,407</u>	<u>\$630,000</u>	<u>\$8,277,407</u>

* Funding at same level as preliminary recommendation has been included as a special purpose appropriation.

Opening new building costs are based on the opening of the Biology Building addition, the first year of operation of the Otolaryngology Head and Neck Surgery Institute, and the Rheumatology Clinic and Orthopedic Surgery Clinical Research Support Facility.

Funding of \$1,300,000 was recommended to strengthen undergraduate education at the university through expanded instructional technology and student retention and career service programs.

Funding of \$400,000 was recommended to support research and graduate education.

Funding of \$30,000 was recommended to support the university's five-year plan to improve child care services, particularly for student families.

The recommended incremental appropriations for institutional initiatives included the following:

- Library enhancements at \$1,000,000 to increase information resources via technology, enhance curriculum development, and strengthen library services to students and faculty;
- Biosciences at \$700,000 to continue the support of identified priorities, new faculty and staff, and start-up expenses, as well as to strengthen support for biosciences faculty and staff;
- Arts and humanities at \$300,000 to develop curricula for the benefit of undergraduate and graduate students, fund cooperative projects, and integrate computer training programs;
- Technology based teaching initiative at \$500,000 to build a coordinated program for technology teaching investment and to address the continual need for training on the operation and emerging application of technology;
- State of Iowa Cancer Registry at \$100,000 to enable Iowa to remain competitive with other states for funding provided by the National Cancer Institute; and
- Health and Independence of Elderly Iowans at \$306,000 to design, develop, and maintain a competitive world-class environment for the pursuit and application of knowledge and training related to aging.

President Coleman stated that she was pleased with the Board Office recommendation. She said the discussions that had taken place since the last Board of Regents meeting

were productive. She then highlighted a couple of projects about which there was excitement on campus.

MOTION: Regent Smith moved to approve operating appropriation requests for the University of Iowa, as presented. Regent Ahrens seconded the motion.
MOTION CARRIED UNANIMOUSLY.

(b) Iowa State University. The Board Office recommended the Board approve the operating appropriation requests for Iowa State University as listed below:

<u>Iowa State University</u>	FY 1999		FY 2000	
	<u>Recommend.</u>	<u>% Increase</u>	<u>Recommend.</u>	<u>% Increase</u>
General University	\$183,957,784	3.6	\$189,430,976	3.0
Ag. Experiment Station	34,000,755	0.5	34,147,430	0.4
Cooperative Extension	22,045,770	6.6	23,415,280	6.2
Inst. Phys. Rsrch. & Tech.	4,415,769	0.9	4,453,532	0.9
Special Purpose	<u>2,495,801</u>	<u>1.5</u>	<u>2,530,332</u>	<u>1.4</u>
Total	\$246,915,879	3.3	\$253,977,550	2.9

Incremental appropriations for FY 1999 as requested by the university and recommended by the Board Office are as follows:

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FY 1999

	ISU Request	Board Office Preliminary Recomm.	Difference Prel/Final	Board Office Final Recom.
Salary Annualization	\$204,974	\$204,974	(\$9,332)	\$195,642
Inflation				
General Inflation	1,499,719	937,327	0	937,327
Utilities	665,088	415,681	0	415,681
Library Acquisitions	727,111	727,111	0	727,111
Subtotal: Inflation	<u>2,891,918</u>	<u>2,080,119</u>	<u>0</u>	<u>2,080,119</u>
Building Repairs	1,701,339	850,000	0	850,000
Opening New Buildings	268,090	268,090	0	268,090
Subtotal	<u>5,066,321</u>	<u>3,403,183</u>	<u>(9,332)</u>	<u>3,393,851</u>
Improving Undergraduate Education	3,000,000	1,000,000	0	1,000,000
Research and Graduate Education	3,200,000	500,000	0	500,000
Child Care	100,000	0	30,000	30,000
Institutional Initiatives				
Extension 21	4,000,000	0	1,250,000	1,250,000
Reengineering Engineering Education	1,500,000	1,000,000	0	1,000,000
Center in Fund. Plant Science	2,500,000	1,000,000	(250,000)	750,000
ADA Compliance	100,000	0	0	0
Subtotal	<u>14,400,00</u>	<u>3,500,000</u>	<u>1,030,000</u>	<u>4,530,000</u>
Total ISU Increase	<u>\$19,466,321</u>	<u>\$6,903,183</u>	<u>\$1,020,668</u>	<u>\$7,923,851</u>

Salary annualization funding of \$195,642 was recommended to pay merit salaries increments and benefits for which commitments have already been made.

Funding for improving undergraduate education was recommended at \$1 million and included \$750,000 for student-centered approaches to learning and \$250,000 for student retention and success.

For research and graduate education, the recommendation was \$500,000 to increase tuition scholarships for graduate students.

Child care funding of \$30,000 was recommended.

The recommended appropriations for institutional initiatives of \$3,000,000 include:

- Extension 21 for building cooperative extension services for the 21st century at \$1,250,000;
- Reengineering engineering education at \$1,000,000; and

- Creation of a center of excellence in fundamental plant science at \$750,000.

Incremental appropriations for FY 2000 as requested by the university and recommended by the Board Office are as follows:

FY 2000	ISU Request	Board Office Preliminary Recomm.	Difference Prel/Final	Board Office Final Recomm.
Salary Annualization	\$0	\$0	\$0	\$0
Inflation				
General Inflation	1,559,707	974,816	0	974,816
Utilities	672,053	420,033	0	420,033
Library Acquisitions	814,365	814,365	0	814,365
Subtotal: Inflation	<u>3,046,125</u>	<u>2,209,214</u>	<u>0</u>	<u>2,209,214</u>
Building Repairs	1,701,339	850,000	0	850,000
Opening New Buildings	736,487	322,457	0	322,457
Subtotal	<u>5,483,951</u>	<u>3,381,671</u>	<u>0</u>	<u>3,381,671</u>
Improving Undergrad. Educ.	3,000,000	1,000,000	0	1,000,000
Research and Graduate Ed.	3,200,000	400,000	0	400,000
Child Care	300,000	0	30,000	30,000
Institutional Initiatives				
Extension 21	4,000,000	500,000	750,000	1,250,000
Reengineering Engineering Education	0	500,000	(500,000)	0
Center in Fundamental Plant Science	3,500,000	1,000,000	0	1,000,000
ADA Compliance	300,000	0	0	0
Subtotal	<u>14,300,000</u>	<u>3,400,000</u>	<u>280,000</u>	<u>3,680,000</u>
Total ISU Increase	<u>\$19,783,951</u>	<u>\$6,781,671</u>	<u>\$280,000</u>	<u>\$7,061,671</u>

Funding for improving undergraduate education was recommended at \$1 million and included \$750,000 for student-centered approaches to learning and \$250,000 for student retention and success.

For research and graduate education, the recommendation was \$400,000 to increase tuition scholarships for graduate students.

Child care funding of \$30,000 was recommended.

The recommended appropriations for institutional initiatives of \$2,250,000 include:

- Extension 21 for building cooperative extension services for the 21st century at \$1,250,000; and
- Creation of a center of excellence in fundamental plant science at \$1,000,000.

President Jischke stated that he was pleased and grateful that the Board Office recommendation included support for top priority programs of the university. He said he was especially appreciative of the adjustment for extension 21. With regard to the initiative to enhance the competitiveness of stipends for graduate students, he said the President of the Graduate Student Senate had been in attendance that morning to present the students' views to the Regents. The student wanted to say that the stipends were very important to graduate students to support their education, that the students wished to thank the Regents for the support they have given the initiative over the past 2 years and to encourage continued support of the effort.

President Newlin asked that President Jischke inform the graduate students of the Regents' appreciation for their efforts and their regrets that the student was unable to make a presentation.

MOTION: Regent Fisher moved to approve the operating appropriation requests for Iowa State University, as presented. Regent Arenson seconded the motion.
MOTION CARRIED UNANIMOUSLY.

(c) University of Northern Iowa. The Board Office recommended the Board (1) approve operating appropriation requests for the University of Northern Iowa as follows:

<u>University of Northern Iowa</u>	FY 1999		FY 2000	
	<u>Recommend.</u>	<u>% Increase</u>	<u>Recommend.</u>	<u>% Increase</u>
General University	\$81,578,791	3.6	\$84,221,791	3.2
Institute for Decision Making	738,308	7.3	738,308	0.0
Recycling and Reuse Center	240,622	0.0	240,622	0.0
Metal Casting Center	<u>166,349</u>	<u>0.0</u>	<u>166,349</u>	<u>0.0</u>
Total	\$82,724,070	3.6	\$85,367,070	3.2

(2) Authorize the University of Northern to seek funding for the Agriculture Based Industrial Lubricants Program and the Criminal Justice Initiative through other state agencies in accordance with current practice.

Incremental appropriations for FY 1999 as requested by the university and recommended by the Board Office were as follows:

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	UNI Request	Board Office Preliminary Recomm.	Difference Prel/Final	Board Office Final Recomm.
<u>University of Northern Iowa</u>				
Salary Annualization	\$151,000	\$90,000	(\$684)	\$89,316
Inflation				
General Inflation	558,000	348,750	0	348,750
Utilities	96,000	60,000	0	60,000
Library Acquisitions	201,000	201,000	0	201,000
Subtotal: Inflation	<u>855,000</u>	<u>609,750</u>	<u>0</u>	<u>609,750</u>
Building Repairs	484,000	300,000	0	300,000
Opening New Buildings	65,900	65,900	0	65,900
Subtotal	<u>1,555,900</u>	<u>1,065,650</u>	<u>(684)</u>	<u>1,064,966</u>
Improving Undergrad. Education	1,500,000	500,000	0	500,000
Child Care	0	0	15,000	15,000
Institutional Initiatives				
International Ed. & Work Exp.	1,000,000	450,000	(50,000)	400,000
Prep. of Special Ed. Teachers	500,000	200,000	150,000	350,000
Center for Conflict Analysis	250,000	0	0	0
Teacher Ed. for 21st Century	500,000	300,000	200,000	500,000
Institute for Decision Making	50,000	0	50,000	50,000
Special Purpose	250,000	0	0	0
Subtotal	<u>4,050,000</u>	<u>1,450,000</u>	<u>365,000</u>	<u>1,815,000</u>
Total UNI Increase	<u>\$5,605,900</u>	<u>\$2,515,650</u>	<u>\$364,316</u>	<u>\$2,879,966</u>

The recommended funding follows the priorities as requested by the university. It includes salary annualization, inflation, building repairs, opening new buildings, undergraduate education improvements, child care, and several institutional initiatives.

Inflation funding for goods and services was recommended at 2.5 percent for general expenses and utilities and 12 percent for libraries.

Opening new building costs were based on the anticipated opening date for the remaining portion of the Wellness Recreation Center.

The recommended appropriations for FY 1999 included:

- Improving undergraduate education through the purchase of academic equipment and increased technical support of \$500,000;
- Meeting child care needs for students of \$15,000;
- Enhancing international education and work experiences for students of \$400,000;
- Preparation and development of special education teachers of \$350,000;
- Teacher education for the 21st century of \$500,000; and
- Institute for Decision Making of \$50,000 to enable a reduction in the backlog for community services and additional research projects.

Incremental appropriations for FY 2000 as requested by the university and recommended by the Board Office were as follows:

FY 2000	UNI Request	Board Office Preliminary Recomm.	Difference Prel/Final	Board Office Final Recomm.
University of Northern Iowa				
Inflation				
General Inflation	\$581,000	\$363,125	\$0	\$363,125
Utilities	99,000	61,875	0	61,875
Library Acquisitions	225,000	225,000	0	225,000
Subtotal: Inflation	<u>905,000</u>	<u>650,000</u>	<u>0</u>	<u>650,000</u>
Building Repairs	484,000	300,000	0	300,000
Opening New Buildings	298,000	278,000	0	278,000
Subtotal	<u>1,687,000</u>	<u>1,228,000</u>	<u>0</u>	<u>1,228,000</u>
Improving Undergrad. Education	1,500,000	600,000	(100,000)	500,000
Child Care	0	0	15,000	15,000
Institutional Initiatives				
International Ed. & Work Exp.	0	150,000	(50,000)	100,000
Prep. of Special Ed. Teachers	0	200,000	(50,000)	150,000
Teacher Ed. for 21st Century	500,000	300,000	0	300,000
Masters in Social Work	400,000	0	0	0
Student Transition	1,000,000	0	150,000	150,000
Qualities of an Educated Person	500,000	0	100,000	100,000
Access to Education	200,000	0	100,000	100,000
Subtotal	<u>4,100,000</u>	<u>1,250,000</u>	<u>165,000</u>	<u>1,415,000</u>
Total UNI Increase	<u>\$5,787,000</u>	<u>\$2,478,000</u>	<u>\$165,000</u>	<u>\$2,643,000</u>

Opening new building costs were based on the anticipated opening date for the Performing Arts Center.

The recommended appropriations for FY 2000 included:

- Improving undergraduate education through the purchase of academic equipment and increased technical support of \$500,000;
- Meeting child care needs for students of \$15,000;
- Enhancing international education and work experiences for students of \$100,000;
- Preparation and development of special education teachers of \$150,000;
- Teacher education for the 21st century of \$300,000;

- Student transition to enhance student learning of \$150,000;
- Qualities of an educated person project of \$100,000; and
- Expanded outreach to improve access to education of \$100,000.

The university's request and the Board Office recommendation for FY 1999 and FY 2000 state appropriations for operations for the University of Northern Iowa were as follows:

<u>University of Northern Iowa</u>	FY 1999		FY 1999	
	<u>Request</u>	<u>% Increase</u>	<u>Recommend.</u>	<u>% Increase</u>
General University	\$84,054,725	6.7	\$81,578,791	3.6
Institute for Decision Making	738,308	7.3	738,308	7.3
Recycling and Reuse Center	240,622	0.0	240,622	0.0
Metal Casting Center	166,349	0.0	166,349	0.0
Special Purpose	<u>250,000</u>	<u>new</u>	<u>0</u>	<u>0.0</u>
Total	\$85,450,004	7.0	\$82,724,070	3.6

<u>University of Northern Iowa</u>	FY 2000		FY 2000	
	<u>Request</u>	<u>% Increase</u>	<u>Recommend.</u>	<u>% Increase</u>
General University	\$89,841,725	6.9	\$84,221,791	3.2
Institute for Decision Making	738,308	0.0	738,308	0.0
Recycling and Reuse Center	240,622	0.0	240,622	0.0
Metal Casting Center	166,349	0.0	166,349	0.0
Special Purpose	<u>250,000</u>	<u>0.0</u>	<u>0</u>	<u>0.0</u>
Total	\$91,237,004	6.8	\$85,367,070	3.2

The FY 1999 and FY 2000 recommendations assume continuation of the current level of state appropriation funding for the Recycling and Reuse Center of \$240,622, and the Metal Casting Center of \$166,349.

University officials requested a direct state appropriation to continue support of the Agriculture Based Industrial Lubricants (ABIL) program, which has been successful in introducing the first soybean-based hydraulic fluid licensed for marketing and has other products under development; the Board Office recommended that funding for this program continue through the Department of Economic Development in accordance with current practice.

The Board Office recommended that the university be permitted to request \$100,000 in state appropriations in FY 1999 through the Department of Corrections for the continuation of the criminal justice initiative.

The University of Northern Iowa operates the Iowa Waste Reduction Center with funding from fees collected by landfills; for FY 1999, university officials requested to seek legislative relief for an increase in the allocation of fees to the Center from \$.25/ton to \$.35/ton, and the Board Office recommended that the Board give favorable consideration to the university's request during the development of the 1998 legislative program.

President Koob stated that University of Northern Iowa officials were extraordinarily pleased with the Board Office recommendation.

MOTION: Regent Kennedy moved to (1) approve operating appropriation requests for the University of Northern Iowa, as presented, and (2) authorize the University of Northern to seek funding for the Agriculture Based Industrial Lubricants Program and the Criminal Justice Initiative through other state agencies in accordance with current practice. Regent Ahrens seconded the motion.
MOTION CARRIED UNANIMOUSLY.

(d) Iowa School for the Deaf. The Board Office recommended the Board approve operating appropriation requests for the Iowa School for the Deaf of \$7,366,354 for FY 1999 and \$7,503,457 for FY 2000.

Incremental appropriations for FY 1999 as requested by the school and recommended by the Board Office are as follows:

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FY 1999	<u>ISD Request</u>	<u>Board Office Preliminary Recomm.</u>	<u>Difference Prel./Final</u>	<u>Board Office Final Recomm.</u>
Salary Annualization	\$9,623	\$9,623	\$0	\$9,623
Inflation				
General Inflation	54,127	33,829	0	33,829
Utilities	5,760	3,600	2,160	5,760
Library Acquisitions	881	881	0	881
Subtotal: Inflation	<u>60,768</u>	<u>38,310</u>	<u>2,160</u>	<u>40,470</u>
Building Repairs	<u>45,566</u>	<u>35,000</u>	<u>0</u>	<u>35,000</u>
Subtotal	<u>115,957</u>	<u>82,933</u>	<u>2,160</u>	<u>85,093</u>
Institutional Initiatives				
Technology	150,000	0	0	0
Vocational Education	79,000	60,000	0	60,000
Math/Science	53,443	0	30,000	30,000
Behav. Disorder. Consult.	131,900	0	0	0
Library	15,000	0	0	0
In-Service Staff Training	<u>30,000</u>	<u>30,000</u>	<u>0</u>	<u>30,000</u>
Subtotal	<u>459,343</u>	<u>90,000</u>	<u>30,000</u>	<u>120,000</u>
Total ISD Increase	<u>\$575,300</u>	<u>\$172,933</u>	<u>\$32,160</u>	<u>\$205,093</u>

Salary annualization funding of \$9,623 for FY 1999 was recommended to pay merit salaries increments and benefits for which commitments have already been made; inflation funding of \$40,470 was recommended.

The Board Office recommended retention of the FY 1998 \$30,000 one-time appropriation for the purchase of a computerized photographic processing workstation and an additional \$30,000 for computer assisted drafting units for the vocational education program in FY 1999.

Funding of \$30,000 was recommended in FY 1999 to facilitate the development of math and science laboratories; the school would be encouraged to apply for external grants to augment the state funds.

Funding of \$30,000 was recommended in FY 1999 to enable the school to provide additional in-service staff training.

Incremental appropriations for FY 2000 as requested by the school and recommended by the Board Office were as follows:

FY 2000	<u>ISD Request</u>	<u>Board Office Preliminary Recomm.</u>	<u>Difference Prel./Final</u>	<u>Board Office Final Recomm.</u>
Inflation				
General Inflation	\$56,293	\$35,183	\$0	\$35,183
Utilities	5,933	3,708	2,225	5,933
Library Acquisitions	987	987	0	987
Subtotal: Inflation	<u>63,213</u>	<u>39,878</u>	<u>2,225</u>	<u>42,103</u>
Building Repairs	52,865	35,000	0	35,000
Subtotal	<u>116,078</u>	<u>74,878</u>	<u>2,225</u>	<u>77,103</u>
Institutional Initiatives				
Technology	155,000	0	0	0
Vocational Education	90,643	60,000	0	60,000
Math/Science	74,350	0	0	0
Behavioral Disordered				
Consultant	140,254	0	0	0
Library	15,000	0	0	0
In-Service Staff Training	30,000	0	0	0
Subtotal	<u>505,247</u>	<u>60,000</u>	<u>0</u>	<u>60,000</u>
Total ISD Increase	<u>\$621,325</u>	<u>\$134,878</u>	<u>\$2,225</u>	<u>\$137,103</u>

Funding of \$60,000 was recommended for additional vocational education equipment in FY 2000.

Superintendent Johnson expressed appreciation for the Board Office recommendations especially the addition for utilities. He said he hoped that the discussions with the Department of Management for the year 2000 computer costs are fruitful because the funding will be very helpful to the school for this year.

MOTION: Regent Pellett moved to approve operating appropriation requests for the Iowa School for the Deaf of \$7,366,354 for FY 1999 and \$7,503,457 for FY 2000. Regent Kennedy seconded the motion. MOTION CARRIED UNANIMOUSLY.

(e) Iowa Braille and Sight Saving School. The Board Office recommended the Board approve the operating appropriation requests for the Iowa Braille and Sight Saving School of \$4,043,916 (+1.4 percent) for FY 1999 and \$4,129,355 (+2.1 percent) for FY 2000.

Incremental appropriations for FY 1999 as requested by the school and recommended by the Board Office were as follows:

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FY 1999	IBSSS Request	Board Office Preliminary Recomm.	Difference Prel./Final	Board Office Final Recomm.
Salary Annualization	\$10,473	\$10,473	\$0	\$10,473
Inflation				
General Inflation	24,234	15,146	0	15,146
Utilities	5,835	3,647	0	3,647
Library Acquisitions	798	798	0	798
Subtotal: Inflation	<u>30,867</u>	<u>19,591</u>	<u>0</u>	<u>19,591</u>
Building Repairs	24,521	25,000	0	25,000
Subtotal	<u>65,861</u>	<u>55,064</u>	<u>0</u>	<u>55,064</u>
Institutional Initiatives				
Assistive Devices	32,000	0	0	0
Educational Supplies	20,000	0	0	0
Assistive Device Training Center	17,500	0	0	0
Teacher Training	30,000	0	0	0
Outreach Technical Assistance	50,000	0	0	0
Staff Development	0	35,000	(35,000)	0
Subtotal	<u>149,500</u>	<u>35,000</u>	<u>(35,000)</u>	<u>0</u>
Total IBSSS Increase	<u>\$215,361</u>	<u>\$90,064</u>	<u>(\$35,000)</u>	<u>\$55,064</u>

Salary annualization funding of \$10,473 for FY 1999 was recommended to pay merit salaries increments and benefits for which commitments have already been made.

Incremental appropriations for FY 2000 as requested by the school and recommended by the Board Office were as follows:

FY 2000	IBSSS Request	Board Office Preliminary Recomm.	Difference Prel./Final	Board Office Final Recomm.
Inflation				
General Inflation	\$25,203	\$15,752	\$0	\$15,752
Utilities	6,068	3,793	0	3,793
Library Acquisitions	894	894	0	894
Subtotal: Inflation	<u>32,165</u>	<u>20,439</u>	<u>0</u>	<u>20,439</u>
Building Repairs	24,521	25,000	0	25,000
Subtotal	<u>56,686</u>	<u>45,439</u>	<u>0</u>	<u>45,439</u>
Institutional Initiatives				
Educational Supplies	20,000	0	0	0
Vocational Program	40,000	40,000	0	40,000
Outreach Technical Assistance	50,000	0	0	0
Subtotal	<u>110,000</u>	<u>40,000</u>	<u>0</u>	<u>40,000</u>
Total IBSSS Increase	<u>\$166,686</u>	<u>\$85,439</u>	<u>\$0</u>	<u>\$85,439</u>

Recommended funding for institutional initiatives includes \$40,000 in FY 2000 for expansion of the school's vocational program.

Superintendent Thurman stated that school officials were in the process of looking at new initiatives and services for the school to offer for many years to come. He expressed appreciation for the support for basic operations of the school and for salary policy.

MOTION: Regent Fisher moved to approve the operating appropriation requests for the Iowa Braille and Sight Saving School of \$4,043,916 (+1.4 percent) for FY 1999 and \$4,129,355 (+2.1 percent) for FY 2000. Regent Pellett seconded the motion.
MOTION CARRIED UNANIMOUSLY.

(f) Regional Study Centers. The Board Office recommended the Board approve operating appropriation requests for the regional study centers of \$353,212 for FY 1999 and \$356,138 for FY 2000. These amounts were unchanged from the preliminary recommendations.

Recommended State of Iowa appropriation amounts for FY 1999 and FY 2000 were as follows:

Center	FY 1998 Iowa Appropriation Base	FY 1999 Recommended Amount from State of Iowa	FY 2000 Recommended Amount from State of Iowa
Quad-Cities Graduate Study Center	\$162,570	\$163,969	\$165,385
Tri-State Graduate Study Center	\$ 79,198	\$ 80,046	\$80,907
Southwest Iowa Regents Resource Center	\$108,562	\$109,197	\$109,846
Total	\$350,330	\$353,212	\$356,138

The recommendations included a 2.5 percent general inflationary cost increase based on the State of Iowa appropriated funds share of the centers' FY 1998 non-personnel costs.

The recommended amounts were exclusive of funds for salary increases which were estimated at \$9,585 for FY 1999.

The Regional Study Centers requested the following amounts from the State of Iowa for FY 1999 and FY 2000:

Center	FY 1998 Iowa Appropriation Base	FY 1999 Requested Amount from State of Iowa	FY 2000 Requested Amount from State of Iowa
Quad-Cities Graduate Study Center	\$162,570	\$169,072	\$178,162
Tri-State Graduate Study Center	\$ 79,198	\$ 81,574	\$ 84,021
Southwest Iowa Regents Resource Center	\$108,562	\$134,985	\$142,936
Total	\$350,330	\$385,631	\$405,119

MOTION: Regent Fisher moved to approve operating appropriation requests for the regional study centers of \$353,212 for FY 1999 and \$356,138 for FY 2000. Regent Pellett seconded the motion. MOTION CARRIED UNANIMOUSLY.

(g) Iowa Lakeside Laboratory. The Board Office recommended the Board approve a request for a direct appropriation to Iowa Lakeside Laboratory of \$25,000 for FY 1999 and \$25,000 for FY 2000.

This appropriation request to the Governor and the Iowa General Assembly, which was unchanged from the preliminary recommendation, would be used for the summer session teaching program. These requested funds were in addition to the amounts to be financed from the operating budgets of the universities. Recommended amounts to be funded by the universities total \$315,627 in FY 1999 and \$317,922 in FY 2000 exclusive of funds for salary increases which were estimated at \$8,952 for FY 1999. The \$25,000 appropriation would become part of the base budget of the laboratory.

The additional funds for the summer teaching program would be used to pay Lakeside faculty who have been paid from grant funds or sources other than the Lakeside Laboratory budget, hire teaching assistants to increase the number of students who can be enrolled in popular courses, and to purchase additional equipment and supplies needed because of increased enrollments and expansion of the teaching program.

MOTION: Regent Fisher moved to approve a request for a direct appropriation to Iowa Lakeside Laboratory of \$25,000 for FY 1999 and \$25,000 for FY 2000.

Regent Ahrens seconded the motion. MOTION
CARRIED UNANIMOUSLY.

(h) Board Office. The Board Office recommended the Board approve the budget request for the Board Office for fiscal years 1999 and 2000 for \$1,407,380 and \$1,414,724, respectively.

The proposed appropriation requests for fiscal years 1999 and 2000 were unchanged from the amounts presented in July 1997.

The proposed budget for fiscal year 1999 utilizes the base budget for fiscal year 1998 as adjusted by annualization and price inflation of 2.5 percent.

The operating appropriation request for fiscal year 1999 was \$1,194,908 (+.60 percent) exclusive of salary policy. With estimated salary requirements of \$47,448 (+4.0 percent), the recommendation for fiscal year 1999 represented an increase of (+4.60 percent).

The proposed budget for fiscal year 2000 assumed the same level of activity and expenditures as fiscal year 1998 as adjusted further by 2.5 percent for price inflation.

The budgets for the Facilities Officer, Associate Director Information Systems and the Assistant Director of Business and Finance are a part of the University of Iowa budgets, financed jointly by the institutions and have also been adjusted by the 2.5 percent price inflation.

MOTION: Regent Kennedy moved to approve the budget request for the Board Office for fiscal years 1999 and 2000 for \$1,407,380 and \$1,414,724, respectively. Regent Smith seconded the motion. MOTION CARRIED UNANIMOUSLY.

(i) Request for Computer 2000 Conversion Costs. The Board Office recommended the Board approve the FY 1999 appropriation request of \$1.5 million to fund the year 2000 computer conversion costs at the Regent institutions.

The century date change for the Year 2000 is a complex computer conversion problem that requires additional resources. The state has set aside up to \$15 million to support implementation of the century date change for the state. The Board Office is exploring opportunities for assistance from the Department of Management in financing anticipated FY 1998 general fund costs totaling \$1.6 million.

The FY 1999 estimated general fund costs for the century date computer conversion for the University of Iowa, Iowa State University, and University of Northern Iowa total \$1.5 million. A state appropriation was recommended to fund the FY 1999 costs for conversion. The Iowa School for the Deaf and Iowa Braille and Sight Saving School are expected to complete the computer conversion for the Year 2000 during FY 1998.

MOTION: Regent Fisher moved to approve the FY 1999 appropriation request of \$1.5 million to fund the year 2000 computer conversion costs at the Regent institutions. Regent Kennedy seconded the motion. MOTION CARRIED UNANIMOUSLY.

(j) Report on Priorities in FY 1999 and FY 2000 Budget Requests. The Board Office recommended the Board approve the priorities for restoring each institution's adjusted base operating appropriations to fulfill state statutory requirements for budget development for FY 1999 and FY 2000.

In accordance with statutory requirements, the Regent appropriation requests for FY 1999 and FY 2000 must begin with only 75 percent of the FY 1998 base appropriations. Priorities must be determined for adding programs and services back to restore the appropriation budgets to the current FY 1998 base funding level.

The institutions and the Board Office identified specific programs and services which would need to be curtailed if only 75 percent of the base appropriation were allowed. Decision packages were developed and prioritized for restoring the base appropriations to the FY 1998 funding level.

The FY 1998 appropriation base budget of \$605.8 million at 75 percent is \$454.3 million. Restoration decision packages to add services back total \$151.4 million. Instructional and academic programs are listed as the first priorities for restoring the 25 percent of the base. Student services, institutional support and physical plant services priorities follow.

MOTION: Regent Arenson moved to approve the priorities for restoring each institution's adjusted base operating appropriations to fulfill state statutory requirements for budget development for FY 1999 and FY 2000. Regent Ahrens seconded the motion. MOTION CARRIED UNANIMOUSLY.

CAPITAL IMPROVEMENT REQUESTS FOR THE SPECIAL SCHOOLS FOR FY 1999 AND FY 2000. The Board Office recommended the Board (1) approve the capital

improvement requests for the special schools of \$335,000 for FY 1999 and \$3,597,000 for FY 2000, and (2) approve tuition replacement appropriation requests of \$28,477,688 for FY 1999 and \$28,534,271 for FY 2000 with the understanding that FY 1999 needs will be reassessed by November 15, 1997.

The Board Office recommendations for capital improvements at the special schools totaled \$335,000 for FY 1999 and \$3,597,000 for FY 2000. The sums of \$60,000 in FY 1999 and \$3,200,000 in FY 2000 for construction of a Recreation Complex at the Iowa School for the Deaf were added to the preliminary recommendations presented to the Board in July 1997. The recommendation of \$3,200,000 in state funding was contingent upon at least \$1,000,000 in private gifts being raised for the project. A recently-completed feasibility study/fundraising report indicated that at least that sum can be raised.

Projects for which funds were recommended in addition to the Recreation Center are the visual alert warning system, fire safety standards, access for people with disabilities and the telephone system at Iowa School for the Deaf and general deferred maintenance and access for people with disabilities at Iowa Braille and Sight Saving School.

The special school requests total \$1,367,000 for FY 1999 and \$5,737,000 for FY 2000. The universities did not request capital funding for FY 1999 or FY 2000 as per understandings reached during the 1997 legislative session.

Tuition replacement appropriations represent an ongoing commitment of the Governor and General Assembly to meet the debt service cost of Academic Building Revenue Bonds. The Board was asked to approve tuition replacement appropriation requests of \$28,477,688 for FY 1999 and \$28,534,271 for FY 2000 with the understanding that FY 1999 needs will be reassessed by November 15, 1997.

MOTION: Regent Ahrens moved to (1) approve the capital improvement requests for the special schools of \$335,000 for FY 1999 and \$3,597,000 for FY 2000, and (2) approve tuition replacement appropriation requests of \$28,477,688 for FY 1999 and \$28,534,271 for FY 2000 with the understanding that FY 1999 needs will be reassessed by November 15, 1997. Regent Arenson seconded the motion. MOTION CARRIED UNANIMOUSLY.

FIVE-YEAR CAPITAL IMPROVEMENT PLAN, FY 1999-FY 2003. The Board Office recommended the Board (1) approve the five-year general/infrastructure fund capital

improvement program for FY 1999 - FY 2003 of \$213,718,000, and (2) approve the five-year program of \$55,983,000 for the University of Iowa Hospitals and Clinics to be financed by self-generated funding.

The Board is required by statute to submit a five-year, state-funded building program to the General Assembly at the beginning of each legislative session. The Board Office recommendation for the capital improvement program for FY 1999 - FY 2003 was \$213,718,000 including, in part, \$335,000 in FY 1999, \$3,597,000 in FY 2000 and \$66,186,000 in FY 2001. The institutions requested a state-funded capital program of \$365,815,000.

The total amount recommended was \$3,200,000 higher than the amount included in the preliminary recommendations presented to the Board in July 1997. The additional funds were recommended in FY 2000 for construction of the Recreation Complex at the Iowa School for the Deaf.

The following table summarizes the recommendations totaling \$213,718,000 for FY 1999 - FY 2003:

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		Recommended State Funding (\$ thousands)		
<u>Inst.</u>	<u>Project</u>	<u>FY 1999 and FY 2000</u>	<u>FY 2001</u>	<u>FY 2002 and FY 2003</u>
ISD	Recreation Complex	\$3,260*		
UNI	Steam Distribution System Replace, Ph. 1		\$3,400	
ISU	Gilman Hall Addition - Systems Upgrade		8,500	
SUI	Biology Renovation / Addition, Phase 2		13,676	
UNI	Biology Center Addition		10,000	\$4,300
ISU	Morrill Hall Deferred Maint. & Remodel		7,600	
Reg.	Lakeside Laboratory Improvements		140	
SUI	Art Building		6,700	6,450
UNI	East Gym Renovation		1,500	9,100
ISU	Livestock Units / Swine & Cattle Research		4,420	
ISU	LeBaron Hall - Systems Upgrade		1,560	
SUI	Chemistry Building - Renovate Auditorium		2,500	
SUI	Steam Distribution Infrastructure		1,000	
	Other Recommended Projects			113,400
	Total Recommended Projects	<u>\$3,260</u>	<u>\$60,996</u>	<u>\$133,250</u>
	Fire Safety, ADA Access and Def Maint.	<u>672</u>	<u>5,190</u>	<u>10,350</u>
	GRAND TOTAL	\$3,932	\$66,186	\$143,600

* Contingent upon at least \$1 million in private gifts being raised for the project.

For four projects the recommended year of funding changed from the preliminary recommendations. The changes are summarized in the following table:

<u>Inst.</u>	<u>Project</u>	<u>Amount Recommended</u>	<u>Preliminary Recommendation Year of Funding</u>	<u>Final Recommendation Year of Funding</u>
ISD	Recreation Complex - Planning	\$60,000	FY 2003	FY 1999
SUI	Chemistry Building - Renovate Auditorium	2,500,000	FY 2002	FY 2001
SUI	Power Plant - East Egress Steam Tunnel	1,561,000	FY 2001	FY 2002
SUI	Power Plant - Second Ash Silo -	1,144,000	FY 2001	FY 2002

The net effect of the changes in the recommendations for the University of Iowa was to reduce the recommended funding by \$205,000 in FY 2001 and increase the recommended funding by that amount in FY 2002.

The University of Iowa Hospitals and Clinics five-year capital program (FY 1999 - FY 2003) will be financed by self-generated funding. Projects totaling \$55,983,000 were included in the program; more than \$51 million of the projects were included in University of Iowa Hospitals and Clinics five-year capital programs previously submitted to the Board. All projects listed on the five-year plan will be brought forward for specific project approval by the Board, as required by Board procedures.

Mr. Richey stated that the amounts recommended by the Board Office were substantially less than the institutions had requested.

President Jischke expressed gratitude to the Board of Regents, Governor Branstad and the legislature for support of the major capital projects at Iowa State University including engineering and intensive livestock projects. He said the state funds are being leveraged substantially. With regard to the recommendations of the Board Office and the university's capital register, he said university officials were focusing their efforts on repair and renovation of existing facilities. In light of the fact that university officials made a commitment to not seek capital appropriations over the next 2 years, he hoped the Board would pay particular attention to the building repair recommendations in the operating budget. Those building repair efforts include deferred maintenance, new needs and staying caught up.

President Newlin asked if the building repair formula was 1 percent of the replacement cost of the buildings. President Jischke responded that university officials believed that 1 percent per year funding from the state was necessary in order to maintain the academic buildings.

Regent Pellett asked if the percentage formula was the same for all three universities. Mr. Richey said it was pretty close.

President Coleman said she appreciated the opportunity to have discussed the University of Iowa's priorities with the Board Office. She noted the deferred maintenance budget of the University of Iowa should be 1 percent of the replacement cost of the buildings.

MOTION:

Regent Kennedy moved to (1) approve the five-year general/infrastructure fund capital improvement program for FY 1999 - FY 2003 of \$213,718,000, and (2) approve the five-year program of \$55,983,000 for the University of Iowa Hospitals and Clinics to be financed by self-generated funding. Regent Ahrens seconded the motion. MOTION CARRIED UNANIMOUSLY.

REPORT OF THE BANKING COMMITTEE. (a) General Report. The Board Office recommended the Board accept the report of the Banking Committee.

Regent Kennedy stated that at the previous day's Banking Committee meeting the committee members received investment and cash management reports for the fiscal year ended June 30, 1997, as well as a status report on internal audit follow-up.

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

(b) Reimbursement Resolution - Components of the Medical Education and Biomedical Research Project - University of Iowa. The Board Office recommended that the Board adopt a revenue bond reimbursement resolution for renovation and improvement components of the Medical Education and Biomedical Research Project at the University of Iowa.

The Board was asked to adopt a resolution which will permit the University of Iowa to be reimbursed from future revenue bond issues for a portion of the cost of renovation and improvement components of the Medical Education and Biomedical Research Project. The renovation and improvement components total \$23,900,000. It is anticipated that approximately \$13,000,000 will be reimbursed from proceeds of the Center for Biomedical Research Revenue Bonds and \$2,000,000 from proceeds of Utility System Revenue Bonds; reimbursement is anticipated from bond issues to be sold in 1998.

Adoption of the proposed resolution would provide the Board the future discretion to allow all or a portion of the expenditures for the renovation and improvement components to be reimbursed with proceeds from the sale of revenue bonds. The reimbursement resolution was submitted at this time to ensure maximum reimbursement capability under regulations of the Internal Revenue Code; project payments made not more than 60 days prior to adoption of the resolution are eligible for reimbursement.

Regent Kennedy stated that the Banking Committee recommended the Board's adoption of the proposed resolution.

MOTION: Regent Kennedy moved to adopt a revenue bond reimbursement resolution for renovation and improvement components of the Medical Education and Biomedical Research Project at the

University of Iowa. Regent Fisher seconded the motion, and upon the roll being called, the following voted:
AYE: Ahrens, Arenson, Fisher, Kelly, Kennedy, Newlin, Pellett, Smith.
NAY: None.
ABSENT: Lande.

MOTION CARRIED.

(c) Master Lease Financing - Biomass Energy Conversion Facility and Anaerobic Digester Demonstration Project Facility - Iowa State University. The Board Office recommended that the Board authorize Iowa State University to utilize master lease financing in the amount of \$1,500,000 to finance construction of a Biomass Energy Conversion Facility and an Anaerobic Digester Demonstration Project Facility.

Iowa State University officials requested authorization to draw down \$1,500,000 in two separate master lease agreements to finance construction at the Agronomy Farm of the Biomass Energy Conversion facility (\$990,000) and the Anaerobic Digester Demonstration project (\$510,000) for the Iowa Energy Center. The Biomass Energy Conversion facility will provide for the conversion of traditional agricultural crops and crop residues into a wide variety of energy products through several types of conversion technologies. The Anaerobic Digester Demonstration project will provide a full-scale demonstration of an anaerobic digester that will convert agricultural residue into natural gas and electricity.

The master lease provides short-term financing (3-10 years) for the purchase or construction of real and personal property. The proposed lease term for each project is six years. At the recently quoted interest rate of 5.41 percent for a six-year term, semi-annual payments would be \$97,714.14 for the Biomass Energy Conversion facility and \$50,337.59 for the Anaerobic Digester Demonstration project. Lease payments will be made by the Iowa Energy Center, which was established through the Iowa Energy Act of 1990 to serve as a model for state efforts to decrease dependence on imported fuels; it is supported by an annual assessment on the intrastate gross operating revenues of all gas and electric utilities in Iowa.

Regent Kennedy stated that the Banking Committee members had received a lot of good information on the project.

MOTION: Regent Kennedy moved to authorize Iowa State University to utilize master lease financing in the amount of \$1,500,000 to finance construction of a

Biomass Energy Conversion Facility and an Anaerobic Digester Demonstration Project Facility. Regent Fisher seconded the motion, and upon the roll being called, the following voted:
AYE: Ahrens, Arenson, Fisher, Kelly, Kennedy, Newlin, Pellett, Smith.
NAY: None.
ABSENT: Lande.

MOTION CARRIED.

ANNUAL REPORT ON PHASED AND EARLY RETIREMENT. The Board Office recommended that the Board (1) receive reports from the institutions on the operation of the PHASED and EARLY RETIREMENT programs in fiscal year 1997, and (2) establish a present value rate of 5.46 percent for lump sum payout under the EARLY RETIREMENT program for fiscal year 1998.

There were 45 new entrants into the PHASED RETIREMENT program during fiscal year 1997 which is an increase from the previous year when there were 23 new entrants. During fiscal year 1997, a net saving of \$1.3 million was realized through the phased retirement program. Savings are reallocated within the institutions.

Program participants continue to receive benefits as if they were full time. The employees are paid proportional salary for the time worked with a 10 percent incentive bonus paid during the first four years.

There were 129 early retirees during fiscal year 1997. This was down from the previous fiscal year when there were 145. A net saving of approximately \$7.4 million will be realized during the period of time the fiscal year 1997 retirees are participating in the early retirement program. Savings are reallocated within the institutions.

Director Stadlman reviewed the information provided in the docket memorandum.

MOTION: Regent Smith moved to (1) receive reports from the institutions on the operation of the PHASED and EARLY RETIREMENT programs in fiscal year 1997, and (2) establish a present value rate of 5.46 percent for lump sum payout under the EARLY RETIREMENT program for fiscal year 1998. Regent Kennedy seconded the motion. MOTION CARRIED UNANIMOUSLY.

TIAA-CREF POLICY ON CASHABILITY FOR FORMER EMPLOYEES. The Board Office recommended the Board approve a pilot program for one year effective November 1, 1997, that provides for former employees of Regent institutions to access TIAA-CREF's policies on cashability and transferability provided that the former employee is at least age 55 and has left employment with the Board of Regents more than five years ago.

Previously the Board approved special retirement incentive programs that allowed eligible current employees access to the cashability/transferability provisions of TIAA-CREF. A program was now proposed to allow former employees of the Board of Regents access to the same policies under a special one-year pilot program.

To participate, former employees must be age 55 or over and have left employment with the Board of Regents more than five years prior to the date of application.

It was proposed that the pilot program run for one year beginning November 1, 1997, and that the impact of the policy be reviewed after the close of the program.

Regent Arenson asked if it was necessary to go out as far as 5 years since an individual left employment with the Board of Regents. Mr. Richey responded affirmatively, stating that the 5-year requirement would keep people from leaving employment just to take advantage of the cashability.

Regent Pellett asked why the Board Office was offering this complete change from what it has recommended in the past. Mr. Richey responded that in terms of employees who have been gone from the Regents' employment, cashability has been done on an ad hoc basis. The proposal provides a policy by the Board.

MOTION: Regent Arenson moved to approve a pilot program for one year effective November 1, 1997, that provides for former employees of Regent institutions to access TIAA-CREF's policies on cashability and transferability provided that the former employee is at least age 55 and has left employment with the Board of Regents more than five years ago. Regent Ahrens seconded the motion. **MOTION CARRIED UNANIMOUSLY.**

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

Engineering analyses of the Regent facilities were undertaken in 1989 to identify energy conservation measures to reduce energy consumption and control energy costs. To date, approximately \$22.8 million (1997 dollars) have been spent on these identified projects, saving approximately \$5.3 million annually (1997 dollars).

The Regent institutions have significantly reduced their energy consumption on a BTU per gross square foot basis since FY 1979, the peak consumption year. Consumption has declined by approximately 18.1 percent per gross square foot at the University of Iowa, 38.1 percent at Iowa State University, and 14.0 percent at the University of Northern Iowa. The reductions are more impressive than the data show since there has been increased usage of air conditioning and the installation of energy-consuming research equipment.

Four of the Regent institutions reported decreases or slight increases in energy consumption on a BTU per gross square foot basis from FY 1996 to FY 1997. The Iowa School for the Deaf reported an increase of 5.28 percent due to an increased number of tenants and their more intensive utilization of space, and the school's increased use of air conditioning to support its more technologically-advanced program offerings.

Associate Director Racki reviewed the information provided in the docket memorandum.

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

BOARD OFFICE PERSONNEL TRANSACTIONS. The Board Office recommended the Board approve the Register of Personnel Transactions, which included the following items:

Resignation: CAMILLE VALLEY, Assistant Director, Business and Finance, effective August 1, 1997.

Appointment: DANIEL BRODKEY, Assistant Director, Business and Finance, effective September 2, 1997, at an annual salary of \$40,000 plus the usual fringe benefits.

ACTION: This matter was approved by consent.

APPROVAL OF VENDOR WITH A POTENTIAL CONFLICT OF INTEREST. The Board Office recommended the Board approve the request from Iowa State University to add the name of Rita Conner to the list of approved vendors with a potential conflict of interest.

Vendors at the Regent institutions with the potential for a conflict of interest are required by statute to be approved by the Board. Iowa State University officials requested approval to add the name of Rita Conner, co-owner of Commitment Sound and Lighting, to the list of approved vendors with a potential conflict of interest

Rita Conner is employed by Iowa State University as a half-time research assistant and a part-time hourly employee in the purchasing department. As co-owner of Commitment Sound and Lighting, Rita Conner wishes to market sound and lighting services to Iowa State University and its affiliated organizations.

MOTION: Regent Arenson moved to add the name of Rita Conner to the list of approved vendors with a potential conflict of interest. Regent Ahrens seconded the motion, and upon the roll being called, the following voted:
AYE: Ahrens, Arenson, Fisher, Kelly, Kennedy, Newlin, Pellett, Smith.
NAY: None.
ABSENT: Lande.

MOTION CARRIED.

REGENT AFFILIATED ORGANIZATION REPORT ON THE STANTON MEMORIAL CARILLON FOUNDATION - IOWA STATE UNIVERSITY. The Board Office recommended the Board receive the affiliated organization report on the ISU Stanton Memorial Carillon Foundation.

The Stanton Memorial Carillon Foundation affiliated with Iowa State University was created in 1954 to preserve, improve, and further the advancement of the carillon at Iowa State University. Funds of the Stanton Memorial Carillon Foundation are managed by the ISU Foundation and incorporated within the ISU Foundation audits. The treasurer's report for the year ended March 31, 1997, for the Stanton Memorial Carillon lists revenues of \$4,261 from gifts and earnings, disbursements of \$2,457, net income of \$1,804, and an ending balance in the treasury of \$68,353.

ACTION: This report was received by consent.

GENERAL
September 10, 1997

REPORT ON MEETING OF IOWA COLLEGE STUDENT AID COMMISSION. The Board Office recommended the Board receive the report.

The Commission gave preliminary consideration to staff recommendations for the various student aid programs for fiscal years 1999 and 2000. The requests are summarized as follows:

GENERAL
September 10, 1997

<u>Program:</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>ICSAC FY 1999</u>	<u>Percent Increase</u>	<u>ICSAC FY 2000</u>
Tuition Grants	\$38,664,750	\$41,664,750	\$45,288,000	8.7	\$48,960,000
Iowa Grants	1,397,790	1,397,790	1,600,000	14.5	2,000,000
Voc.-Tech Grants	1,608,257	1,608,257	1,978,070	23.0	2,131,000
Work-Study	2,950,000	2,950,000	2,950,000	-0-	2,950,000
State Scholarship	474,800	474,800	474,800	-0-	474,800
Osteopathic Loans	379,260	379,260	379,260	-0-	379,260
Physician Recruit	395,000	395,000	410,000	3.8	410,000
National Guard	-0-	625,000	1,400,000	124.0	1,400,000
Chiropractic Loans	<u>-0-</u>	<u>70,000</u>	<u>71,400</u>	<u>2.0</u>	<u>71,400</u>
Total Programs	\$45,869,857	\$49,564,857	\$54,551,530	10.1	\$58,776,460
Sch & Gt Admin	\$351,782	\$318,429	334,722	5.1	334,722
Loan Admin.	<u>4,619,433</u>	<u>5,194,555</u>	<u>5,222,983</u>	<u>0.5</u>	<u>5,328,049</u>
Total Approps	<u>\$50,841,072</u>	<u>\$55,077,841</u>	<u>\$60,109,235</u>	<u>9.1</u>	<u>\$64,439,231</u>

The FY 1999 program recommendation represented an increase of 9.1 percent over FY 1998 funding. The FY 2000 recommendation represented an additional increase of 8.7 percent.

ACTION: This report was received by consent.

APPOINTMENTS TO SPECIAL SCHOOL ADVISORY COMMITTEES. The Board Office recommended the Board approve the appointment of Daniel J. Reschly, Interim Associate Dean of Education, to fulfill one year vacancies on the Iowa School for the Deaf and Iowa Braille and Sight Saving School Advisory Committees.

The sudden medical leave and pending retirement of Anton J. Netusil necessitates replacing him on the Advisory Committees for both special schools. Dr. Reschly has accepted Dr. Jischke's nomination to be Iowa State University's administrative representative on both advisory committees.

Dr. Reschly will serve on both committees until August 31, 1998.

ACTION: This matter was approved by consent.

BOARD MEETINGS SCHEDULE. The Board Office recommended the Board approve the Board meetings schedule.

October 9-10, 1997	Board Retreat	Des Moines
October 15-16, 1997	University of Iowa	Iowa City
November 18-19, 1997	Iowa State University	Ames
December 17-18, 1997	West Des Moines Marriott Hotel	West Des Moines
January 14, 1998	Telephonic Conference Call	
February 18-19, 1998	University of Iowa	Iowa City
March 18-19, 1998	Iowa State University	Ames
April 14, 1998	Iowa Braille and Sight Saving School	Vinton
April 15, 1998	University of Northern Iowa	Cedar Falls
May 20-21, 1998	Iowa School for the Deaf	Council Bluffs
June 16-17, 1998	University of Iowa	Iowa City
July 15-16, 1998	Iowa State University	Ames
September 23-24, 1998	University of Iowa	Iowa City
October 21-22, 1998	University of Northern Iowa	Cedar Falls
November 18-19, 1998	Iowa State University	Ames
December 3, 1998	(To be determined)	Des Moines

ACTION: The Board meetings schedule was approved, by consent.

President Newlin then asked Board members and institutional officials if there were additional general or miscellaneous items for discussion.

President Newlin expressed appreciation for the participation during the morning session (tuition discussion).

Regent Arenson stated that it was a pleasure to come to a meeting and have so many bright students address the Board of Regents. He said the universities must be doing a lot of things well.

STATE UNIVERSITY OF IOWA

The following business pertaining to the State University of Iowa was transacted on Wednesday, September 10, 1997.

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

Register of Personnel Changes for June and July 1997.

ACTION: The personnel transactions were approved by consent.

CHANGE IN ADMINISTRATIVE RULES FOR UNIVERSITY OF IOWA CONCERNING TRAFFIC AND PARKING REGULATIONS. The Board Office recommended the Board approve filing a Notice of Intended Action to submit the proposed rules to the administrative rules procedures.

University of Iowa officials proposed to amend its administrative rules on parking and traffic. The proposed rules will provide and expand the university's authority to regulate traffic and violations of traffic rules by student and non-student users of bicycles, skateboards, roller and in-line skates, and similar modes of transportation. No changes were proposed to the fee structures.

MOTION: Regent Kennedy moved to approve filing a Notice of Intended Action to submit the proposed rules to the administrative rules procedures. Regent Ahrens seconded the motion. **MOTION CARRIED UNANIMOUSLY.**

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

PERMISSION TO PROCEED WITH PROJECT PLANNING

Development of Replacement Perinatal and Obstetrical Patient Care Units

University officials requested permission to proceed with project planning for the development of Perinatal and Obstetrical Patient Care Units on Levels 6 and 7 of the Pappajohn Pavilion. The project will integrate the services of the existing neonatal and obstetrical care units.

Neonatal Intensive Care/Neonatal Intermediate Care Unit

The University Hospitals Neonatal Intensive Care and Intermediate Neonatal Care Units annually provide specialized medical and nursing care, respiratory therapy, pharmacy support, and nutritional and social services to over 600 pre-term and full-term infants. Infants admitted to these special care nurseries may suffer from significant prematurity, respiratory distress, or a serious, life-threatening congenital disease. Sixty percent of the infants in the units are born at University Hospitals and 40 percent are born at other medical centers and transferred to University Hospitals for specialized care. The development and application of new therapies and technology have increased the intensity of neonatal care services and have significantly improved the survival rates for high-risk infants.

For the past three years the units' combined average daily occupancy rate has exceeded 90 percent. The high occupancy levels create a daily demand for neonatal unit beds that frequently exceeds the units' combined 40-bed capacity. At peak periods the units run at 100 percent capacity, resulting in the need to transfer infants from the special care nurseries to the general pediatric units. The transfer disrupts the continuity of care provided to these infants and requires additional staff in order to provide the special care services which are normally not available in the pediatric units.

The neonatal care nurseries are currently located in 15,000 square feet of space in the west wing of the original 1926-vintage General Hospital and in an addition to the Boyd Tower constructed in the mid-1970s. The units are physically configured as "open-wards" with two isolation beds located in rooms off an adjacent hallway. The patient bed spaces are extremely small and overcrowded. The units' high occupancy rate, intensity of patient care, utilization of new therapies and technologies, and family-centered practice make the existing General Hospital space functionally and spatially inadequate for patient care and educationally-related functions. The very congested conditions of the units result

in high noise levels which can be detrimental to the high-risk infant and disruptive to family and staff, and heighten the risk for transmission of infections.

In addition, the space available for family members and visitors is grossly inadequate to meet their needs. There are currently no facilities available near the special care nurseries to house family members during the infant's hospitalization nor are there dedicated areas for private conferences with family members regarding their infant's condition and plan of care. The lack of space makes it impossible to provide adequate facilities for laboratory, pharmacy, and social services, as well as the "Parent Connection" (a parent-to-parent support service), and on-call quarters for medical and nursing staff.

In addition to the serious functional and spatial deficiencies, the present neonatal care facilities located in the General Hospital do not conform to contemporary life-safety and building code requirements or standards of the Joint Commission on Accreditation of Healthcare Organizations. Examples of some of the most significant code deficiencies include the absence of a sprinkler system, lack of adequate smoke and fire separation, and narrow corridors and stairwells which would not provide safe exiting.

The development of new facilities for the special care nurseries is necessary to resolve these many deficiencies and enhance the efficiency and quality of clinical care delivered to the high-risk infant. More importantly, improved facilities are required to support and facilitate family-centered care, which is a major element of the Children's Hospital of Iowa.

Obstetrical Units

The obstetrical units at the University Hospitals serve women from all parts of Iowa. Approximately 60 percent of University Hospitals 1,400 deliveries per year are to high-risk patients. These patients are in need of special obstetrical care including women with complex medical problems, pre-term labor, complications of pregnancy, and multiple gestations. While this level of care requires sophisticated medical and nursing services, it also necessitates an appropriate physical environment and supportive services for the woman and her family.

The obstetrical units are currently housed in 23,200 square feet of functionally obsolete space in the original General Hospital. The antepartum inpatient unit, labor and delivery facilities, and postpartum inpatient unit are located in physically and functionally separate areas. Space for the obstetrical patient's family in the existing labor and delivery unit is almost non-existent. The shortage of space also prevents the allocation of space for pharmacy, social services,

lactation support, and educational services. While the facilities are well maintained, code deficiencies similar to those in the neonatal care units exist. These constraints and code deficiencies render the facility extremely inefficient and functionally outmoded to provide the necessary care, comfort and safety for the obstetrical patient and her family.

Perinatal and Obstetrical Patient Care Units

The development of the perinatal and obstetrical patient care units will integrate the services of the existing neonatal and obstetrical care units to provide care for both the mother and the infant. The project will provide a family-centered obstetrical facility where the pregnant woman can labor, deliver, and recover in one area. The integration of these units will provide a contemporary setting for the coordinated provision of efficient, high quality patient and family services and optimal health science student training.

To adequately address the needs of the neonatal care and obstetrical units, the university proposes to finish approximately 72,000 gross square feet of shelled-in space located on the sixth and seventh levels of the John Pappajohn Pavilion. The units currently occupy a total of 44,000 gross square feet of space in the General Hospital and Boyd Tower, including office space and on-call rooms. The university evaluated several alternatives and selected this option as the most cost-effective method to meet the needs of the units. Specific details concerning the precise number of patient rooms and support facilities to be constructed will be determined during program development.

If sufficient space remains available after meeting the programmatic needs of the perinatal and obstetrical patient populations and their families, this project will also include development of replacement facilities for the Children's Miracle Network Pediatric Intensive Care Unit and an intermediate care unit for pediatric medical/surgical patients. The project is considered an essential component in the phased development of consolidated and coordinated programs, services, and facilities for the Children's Hospital of Iowa.

University officials requested approval to negotiate an agreement with Hansen Lind Meyer to provide design services for the project. Hansen Lind Meyer has provided design services for other projects in the Pappajohn Pavilion and therefore this action is requested in lieu of undertaking the architectural selection process in order to ensure continuity in the design of the Pappajohn Pavilion. University officials will return to the Board for approval of the negotiated agreement.

The total project cost was estimated at \$15 million to be funded by University Hospitals Building Usage Funds. Cost figures will be further developed and refined as project planning proceeds.

PROJECT DESCRIPTIONS AND BUDGETS

Dental Science Building--Remodel Pre-Clinical Teaching
Laboratory Complex \$3,676,000

Preliminary Budget

Construction	\$ 1,644,700
Equipment	1,485,000
Design, Inspection and Administration	
Design and Construction Services	204,500
Consultants	28,800
Contingency	<u>313,000</u>

TOTAL \$ 3,676,000

Source of Funds:

College of Dentistry Gifts	\$ 2,326,000
Treasurer's Temporary Investments	750,000
Dentistry Tuition Surcharge	<u>600,000</u>

\$ 3,676,000

University officials requested approval of the project description and budget in the amount of \$3,676,000. The Dental Science Building was constructed in 1973 and equipped with then state-of-the-art equipment supporting a new innovative curriculum design. No major renovation of the teaching laboratories in the facility has occurred since that time. The pre-doctoral teaching laboratories no longer provide facility support for a technically modern curriculum. Due to the obsolescence of the existing facilities and advances in technology, the College of Dentistry plans to upgrade its pre-clinical teaching laboratories to incorporate patient simulation into the dental curriculum.

College of Dentistry officials proposed to renovate the two existing pre-clinical teaching laboratories into a Simulation Clinic/Laboratory and a Bench Laboratory. The Simulation Clinic/Laboratory will provide students with interactive computer capabilities to analyze, diagnose and simulate the treatment of dental disease on lifelike mannequins. The Bench Laboratory will provide facilities to support traditional instruction in dental prosthodontics and use of dental materials.

The project will remodel the north second floor of the building (11,660 gross square feet). The work will be phased to minimize interruption of ongoing teaching activities. Phase 1 will include development of an 80 station Simulation Clinic/Laboratory, a dispensary, a grading room to evaluate student projects and two faculty offices. The Phase 2 project will include development of a 74 station Bench Laboratory and a 40 station conference/classroom area.

The project will be accomplished via a combination of the public bidding process (for general construction), and purchase orders (for the simulation workstations and casework in the support and bench laboratories). It was the intent of university officials to accept base construction bids for only Phase 1 work, with Phase 2 to be bid as an add alternate. Phase 1 represents approximately two-thirds of the total construction package. This flexible strategy will permit project construction to coincide with available funding.

In October 1996 the Board approved a dentistry tuition surcharge of \$1,000 per year for first- and second-year students, effective with the fall of 1997. This surcharge will be extended to third year students beginning next fall if the Board Office recommendations for tuition and fees are approved. The tuition surcharge will partially fund facility renovation and equipment replacement planning over the next decade and beyond. The starting point in the process is the development of the simulation clinic.

Bowen Science Building--Remodel Portion of Core 5-400,
\$386,000

Physiology Package 5--Phase I

Source of Funds: College of Medicine Gifts and Earnings

Preliminary Budget

Construction	\$ 305,200
Design, Inspection and Administration	
Consultants	37,000
Design and Construction Services	12,800
Contingency	<u>31,000</u>
 TOTAL	 <u>\$ 386,000</u>

University officials requested approval of a project description and budget in the amount of \$386,000 to remodel 2,325 square feet of space in Core 5-400 of the Bowen Science Building for the Department of Physiology. The project will include demolition, installation of new partitions, carpeting, ceilings, lighting, new sinks, fume hoods,

casework and painting. Mechanical improvements will include new ductwork, electrical systems and plumbing.

Project design will be provided by Rohrbach Carlson under an agreement approved by the Board in April 1997 for the Bowen Science Building projects.

University Hospitals and Clinics--Exterior Brick Work \$771,300
Maintenance--Boyd Tower and South Wing
Source of Funds: University Hospitals Building Usage Funds

Preliminary Budget

Construction	\$ 617,000
Architectural and Engineering Support	61,700
Planning and Supervision	30,900
Contingency	<u>61,700</u>
 TOTAL	 <u>\$ 771,300</u>

University officials requested approval of a project description and budget in the amount of \$771,300 to repair and replace the exterior brick of Boyd Tower and the South Wing of University Hospitals. The project will include tuckpointing portions of the brick exterior and replacement of the brick masonry above the windows on the north side of the second floor of Boyd Tower.

The tuckpointing work will repair the weathered mortar in the exterior brick wall in order to preserve the integrity of the exterior moisture barrier. This action will prevent water damage to interior walls, ceilings, floors and furnishings, which could occur if the mortar is allowed to deteriorate.

University Hospitals and Clinics--Recaulking Carver and
Colloton Pavilions \$750,000

Source of Funds: University Hospitals Building Usage Funds

Preliminary Budget

Construction	\$ 600,000
Architectural and Engineering Support	60,000
Planning and Supervision	30,000
Contingency	<u>60,000</u>
TOTAL	<u>\$ 750,000</u>

University officials requested approval of a project description and budget in the amount of \$750,000 to recaulk and reseal the exterior concrete panels on the Carver and Colloton Pavilions. The recaulking work will repair the weathered exterior caulking joints and intersections which have hardened, shrunk, cracked, or lost bonding contact between the pre-cast and joint caulk. The repairs will restore the integrity of exterior walls and eliminate the deterioration of panel joints and intersections which are allowing water to infiltrate and damage interior finishes and furnishings.

University Hospitals and Clinics--Installation of Addressable
Fire Alarm System--Phase B \$495,000

Source of Funds: University Hospitals Building Usage Funds

Preliminary Budget

Construction	\$ 396,000
Architectural and Engineering Support	39,600
Planning and Supervision	19,800
Contingency	<u>39,600</u>
TOTAL	<u>\$ 495,000</u>

University officials requested approval of a project description and budget in the amount of \$495,000 for the second phase of the project. This project will enhance fire safety, reduce maintenance and false alarms, and provide improved system reliability. The fire alarm systems to be upgraded are 15 to 27 years old. The project includes installation of smoke detectors, pull stations, heat detectors and other components unique to addressable fire alarm systems.

University Hospitals and Clinics--Boyd Tower Sprinkler System \$400,000

Installation

Source of Funds: University Hospitals Building Usage Funds

Preliminary Budget

Construction	\$ 320,000
Architectural and Engineering Support	32,000
Planning and Supervision	16,000
Contingency	<u>32,000</u>
 TOTAL	 <u>\$ 400,000</u>

University officials requested approval of a project description and budget in the amount of \$400,000 to install additional sprinklers, new fire hose cabinets, and special fire protection systems to provide 100 percent sprinkler coverage in Boyd Tower. The project will also include installation of specialty fire suppression systems for emergency generator rooms, elevator mechanical rooms and storage areas. When the project is complete Boyd Tower will comply with National Fire Protection Association fire code requirements.

University Hospitals and Clinics--General Hospital Electrical \$360,000
Distribution System Upgrade--Phase A

Source of Funds: University Hospitals Building Usage Funds

Preliminary Budget

Construction	\$ 288,000
Architectural and Engineering Support	32,400
Planning and Supervision	10,800
Contingency	<u>28,800</u>
 TOTAL	 <u>\$ 360,000</u>

University officials requested approval of a project description and budget in the amount of \$360,000 for the first phase of a series of projects to upgrade the electrical distribution system in the General Hospital. Portions of the existing electrical system are 35 years old and are not in compliance with current codes. In addition, the older electrical panels present an electrical shock hazard to staff and visitors. These deficiencies will be corrected with the refurbishment or replacement of the existing panels, wiring and raceways as required. In addition, the electrical loads will be realigned to offer a balanced distribution system leading to improved efficiencies and reliability.

University Hospitals and Clinics--Ambulatory Cardiovascular \$295,000
Procedures Unit Development and Cardiology Clinic Renovation
Source of Funds: University Hospitals Building Usage Funds

Preliminary Budget

Construction	\$ 236,000
Architectural and Engineering Support	23,600
Planning and Supervision	11,800
Contingency	<u>23,600</u>
TOTAL	<u>\$ 295,000</u>

University officials requested approval of a project description and budget in the amount of \$295,000 to renovate approximately 7,900 gross square feet of Adult Cardiology Clinic and Diagnostic Laboratory space on the fourth level of the Carver Pavilion. The project will provide adequate facilities for expanded initiatives in cardiovascular disease diagnosis and treatment, including development of pre- and post-procedure facilities for patients undergoing outpatient procedures. The project will also permit consolidation of adult cardiology and cardiothoracic surgery ambulatory care services and enhance the function and appearance of the Adult Cardiology Clinic.

* * * * *

University officials presented the following revised project budget for Board ratification.

Van Allen Hall--Accelerator Tower--Raze Building
Source of Funds: Treasurer's Temporary Investments

May 1997 Budget \$291,000
August 1997 Budget \$400,000

Project Budget

	Initial Budget <u>May 1997</u>	Revised Budget <u>August 1997</u>
Construction	\$ 231,500	\$ 357,000
Design, Inspection and Administration		
Consultants	24,500	24,500
Design and Construction Services	11,100	11,100
Contingencies	<u>23,900</u>	<u>7,400</u>
 TOTAL	 <u>\$ 291,000</u>	 <u>\$ 400,000</u>

A revised project budget in the amount of \$400,000, an increase of \$109,000, was approved by the Executive Director on August 5, 1997, to allow award of the construction contract to the low bidder. Three bids were received on July 8, 1997, the second bid opening for this project. The first bid opening in May 1997 resulted in the receipt of two bids which exceeded the engineering estimate of \$230,500 by at least 60 percent, and these bids were rejected. Given the results of the two bid openings, the university requested Executive Director approval of a revised project budget in the amount of \$400,000 to allow award of the construction contract to the low bidder in the amount of \$357,000.

University officials indicated that the engineering estimates for both bid openings were based upon a wrecking ball demolition process to raze the structure. However, the bids reflect an alternative method of demolition which will remove the walls by cutting them into sections which will be lowered to the ground. Since the walls are approximately two feet thick, this method will provide for safer removal of the structure with less liability concerns for the contractor. This process is much more time consuming than the wrecking ball method which is the primary reason for the higher costs.

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University officials presents seven projects with budgets of less than \$250,000. The titles, source of funds and estimated budgets for the projects were listed in the register prepared by the university.

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ARCHITECT/ENGINEER AGREEMENTS

University Hospitals and Clinics--Conversion of Rooftop Helipad to Heliport \$44,808
Shive-Hattery, Iowa City, Iowa

University officials requested approval to enter into an agreement with Shive-Hattery to provide design services for the project. The agreement provides for a fee of \$44,808, including \$2,000 for reimbursables.

University Hospitals and Clinics--Off-Hour Lighting Shutdown--Phase B \$49,258.32
ZBA, Inc., Iowa City, Iowa

University officials requested approval to enter into an agreement with ZBA, Inc., to provide design services for the project. The agreement provides for a fee of \$49,258.32, including \$4,177.32 for reimbursables.

Amendments:

Biological Sciences Renovation/Replacement Amendment # 1 \$70,935
Brooks Borg and Skiles, Des Moines, Iowa

University officials requested approval of Amendment #1 to the agreement in the amount of \$70,935. The amendment will provide additional services including assistance in preparing a National Science Foundation grant application, preparation of a library relocation study, additional programming for the existing complex resulting from the university's decision to add a new building to the project scope, and additional schematic design services for existing buildings and reprogramming required by scope increases.

Amendment #1 will not result in an increase in the total project budget.

Dey House--507 North Clinton--Renovate for Amendment #1 \$13,485
Writers' Workshop
Scholtz-Gowey-Marolf Architects and Interior Designers, Davenport, Iowa

University officials requested approval of Amendment #1 to the agreement in the amount of \$13,485. Under the terms of the amendment the architect will provide inspection, construction administration, and mechanical and electrical design services which originally were to be provided by university Design and Construction Services.

Amendment #1 will not result in an increase in the total project budget.

Campus Fiber Optic Network--Project 9-- Oakdale Campus Amendment #5 \$10,830
Shive-Hattery, Iowa City, Iowa

University officials requested approval of Amendment #5 to the agreement in the amount of \$10,830. The amendment will provide for additional design services including additions or revisions to the entrance facilities in the Physiology Research Laboratory and the Hydraulics Laboratory, development of floor plans for seven buildings, revisions to standard electrical design requirements for duplex outlets and power strips, and revisions to ventilation fans in the Oakdale Hall facilities. The amendment will also provide for additional reimbursable expenses.

Amendment #5 will not result in an increase in the total project budget.

Campus Fiber Optic Network--Project 4 Amendment #6 \$10,150
Shive-Hattery, Iowa City, Iowa

University officials requested approval of Amendment #6 to the agreement in the amount of \$10,150. The amendment will provide for additional design services including revisions to the exterior pathways near the Wendell Johnson Speech and Hearing Clinic and Carver-Hawkeye Arena, and revisions to the Field House entrance facility. The amendment will also provide for additional reimbursable expenses.

Amendment #6 will not result in an increase in the total project budget.

Van Allen Hall--Accelerator Tower--Raze Building Amendment #1 \$8,510
Shive-Hattery, Iowa City, Iowa

University officials requested approval of Amendment #1 in the amount of \$8,510 to the agreement with Shive-Hattery. The amendment will provide construction phase services including contract administration and periodic construction observation.

Amendment #1 will not result in an increase in the total project budget.

Laundry Facility Replacement Amendment #1 \$7,850
Shive-Hattery, Iowa City, Iowa

University officials requested approval of Amendment #1 in the amount of \$7,850 which will provide review and coordination consultation for the building portion of the project.

Amendment #1 will not result in an increase in the total project budget.

Campus Fiber Optic Network--Project 6 Amendment #2 \$5,250
Shive-Hattery, Iowa City, Iowa

University officials requested approval of Amendment #2 to the agreement in the amount of \$5,250. Amendment #2 will provide for additional contract administration and field monitoring services as well as increased reimbursable expenses.

Amendment #2 will not result in an increase in the total project budget.

CONSTRUCTION CONTRACTS

Van Allen Hall--Accelerator Tower--Raze Building \$357,000
Award to: Peterson Contractors, Reinbeck, Iowa
(3 bids received)

Engineering Building Modernization/Addition-- \$585,874
Ground Level Area A Construction
Award to: McComas-Lacina Construction Company, Iowa City, Iowa
(4 bids received)

Medical Research Facility--Construct Environmental Chamber \$356,643
Award to: McComas-Lacina Construction Company, Iowa City, Iowa
(3 bids received)

Pharmacy Building--Replace Galvanized Piping \$348,700
Award to: Modern Piping, Cedar Rapids, Iowa
(2 bids received)

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Bowen Science Building--Remodel Portion of Core 2-300--
Pharmacology, Package 3 \$333,804

Award to: O. F. Paulson Construction Company, Cedar Rapids, Iowa
(6 bids received)

Campus Fiber Optic Network--Project 11 and Project 14 Combined--
Outside Plant Fiber \$330,200

Award to: Communication Innovators, Altoona, Iowa
(6 bids received)

Bowen Science Building--Remodel Room 1-101-1--Anatomy Package 7 \$127,800

Award to: Apex Construction Company, Iowa City, Iowa
(5 bids received)

Medical Education and Biomedical Research Facility Utility Relocation--
Contract #1, Preliminary Electrical Relocations \$67,834

Award to: McComas-Lacina Construction Company, Iowa City, Iowa
(2 bids received)

National Advanced Driving Simulator--Site Preparation \$40,611

Award to: Dave Schmitt Construction Company, Cedar Rapids, Iowa
(2 bids received)

University Hospitals and Clinics--General Hospital Sprinkler System
Improvements--Phase A \$24,450

Award to: Grinnell Fire Protection Systems, Bettendorf, Iowa
(3 bids received)

University officials presented the following supplemental construction contract to its Register of Capital Improvement Business Transactions:

National Advanced Driving Simulator \$4,037,000

Award to: McComas-Lacina Construction Company, Inc., Iowa City, Iowa
(3 bids received)

Three bids were received for the construction contract on September 4, 1997. The low bid as submitted by McComas-Lacina Construction Company in the amount of \$4,037,000, was within the engineering estimate of \$4,460,000.

Two contracts have been awarded to date totaling \$118,898 for the utilities and site preparation contracts. The construction contract can be awarded to McComas-Lacina Construction Company within the project budget of \$5,700,000.

President Coleman expressed the excitement of university officials regarding this project.

CHANGE ORDERS TO CONSTRUCTION CONTRACTS

Carver-Hawkeye Arena--Install Rigging Change Order #2 Deduct \$64,000
McComas-Lacina Construction Company, Iowa City, Iowa

Since award of the construction contract, the university has contracted with David Bear, Inc., to furnish the structural steel and metal fabrications for the project. The deduct change order of \$64,000 represents the amount to be deleted from the agreement with McComas-Lacina Construction Company for these materials.

Cambus--Maintenance Facility Expansion Change Order #3 \$62,000
Merit Construction Company, Cedar Rapids, Iowa

Included in the revised project budget was anticipated funding of an additional \$48,800 from the Federal Transit Authority. The construction contract award, in the amount of \$306,900, included the Base Bid of \$244,900 plus Alternate #1 in the amount of \$62,000. However, university officials indicated that award of the alternate would be contingent upon the receipt of the additional funds from the Federal Transit Authority, which was now confirmed.

University officials requested approval of a change order in the amount of \$62,000 which will incorporate the work in Alternate #1 into the agreement with Merit Construction Company. Alternate #1 will remodel 760 square feet of space in the existing Campus Maintenance Facility. The alternate includes remodeling of a bathroom, locker/shower room, parts room and a work room to create improved working space for the maintenance of motors and transmissions and to improve working conditions for the staff.

Iowa Memorial Union Ramp--Facility Upgrade Change Order #1 Deduct \$60,500
Taylor Ball, Cedar Rapids, Iowa

In May 1997 the Executive Director awarded the construction contract for improvements to the Iowa Memorial Union Ramp to Taylor Ball in the amount of \$619,000. Since the recommended award exceeded the engineering estimate by approximately \$79,000

(14.6 percent), the university indicated its plans to reduce the contract by approximately \$62,000 based on negotiations with the contractor which identified several components for deletion from the construction contract. The final negotiated deduct change order amount is \$60,500.

ACCEPTANCE OF COMPLETED CONSTRUCTION CONTRACTS

Schaeffer Hall Remodeling and Renewal--Electrical Transformer Vault
McComas-Lacina Construction Company, Iowa City, Iowa

Campus Fiber Optic Network--Project 8--Near West, North and South Campus--
Construction of Ductbank and Entrance Facilities--Contract 2, Exterior Ductbank
McComas-Lacina Construction Company, Iowa City, Iowa

University Hospitals and Clinics--UIHC Back-Up Boiler
Bowker Mechanical Contractors, Cedar Rapids, Iowa

Hardin Library for Health Sciences--Information Arcade
McComas-Lacina Construction Company, Iowa City, Iowa

MOTION: Regent Kennedy moved that the Register of Capital Improvement Business Transactions for the University of Iowa be approved, as presented. Regent Arenson seconded the motion. MOTION CARRIED UNANIMOUSLY.

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

University officials requested approval to amend its lease as lessee with Mod Pod Incorporated for the university's use of 1,785 square feet of office and laboratory space located at 131 Burlington Street, Iowa City, Iowa, for use by the Department of Geography, at the rate of \$1,325 per month (\$8.91 per square foot, \$15,900 per year) for a one-year period.

University officials requested approval to enter into a new lease as lessor with Travel and Transport, Inc., for its use of 710 square feet of space in the Iowa Memorial Union at the rate of \$1,200 per month (\$20.28 per square foot, (\$14,400 per year) for approximately a one-year period.

University officials requested approval to enter into a new lease as lessor with Short's Travel Service, Inc., for its use of 851 square feet of space in the General Hospital at

the rate of \$1,616 per month (\$22.79 per square foot, \$19,392 per year) for a one-year period.

University officials requested approval of the following lease agreements as lessor for business incubator space in the Technology Innovation Center at the Oakdale Research Park:

- Lease renewal with Accel Catalysis, Inc., for its use of 983 square feet of space (874 square feet of laboratory space and 109 square feet of office space) at the rate of \$951.21 per month (\$12 per square foot for laboratory space, \$8.50 per square foot for office space, \$11,414.52 per year) for a one-year period;
- Lease renewal with American Matrix Technologies for its use of 631 square feet of space at the rate of \$446.96 per month (\$8.50 per square foot, \$5,363.52 per year) for a six-month period; and
- Lease agreement with CompuTerra, Inc., for its use of 268 square feet of space at the rate of \$134 per month (\$6 per square foot, \$1,608 per year) for a one-year period.

MOTION:

Regent Fisher moved to approve leases, as presented. Regent Kennedy seconded the motion, and upon the roll being called, the following voted:

AYE: Ahrens, Arenson, Fisher, Kelly, Kennedy, Newlin, Pellett, Smith.

NAY: None.

ABSENT: Lande.

MOTION CARRIED.

SALE OF PROPERTY. The Board Office recommended that the Board authorize the sale of the following University of Iowa farms, subject to approval of the Executive Council of Iowa:

(1) 80 acre Van Buren County Farm to Dennis M. Adam, Fairfield, Iowa, at the selling price of \$174,400 (\$2,180 per acre); and

(2) 160 acre Laurence R. Fairall Trust Farm to Steve Henry, Laurie Henry, Mildred Welty and Paul Welty, Jr., Nevada, Iowa, at the selling price of \$448,000 (\$2,800 per acre).

University officials requested Board approval to sell two university farms, the Van Buren County farm located in northeast Van Buren County, Iowa (acquired in 1989), and the Laurence R. Fairall Trust Farm located in Story County, Iowa (acquired in 1973).

University officials requested approval to sell the Van Buren County Farm to Dennis Adam of Fairfield, Iowa, at the selling price of \$174,400 (\$2,180 per acre); the property was appraised at an average of \$1,850 per acre.

University officials requested approval to sell the Laurence R. Fairall Trust Farm to Steve Henry, Laurie Henry, Mildred Welty and Paul Welty, Jr., of Nevada, Iowa, at the selling price of \$448,000 (\$2,800 per acre); the property was appraised at an average of \$2,800 per acre.

University officials believe that now is an opportune time to sell the farms given the significant increases in farm land values since the properties were acquired by the university.

MOTION:

Regent Arenson moved to authorize the sale of the University of Iowa farms, as presented, subject to approval of the Executive Council of Iowa. Regent Pellett seconded the motion, and upon the roll being called, the following voted:
AYE: Ahrens, Arenson, Fisher, Kelly, Kennedy, Newlin, Pellett, Smith.
NAY: None.
ABSENT: Lande.

MOTION CARRIED.

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

IOWA STATE UNIVERSITY

The following business pertaining to Iowa State University was transacted on Wednesday, September 10, 1997.

President Jischke introduced Thomas Hill, newly-appointed Vice President of Student Affairs. He said Vice President Hill came to Iowa State University from the University of Florida where he served as Dean of Students. There was an extraordinarily strong pool of candidates for the position at Iowa State University. Mr. Hill expressed the most genuine interest in students as individuals.

Vice President Hill thanked the Board for the opportunity to be a part of the Iowa State University family.

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

Register of Personnel Changes for July and August 1997 which included eight requests for early retirement and one request for phased retirement.

The register included the following actions which were presented for the Board's information:

Resignation: ELIZABETH HOFFMAN as Dean of the College of Liberal Arts and Sciences, effective August 31, 1997.

Appointment: CAROL B. MEEKS as Dean of the College of Family and Consumer Sciences, effective August 21, 1997, at an annual salary of \$135,000.

Appointment: RICHARD HOFFMAN as Interim Dean of the College of Liberal Arts and Sciences, effective September 1, 1997, at an annual salary of \$129,156.

Appointment: JOHN PARKS as President and CEO of the ISU Research Park, effective September 1, 1997, at an annual salary of \$97,000.

ACTION: The personnel transactions were approved by consent.

PRESENTATION ON FACULTY RESEARCH. The Board Office recommended the Board receive the oral report on faculty research.

President Jischke introduced veterinary medicine professor Harley Moon, whom he said was an extraordinarily distinguished scientist.

Professor Moon stated that he works in the Department of Veterinary Pathology. His research program concentrates on infectious disease, particularly the e-coli bacteria. The swine model of the human disease has significant relevance to public health. He described his research program and the grant process. The average success rate for grant proposals to the National Institutes of Health is slightly better than one in 4. Grant proposal success rates for the USDA is slightly less than one in 5. He noted that he had spent the last two days in a grant writing workshop to improve his skills in that process.

Professor Moon said the research enterprise has a direct impact on the education in the college. Most of the actual work is done by students and people in training. Students gain an in-depth understanding of the research process.

Professor Moon then answered Regents' questions about food contamination and infectious disease.

Regent Fisher asked if Professor Moon works with the University of Iowa or other teaching institutions on the human element of these issues. Professor Moon responded that there are collaborations with Texas A&M, the National Animal Disease Institute, as well as the Iowa Public Health Laboratory on the campus of the University of Iowa. He said there should be a natural collaborative base which is being explored.

Regent Pellett thanked Professor Moon for the leadership he has taken on these issues and for helping the Regents to understand the efficacy issues.

President Newlin said it was not often that a member of the National Academy of Sciences addresses the Board of Regents. He expressed the Board's appreciation for Professor Moon's presentation and for all of this efforts.

President Jischke introduced Rand Conger, a Professor of Sociology and Psychology, and Director of the Center for Family Research and Rural Health.

Professor Conger stated that his research work involves collaboration within Iowa State University and with other universities. The Family and Community Health Study of African American Families in Iowa and Georgia is a collaboration with the University of Georgia. He described the research areas, the scale of research activities, the scientific and applied benefits of the research, and the educational benefits of the research.

Regent Kennedy asked if the educational benefits of the research would assist the university in attracting minority students. Professor Conger responded that the graduate college is using the program to attract graduate students to the university. An African American scholar is exploring the possibility of a faculty position at Iowa State University as a direct result of this research program.

Regent Smith stated that Professor Conger's research efforts show an interest in and commitment to the minority population of Iowa.

Regent Kennedy asked if the results of the collaboration with the University of Georgia could impact how communities are developed. Professor Conger responded affirmatively. He said the research results could influence the way communities are planned, both geographically and socially, to promote the best interest of families and children.

President Newlin thanked Professor Conger for his presentation and for his good work.

President Jischke introduced Bruce Thompson, distinguished professor of Materials Science and Engineering and Aerospace Engineering and Engineering Mechanics, and Director of the Center for Non-Destructive Evaluation. He stated that Iowa State University arguably has the best such center in the world.

Professor Thompson described non-destructive evaluation techniques with which people were already familiar, such as medical scanings. Participants in the Center for Non-Destructive Evaluation do the same thing on structural materials to prevent disasters. He referred to the Aloha Airlines fuselage unwrapping and explained why that event occurred (corrosion). Much of the work of the center is stimulated by disasters. The center's work is to make those disasters not happen. He reviewed the center's funding for FY 1997, noting that the public funding is leveraged 10-to-1. The center's participants are drawn from many different departments within the university. One technical result of the work in the center is known as the "dripless bubbler", which he described.

Professor Thompson stated that the educational component of the center's work is a very important component. Iowa State University established the first non-destructive evaluation minor of any university in the country. There are programs in conjunction with community colleges. The Air Worthiness Assurance Center of Excellence,

sponsored by the Federal Aviation Administration, will work to improve flight safety over the next decade.

Professor Thompson stated that biological application of non-destructive evaluation technology includes the ultrasonic grading of beef. A collaboration with the University of Iowa medical school is the cardiac intravascular ultrasound.

President Newlin expressed appreciation to Professor Thompson for the presentation. He noted that the work of the center was famous.

President Jischke stated that what the Regents had heard was a small sample of a large activity on the Iowa State University campus. The total research effort approaches \$250 million per year.

ACTION: President Newlin stated the Board received the oral report on faculty research, by general consent.

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

PERMISSION TO PROCEED WITH PROJECT PLANNING

Communications Building--Remodeling and Addition

University officials requested permission to proceed with project planning and the architectural selection process to remodel approximately 5,000 square feet of space in the Communications Building and to construct an addition of approximately 6,000 square feet to the facility. The project will also upgrade the fire alarm system in the entire building and replace the roof.

The new and remodeled space will be used by the Instructional Technology Center which will relocate its operations from Pearson and Exhibit Halls. The project will allow the center to gain operational efficiencies by combining its operations at one location. After its relocation the center will be housed in the same building as the production-quality television studio space currently leased to Capital Communications. The television studios will also be used by other university programs that require access to high-quality studios, including the Department of Journalism, University Extension, and University Relations. This space will become available to the Instructional Technology Center in the spring of 1998 when Capital Communication's current lease expires.

The space to be vacated in Pearson Hall will be reallocated to academic programs.

Exhibit Hall will be demolished to make room for construction of the Engineering Teaching and Research Complex.

State Gymnasium Remodeling

University officials requested permission to proceed with project planning and the architectural selection process to remodel approximately 11,000 square feet of space in State Gymnasium for use by the Department of Recreation Services. The project will also upgrade primary and secondary electrical systems serving the building and replace the roof.

The space to be remodeled was formerly occupied by the Department of Intercollegiate Athletics and has been vacant since the department was relocated to the Jacobson Building. Recreation Services will move its outdoor recreation equipment rental operation from its current location in the Armory into the remodeled State Gymnasium space. The relocation will enable the outdoor equipment rental program to expand and will provide increased administrative efficiencies since the rental operation will be located in the same building as the offices of the Department of Recreation Services. Office and meeting space for student clubs and intramural programs will be provided adjacent to the administrative offices.

Student Services Remodeling

University officials requested permission to proceed with project planning and the architectural selection process to remodel approximately 26,000 square feet of space in the Student Services Building. The project will also provide upgraded electrical and heating, ventilating and air conditioning services within the building and will replace the roof.

The space will be remodeled for use by the Departments of Student Financial Aid and Minority Student Affairs. These departments will relocate from Beardshear Hall and will occupy space vacated by the Student Health Center when it moved to its new facility. The project will allow these departments to expand and enhance their program offerings in the same building that houses the Dean of Students and other Student Services activities.

PROJECT DESCRIPTIONS AND BUDGETS

Communications Building--Remodeling and Addition \$2,678,067

Preliminary Budget

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Construction Costs	\$ 1,808,734
Professional Fees	399,611
Movable Equipment	190,000
Relocation	4,174
Project Reserve	<u>275,548</u>
TOTAL	<u>\$ 2,678,067</u>
Source of Funds:	
Income from Treasurer's Temp. Invest.	\$ 1,962,000
Building Repair Funds	337,901
General University Funds	190,000
Broadcast Use of Facilities	<u>188,166</u>
TOTAL	<u>\$ 2,678,067</u>

University officials requested approval of the project budget in the amount of \$2,678,067. The project will be funded by Income from Treasurer's Temporary Investments, Building Repair and General University Funds, and Broadcast Use of Facilities. The Broadcast Facilities funds represent the rental income from Capital Communications for the space leased in the Communications Building.

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State Gymnasium Remodeling \$1,111,990

Preliminary Budget

Construction Costs	\$ 510,918
Professional Fees	152,411
Movable Equipment	120,000
Utility Extensions	213,297
Project Reserve	<u>115,364</u>
TOTAL	<u>\$ 1,111,990</u>

Source of Funds:

Income from Treasurer's Temp. Invest.	\$ 587,000
Facilities Overhead Use Allowance	213,022
Building Repair Funds	191,968
General University Funds	<u>120,000</u>

TOTAL \$ 1,111,990

University officials requested approval of the project budget in the amount of \$1,111,990. The project will be funded by Income from Treasurer's Temporary Investments, Facilities Overhead Use Allowance, and Building Repair and General University Funds.

Student Services Remodeling \$4,383,820

Preliminary Budget

Construction Costs	\$ 2,937,740
Professional Fees	645,883
Movable Equipment	350,000
Relocation	6,804
Project Reserve	<u>443,393</u>
 TOTAL	 <u>\$ 4,383,820</u>

Source of Funds:

Income from Treasurer's Temp. Invest.	\$ 2,784,000
Utility Repair Funds	796,415
Building Repair Funds	453,405
General University Funds	<u>350,000</u>

TOTAL \$ 4,383,820

University officials requested approval of the project budget in the amount of \$4,383,820. The project will be funded by Income from Treasurer's Temporary Investments and Utility Repair, Building Repair and General University Funds.

Agronomy Farm--Biomass Energy Conversion Facility \$990,000

Source of Funds: Norwest Master Lease

Preliminary Budget

Construction Costs	\$ 736,200
Professional Fees	121,850
Project Reserve	<u>131,950</u>

TOTAL \$ 990,000

University officials requested approval of a project description and budget in the amount of \$990,000 to construct the Biomass Energy Conversion Facility at the Agronomy Farm. The Biomass Energy Conversion Facility will provide a focal point for research related to the "value-added" concept for agriculture in the energy arena. Biomass includes most organic materials such as crops, crop residues, wood and wood waste,

animal waste, and food-processing waste. The project will include construction of a 20,000 square feet pre-engineered metal building.

Several types of conversion technologies will be showcased at the facility. Technologies to be investigated and demonstrated include thermal gasification, pyrolysis, anaerobic digestion, fermentation and mechanical/chemical extrusion of biodiesel oil. Agricultural crops and crop residues will be converted into a wide variety of energy products including electricity, natural gas, ethanol and biodiesel fuel. In many current niche markets the biomass derived fuels are cost competitive with petroleum based fuels and are more environmentally friendly.

The potential economic benefit to the Iowa agricultural and industrial communities of biomass energy conversion is tremendous as Iowa's annual energy bill exceeds \$5 billion. As new uses for agricultural crops are developed, prices obtained for Iowa's farm products will improve and new industries will produce value-added products.

Funding for the project will be provided from the Norwest Master Lease program. The debt will be retired by the Iowa Energy Center. The use of master lease financing for the project was considered by the Banking Committee at its meeting on September 9, 1997 (see page 179 of these minutes).

Agronomy Farm--Anaerobic Digester Demonstration Project Facility \$510,000
Source of Funds: Norwest Master Lease

<u>Preliminary Budget</u>	
Construction Costs	\$ 395,000
Professional Fees	61,500
Project Reserve	<u>53,500</u>
 TOTAL	 <u>\$ 510,000</u>

University officials requested approval of a project description and budget in the amount of \$510,000 to construct a facility to house a full-scale demonstration anaerobic digester which will convert agricultural residue (primarily corn stalks with a small percentage of animal waste) into natural gas and electricity.

Digesters similar to the proposed unit have performed very well as waste reduction systems in the Iowa meat packing industry for many years. The digester system will help demonstrate an economically and environmentally safe means of increasing the value of agricultural by-products, enhancing the economic return to the agricultural sector.

The digester will measure approximately 190 feet wide by 190 feet long by 20 feet deep and will have a volume of over five million gallons. It will be constructed entirely above the local water table and will comply with all pertinent Department of Natural Resources rules and regulations. A soil borrow area will be needed to provide fill for the earthen portion of the digester.

The digester will be lined and covered with high density polyethylene material to provide a nearly odor free and environmentally safe means of converting the mixture of corn stalks, swine manure and water into high-value energy products. The polyethylene material has a field-proven life expectancy of over 20 years.

Funding for the project will be provided from the Norwest Master Lease program. The debt will be retired by the Iowa Energy Center. The use of master lease financing for the project was considered by the Banking Committee at its meeting on September 9, 1997 (see page 180 of these minutes).

Maple Hall--Exterior Facade Repairs--Phase 1 \$350,000
Source of Funds: Dormitory System Surplus Funds

Preliminary Budget

Construction Costs	\$ 250,000
Professional Fees	45,000
Project Reserve	<u>55,000</u>
 TOTAL	 <u>\$ 350,000</u>

University officials presented the project description and budget in the amount of \$350,000 for Board approval. The project will be funded by Dormitory System Surplus Funds. The major area of deterioration in the Maple Hall facility is the smooth concrete projecting rib that surrounds the windows and the exposed aggregate concrete infill panels. The severe cracking of the concrete ribs indicates that concrete could fall from the face of the building in numerous locations. It was therefore necessary for the university to begin immediately the Phase 1 corrective repairs to eliminate the potential hazards.

The Phase 1 scope of work includes the erection of an eight foot high chain link fence around the perimeter of the building and the construction of canopies at the building entrances to protect pedestrians from falling concrete and other construction debris. New anchorages will be installed at the base of the deteriorated pre-cast panels. All of the deteriorated, projecting concrete ribs will be removed and replaced to match the

existing profiles, textures, and colors of the current pre-cast concrete ribs. A structural analysis indicates that the projecting ribs are not required for the panel to have the necessary capacity to resist the loads and forces which are imposed. Damaged roof flashings will be repaired. The testing of the concrete core samples of the existing pre-cast concrete rib panels will assist the university to determine the potential for ongoing and future deterioration that might be experienced by this facade system and to determine future preventive maintenance commitments.

Rietz Consultants also completed an engineering study of the Larch Hall and Maple-Willow-Larch Commons facilities. The study of these facilities was needed because their facade systems are mirror images of the Maple Hall facility and the buildings are approximately the same age. Willow Hall was not studied since an exterior restoration project was completed by the university in 1993. The consultants concluded that the deterioration at Larch Hall and the Maple-Willow-Larch Commons buildings does not represent a structural concern at the present time.

Because of the emergency nature of the work for Maple Hall, Rietz Consultants is also providing engineering services for the project.

Livestock Infectious Disease Isolation Facility \$9,270,000
Source of Funds: Capital Appropriations

Preliminary Budget

Construction Costs	\$ 5,460,153
Professional Fees	424,067
Movable Equipment	105,250
Project Reserve	<u>3,280,530</u>
 TOTAL	 <u>\$ 9,270,000</u>

University officials requested approval of the project description and budget in order to proceed with bidding and construction of the project. The project will provide a state-of-the-art livestock infectious disease isolation facility for food animals for the research programs in the College of Veterinary Medicine. Infectious diseases cause an estimated 20-25 percent loss in production of livestock. The facility will consist of approximately 27,000 gross square feet (19,198 net assignable square feet) and will be located at the Veterinary Medical Research Institute (VMRI). The facility will be used for studies on pathogenesis of infectious organisms, immunity enhancement, and food safety, as well as for evaluating efficacy of new and improved vaccines and drugs.

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The project will provide a facility for conducting research at the Biological Safety Level 2 (BL-2) which is a measure of the required protection for the people working in the facility. During the planning phases of the project the university determined that it would not be possible with the available funds to provide large animal facilities for conducting Biological Safety Level 3 (BL-3) research at the VMRI site. This level of research provides for a higher level of protection for the study of more potent diseases and requires systems with more stringent control of waste products.

The project reserve includes \$3 million to pursue other alternatives for providing facilities to conduct Biological Safety Level 3 research. The most promising scenario is construction of a facility at the U.S. Department of Agriculture's National Animal Disease Laboratory. This would utilize the recently completed Biological Safety Level 3 necropsy/incinerator facility as well as the waste treatment facilities at that site.

Telecommunications--Outside Plant System Upgrade

\$750,000

\$7,100,000

March 1997 Budget

September 1997 Budget

Project Budget

	Revised Budget <u>March 1997</u>	Revised Budget <u>Sept. 1997</u>
Construction Costs	\$ 603,000	\$ 5,101,000
Professional Fees	60,250	904,000
Fixed Equipment	0	400,000
Utility Extensions	3,000	25,000
Project Reserve	<u>83,750</u>	<u>670,000</u>
TOTAL	<u>\$ 750,000</u>	<u>\$ 7,100,000</u>
Source of Funds:		
Telecom. Fac. Revenue Bonds		\$ 6,700,000
Telecom. Improve. and Ext. Funds	<u>\$ 750,000</u>	<u>400,000</u>
TOTAL	<u>\$ 750,000</u>	<u>\$ 7,100,000</u>

University officials requested approval of a revised project budget in the amount of \$7,100,000 to include all phases of the outside plant system upgrade project. The revised budget includes funding from the Telecommunications Facilities Revenue Bonds, which were sold in July 1997, as a second fund source for the project.

Engineering Teaching and Research Complex

\$61,020,962

\$61,020,962

July 1996 Budget

September 1997 Budget

Project Budget

	<u>Revised Budget July 1996</u>	<u>Amended Budget Sept. 1997</u>
Construction Costs	\$ 45,470,242	\$ 44,637,846
Professional Fees	5,485,358	5,324,337
Fixed Equipment	506,216	445,000
Movable Equipment	7,239,783	6,745,000
Relocation	1,015,000	560,000
Utility Extensions	151,852	480,000
Project Reserve	<u>1,152,511</u>	<u>2,828,779</u>
 TOTAL	 <u>\$ 61,020,962</u>	 <u>\$ 61,020,962</u>
 Source of Funds:		
State Appropriations	\$ 11,000,000	\$ 31,900,000
Future State Funding	20,900,000	
ISU Foundation	690,700	27,620,962
Fed. Aviation Adm. Grant (FAA)	1,500,000	1,500,000
ISU Found./Future FAA Grant	<u>26,930,262</u>	<u>0</u>
 TOTAL	 <u>\$ 61,020,962</u>	 <u>\$ 61,020,962</u>

University officials requested approval of an amended project budget to include all phases of the project. The university is ready to proceed with Phase 2 and wishes to undertake Phases 1 and 2 as one capital project, rather than having a separate project for each phase. University officials believe that through this approach it will be able to achieve efficiencies and potential cost savings in the construction and administration of the project. Expenditures for each phase will be kept separately and charged against the appropriate appropriation.

It is anticipated that no significant changes to the project design will be made as the detailed design is further developed. Some minor adjustments will be made to accommodate shifts in occupants between Phases 1 and 2 that occurred during the

detailed development of Phase 1 of the project, and the exclusion of the Institute for Physical Research and Technology (IPRT) from Phase 2 of the project. The IPRT space will be allocated to College of Engineering departments. The building was designed to allow these types of changes without adversely affecting the overall integrity and effectiveness of the complex.

Lakeside Laboratory--Water Quality Laboratory

Source of Funds: Friends of Lakeside Laboratory

\$700,000

July 1996 Budget

\$800,000

September 1997 Budget

Project Budget

	Initial Budget <u>July 1996</u>	Revised Budget <u>Sept. 1997</u>
Construction Costs	\$ 456,600	\$ 561,800
Professional Fees	86,930	75,775
Fixed Equipment	10,000	10,000
Movable Equipment	63,450	63,450
Utility Extensions	18,000	18,000
Project Reserve	<u>65,020</u>	<u>70,975</u>
TOTAL	<u>\$ 700,000</u>	<u>\$ 800,000</u>

University officials requested Board ratification of a revised project budget in the amount of \$800,000 which was approved by the Executive Director in August 1997 to allow award of the construction contract. Five bids were received for the project on July 15, 1997. The low bid in the amount of \$578,900 exceeded the engineering estimate by approximately 23.6 percent. Following the bid opening, university officials discussed with the low bidder options for reducing the amount of the construction contract. University officials requested award of the construction contract to the low bidder, Bill Eich Construction Company, in the negotiated amount of \$564,089. In addition, university officials requested Executive Director approval of a revised project budget in the amount of \$800,000 to allow award of the negotiated contract. The revised budget represented an increase of 14.3 percent over the initial project budget of \$700,000 approved by the Board in July 1996. The additional funds for the project are being committed by the Friends of Lakeside Laboratory.

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University officials presented four projects with budgets of less than \$250,000. The titles, source of funds and estimated budgets for the projects were listed in the register prepared by the university.

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ARCHITECT/ENGINEER AGREEMENTS

Agronomy Farm--Biomass Energy Conversion Facility \$90,000
Forth Van Dyke Engineers Architects Scientists, Des Moines, Iowa

University officials requested approval to enter into an engineering agreement with Forth Van Dyke Engineers Architects Scientists to provide design services for the project. University officials conducted interviews with four firms who expressed interest in providing design services on this project. University officials recommended the selection of Foth and Van Dyke Engineers Architects Scientists because of the firm's extensive experience with buildings of the type foreseen for this project.

The agreement will provide schematic design services through construction. The agreement provides for a fee of \$90,000, including reimbursables.

Livestock Infectious Disease Isolation Facility \$129,267
RDG Bussard Dikis, Des Moines, Iowa

University officials requested approval to enter into an agreement with RDG Bussard Dikis to provide bidding and construction administration services for the Livestock Infectious Disease Isolation Facility. The scope of the agreement will also include architectural and engineering services for minor changes to the documents prepared under the architectural agreement previously approved by the Board. The agreement will include services for design of Biological Safety Level 2 facility.

The agreement provides for a fee of \$129,267, including reimbursables.

Engineering Teaching and Research Complex

University officials requested approval of the following consultant agreements.

Brooks Borg and Skiles, Des Moines, Iowa \$1,325,000

The agreement will provide design development services through construction documents for the Phase 2 component of the project. All normal and specialized architectural and engineering design services required for completion of the design of the project are included in the agreement with no reimbursable expenses anticipated at this time.

The agreement provides for a maximum fee of \$1,325,000.

The Weitz Company, Des Moines, Iowa \$110,800

The agreement will provide construction management services for the Phase 2 component of the project. Work will consist of cost estimating, value engineering, constructability analysis, and bid package determination during the pre-construction phases. The agreement will provide for only pre-construction services with no reimbursable expenses anticipated at this time. An agreement for construction phase services will be negotiated prior to start of construction of the project.

The agreement provides for a maximum fee of \$110,800.

CONSTRUCTION CONTRACTS

Maple Hall--Exterior Facade Repairs--Phase 1 Not to Exceed \$250,000
Award to: Specialty Construction Services, Madrid, Iowa

The Knoll--Handicap Accessibility Improvements \$199,000
Award to: HPC, L.L.C., Ames, Iowa
(5 bids received)

Howe Hall (Engineering Teaching and Research Complex--Phase 1) \$3,868,600
Bid Package #2--Foundations and Concrete Frame
Award to: Woodruff Construction Company, Fort Dodge, Iowa
(3 bids received)

Lakeside Laboratory--Water Quality Laboratory Negotiated Bid \$564,089
Award to: Bill Eich Construction Company, Spirit Lake, Iowa
(5 bids received)

ACCEPTANCE OF COMPLETED CONSTRUCTION CONTRACTS

Utilities--Heating Plant--Chiller No. 4 Installation
ACI Mechanical, Ames, Iowa

Maple-Willow-March Commons--Telecommunications Upgrade, Steam System
Improvements
ACI Mechanical, Ames, Iowa

FINAL REPORTS

<u>Cyclone Stadium--Deferred Maintenance</u>	<u>\$407,075.11</u>
<u>Laboratory of Mechanics Remodeling</u>	<u>\$959,873.97</u>
<u>Birch-Welch-Roberts Hall--Roof Replacement</u>	<u>\$367,298.53</u>
<u>College of Veterinary Medicine--Replace Roof Sections 3, V, W, X</u>	<u>\$320,126.04</u>
<u>Gilman Hall Renovation--Phase 3</u>	<u>\$7,599,474.00</u>
<u>Reiman Gardens</u>	<u>\$1,834,617.20</u>

MOTION: Regent Arenson moved that the Register of Capital Improvement Business Transactions for Iowa State University be approved, as presented. Regent Smith seconded the motion. MOTION CARRIED UNANIMOUSLY.

APPROVAL OF LEASES AND EASEMENTS. The Board Office recommended the Board approve the leases and easements, as presented.

University officials requested approval to extend its lease as lessee with Dayton Road Development Corporation for the university's use of 2,401 square feet of space located at 137 Lynn Avenue, Ames, Iowa, for use by the university's Small Business Development Center, at the rate of \$2,451 per month (\$12.25 per square foot, \$29,412 per year) for a one-year period.

University officials requested approval to extend its lease as lessee with Determan Investments for the university's use of 1,400 square feet of space located in Mason City, Iowa, for use by the university's Department of Human Development and Family Studies, at the rate of \$640 per month (\$5.49 per square foot, \$7,680 per year) for a one-year period.

University officials requested approval to enter into two easement agreements with the Xenia Rural Water District at the Bilstrand Memorial Farm and at the Agronomy-Agricultural Engineering Research Farm for installation of water pipelines in Boone County, Iowa.

University officials requested approval of a temporary construction easement and permanent right-of-way with the City of Ankeny for the extension of Southwest State Street through the Ankeny Research Farm.

MOTION: Regent Fisher moved to approve leases and easements, as presented. Regent Kennedy seconded the motion, and upon the roll being called, the following voted:
AYE: Ahrens, Arenson, Fisher, Kelly, Kennedy, Newlin, Pellett, Smith.
NAY: None.
ABSENT: Lande.

MOTION CARRIED.

DNR REQUEST FOR LAND ACQUISITION AT THE RHODES FARM. The Board Office recommended that the Board approve the university's recommendation to respond to the Iowa Department of Natural Resources that the Rhodes Research Farm in Marshall County, Iowa, is needed to continue the College of Agriculture's research, teaching and extension programs and that the farm is not available for acquisition.

The Iowa Department of Natural Resources expressed its interest in acquiring the Rhodes Research Farm located in Marshall County, Iowa, from Iowa State University to construct a lake project known as Clear Creek Lake.

The Rhodes Research Farm is used by the College of Agriculture for research, teaching and extension programs in the areas of beef cattle breeding, nutrition, reproduction and management, alternative swine production systems, forages, soils, forestry and animal ecology. These programs are critical to a large segment of Iowa's agriculture. The location, size, and diverse landscape and soils of the Rhodes Research Farm provide an invaluable resource for these programs.

After a thorough evaluation of the current and planned uses of the Rhodes Research Farm, university officials believe it is in the best interest of the State of Iowa to continue the university's research, teaching, and extension programs at the farm.

MOTION: Regent Pellett moved to approve the university's recommendation to respond to the Iowa Department of Natural Resources that the Rhodes Research Farm in Marshall County, Iowa, is needed to continue the College of Agriculture's research, teaching and extension programs and that the farm is not available for acquisition. Regent Smith seconded the motion. MOTION CARRIED UNANIMOUSLY.

President Newlin stated that it would be appropriate to word the response to the Department of Natural Resources that the property will be used for research. President Jischke stated that the response will state that the property will remain a research farm, by unanimous vote of the Board of Regents to that effect.

Regent Pellett commended President Jischke and his staff for the work they did to reach this decision.

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

UNIVERSITY OF NORTHERN IOWA

The following business pertaining to the University of Northern Iowa was transacted on Wednesday, September 10, 1997.

REGISTER OF PERSONNEL TRANSACTIONS. The Board Office recommended the Board approve the university's personnel transactions, as follows:

Register of Personnel Changes for July and August 1997.

ACTION: The personnel transactions were approved by consent.

REPORT ON QUALITIES OF AN EDUCATED PERSON. The Board Office recommended the Board receive the report on the Qualities of an Educated Person from the University of Northern Iowa.

In Spring 1996, a faculty group at the University of Northern Iowa initiated the Qualities of an Educated Person (QEP) project in an effort to identify the qualities of an educated person that characterize a University of Northern Iowa graduate. A draft representing the initial phases of the QEP effort was presented to the Board of Regents at this meeting.

The ultimate goal of the QEP project is to improve the quality of education at the University of Northern Iowa. With respect to undergraduate education the QEP project seeks, "to create a learning community that enables students to develop the knowledge, skills, and values necessary to live thoughtful, creative, and productive lives."

Within this broad aim, University of Northern Iowa officials wish each of its students to develop a comprehensive, personal philosophical perspective that encompasses three broad areas: "the *self*, one's identity; the *community*, self in relation to others; and the *world*, self in relation to our larger environment."

The specific knowledge, skills, and values related qualities for University of Northern Iowa graduates are summarized below:

Knowledge-Related Qualities for UNI Graduates

Knowledge of the traditions of discourse that historically define the university, including the arts, humanities, and sciences.

Specialized knowledge in the context of a field or discipline--depth in a particular field of study as the basis for a career, advanced study, or pursuit of a particular learning interest.

Acquaintance with the nature, methods, and limits of human knowledge, especially knowledge related to skills and values that students develop through their undergraduate education at the University of Northern Iowa.

An understanding of the historical and socio-cultural contexts of knowledge.

Knowledge of the complexities and ambiguities of human experience, including:

- patterns of change and stability;
- dynamics of work and play;
- similarities and differences among individuals, groups, and cultures;
- interrelatedness of self, others, and the world;
- interconnectedness of past, present, and future.

An understanding of the connections among knowledge, values, action, and consequences, and an understanding that knowledge should inform action.

Integration of knowledge into a critical and comprehensive perspective that guides actions in meaningful and responsible ways amid changing circumstances.

Skills-Related Qualities for UNI Graduates

Thinking skills--ability to reason creatively, critically, reflectively, systematically, and imaginatively about complex problems and human endeavors.

Field-specific skills--ability to use methods, procedures, and tools appropriate for particular disciplines or fields of practice in order to prepare for a productive role in family, community, or work.

Communication skills--ability to speak, listen, read, write, and view effectively.

Quantitative skills--ability to calculate and to reason mathematically and statistically.

Affective skills--ability to acknowledge and understand emotions and their relationships to action, knowledge, and values.

Artistic skills--ability to appreciate the processes and products of the arts with aesthetic understanding and sensitivity.

Information skills--ability to use appropriate information technologies and to locate, access, evaluate, synthesize, and manage data and information.

Interpersonal skills--ability to participate effectively in relationships, groups, and communities as leaders, followers, and team members.

Citizenship skills--ability to understand and participate in democratic processes.

Conflict negotiation and resolution skills--ability to understand and deal peacefully and effectively with our differences and disagreements.

Values-Related Qualities for UNI Graduates

A comprehensive philosophical perspective and a coherent value system, based on critical reflection, which guides choices and connects to some larger meaning or purpose, including an awareness of the consequences of holding particular values.

Intellectual openness and adventure, skepticism, and curiosity, including a willingness to deal with ambiguity.

An appreciation of arts and aesthetics.

Personal responsibility, integrity, and self-respect.

A desire for lifelong learning.

Compassion and a sense of social consciousness, justice, equity, and responsibility, with respect and empathy for others.

Respect for the natural world, and a desire to act responsibly toward it.

Respect for individual and group accomplishment, the value of effort, and self-discipline.

Commitment to civic participation.

Provost Marlin stated that she was pleased to present this incredibly important project. She introduced one of the faculty leaders, Dr. Tony McAdams, to discuss the project.

Professor McAdams described the project, noting that it came from the faculty and not from university administration. He introduced two students: Forrest Roberts and Jane Ericson.

Mr. Roberts and Ms. Ericson provided students' perspectives on the Qualities of an Educated Person project.

ACTION: President Newlin stated the Board received the report on the Qualities of an Educated Person from the University of Northern Iowa, by general consent.

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

PROJECT DESCRIPTIONS AND BUDGETS

Institutional Roads 1998--Jennings Drive, 26th Street,
President's Drive and Wisconsin Street \$390,601
Source of Funds: Institutional Road Funds

Preliminary Budget

Contracts/Purchase Orders	\$ 325,500
Consultant/Design Services	48,800
Contingencies	<u>16,301</u>
TOTAL	<u>\$ 390,601</u>

University officials requested approval of a project description and budget in the amount of \$390,601 to reconstruct portions of Jennings Drive, 26th Street, President's Drive and Wisconsin Street. The project will include removal and grading of concrete, installation of new pavement and a storm sewer, and lighting modifications. The work was included in the 1998-2001 Institutional Roads program approved by the Board in July 1997.

Maucker Union--Computer Lab and Student Organization Offices \$263,500

Preliminary Budget

Contracts/Purchase Orders	\$ 232,000
Consultant/Design Services	20,000
Contingencies	<u>11,500</u>

TOTAL \$ 263,500

Source of Funds:

Student Computer Fees	\$ 160,500
Maucker Union Surplus Funds	<u>103,000</u>

TOTAL \$ 263,500

University officials requested approval of a project description and budget in the amount of \$263,500 to renovate space in Maucker Union for a student computer laboratory and to remodel existing student organization offices in the Union. In addition, the installation of an interior ramp will make the student organization offices accessible to individuals with physical disabilities.

The project, which will renovate a total of 3,200 gross square feet of space, will include general, mechanical and electrical work and the purchase of furnishings for the computer lab.

UNI-Dome Roof Replacement/Improvements--Phase III

November 1996 Budget \$10,900,000
September 1997 Budget \$11,370,000

Project Budget

	Initial Budget <u>Nov. 1996</u>	Revised Budget <u>Sept. 1997</u>
Contract/Purchase Orders	\$ 8,866,700	\$ 9,838,672
Consultant/Design Services	964,800	870,000
UNI Physical Plant	29,200	29,000
Quality Control	0	75,000
Project Financing	61,700	55,000
Contingencies	<u>977,600</u>	<u>502,328</u>
 TOTAL	 <u>\$10,900,000</u>	 <u>\$ 11,370,000</u>
 Source of Funds:		
Proceeds Applied from Bond Sale		\$ 8,329,275
Insurance Proceeds to Date		1,871,540
UNI-Dome Surplus Funds		<u>1,169,185</u>
 TOTAL	 <u>\$ 10,900,000</u>	 <u>\$ 11,370,000</u>

University officials requested approval of a revised project budget in the amount of \$11,370,000, an increase of \$470,000, reflecting the availability of additional UNI-Dome surplus funds after the outstanding 1974 Field House Revenue Bonds were called on July 1, 1997. The revised budget also indicates the breakdown of the fund sources which had not been determined at the time the initial project budget was approved in November 1996.

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University officials presented three projects with budgets of less than \$250,000. The titles, source of funds and estimated budgets for the projects were listed in the register prepared by the university.

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ARCHITECT/ENGINEER AGREEMENTS

GENERAL
September 10, 1997

Maucker Union--Computer Lab and Student Organization Offices \$20,000
InVision Architecture, Waterloo, Iowa

University officials requested approval to enter into an agreement with InVision Architecture to provide design services for the project. The agreement provides for a fee of \$20,000, including reimbursables.

CONSTRUCTION CONTRACTS

UNI-Dome Roof Replacement/Improvements--Phase III

General, Electrical, Mechanical Contract \$9,364,802
Award to: Penn-Co Construction, Eagan, MN
(4 bids received)

Sports Lighting System Contract \$265,200
Award to: Voltmer Electric Company, Decorah, Iowa
(2 bids received)

Sound Reinforcing System Contract \$540,230
Award to: D B Acoustics, Marion, Iowa
(2 bids received)

CHANGE ORDERS TO CONSTRUCTION CONTRACTS

UNI-Dome Roof Replacement/Improvements-- Deduct Change Order #1 \$331,560
Phase III--General, Electrical, Mechanical
Penn-Co Construction, Eagan, MN

University officials requested approval of deduct Change Order #1 in the amount of \$331,560 to the agreement with Penn-Co Construction. The firm was awarded the general, electrical and mechanical construction contract for the UNI-Dome Roof Replacement/Improvements--Phase III project.

The change order will delete the terne coating from the stainless steel roofing system which will result in an uncoated stainless steel material. The deduct change order was recommended by the project engineers, Light Structures Design Consultants, as an option to reduce the contract award since the advantages of the terne coating are to enhance the appearance of the stainless steel over time and to make the stainless steel a workable material in the field. The project engineers have indicated that the absence

of the coating will not affect the life expectancy of the stainless steel. The change order will reduce the contract award from \$9,364,802 to \$9,033,242.

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

REQUEST FOR KUNI/KHKE REPEATER STATION IN MARION, IOWA. The Board Office recommended the Board approve the University of Northern Iowa's request to file an application with the Federal Communications Commission for a repeater station at Marion.

In accordance with Board policy, University of Northern Iowa officials sought Board approval prior to applying to the Federal Communications Commission for permission to construct a low power, educational repeater station to serve the Marion area.

Director Vernier stated that this was a mutually exclusive application. He anticipated a long period of time before this is worked out by the FCC.

MOTION: Regent Arenson moved to approve the University of Northern Iowa's request to file an application with the Federal Communications Commission for a repeater station at Marion. Regent Kennedy seconded the motion. MOTION CARRIED UNANIMOUSLY.

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

IOWA SCHOOL FOR THE DEAF

The following business pertaining to Iowa School for the Deaf was transacted on Wednesday, September 10, 1997.

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

Register of Personnel Changes for July and August 1997.

ACTION: The Register of Personnel Transactions was approved by consent.

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

PROJECT DESCRIPTIONS AND BUDGETS

Mechanical Systems Study and Analysis \$20,000
Source of Funds: FY 1998 Building Repair Funds

School officials requested approval of a project description and budget in the amount of \$20,000 to provide an in-depth mechanical systems study and analysis. The study will include an analysis of the campus steam generation and return systems and other utility distribution systems.

Superintendent's Residence--Kitchen Countertop and Vinyl Flooring Replacement \$3,500
Source of Funds: FY 1998 Building Repair Funds

School officials requested approval of a project description and budget in the amount of \$3,500 to provide improvements to the kitchen of the Superintendent's Residence.

Work will include replacement of the flooring, Formica countertops, and sink, along with associated interior refinishing.

MOTION: Regent Fisher moved to approve the Register of Capital Improvement Business Transactions for the Iowa School for the Deaf, as presented. Regent Pellett seconded the motion. MOTION CARRIED UNANIMOUSLY.

APPROVAL OF ISD-AEA 13 EMPLOYMENT AGREEMENT FOR SPEECH LANGUAGE PATHOLOGY. The Board Office recommended the Board approve the contract.

AEA 13 and Iowa School for the Deaf officials proposed to share the services of a speech language pathologist. An Iowa School for the Deaf staff member will be provided to the AEA. In return, Iowa School for the Deaf receives salary and travel reimbursements from the AEA. Salary reimbursements will be for \$27,755.

The Attorney General's office reviewed the contract and the contract was modified to meet those requirements.

ACTION: This matter was approved by consent.

APPROVAL OF UMBRELLA CONTRACT BETWEEN AEA 13, LEWIS CENTRAL, AND IOWA SCHOOL FOR THE DEAF. The Board Office recommended the Board approve the umbrella agreement between the Loess Hills Area Education Agency (AEA 13), the Lewis Central Community School District, and the Iowa School for the Deaf.

Iowa School for the Deaf officials sought renewal of an umbrella contract by which students at Iowa School for the Deaf receive regular classroom instruction at Lewis Central in accordance with the individual education plans of the students. This contract continues a tradition of cooperation among the three educational agencies.

ACTION: This matter was approved by consent.

APPROVAL OF LEASE AGREEMENTS. The Board Office recommended the Board approve leases, as presented.

School officials requested approval to enter into the following new leases as lessor for space on the Iowa School for the Deaf campus:

- With Lewis Central Community Schools for its use of 525 square feet of space in the Elementary Building at the rate of \$220 per month (\$5 per square foot, \$2,640 per year) for a one-year period;
- With Lewis Central Community Schools for its use of 1,200 square feet of space in the Girls Dormitory at the rate of \$500 per month (\$5 per square foot, \$6,000 per year) for a one-year period; and
- With Iowa Western Community College for its use of 800 square feet of space in the Careers Building at the rate of \$800 per month (\$12 per square foot, \$9,600 per year) for a one-year period.

MOTION:

Regent Fisher moved to approve leases, as presented. Regent Kennedy seconded the motion, and upon the roll being called, the following voted:

AYE: Ahrens, Arenson, Fisher, Kelly, Kennedy, Newlin, Pellett, Smith.

NAY: None.

ABSENT: Lande.

MOTION CARRIED.

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

IOWA BRAILLE AND SIGHT SAVING SCHOOL

The following business pertaining to Iowa Braille and Sight Saving School was transacted on Wednesday, September 10, 1997.

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

Register of Personnel Changes for the period of June 29 to August 23, 1997.

When the Board approved the extra-curricular stipends schedule for the current year, the stipend for Student Activities Sponsor (\$1,430) was inadvertently omitted. This stipend is in line with the other stipends on the schedule.

ACTION: The personnel transactions were approved by consent.

POLICY AND PROCEDURES CONCERNING EQUAL EDUCATIONAL OPPORTUNITY FOR STUDENTS WITH DISABILITIES AT REGENT SPECIAL SCHOOLS. The Board Office recommended the Board approve the policies and procedures.

The Rehabilitation Act provides that individuals with disabilities shall not be discriminated against on the basis of their disability. Schools must comply with this by providing equal educational opportunity as well as meeting the physical demands posed by accessibility to facilities.

The policies and procedures proposed by Iowa Braille and Sight Saving School officials mirror the other school policies concerning discrimination.

School officials re-examined its procedures for employees and provided the necessary updates to those policies.

School officials examined the model procedures and policies for educational opportunity that were recommended to local school districts by the Iowa Association of School Boards.

Throughout the process, the school has worked closely with the Attorney General's Office to ensure that legal requirements of the policy are met. The Attorney General's office advised the Board that the policies and procedures were ready for adoption.

MOTION: Regent Fisher moved to approve the policies and procedures. Regent Pellett seconded the motion.
MOTION CARRIED UNANIMOUSLY.

President Newlin then asked Board members and institutional officials if there were additional items for discussion pertaining to Iowa Braille and Sight Saving School. There were none.

ADJOURNMENT.

The meeting of the State Board of Regents adjourned at 3:48 p.m., on Wednesday, September 10, 1997.

R. Wayne Richey
Executive Director