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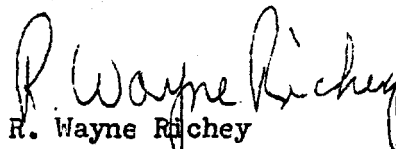
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M E M O R A N D U M

TO: Members of Professional Advisory Committee  
FROM: R. Wayne Richey  
SUBJECT: Meeting of Committee at 10:00 a.m., November 26  
DATE: November 12, 1968

The meeting of the Professional Advisory Committee scheduled for 10:00 a.m. on November 26 will be held in the conference room of the Grimes State Office Building in Des Moines.

Attached hereto are corrected pages for the minutes\* of the last meeting.

  
R. Wayne Richey  
Executive Secretary

RWR/amm

## Attachments

cc: Mr. Tom Holy  
Mr. Robert Piper  
Mr. Leo Kornfeld  
Mr. Miles Stejskal

MINUTES  
OF THE  
MEETING OF THE REGENTS PROFESSIONAL ADVISORY  
COMMITTEE FOR THE WESTERN IOWA INSTITUTION  
OCTOBER 24, 1968  
DES MOINES, IOWA

Chairman Roy convened the meeting at 10:00 a.m. All members of the Professional Advisory Committee were present except the following:

Marvin Anderson  
George C. Hoyt

Alvin H. Scaff  
Dean Zenor

Messrs. Kornfeld, Rosen, and Stejskal of Cresap, McCormick and Paget were present together with Mr. Robert J. Piper of Perkins and Will. Mr. Tom C. Holy, Special Counsel to the Regents, was present.

Chairman Roy asked Mr. Kornfeld to present the consultants' report to the Committee. Mr. Kornfeld stated that his firm would present that portion relating to projected operating costs for the proposed institution while Mr. Piper would report on the site analysis and projection of capital costs.

Mr. Kornfeld referred to the report sent out by Cresap, McCormick and Paget to each member of the Committee on October 18, 1968, on the operating cost estimates for the institution. He stated that as a result of a phone call from Mr. Richey of the Board of Regents' office that the estimated operating costs during the planning stages of the institution would be revised, it being recognized that the projections contained in the report were too low. He also mentioned that instead of projecting the library build-up for the institution over a longer period, a greater amount would be shifted to the early stages of the institution and that provision for physical plant personnel would be made earlier in the planning stages. Mr. Richey commented that a minimum library collection should be catalogued and the books on the shelf in the library the day the institution was opened.

Mr. Kasten questioned whether the initial expenditures for the basic library collection should not be capitalized rather than shown as operating expenditures. He also asked if the salary figures on which the operating costs projections were made were based on total compensation rather than on basic salary.

Mr. Rosen reported that he took the expenditures for salaries and wages from the Financial Report of the University of Northern Iowa for the year ended June 30, 1967, and divided it by the 392 full-time personnel shown in the same report. Mr. Fred Lott stated that that figure included both faculty salaries and benefits and that it also included the salaries of clerical personnel and technical personnel in all of the departments. He further stated that it included salaries for summer session employees as well as the costs of professional development leaves, emeritus stipends and so forth. Mr. Lott reported that the average salary of faculty members for fiscal year 1967 including Social Security and TIAA benefits was \$10,970 instead of the \$12,298 shown on Page 6 of the Cresap McCormick report.

A question was raised as to whether it was appropriate to project instructional and departmental research expenditures at 50% of the total budget over the entire 20-year period of development of the institution.

A question was also raised as to whether it was a defensible figure for this type of institution. It was noted that the percentages for this purpose varied by type of institution in the Cresap McCormick report. Whether they applied specifically to the type of institution contemplated in western Iowa was asked. Mr. Rosen stated that it was very difficult to defend any percentage figure by looking at the costs of other institutions in the country because the differences were incredible and the costs attributed to

various activities were done differently at each institution. Mr. Rosen said that his firm tried to establish a reasonable percentage figure that would yield a dollar amount "within the ball park".

Mr. Pierce commented that he did not see anything wrong with the method used by Cresap, McCormick and Paget in projecting the estimates except that the figures were a little outdated and should be updated two or three years.

The percentage amount allocated by Cresap McCormick for Administration and General Expense was discussed. It was pointed out that it ranged from 5.4% at the three Regent schools and up to 33% in certain private colleges. Mr. Rosen explained that the percentage figure at the Regents' institutions was much smaller because of the large amount of organized research and public service activities going on at those institutions. The figure of 23% was used for the proposed new institution by Cresap, McCormick and Paget for all except the third and fourth year of operation of the institution. This was done because it was felt that the new institution would be more similar to the private colleges and to the University of Northern Iowa than to the large institutions having major organized research and service activities. Mr. Lott reported that the more appropriate administrative and general expense figure at the University of Northern Iowa was 14.2% rather than the 20.5% shown in the report. Mr. Lott reported that the University of Northern Iowa operates a large laboratory school normally classified under the education activities. The last study of costs showed that 5.9% of total expenditures would be attributed to the laboratory schools and that this would cause the Organized Activities classification in the report to be a substantially higher percentage.

It was also stated that the percentage of budget spent for the various activities of an institution would change as the institution developed and enrollments increased and that the consultants should take this into consideration.

The student-faculty ratio of 15 to 1 used as a basis for estimating the costs of the proposed institution was said to be typical of smaller liberal arts colleges rather than the large institutions.

The consultants were asked if they checked new institutions around the country similar in program to the one proposed here to see if they could establish any pattern for use in projecting costs. The consultants reported that they did not. Mr. Holy stated that he felt it would be difficult to maintain the 15% of budget allocated for physical plant during the early years of the institution, concluding that the costs would be much higher as a percentage in the early years of the institution. Mr. Eidsmoe questioned the \$200,000 estimated expenditure for libraries because of the difficulty in finding books. He said similar college lists show a need for a basic selection of 53,000 books and that the cost was \$8 to \$10 a volume. The Committee also discussed the problem of preparing the catalogue both in terms of time and cost.

Mr. Haveman stated that he was not concerned about the projected costs after the fifth year but that he was concerned about the costs shown for the first five years. He felt that there must be a number of institutions in this nation that are five years old or less whose budget could be obtained by the consultants and used as a guide. He urged the consultants to look for an

institution which has, in fact, developed as this one is expected to develop and to study their budgetary expense for the last five years. He stated that if that were done he would have more respect for that as a criterion for judgment than the projections based merely on percentages.

Mr. Kornfeld stated that they used the percentages after studying the situation in other institutions and that it was their purpose to attempt to arrive at a reasonably accurate over-all figure. Mr. Kornfeld stated that they considered and rejected the possibility of checking other institutions as suggested but that if this group wished other figures checked, they would do so. Mr. Pace commented that most institutions starting out this way work on the basis of cost per student for various classifications of expenditures and suggested that most of the newer institutions would probably have statistics of this nature that would be available and have some validity. Mr. Rosen said this approach had been considered but rejected because of the wide ranges of costs shown in the Post High School study and their findings elsewhere that the cost ranged from \$600 to \$4,000 per full-time student.

Mr. Kornfeld reminded the Committee that the purpose in the projections was to establish broad parameters as to what it might cost instead of regarding the projections as exact figures. Mr. Higdon replied that when these figures are put in front of legislators and the public that they tend to "become set in concrete" and that the estimates should be based on some confidence that they are reasonably accurate. He then asked the consultants what confidence limits they would place on the figures projected in the report. Mr. Kornfeld reported on a similar study his firm had done in California for two institutions in the same system using the same methodology. He stated that in

one case they were within 10% of the actual cost and in the other they were off 100%.

Mr. Kasten stated that the figures shown for the private colleges in Iowa for administrative and general expense would be skewed somewhat because of the one large institution, Drake, included in the institutions reporting. He said that without Drake in the figures, the figure of 31.9% would be much higher. He also questioned the use of a standard percentage for the entire 20 years of the institution for administrative and general expense. Other members discussed the problems involved in classifying expenditures by institutions and the different practices between institutions.

Mr. Richey commented that one of the functions suggested for this institution by the educational consultants was that it should serve as a focus for extension services for Western Iowa and questioned whether the percentages allowed for extension and public service in the projections took this function into consideration. Mr. Kornfeld stated that the allocation for this purpose would be re-examined. Mr. Kornfeld further stated that they recognized that the percentages allocated to the various activities or functions would change as the institution developed and that the primary concern of the consultants was to make a reasonable estimate of the overall cost and not a specific breakdown as to how those expenditures were to be classified or would actually be used. He stated that if an error were to be made it would be better that it be on the high side rather than the low side but that they would be careful that the projections were not too high.

Mr. Lang reported that by dividing total expenditures by total students at his institution and in comparing them to those projected for the proposed

institution, he found they were 60% higher than UNI. Mr. Kornfeld stated that this was caused by the small number of students in the new institution. He felt that it would level off as the students grew in numbers, except for changes in cost caused by inflation.

Mr. Richey suggested that the consultants include a line in the report showing the figures in current dollars in addition to the line showing the estimates in 1968 dollars.

Mr. Haveman said that one important thing that one should do when conjecturing is to try using the sensitivity of different assumptions and that he would like to see the consultants explore the figures or results yielded by different assumptions concerning student-faculty ratios.

Following further discussion, Mr. Kornfeld stated that his firm would review and revise the projections based on the comments made during the discussion. He also stated that their effort in reaching an over-all estimate of cost recognized that the institution and its programs were going to depend very heavily on the educational concepts of and type of president selected by the Board of Regents.

Chairman Roy recognized Mr. Robert J. Piper of Perkins and Will who presented a brief review of the work of his firm from June through August 28, culminating in the Board's selection of the prime sites in Atlantic, Harlan, and Carroll for final evaluation for the location of the institution. Mr. Piper then distributed two sections of the rough draft final report from Perkins and Will relating to the institutional program and to the development concepts and costs. He stated that the final report would be presented to the Board on November 15 along with those of Cresap, McCormick and Paget. He stated that the report would be in five sections as follows:

1. Introduction
2. Background study - describes the study process



3. Institutional programming - taking the criteria given us and extending it to square footage for facilities, utilities programs, etc.
4. Section on construction cost
5. Description of the facility planning as applied to each of the sites and a critique of each site

The report will also contain a summary of the findings and recommendations.

Mr. Piper then reviewed with the Committee sections of the final report that were distributed to the Committee. Copies of those two segments of the report by Perkins and Will are attached hereto and made a part of these minutes.

In discussing the report, Mr. Piper indicated that construction costs between 1968 and 1981 are expected to increase by 132% and that these estimates were made by an outside firm of nationwide repute specializing in construction cost estimates. Mr. Piper also commented that there will undoubtedly be some changes in the construction industry in the next decade and that certain changes were already in the incubus stage. The estimates for the cost of land acquisition for each site were based on appraisals, but the appraisers wanted it understood that there was not sufficient time to make the normal full appraisals and that they would not be prepared to testify in a court of record without being given an opportunity to study the sites in more depth. Perkins and Will is estimating that \$150,000 will be required for master planning and legal costs before the initial development of the institution.

The Committee then discussed the estimates of costs per square foot used by the consulting firm with some members reporting lower costs than those shown. Both Mr. Pace of Iowa State University and Mr. Beard of the University of Northern Iowa commented that the cost estimates appear to be realistic. It was pointed out that a large part of the construction program involved student housing and other facilities that would be financed by sale of bonds rather than state tax appropriations. Mr. Piper noted that most of the construction would be in place after the first seven years. He emphasized

that the cost estimates were guidelines and that when individual buildings were designed and constructed there could be some variance from the estimates.

Some discussion was held about the inclination of state government to overbuild facilities in the sense that they attempt to build buildings to last longer than necessary.

Mr. Benton asked if the cost estimates depended on the size of the community, to which Mr. Piper replied that it had no bearing on the projections and that all of the communities were close enough in size and in the same economic region that a complex building in all three sites would cost about the same except for the situation at Carroll in regard to footings.

Mr. Piper stated that the estimates were based on Western Iowa costs and not those in some other state or in Des Moines.

Mr. Haveman attempted to clarify the role of the Committee. Was it to consider the report of the consultants to the Board and pass on the acceptability of the method and the reasonableness of the estimates or was it to pass on the wisdom of the consultants' recommendations as well? Mr. Haveman noted that a sequence of decisions have already been made contrary to the consultants' recommendations on the role and scope and location of the institution. He felt that the Committee would do well to rethink its role in this process. He asked if the Committee was to determine only if the facts and methods used by the consultants are sound and whether the approach of the consultants seemed realistic. He asked for clarification as to whether the Committee was to be advisory to the consultants or to be advisory to the Board of Regents. It was mentioned that the Board of Regents wanted this Committee to review the methodology of the consultants, to act as a resource group, and to check the accuracy of the factual data. The reactions of the Committee to each report by the consultants were reported in the minutes, which were sent to the members of the Board of Regents. It was further stated that the Board of Regents had read the minutes of the meetings and had referred to some of the questions raised in the committee meetings.

It was asked whether the Board would make a final decision on the recommendations of the consultants at the November meeting. Mr. Richey stated that he did not know. Mr. Richey informed the members of the Committee that he had advised the Board that it might not be possible or advisable to make a decision on the recommendations at the November meeting because of the necessity for additional work being done with regard to funding of the estimated cost of the institution.

It was pointed out that if the Board would defer its decision until December, it would give the Committee a chance to review the complete report for the Regents' consideration before making its decisions. The question was asked whether the Regents want any summary of observations from this Committee. Mr. Richey stated that he thought the Regents would be interested in the Committee's reaction to the report and particularly any of the methodology or factual data which might bring into question some of the findings and recommendations. He stated that the Board wanted to be assured that the Committee members' background knowledge was "fed into" the study. He further said that the Board had not made clear whether it wanted a full and final report from this Committee on the study.

Mr. Richey asked each member to review the materials furnished them today and if they had any comments to forward them to his office by Tuesday, October 29, and that he would see that they were in the consultants' hands on Wednesday, October 30.

In response to a comment by one member of the Committee concerning a previous meeting being cancelled, Mr. Richey stated that the meeting was cancelled because the consultants were unable to get the studies and materials to the Committee before meeting the deadline for submission of the report to the Regents. He reported that the Regents had been working under a close timetable.

Mr. Haveman asked again for clarification as to what the Committee was to be advisory on. Is the Board interested in our advice concerning their decisions? Mr. Richey

answered "No" in response. Mr. Richey stated that the Board was interested in the Committee's advice as to whether or not the facts presented were accurate and comprehensive. Chairman Roy reminded the members of the charge to the Committee that the Committee was to insure that the consultants' study was comprehensive and that proper factors had been taken into account. He stated that, collectively, the Committee was supposed to know something about Iowa. Mr. Haveman commented that a part of the consultants' report is based purely and simply on judgments concerning movements in higher education and the role the state should play in the next fifty years of education. He stated that when the Committee was asked to advise on the report, we were being asked to either state its own value judgments or challenge the value judgments implicit in the consultants' report? Chairman Roy stated that it would be hard for the Committee to express value judgments since not all value judgments would be the same. There was some concern that the Board might mistakenly state that the Committee had given a full review to the study including the value judgments of the consultants and the Board. Mr. Richey assured the Committee members that the Board had no intention of doing this.

Chairman Roy stated that it would be of value to the Committee to have a chance to review the final report so that it could find if the consultants had, in fact, taken its advice and comments in terms of the preparation of the full report. Cresap McCormick was asked how it was going to treat the subject of its recommendations being different than those of the Board's decision. Mr. Rosen stated that the first volume of the report will cover the consultants' findings and recommendations. A chapter will then follow stating the actions the Board took and stating what effect the actions had on the future presentations of the consultants. He stated the report would be in three volumes: the first one a general background of the study, the second section devoted to the site location evaluations, and the third one a more specific discussion of the three sites, which will be contributed by Perkins and Will.

In answer to a question as to whether the Committee should meet again, Mr. Richey

stated that the Committee could have one more meeting on the final report if the Board does not take final action on the report on November 15. He stated that he hoped that the Board would have a month for review of the report and have the benefit of a final consideration by this Committee before making its final decision. He stated that he would recommend to the Board that it defer final action on the report until December. He further suggested that if there is to be a next meeting that it take place the last week of November before Thanksgiving. Mr. Haveman stated that if this procedure was followed the Committee members would have a chance to express themselves to the Board either written or orally and asked if the Board is interested in a meeting with the Committee or whether they would prefer any comments in writing. It was stated that the Committee should have one more meeting on the final report whether or not the Board makes a final decision on the study in November. Mr. Richey informed the members that the Board at this time was not interested in a meeting with the Committee. However, he felt that a final review of the report for submission to the Board would be appropriate.

The Committee agreed to meet at 10:00 a.m. on Tuesday, November 26, to consider the final report of the consultants. Mr. Richey is to notify the members as to the place of the meeting and send each member a copy of the final report of the consultants by November 15.

The meeting adjourned.