

MEMORANDUM

To: Board of Regents
From: Board Office
Subject: College of Design Computer Lease Program - ISU
Date: July 21, 2004

Recommended Actions:

1. Approve the College of Design at Iowa State University to continue to offer a computer lease program to students.
 2. Authorize Iowa State University to enter into a financing arrangement of up to \$600,000 for FY 2005 for the fourth year of the computer lease program.
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Executive Summary:

Since FY 2002, Iowa State University has leased computers to students in the College of Design for a three-year period. The student's interest rate for the lease is set by the University at a rate high enough to establish a loan loss reserve fund. At the end of the lease, students are required to turn the computers in to the College so that any University software can be removed. Students are given the option to buy out the contract for \$1 at the end of the three-year lease agreement.

The College of Design reports that the program has been successful and requests that a fourth year be approved.

Iowa State University requests that the Board approve continuation of the computer lease program and that the University be authorized to enter into the financing arrangement of up to \$600,000 for FY 2005 for the University's purchase of approximately 170 laptop computers for leasing to students in the College of Design.

Background/Analysis:

Previous Board Action In July 2001, the Board authorized the College of Design (College) at Iowa State University to enter into a financing agreement of up to \$900,000 for the University's purchase of approximately 250 laptop computers for leasing to students in the College.

The College laptop lease program began in the Fall of 2001 with the purchase of 36 Macintosh machines and 52 Dell laptops. The intent of the program was to provide students with equipment and software to make them successful in the classroom at a price they could afford.

In March 2002, the Board approved the College continuing to offer the computer lease program to students, and in June 2002, the Board authorized a financing agreement of up to \$650,000 for the purchase of 250 laptop computers for leasing to students in the College of Design.

In March 2003, the Board approved the College continuing to offer the computer lease program to students and authorized the College to enter into a financing agreement of up to \$600,000 for the purchase of 200 laptop computers for leasing to students.

Program
Description

ISU reports that the pedagogy of the College of Design is overwhelmingly studio-based. The University believes that the computer (and associated software) is an indispensable tool for students and that a wireless laptop computer is the most compatible educational method for this College.

The College cannot afford to purchase a laptop computer for every student. The University has stated that if each student had a laptop computer with ready access to the necessary software, the College would be able to preserve the unique learning and teaching environment.

In addition to the computers, access to specific software is necessary for students in the College to complete assigned tasks. The software required for these students is often very expensive and changes rapidly with new technology. For instance, a graphic design student wanting to purchase the necessary software would be expected to pay an additional \$1,800 for seven software packages at educational rates. This amount would not necessarily have to be paid every year, but with the rapidly changing software development cycle, every two years would not be uncommon.

The University computer lease program leases computers to students in the College of Design for a three-year period. Students are given the option to buy out the contract for \$1 at the end of the three-year period.

The University indicates that this is a voluntary program and reported that the computer lease costs are allowable for financial aid. Students who lease the laptops continue to pay mandatory computer fees.

Student
Participation

The number of new students participating in the program has grown from 87 in FY 2002 to 146 in FY 2004. Currently, 374 students are participating.

Subject to approval of the continuation of the lease program, the College will send out invitations for participation to incoming sophomores in the professional programs. ISU expects the number of participants to be approximately 170 students.

Equipment

The University reports that students have generally been pleased with the performance of the machines.

The College has been responsible for the maintenance of these machines. The repair of software problems on the machines has been well within the

College's capabilities and has been less time consuming than originally expected.

Associated Costs The College has contributed staff time and resources and will continue to do so into the fourth year of the computer leasing program. The College has continued to add new wireless access points and more software licenses.

Cost to Student The cost to a student for leasing the laptop and program specific software will be approximately \$625 a semester for 6 semesters for total of \$3,750.

Cost

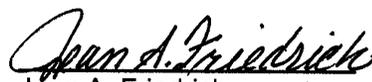
Phase I 2001-2002
Laptop Hardware price: \$3,000
Amount financed: \$254,739 (87 laptops)
Additional peripherals, software, insurance and financing: \$750
Student Amount: \$3,750 (6 equal payments of \$625)

Phase II 2002-2003
Laptop Hardware price: \$3,000
Amount financed: \$378,000 (139 laptops)
Additional peripherals, software, insurance and financing: \$750
Student Amount: \$3,750 (6 equal payments of \$625)

Phase III 2003-2004
Laptop Hardware price: \$3,000
Amount financed: \$517,737 (146 laptops)
Additional peripherals, software, insurance and financing: \$750
Student Amount: \$3,750 (6 equal payments of \$625)

Phase IV 2004-2005
Laptop Hardware price: \$3,000
Amount to be financed: \$600,000 (170 laptops)
Additional peripherals, software, insurance and financing: \$750
Student Amount: \$3,750 (6 equal payments of \$625)

Bids for Financing The University will competitively bid for financing of the laptop computers and program specific software.


Jean A. Friedrich

Approved: 
Gregory S. Nichols

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