MEMORANDUM

To: Banking Committee
From: Board Office
Subject: College of Design Computer Lease Program - ISU
Date: March 3, 2003

Recommended Action:

Recommend the Board:

1. Approve the College of Design at Iowa State University to continue to offer a computer lease program to students.

2. Authorize the Executive Director, on behalf of the Board and Iowa State University, to enter into a financing arrangement of up to $600,000 for FY 2004 for the third year of the computer lease program.

Executive Summary:

Previous Board Action

In July 2001, the Board authorized the College of Design 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 of Design.

The College of Design laptop lease program began in the Fall of 2001 with the purchase of 36 Macintosh machines and 51 Dell laptops. The idea 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 of Design at Iowa State University to continue to offer computer lease program to students, and in June 2002, the Board authorized the College of Design to enter into a financing agreement of up to $650,000 for the purchase of 250 laptop computers for leasing to students in the College of Design.

Request

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

Iowa State University requests that the Banking Committee recommend continuation of the computer lease program and that the Executive Director be authorized to enter into the financing arrangement on behalf of the Board approve a financing arrangement of up to $600,000 for FY 2004 for the University’s purchase of approximately 200 laptop computers for leasing to students in the College of Design.
Background/Analysis:

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. The student’s interest rate for the lease was 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 3-year lease agreement.

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

Student Participation

The number of students participating in the program has grown from 87 in FY 2002 to 139 in FY 2003.

The College will send out invitations for participation to incoming sophomores in the professional programs. ISU expects the number of participants to be approximately 250 due to a better identification of Community and Regional Planning students and the addition of graduate students in the three-year program. With an 80% participation rate, 200 more machines could be added to the computer leasing program.

Equipment

The machines from the first year have been in place for 17 months, and the machines from the current fiscal year have been in place for about 6 months. Although there have been some hardware problems with both platforms recently, they have been covered under the warranty agreements.

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 actually been less time consuming than originally expected.

Student Drop-outs

The College has had only six students who decided not to continue with the professional programs. The College has had no problem finding students to take over the leases for these machines.
Associated Costs
The College has contributed staff time and resources and will continue to do so into the third year of the computer leasing program. The College has also added new wireless access points and more software licenses.

Student Assessment
Later in the year, the College will administer a questionnaire to its students.

The College reports that students have generally been pleased with the performance of the machines, and the additional students participating this year seems to indicate their experience has been good. The College views this computer integration as a positive step and hopes to continue the program in the future.

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.

Estimates

**Phase I 2001-2002**
- Laptop Hardware price: $3,000
- Amount financed by Apple: $253,000 (85 laptops @ $3,000)
- 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 to be financed: $600,000 (200 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 to be financed: $600,000 (200 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.