

**MEMORANDUM**

**To:** Board of Regents  
**From:** Board Office  
**Subject:** Annual Governance Report on Purchasing  
**Date:** November 5, 2001

**Recommended Action:**

Receive the annual governance report on purchasing activity at the Regent institutions for FY 2001.

**Executive Summary:****Strategic  
Plan**

The Board exercises oversight of purchasing at the Regent institutions to meet its statutory responsibility and strategic planning objective (4.4.0.0) to provide effective stewardship of resources by strengthening public understanding and confidence in its governance authority.

The Board's system of governance is intended to maintain confidence in the management of the Regent institutions while allowing the institutions relatively wide latitude in the administration of their internal affairs.

In accordance with the strategic plan regarding accountability and stewardship responsibilities, the Board establishes guidelines for its institutions that help to ensure competent performance.

**Report  
Purpose**

The purpose of the report is to review institutional purchasing efforts and compliance with state purchasing statutes regarding Iowa-based businesses, targeted small businesses, and Iowa Prison Industries.

This report also identifies cooperative and collaborative efforts among the Regent institutions and other agencies — a specific Board strategy to provide effective stewardship.

**Summary**

This governance report is grouped by major purchasing topics — Central Purchasing, Iowa-Based Businesses, Targeted Small Businesses, Iowa Prison Industries, Cooperative Purchasing, Conflict of Interest Vendors, and Vendor Complaints.

---

## **PURCHASING TOPICS:**

### **ATTACHMENT A      CENTRAL PURCHASING**

The institutions purchased just over \$562.7 million through Central Purchasing during FY 2001, an increase of \$101.5 million (10.9%) over FY 2000.

Purchases have gradually increased over the past five fiscal years as a result of the numerous benefits and value-added services that central purchasing offices provide.

Central Purchasing Topics:

- Cost Savings and Value-Added Purchasing
- Procurement Cards
- Electronic Procurement Initiatives
- Sole Source Purchasing
- Emergency Purchases
- Regent Procedural Guide & Iowa Administrative Code Update
- Vendor Complaints

### **ATTACHMENT B      IOWA-BASED BUSINESSES**

Regent institutional purchases from Iowa-based businesses for FY 2001:

- Totaled \$237.6 million, an overall increase of \$33.2 million (16.2%) from FY 2000.
- Represented 42.2% of the total amount processed through central purchasing.

The institutions identified 10,189 Iowa small businesses during FY 2001.

The institutions made 37,045 purchases from Iowa Small Business vendors, which represents a 4.346 (13.3%) increase over FY 2000.

### **ATTACHMENT C      TARGETED SMALL BUSINESSES (TSB)**

During FY 2001, the institutions purchased \$11.0 million from TSBs, a (\$43,210) decrease (0.4%) from FY 2000. A majority of these purchases, \$10 million, were processed through Central Purchasing at the institutions.

Central Purchasing and Institution-Wide purchases decreased from 5.9% to 5.6% and 4.1% to 3.4%, respectively. Fluctuations occur from year to year depending on institutional needs for purchases from TSBs and availability of TSB items.

**ATTACHMENT D IOWA PRISON INDUSTRIES (IPI)**

During FY 2001, purchases from IPI totaled \$2.7 million. This represents a 15.4% increase over the \$2.3 million expended with IPI in FY 2000. The majority of these purchases were furniture purchases for ISU's new dormitory facilities.

**ATTACHMENT E COOPERATIVE PURCHASING**

During FY 2001, the institutions cooperatively purchased:

- \$130.5 million in total through Cooperative Purchasing, an increase of \$12.8 million (10.9%) over FY 2000;
- \$119.0 million through Joint Regent Contracts, an increase of \$9.2 million (8.4%) over FY 2000;
- \$2.7 million dollars from the Educational & Institutional (E&I) Purchasing Cooperative, a decrease of \$0.3 million (10.2%) from FY 2000; and
- Nearly \$8.9 million dollars through State of Iowa purchasing contracts, an increase of \$2.0 million (29.0%) over FY 2000.

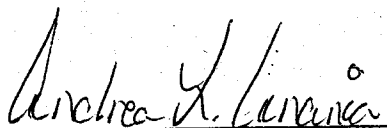
**CONFLICT OF INTEREST VENDORS**

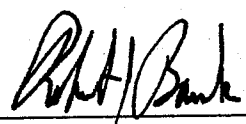
The Board approved six new vendors, for a total of 116 approved vendors with potential conflicts of interest.

Purchases from these vendors totaled \$351,257 during FY 2001, a \$230,160 (190.1%) increase from FY 2000 purchases. The large increase was primarily due to a Board approved vendor awarded a competitively bid contract at Iowa State University.

**ATTACHMENT G VENDOR COMPLAINTS**

The institutions reported that no formal complaints were received during the year.

  
Andrea L. Anania

Approved:   
Robert J. Barak

**BACKGROUND:**

**IOWA CODE** Authorizes the Board of Regents to contract for goods, services, and capital improvements. [§18.3] and [Chapter 262]; and

Requires state and local governing bodies to give preference to Iowa-Based Businesses, Small Businesses, and Targeted Small Businesses [Chapter 73].

**REGENT  
PROCEDURAL  
GUIDE**

Authorizes the Board to delegate authority to the institutional presidents and superintendents to approve agreements and contracts for goods and services purchased by the institutions [§8.01B];

Requires Board approval for items such as capital improvements and related consulting contracts, fire protection, legal services, architects, and engineers [§8.01B];

Authorizes the institutional presidents and superintendents to establish a central purchasing authority at each institution that is responsible for purchasing supplies, equipment, and services [§8.02C];

Requires that each institution establish procedures to ensure that goods and services are competitively bid. Written bids are required for purchases that are expected to exceed \$5,000 at the universities and \$2,500 at the special schools [§8.04A];

Recognizes that there are situations when certain required scientific, mechanical, and technical equipment or supplies can only be obtained from a sole source. Each institution has a policy for handling sole source purchases. [§8.04E];

Recognizes that there are emergency situations when taking competitive bids is not feasible or possible. In such situations involving safety concerns or potential loss of life or property, bidding requirements may be waived so prompt action can prevent loss. [§8.04(F)]; and

Requires each institution to submit an annual report on purchasing which reviews institutional purchasing efforts and compliance with state statutes and Board policies. [Chapter 8].

The Board Office has been working with the institutions to review and update the Regent Procedural Guide as well as the Iowa Administrative Code.

**ANALYSIS:**

**CENTRAL PURCHASING**      A central purchasing authority at each institution helps to ensure efficient and effective vendor selection, order placement, delivery, verification of receipt, and payment.

Board policies affirm that the best interests of the State of Iowa and the Regent institutions are served through implementation of a full and free competitive purchasing system fostered by the use of open specifications, competitive bids or quotations, and awards to the lowest responsible and responsive bidder.

Through institutional and collaborative efforts, purchasing personnel facilitate purchasing efficiencies and effectiveness to reduce costs and deliver more value-added services.

On a quarterly basis, institutional purchasing staff and Board Office staff meet quarterly to discuss purchasing-related activities, and also meet with state purchasing officials to discuss state-wide and cooperative purchasing initiatives.

**BENEFITS**

Efficient, cross-trained purchasing agents;

Compliance with state laws and Board policy;

Consistent and standardized policies and procedures;

Leveraged purchasing power;

Access to several hundred purchasing contracts;

Innovative procurement services;

Financial control;

Expertise in procurement and payment procedures;

Central location for information;

Increased purchasing knowledge;

Limited sole source purchasing; and

Specific programs administered effectively and in compliance with applicable policy (i.e. Targeted Small Businesses, Iowa Small Business and Iowa Prison Industries).

### Comparative Purchases Central Purchasing

<u>Institution</u>	<u>FY 2000</u>	<u>FY 2001</u>	<u>Dollar Change</u>	<u>Percent Change</u>
SUI	\$303,483,715	\$337,315,791	\$33,832,076	11.1%
ISU	117,271,183	166,644,568	49,373,385	42.1%
UNI	36,684,698	54,361,639	17,676,941	48.2%
ISD	3,041,610	3,738,955	697,345	22.9%
IBSSS	<u>725,981</u>	<u>641,508</u>	<u>(84,473)</u>	(11.6%)
Total	\$461,207,187	\$562,702,461	\$101,495,274	22.0%

The institutions purchased just over \$562.7 million in FY 2001, an increase of \$101.5 million (22.0%) over FY 2000.

This increase resulted from additional pharmaceutical costs (\$10.7 million) at the University of Iowa, furniture purchases at Iowa State University and the University of Northern Iowa, as well as increased procurement card purchases, scientific supplies, and technology costs at all of the institutions.

### Dollars Processed through Central Purchasing Over the Last Five Years

<u>Institution</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>
SUI	\$242,891,754	\$250,601,017	\$277,445,215	\$303,483,715	\$337,315,791
ISU	96,485,175	103,192,421	100,552,872	117,271,183	166,644,568
UNI	31,686,206	29,818,104	36,960,856	36,684,698	54,361,639
ISD <sup>1</sup>	2,092,063	1,918,032	2,636,630	3,041,610	3,738,955
IBSSS <sup>1</sup>	<u>795,387</u>	<u>660,778</u>	<u>710,797</u>	<u>725,981</u>	<u>641,508</u>
Total	\$373,950,585	\$386,190,352	\$418,306,370	\$461,207,187	\$562,702,461

<sup>1</sup> Includes purchases through central purchasing offices only; excludes goods purchased through ISU.

Purchases have gradually increased over the past five fiscal years as a result of the numerous benefits and value-added services that central purchasing offices provide.

### Items Processed through Central Purchasing Offices

Type of Purchase	SUI	ISU <sup>3</sup>	UNI	ISD <sup>3</sup>	IBSSS <sup>3</sup>
Bookstore Acquisitions	No	No	N/A	N/A	N/A
Building Repairs Under \$25,000	Yes	Yes	Yes	Yes <sup>1</sup>	Yes <sup>1</sup>
Capital Projects of \$25,000 & More	Yes <sup>2</sup>	Yes <sup>2</sup>	Yes <sup>2</sup>	Yes <sup>1</sup>	Yes <sup>1</sup>
Central Stores Acquisitions	Yes	Yes	Yes	Yes <sup>1</sup>	Yes <sup>1</sup>
Food Products	Yes	Yes	Yes	Yes	Yes
Fuel & Other Utilities	Yes <sup>1</sup>	Yes <sup>1</sup>	Yes <sup>1</sup>	Yes	Yes <sup>1</sup>
General Supplies & Services	Yes	Yes	Yes <sup>3</sup>	Yes <sup>1</sup>	Yes <sup>1</sup>
Library Acquisitions	No	No	No	Yes <sup>1</sup>	Yes <sup>1</sup>
Local Small Orders	Yes	Yes <sup>1</sup>			Yes <sup>1</sup>
Off-Campus Printing	Yes <sup>1</sup>	Yes <sup>1</sup>	Yes <sup>1</sup>	Yes <sup>1</sup>	Yes <sup>1</sup>
Physical Plant Supplies	Yes	Yes	Yes	Yes <sup>1</sup>	Yes <sup>1</sup>
Professional & Other Services	Yes <sup>1</sup>	Yes <sup>1</sup>	Yes <sup>1</sup>	Yes <sup>1</sup>	Yes <sup>1</sup>
Student Union Supplies	Yes	No	Yes	Yes	N/A
Travel	No	Yes <sup>1</sup>	Yes <sup>1</sup>	Yes	Yes <sup>1</sup>

<sup>1</sup> In part. Remaining purchases are institution-wide.

<sup>2</sup> Purchasing participates in a small number of capital projects when cost savings can be obtained by procuring fixed equipment or specialized components through the purchasing department. Most capital projects of \$25,000 or more are handled solely by the facilities planning and management construction services office. Hard copy purchase orders are issued to the awarded contractor through SUI Purchasing.

<sup>3</sup> As of April 1, 1997, procurement card transactions were no longer processed through Purchasing.

<sup>4</sup> ISD & IBSSS items costing over \$2,500 (amount at which written bids are required) are purchased cooperatively through ISU's Purchasing Department, per Board guidelines.

N/A Not applicable.

A wide variety of items are processed through the central purchasing offices at the institutions.

Central purchasing offices participate in a small number of capital projects when cost savings can be obtained by procuring fixed equipment or specialized components through the purchasing department.

**Regular Purchase Orders Written  
Over the Last Five Years**

<u>Institution</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>
SUI	40,215	37,036	22,148	21,134	15,126
ISU	39,632	36,066	34,388	31,348	28,654
UNI	8,669	5,781	5,396	5,031	4,604
ISD <sup>1</sup>	2,942	2,987	3,119	2,844	2,764
IBSSS <sup>1</sup>	<u>912</u>	<u>1,025</u>	<u>1,116</u>	<u>1,090</u>	<u>1,092</u>
Total	92,370	82,898	66,167	61,447	52,240
<sup>1</sup> Includes purchases through central purchasing offices only; excludes goods purchased through ISU.					

The number of regular purchase orders written by the institutions has decreased by 43.4% over the last five fiscal years. This decrease is partially a result of increased procurement/purchasing card usage for low-value, small-dollar transactions.

Reducing the number of purchase orders saves the costs of processing. Regular purchase orders do not include local small orders or vouchers paid and emergency shopping permits where no purchase order is written.

---

**COST SAVINGS  
AND VALUE-  
ADDED  
PURCHASING**

Central purchasing departments at the Regent institutions are continually striving to reduce costs and deliver more value-added services to their campuses and school communities.

Cost savings are achieved by combining purchasing power through better purchasing methods.

Value-added services are realized through contract negotiation, RFP development, as well as intra- and inter-institutional coordination efforts.

**FY 2001  
HIGHLIGHTS**

Many accomplishments were achieved by central purchasing offices during FY 2001 related to cost savings and value-added services. For example:

- SUI renegotiated cost savings agreements successfully including its airline contracts and expects to save up to \$515,000 with the airlines;
- SUI awarded a new contract for Automatic Teller Machines increasing revenue from \$55,000 annually to \$112,000, a 103.6% increase;
- ISU provided administrative oversight and negotiated billing for actual time and materials contracts rather than on a per project basis saving more than \$225,000;
- ISU combined all individual maintenance contracts for printing/copy center machines into one bid solicitation for a multiple year agreement saving more than \$127,000 for each year of the agreement;

The Regent Exhibit Book contains additional examples of individual institution cost savings and value-added services.

<b>Cash Discounts Realized Over the Last Five Years</b>					
<u>Institution</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>
SUI	\$733,943	\$557,051	\$331,895	\$348,991	\$286,548
ISU	272,259	238,810	286,527	273,543	270,751
UNI	31,738	15,228	7,517	17,127	4,039
ISD	705	570	510	1,413	570
IBSSS	<u>2,596</u>	<u>3,257</u>	<u>3,267</u>	<u>2,511</u>	<u>1,292</u>
Total	\$1,041,241	\$814,916	\$629,716	\$643,585	\$563,200

Cash discounts are often part of the terms and conditions extended to the institutions by vendors.

Discounts are most often realized for prompt payment, such as a 1% discount for payment within 10 days with the net amount due in 30 days.

If two suppliers submit identical bids for price and delivery, cash discounts are considered as part of the bid evaluation.

Cash discounts fluctuate from year to year because the composition of purchases changes from year to year. In addition, vendor terms and conditions for cash discounts change periodically making annual comparisons difficult.

As the institutions purchase more from cooperative agreements, cash discounts are likely to decline. Increased savings offered from cooperative purchasing may outweigh the cash discounts offered.

**PROCUREMENT  
CARD  
POLICIES AND  
PROCEDURES**

Procurement/purchasing cards are used for low-value, small-dollar transactions.

- Employees must complete an application agreement and receive training.
- Cardholders must agree to comply with card restrictions;
- Cards cannot be used for personal purchases;
- Transaction limits are assigned;
- Cards may be used for items that do not require purchase orders;
- Purchases are monitored closely for reasonableness;
- When employees terminate or transfer between departments, immediate notice must be given to the institution and/or the procurement card company.

IBSSS does not have a universal procurement card similar to the procurement cards used by the Regent Universities. Instead, the School uses Voyager Cards. Voyager cards can only be used for purchases of gasoline, low dollar auto supplies and services for state vehicles.

The Regent Exhibit Book contains individual policies and procedures for each institution.

**BENEFITS**

Provides users control of low-dollar purchases and facilitates many low-dollar acquisitions, enabling end users to achieve objectives while allowing purchasing professionals to concentrate on high-dollar, more complex acquisitions;

Provides a more efficient and cost-effective procedure for handling small dollar, non value-added purchases;

Provides complete documentation and ensures products are received in a more timely manner;

Expedites payments in emergency situations;

Eliminates requisitions, purchase orders, and payment vouchers and thereby reduces administrative work with fewer invoices processed and fewer checks written;

Enhances the joint rebate/revenue-sharing program, which helps offset the cost of administration; and

Assures acceptance of cards virtually anywhere in the world.

### Number of Procurement Cards Issued

<u>Institution</u>	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>
SUI	1,038	1,019	1,189
ISU	214	383	606
UNI	261	278	293
ISD	20	27	30
IBSSS	<u>0</u>	<u>0</u>	<u>0</u>
Total	1,533	1,707	2,118

The institutions continue to increase the number of procurement cards issued as the benefits and cost savings increase.

### Comparative Purchases

<u>Institution</u>	<u>FY 2000</u>	<u>FY 2001</u>	<u>Dollar Change</u>	<u>Percent Change</u>
SUI	\$15,300,354	\$17,703,377	\$2,403,023	15.7%
ISU	2,760,476	4,557,680	1,797,204	65.1%
UNI	1,118,439	1,345,493	227,054	20.3%
ISD	24,681	34,756	10,075	40.8%
IBSSS <sup>3</sup>	<u>0</u>	<u>0</u>	<u>0</u>	N/A%
Total	\$19,203,950	\$23,641,306	\$4,437,356	23.1%

In FY 2001, the Regent institutions made \$23.6 million worth of purchases with the procurement card, which represents a \$4.4 million (23.1%) increase over FY 2000.

The institutions have steadily increased purchases from procurement card usage as a result of the visible savings on processing time and the reduced number of purchase orders that must be processed.

**ELECTRONIC  
PROCUREMENT  
INITIATIVES**

At the November 2000 meeting, the Board requested that the purchasing report for FY 2001 contain a section on electronic procurement initiatives.

**FY 2001  
HIGHLIGHTS**

The University of Iowa installed software to allow for on-line purchase orders of under \$2,000; began discussions on a web requisitioning system with electronic routing and approval; and invited several e-marketplace vendors to campus to demonstrate their products.

Iowa State University updated its existing on-line direct order entry system as part of a newly developed web-based requisitioning system and worked on an expanded, full-featured web requisitioning system that will allow departments to use a web browser to create electronic requisitions and route them electronically for necessary funding approvals, prior to being routed to the Purchasing Department for action.

The University of Northern Iowa implemented a new financial management system that electronically processes requisitions, approvals, and reports.

The Iowa School for the Deaf enhanced communication with vendors through electronic email.

The Iowa Braille and Sight Saving School ordered food commodities electronically.

**FUTURE  
ENHANCEMENTS**

SUI plans to implement a web requisition that will have electronic routing and approval, web catalogs, on-line contracts, and electronic requests for proposals.

ISU plans to develop a web-based system for issuing and receiving bids electronically as well as integrating on-line vendor catalogs with a web-based purchase ordering system.

UNI will continue to enhance the new financial management system with the introduction of advanced applications features and enhancements to the base financial system modules such as:

- Integration with external procurement systems;
- Additional end-user reports;
- Specialized document routing hierarchies; and
- Advanced user interface options

ISD has no plans at this time to seek electronic procurement opportunities.

IBSSS will begin looking for electronic procurement opportunities that will improve the efficiency and effectiveness of the School's purchasing operations.

---

**SOLE SOURCE  
PURCHASING**

The Regent Procedural Guide recognizes that in some instances, scientific, mechanical, and technical equipment or supplies may be required which are obtainable from a sole source only [§8.04E].

Each institution has a policy for handling sole source purchases.

Purchasing agents handling sole source transactions ascertain whether legitimate reasons exist for procuring the item(s) from one source only.

Purchasing agents either proceed with the purchase on a sole source basis, seek competitive bids from more than one source, or consult with purchasing management to reach a decision.

Sole source purchase orders are monitored for compliance and tracked within the purchasing system for review and reporting purposes.

---

**EMERGENCY  
PURCHASING  
PROCEDURES**

The Regent Procedural Guide recognizes that in some emergency situations, the taking of competitive bids or quotations is not feasible or possible. In such situations, the requirements to do so may be waived [§8.04F].

Each institution has a policy for handling emergency purchases. Emergency purchases are reviewed by purchasing agents for appropriateness. Situations involving safety are handled promptly to prevent the loss of life and/or property.

---

**VENDOR  
COMPLAINT  
PROCEDURES**

Requires institutions to follow established procedures for investigating vendor complaints [§8.03F].

Vendor complaints follow a hierarchical process where they are first directed to purchasing management. If not resolved at that level, the complaint may be appealed to institutional management. The complaint may be submitted to the Board Office if necessary.

The institutions report that no formal complaints were received during the year.

---

**BACKGROUND:**

**IOWA CODE** Requires state and local governing bodies to give preference to Iowa-based businesses, small businesses, and targeted small businesses when purchasing materials, products, supplies, provisions, and other articles purchased at public expense [Chapter 73].

Defines small businesses as any enterprise which is:

- Located in this state;
- Operated for profit and under a single management; and
- Has either fewer than twenty employees or an annual gross income of less than three million dollars computed as the average of the three preceding fiscal years [§15.102(4)].

**ANALYSIS:**

**FY 2001  
HIGHLIGHTS**

**Purchases by Location**

	<u>FY 2000</u>	<u>FY 2001</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Iowa Businesses (Small)	\$60,991,125	\$66,019,474	\$5,028,349	8.2%
Iowa Businesses	<u>143,481,217</u>	<u>171,618,926</u>	<u>28,137,709</u>	<u>19.6%</u>
Subtotal	\$204,472,342	\$237,638,400	\$33,166,058	16.2%
Out of State	\$253,650,876	\$322,385,151	\$68,734,275	27.1%
Out of Country	<u>3,083,970</u>	<u>2,678,910</u>	<u>(405,060)</u>	<u>(13.1)%</u>
Total	\$461,207,188	\$562,702,461	\$101,495,273	22.0%

Regent institutional purchases from Iowa-based businesses for FY 2001 totaled \$237.6 million, an overall increase of \$33.2 million (16.2%) from FY 2000.

The Regent Exhibit Book provides examples of individual institutional successes and accomplishments for FY 2001.

Purchasing agents are encouraged to use Iowa-based businesses for quotations and requests for proposals.

### Overall Purchase Percentages

	FY 2001 Purchases	Percent of Total Purchases
Iowa Businesses (Small)	\$66,019,474	11.7%
Iowa Businesses (Not Small)	<u>171,618,926</u>	<u>30.5%</u>
Subtotal Iowa Businesses	237,638,400	42.2%
Out of State	322,385,151	57.3%
Out of Country	<u>2,678,910</u>	<u>5%</u>
Total	\$562,702,461	100.0%

For FY 2001, Regent institutional purchases from Iowa-based businesses were 42.2% of the amount processed through central purchasing.

### Institutional Purchases from Iowa-Based Businesses as a Percent of Total Purchases<sup>1</sup>

Institution	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001
SUI	48.0%	47.2%	33.5%	39.3%	35.0%
ISU	50.9%	49.2%	53.3%	50.1%	52.3%
UNI	48.7%	59.1%	45.0%	66.5%	54.7%
ISD	65.2%	69.2%	66.9%	53.2%	57.6%
IBSSS	68.6%	73.4%	65.2%	61.8%	75.7%
Total	49.0%	48.8%	39.5%	44.3%	42.2%

<sup>1</sup> Iowa-based businesses are identified by zip code. Details by institution are included on page 21.

Over the last five years, purchases as a percent of total purchases from Iowa-based businesses at SUI have generally decreased. Increased purchases through the University Hospital Consortium may account for some of the decrease from Iowa-based businesses.

Purchases at ISU, UNI, ISD, and IBSSS have remained relatively stable.

As Regent institutions strive to achieve lower costs, it may be difficult to maintain the same percentage levels of purchasing from Iowa-based businesses.

- Technological improvements and evolving business practices can favor nationwide suppliers over Iowa-based businesses.
- Efficiencies can also favor acquiring products and services from joint agreements or other consortia opportunities.

The Board and the institutions are committed to purchases from Iowa-based businesses whenever possible.

**PURCHASES FROM IOWA-BASED BUSINESSES AND FROM OTHER SOURCES<sup>1</sup>**  
**FY 1997 - FY 2001**

	FY 1997		FY 1998		FY 1999		FY 2000		FY 2001	
	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
<b>SUI Total Purchases</b>	<b>\$242,891,754</b>	<b>100%</b>	<b>\$250,601,017</b>	<b>100%</b>	<b>\$277,445,215</b>	<b>100%</b>	<b>\$303,483,715</b>	<b>100%</b>	<b>\$337,315,791</b>	<b>100%</b>
Iowa Businesses other than Small Businesses	83,578,351	34.4%	83,381,044	33.3%	55,424,153	20.0%	79,030,536	26.0%	75,854,132	22.5%
Iowa Small Businesses	33,115,462	13.6%	34,819,894	13.9%	37,519,056	13.5%	40,262,141	13.3%	42,209,958	12.5%
Subtotal Iowa Businesses	116,693,813	48.0%	118,200,938	47.2%	92,943,209	33.5%	119,292,677	39.3%	118,064,090	35.0%
Out-of-State	124,975,002	51.5%	130,795,571	52.2%	182,692,637	65.8%	182,199,643	60.0%	217,941,810	64.6%
Out-of-Country	1,222,939	0.5%	1,604,508	0.6%	1,809,369	0.7%	1,991,395	0.7%	1,309,891	0.4%
<b>ISU<sup>2</sup> Total Purchases</b>	<b>\$96,485,175</b>	<b>100%</b>	<b>\$103,192,421</b>	<b>100%</b>	<b>\$100,552,872</b>	<b>100%</b>	<b>\$117,271,183</b>	<b>100%</b>	<b>\$166,644,568</b>	<b>100%</b>
Iowa Businesses other than Small Businesses	34,912,252	36.2%	35,029,398	33.9%	37,634,092	37.4%	41,183,132	35.1%	66,910,291	40.2%
Iowa Small Businesses	14,155,391	14.7%	15,701,343	15.2%	15,956,691	15.9%	17,549,031	15.0%	20,274,932	12.2%
Subtotal Iowa Businesses	49,067,643	50.9%	50,730,741	49.2%	53,590,783	53.3%	58,732,163	50.1%	87,185,223	52.3%
Out-of-State	46,616,905	48.3%	51,920,981	50.3%	46,338,295	46.1%	57,506,676	49.0%	78,187,085	46.9%
Out-of-Country	800,627	0.8%	540,699	0.5%	623,794	0.6%	1,032,344	0.9%	1,272,260	0.8%
<b>UNI Total Purchases</b>	<b>\$31,686,206</b>	<b>100%</b>	<b>\$29,818,104</b>	<b>100%</b>	<b>\$36,960,856</b>	<b>100%</b>	<b>\$36,684,698</b>	<b>100%</b>	<b>\$54,361,639</b>	<b>100%</b>
Iowa Businesses other than Small Businesses	11,352,540	35.8%	14,169,189	47.5%	13,534,911	36.6%	21,453,356	58.5%	26,459,618	48.7%
Iowa Small Businesses	4,073,384	12.9%	3,456,833	11.6%	3,112,718	8.4%	2,927,833	8.0%	3,290,478	6.1%
Subtotal Iowa Businesses	15,425,924	48.7%	17,626,022	59.1%	16,647,629	45.0%	24,381,189	66.5%	29,750,096	54.7%
Out-of-State	16,213,544	51.2%	12,129,447	40.7%	20,270,950	54.8%	12,247,156	33.4%	24,517,866	45.1%
Out-of-Country	46,738	0.1%	62,635	0.2%	42,277	0.1%	56,353	0.2%	93,677	0.2%
<b>ISD<sup>3</sup> Total Purchases</b>	<b>\$2,092,063</b>	<b>100%</b>	<b>\$1,918,032</b>	<b>100%</b>	<b>\$2,636,630</b>	<b>100%</b>	<b>\$3,041,611</b>	<b>100%</b>	<b>\$3,738,955</b>	<b>100%</b>
Iowa Businesses other than Small Businesses	1,251,432	59.8%	1,213,457	63.3%	1,587,127	60.2%	1,451,801	47.7%	1,996,826	53.4%
Iowa Small Businesses	113,450	5.4%	114,510	6.0%	177,842	6.7%	166,190	5.5%	156,530	4.2%
Subtotal Iowa Businesses	1,364,882	65.2%	1,327,967	69.2%	1,764,969	66.9%	1,617,991	53.2%	2,153,356	57.6%
Out-of-State	727,181	34.8%	590,065	30.8%	871,661	33.1%	1,423,620	46.8%	1,585,599	42.4%
Out-of-Country	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<b>IBSSS<sup>3</sup> Total Purchases</b>	<b>\$795,387</b>	<b>100%</b>	<b>\$660,778</b>	<b>100%</b>	<b>\$710,797</b>	<b>100%</b>	<b>\$725,981</b>	<b>100%</b>	<b>\$641,508</b>	<b>100%</b>
Iowa Businesses other than Small Businesses	461,475	58.0%	411,574	62.3%	394,905	55.6%	362,392	49.9%	398,059	62.1%
Iowa Small Businesses	84,499	10.6%	73,641	11.1%	68,683	9.7%	85,930	11.8%	87,576	13.7%
Subtotal Iowa Businesses	545,974	68.6%	485,215	73.4%	463,588	65.2%	448,322	61.8%	485,635	75.7%
Out-of-State	249,385	31.4%	175,528	26.6%	246,955	34.7%	273,781	37.7%	152,791	23.8%
Out-of-Country	28	0.0%	35	0.0%	254	0.0%	3,678	0.5%	3,082	0.5%
<b>Total Total Purchases</b>	<b>\$373,950,585</b>	<b>100%</b>	<b>\$386,190,352</b>	<b>100%</b>	<b>\$418,306,370</b>	<b>100%</b>	<b>\$461,207,188</b>	<b>100%</b>	<b>\$562,702,461</b>	<b>100%</b>
Iowa Businesses other than Small Businesses	131,556,050	35.2%	134,204,662	34.8%	108,575,188	26.0%	143,481,217	31.1%	171,618,926	30.5%
Iowa Small Businesses	51,542,186	13.8%	54,166,221	14.0%	56,834,990	13.6%	60,991,125	13.2%	66,019,474	11.7%
Subtotal Iowa Businesses	183,098,236	49.0%	188,370,883	48.8%	165,410,178	39.5%	204,472,342	44.3%	237,638,400	42.2%
Out-of-State	188,782,017	50.5%	195,611,592	50.7%	250,420,498	59.9%	253,650,876	55.0%	322,385,151	57.3%
Out-of-Country	2,070,332	0.5%	2,207,877	0.5%	2,475,694	0.6%	3,083,970	0.7%	2,678,910	0.5%

<sup>1</sup> Iowa business estimated using an Iowa zip code for place of business.

<sup>2</sup> Excludes bookstore purchases.

<sup>3</sup> Purchases through central purchasing offices only, does not include goods purchased through ISU.

**Iowa Small Businesses Identified**

<u>Institution</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>
SUI	2,811	2,817	2,494	2,660	3,049
ISU	3,690	4,064	4,230	4,135	3,981
UNI	2,738	2,753	2,787	2,800	2,875
ISD <sup>1</sup>	252	248	251	242	212
IBSSS	<u>96</u>	<u>83</u>	<u>91</u>	<u>79</u>	<u>72</u>
Total	9,587	9,965	9,853	9,916	10,189

The universities exert great effort to identify Iowa Small Businesses within their purchasing databases.

The same vendors may be duplicated among the Regent institutions.

**Number of Regent Purchases  
from Iowa Small Businesses**

<u>Institution</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>
SUI	15,101	15,315	15,910	16,466	17,714
ISU	12,079	10,861	13,663	14,678	17,914
UNI	1,586	978	850	821	686
ISD <sup>1</sup>	448	432	510	427	384
IBSSS	<u>364</u>	<u>307</u>	<u>313</u>	<u>307</u>	<u>347</u>
Total	29,578	27,893	31,246	32,699	37,045

In FY 2001, the Regent institutions made 37,045 purchases from Iowa Small Business vendors, which represents a 4,346 (13.3%) increase over FY 2000.

Increases in purchases from Iowa-based businesses are significant in a marketplace where Internet purchasing opportunities are proliferating and worldwide marketing continues to be the trend.

Leveraged savings continue to be realized by contracts accessed through Joint Regent Contracts and cooperative purchasing consortiums.

**BACKGROUND:**

**IOWA CODE**

Requires that the following four provisions be satisfied to become certified as a Targeted Small Business (TSB) [§15.102]:

1. At least 51% owned, operated, and actively managed by one or more women, minorities, or persons with disabilities;
  - "Minority person" is defined as an individual who is a Black, Hispanic, Asian or Pacific Islander, American Indian, or Alaskan Native American.
  - "Disability" with respect to an individual is defined as a physical or mental impairment, a record of physical or mental impairment, or being regarded as an individual with a physical or mental impairment that substantially limits one or more of the major life activities of the individual:
2. Located in Iowa;
3. Operated for Profit; and
4. Annual gross income of less than \$3 million computed as an average of the three preceding fiscal years.

Establishes goals specifically for procurement from certified Targeted Small Businesses [§73.2].

Requires establishing procurement goals of at least 10% of the value of anticipated goods and services procurements from certified TSBs (including construction, but excluding utility services) [§73.16(2)].

Requires certification as a TSB for governing bodies to count purchases from such businesses as part of the 10% procurement goal [§73.16(2)]. (Eligible small businesses that do not register with the Iowa Department of Economic Development cannot be counted in the targeted small business base.)

Requests that eligible businesses wishing to receive certification as a Targeted Small Business apply to the Iowa Department of Inspections and Appeals [§10A.104(8)].

**ANALYSIS:**

**PURCHASING  
PROCEDURES**

Provides eligible vendors with information regarding TSB certification opportunities;

Uses the TSB website to announce all purchasing opportunities; and

Includes TSBs in bid opportunities and encourages staff to purchase from TSBs whenever possible.

**Comparative  
Purchases****Total Purchases from Targeted Small Businesses<sup>1</sup>  
Institution-Wide**

	<u>FY 2000</u>	<u>FY 2001</u>	<u>Dollar Change</u>	<u>Percent Change</u>
SUI	\$7,945,359	\$8,026,252	\$80,893	(1.0%)
ISU	1,897,223	1,524,773	(372,450)	(19.6)%
UNI	1,170,180	1,433,661	263,481	22.5%
ISD	18,773	6,930	(11,843)	(63.1%)
IBSSS <sup>2</sup>	<u>12,208</u>	<u>8,917</u>	<u>(3,291)</u>	(27.0)%
Total	\$11,043,743	\$11,000,533	(\$43,210)	(0.4%)

1 Figures include capital purchases over \$25,000.  
2 An additional \$11,543 is included in ISU's TSB purchases for FY 2000.

Purchases from several vendors utilized by ISU were previously counted as purchases from certified TSB vendors. However, while the University continues to utilize these vendors, they are no longer certified TSB vendors and purchases from them cannot be included in the TSB totals reported above.

The UNI increase is largely due to three certified TSB vendors awarded bids.

At ISD, nearly all of the decrease in TSB purchases is due to the asbestos abatement services purchased during FY 2000.

IBSSS continues to encounter a mismatch between the needs of the School and the nature of products and services provided by targeted small businesses serving the Vinton area.

**Total Purchases from Targeted Small Business<sup>1</sup>  
Central Purchasing Only**

	<u>FY 2000</u>	<u>FY 2001</u>	<u>Dollar Change</u>	<u>Percent Change</u>
SUI	\$7,635,506	\$7,504,511	(\$130,995)	(1.7%)
ISU	1,469,252	1,071,281	(397,971)	(27.1)%
UNI	1,159,388	1,425,681	266,293	23.0%
ISD	18,773	6,930	(11,843)	(63.1%)
IBSSS <sup>2</sup>	<u>12,208</u>	<u>8,917</u>	<u>(3,291)</u>	(27.0)%
Total	\$10,295,127	\$10,017,320	(\$277,807)	(2.7%)

1 Figures include capital purchases over \$25,000.  
2 An additional \$11,543 is included in ISU's TSB purchases for FY 2000.

Of the \$11.0 million spent with TSBs, \$10.0 million was processed through Central Purchasing.

**Comparative Percentages****TSB Purchases as a Percentage of Eligible Purchases<sup>1</sup>**

<u>Institution</u>	<u>Central Purchasing</u>		<u>Institution-Wide</u>	
	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2000</u>	<u>FY 2001</u>
SUI	6.9%	6.3%	4.8%	4.0%
ISU	3.3%	2.4%	2.3%	1.8%
UNI	6.8%	9.8%	5.3%	4.3%
ISD	2.9%	3.7%	2.9%	3.7%
IBSSS <sup>2</sup>	2.6%	3.0%	2.6%	3.0%
Total	5.9%	5.6%	4.1%	3.4%
1 TSB purchases - purchases of goods and services for which there exists a TSB supplier.				
2 An additional \$11,543 is included in ISU's TSB purchases for FY 2000.				

Most state agencies have difficulty meeting the statutorily mandated 10% procurement goal.

Meeting the goal has been difficult for the Regent institutions primarily due to the limited numbers of certified TSBs that provide goods and services in the commodities typically purchased by Regent institutions.

Some vendors who do qualify as TSBs decline to pursue certification due to the complexity of the State's certification process.

**TSB ACTIVITIES****Regent representatives:**

- Participated in several TSB seminars and training sessions;
- Attended regional meetings, which provide opportunities to meet TSB owners;
- Worked on a national committee to solicit, encourage, and select historically underutilized small businesses to participate and exhibit at an annual product exhibit meeting held in Kansas;
- Presented at the "How to Do Business with the State of Iowa" seminar in Des Moines;
- Attended meetings of the Governor's Task Force on Targeted Small Businesses and provided input;
- Worked to develop a plan to implement recommendations from the Governor's Task Force on Targeted Small Businesses; and
- Collaborated with other State agencies to identify options for TSBs to obtain bonds for bidding.

**PLANS FOR  
INCREASING  
PURCHASES  
FROM TSBs**

The Regent institutions continue efforts to increase TSB purchases including:

- Monitoring bid requests for maximum utilization of TSBs and tracking and monitoring TSB utilization;
- Maintaining TSB utilization as a component of purchasing agent's annual performance review;
- Continuing to post all bid solicitations to the TSB 48-hour web site;
- Meeting with TSBs to encourage bid submittal, answering questions, assisting in completing bid documents, identifying other possible business contacts, and facilitating payment processes;
- Contacting qualified small businesses and encouraging them to certify as a TSBs;
- Disseminating information on the TSB program and its goals to university departments through training and other communication opportunities;
- Working in collaboration with other state agencies to identify, recruit, refer, and utilize Targeted Small Businesses; and
- Linking the Purchasing Department websites to the full TSB directory hosted website.

**GOVERNOR'S  
TASK FORCE ON  
TSBs**

In late 1999, Governor Vilsack formed a Task Force on Targeted Small Business composed of representatives from state agencies, Targeted Small Business owners, and advocates.

Members of the Board Office and Regent institutions attended all meetings and provided input although no Regent representative was appointed to the Task Force. Some of the input was incorporated into the eleven final recommendations submitted by the Task Force to Governor Vilsack.

In 2000, the Governor appointed an Implementation Team to work out details of the Task Force recommendations, including representatives from the Regent institutions.

---

**BACKGROUND:**

**REQUIREMENTS** The Iowa Code requires state agencies to purchase goods furnished by Iowa Prison Industries (IPI) unless those goods do not meet the performance characteristics of similar goods used by the agencies or unless IPI cannot deliver similar goods, comparable both in performance and price, within a reasonable length of time [§904.808].

The Regent Procedural Guide directs the institutions to purchase from Iowa Prison Industries unless exempted under special circumstances [§8.04(G)].

**ANALYSIS:**

**FY 2001**

**HIGHLIGHTS**

Purchases fluctuate from year to year as demand for higher cost IPI products, such as furniture and furniture refinishing tends to be cyclical, with greater demand occurring in conjunction with building renovations and building openings. Purchases from IPI have gradually increased over the last five years.

**Purchases from Iowa Prison Industries  
Over the Last Five Years**

<u>Institution</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>
SUI	\$112,010	\$77,163	\$21,813	\$282,304	\$50,549
ISU	122,715	904,552	892,674	2,011,388	2,548,714
UNI	112,732	3,503	5,711	7,367	61,465
ISD	50	7,151	35,815	2,826	28
IBS	<u>322</u>	<u>293</u>	<u>832</u>	<u>2,553</u>	<u>713</u>
Total	\$347,829	\$992,662	\$956,845	\$2,306,438	\$2,661,469

The institutions experienced several successes during FY 2001:

- SUI revitalized its relationship with IPI by providing the opportunity for them to present updated information on various commodities.
- ISU placed significant orders for Hawthorn Court student apartment furniture and also hired IPI to move furniture. Purchases for FY 2001 increased by \$537,326 (26.7%) over FY 2000.
- UNI purchases from IPI increased \$54,098 (734.3%) over FY 2000 and included:
  - Reupholstering existing public seating on three floors in Rod Library and refinishing older chairs for two major seminar/classroom spaces & guest seating in Seerley Hall;
  - Building public seating benches, special lecterns, library tables, and some architecturally installed glass enclosed display/tackboard cabinets in Seerley Hall; and
  - Constructing and upholstering the bench seating in McElroy Hall and the corridor seating in Wright Hall.

The Regent institutions continually seek ways to increase purchases from IPI. Staff at the Regent institutions meet with IPI to discuss available products and methods to increase purchases. In FY 2001, furniture purchases represented 96.3% of total purchases.

**Purchases by Product from Iowa Prison Industries**

<u>Product</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>
Cleaning and Housekeeping Supplies	\$26,631	\$26,842	\$15,507	\$24,929	\$19,839
Decals	208	95	188	0	2,502
Envelopes	0	0	0	493	0
Furniture	249,231	952,623	932,851	2,253,485	2,563,224
Miscellaneous	669	126	1,603	13,705	66,658
Refinishing	55,194	2,222	3,330	0	0
Reupholstery	2,552	3,308	1,131	0	3,900
Signs	<u>13,344</u>	<u>7,446</u>	<u>2,235</u>	<u>13,826</u>	<u>5,346</u>
Total	\$347,829	\$992,662	\$956,845	\$2,306,438	\$2,661,469

**PLANS TO  
INCREASE  
PURCHASES**

The institutions plan to increase purchases from IPI by:

- Planning meetings between various departments and IPI; and
- Planning a vendor show of IPI goods.

**BACKGROUND:**

**REGENT  
PROCEDURAL  
GUIDE**

Encourages the Regent institutions to:

- Exchange price information, supplier lists, bidder histories, and standard specifications and to implement interinstitutional purchasing arrangements wherever practical and feasible so that maximum value can be obtained [§8.07A];
- Participate in interagency cooperative purchasing agreements to provide the lowest competitive price consistent with Regent quality and service requirements [§8.07B]; and
- Purchase from state central purchasing contracts [§8.07C].

**MGT OF  
AMERICA  
STUDY**

MGT of America, Inc. conducted a comprehensive study of the Regent institutions' purchasing in 1992 and made two significant purchasing recommendations:

- Greater interinstitutional coordination; and
- The use of joint purchasing contracts among or between the institutions.

**ANALYSIS:**

**PURCHASING  
PROCEDURES**

The institutions strive to maintain the proper balance among joint agreements and other consortia opportunities (Iowa Prison Industries, Targeted Small Businesses, and Iowa Businesses) while serving the needs of the campus by providing the best value at the best price.

Procurement efforts continue to focus on utilizing and developing joint contracting opportunities. Regent and State contracts are used to the fullest extent.

---

**Cooperative Purchasing**

Institutional strategic plans contain focused missions, which have allowed purchasing personnel to develop expertise in areas specifically related to the unique institutional roles, such as medicine or agriculture.

Joint efforts and shared expertise among the Regent institutions and other governmental and educational entities improve purchasing efficiencies and effectiveness by reducing costs and delivering more value-added services such as efficient and effective vendor selection, order placement, delivery, verification of receipt, and payment.

**Comparative Purchases**

	<u>FY 2000</u>	<u>FY 2001</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Joint Regent Contracts	\$107,822,050	\$118,968,703	\$11,146,653	10.3%
E&I Cooperative	2,960,171	2,657,839	(302,332)	(10.2%)
State of Iowa Contracts	<u>6,874,989</u>	<u>8,865,382</u>	<u>1,990,393</u>	29.0%
Total	\$117,657,210	\$130,491,923	\$12,834,713	10.9%

The institutions cooperatively purchased nearly \$130.5 million in FY 2001, an increase of \$12.8 million (10.9%) over FY 2000.

**Joint Regent  
Contracts**

The universities continue to participate successfully in joint Regent contracts. Joint Regent contracts consolidate like commodities from the institutions into a single contract. This minimizes individual institutions' efforts while maximizing commodity volume to gain better prices which otherwise could not be achieved.

The institutions purchase a variety of products through numerous vendors using joint Regent purchasing contracts. The table on the following page lists all of the Joint Regent contracts effective during FY 2001.

**Comparative Purchases from  
Joint Regent Contracts**

<u>Institution</u>	<u>FY 2000</u>	<u>FY 2001</u>	<u>Dollar Change</u>	<u>Percent Change</u>
SUI	\$93,032,252	\$102,673,661	\$9,641,409	10.4%
ISU	12,292,768	12,491,051	198,283	1.6%
UNI	2,476,573	3,691,407	1,214,834	49.1%
ISD <sup>1</sup>	0	100,692	100,692	N/A
IBS <sup>1</sup>	<u>20,457</u>	<u>11,892</u>	<u>(8,565)</u>	(41.9)%
Total	\$107,822,050	\$118,968,703	\$11,146,653	10.3%

<sup>1</sup> Included in ISU unless otherwise noted.

Contracts with various vendors for medical supplies (\$27.5 million) and pharmaceutical drugs (\$54.8 million) account for 69.2% of SUI's total purchases.

**Purchases from Joint Regent Contracts  
Over the Last Five Years**

<u>Institution</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>
SUI	\$71,364,593	\$85,338,824	\$88,976,713	\$93,032,252	\$102,673,661
ISU	10,299,039	10,528,175	10,637,327	12,292,768	12,491,051
UNI	2,568,745	1,873,315	2,620,832	2,476,573	3,691,407
ISD	0	0	0	0	100,692
IBS	<u>0</u>	<u>7,866</u>	<u>17,658</u>	<u>20,457</u>	<u>11,892</u>
Total	\$84,232,377	\$97,748,180	\$102,252,530	\$107,822,050	\$118,968,703

The institutions have steadily increased purchases from Joint Regent Contracts over the last five years.

**JOINT REGENT PURCHASING CONTRACTS**

FY 2001

Institution	Item	Current Vendors	Available to	Contract Manager
SUI	Book Binding	Heckman Bindery	All Regent Institutions	Kathleen Kennedy
SUI	Computer Equipment	Dell Computer	All Regent Institutions	Jayne Keiser
SUI	Computer Equipment	Gateway	All Regent Institutions	Jayne Keiser
SUI	Computer Equipment	Micron	All Regent Institutions	Jayne Keiser
SUI	Envelopes	Various	All Regent Institutions	Kathleen Kennedy
SUI	Laboratory Casework	Fisher-Hamilton	All Regent Institutions	John Keller
SUI	Laboratory Supplies	Fisher Scientific	All Regent Institutions	John Keller
SUI	Medical Supplies	Various	All State Agencies	John Schiltz
SUI	Miscellaneous Paper Products	Various	All Regent Institutions	Kathleen Kennedy
SUI	Nutritional Formula	Various	All Regent Institutions	Jim Jetter
SUI	Office Supplies	Corporate Express	All State Agencies	Mark Long
SUI	Pharmaceutical Drugs	Various	All State Agencies	Don Hanson
SUI	Projection Lamps	Sitler Electric	All Regent Institutions	Mark Long
SUI	Procurement Card	Elan Financial Services	All Regent Institutions	Mark Long
SUI	Video Tape	Data Media	All Regent Institutions	Mark Long
SUI	Grease Recycling	National By-Products	All Regent Institutions	Jim Jetter
ISU	Computers	Compaq	All Regent Institutions & State Agencies	Terry Lewis
ISU	Computers	Micron Computers	All Regent Institutions	Terry Lewis
ISU	Computers and Supplies	Compucrom (formerly CIC Systems)	Regent Institutions & DOT	Terry Lewis
ISU	Electrical Supplies	Stitzell Electric	All Regent Institutions	Norm Hill & Jim Mott
ISU	Emissions Monitoring	Total Source Analysis	SUI, ISU, & UNI	Karen Server
ISU	Fluorescent Bulb Disposal	A-Tec Recycling	SUI, ISU, UNI, & State Agencies	Cory Harms
ISU	Hazardous Waste Disposal	Environmental Enterprises	SUI, ISU, & UNI	Cory Harms
ISU	Laboratory Supplies	Fisher Scientific	Regent Institutions & IBA	Al Brooks & Doug Getter
ISU	Moving Services	Allied Van Lines	All Regent Institutions	John Feller
ISU	Photo Supplies	Olson Graphics	All Regent Institutions	Terry Lewis
ISU	Power Plant Chemicals	Nalco Chemical Co.	SUI, ISU, & UNI	Dennis Romsey
ISU	Workstations/Scientific Equipment	Hewlett-Packard	All Regent Institutions	Terry Lewis
UNI	Copier/Fax Supplies	Various	All Regent Institutions	Roxanne Conrad

**Educational &  
Institutional  
(E&I)  
Cooperative**

Another avenue of cooperative purchasing available to the institutions is through the Educational & Institutional (E&I) Cooperative, a not-for-profit purchasing cooperative consisting of over 2,000 tax-exempt colleges, universities, preparatory schools, hospitals, medical research institutions, and hospital purchasing organizations in the United States.

Over 75 contracts provide members with products and services ranging from computer supplies to lab coats, at very competitive prices.

**Comparative Purchases from the  
E&I Purchasing Cooperative**

<u>Institution</u>	<u>FY 2000</u>	<u>FY 2001</u>	<u>Dollar Change</u>	<u>Percent Change</u>
SUI	\$1,469,411	\$1,415,036	(\$54,375)	(3.7%)
ISU	1,376,126	955,997	(420,129)	(30.5%)
UNI	<u>114,634</u>	<u>286,806</u>	<u>172,172</u>	150.2%
Total	\$2,960,171	\$2,657,839	(\$302,332)	(10.2%)

<sup>1</sup> ISD and IBS are included in ISU numbers.

ISU's purchases from the E&I Cooperative returned to more statistically normal levels and declined more than \$400,000, as budget constraints affected acquisitions.

UNI's 150.2% increase is due primarily to furniture purchases.

**Purchases from the E&I Purchasing Cooperative  
Over the Last Five Years**

<u>Institution</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>
SUI	\$1,266,938	\$1,260,784	\$1,268,494	\$1,469,411	\$1,415,036
ISU <sup>1</sup>	1,353,347	988,422	899,434	1,376,126	955,997
UNI	<u>166,885</u>	<u>122,182</u>	<u>18,171</u>	<u>114,634</u>	<u>286,806</u>
Total	\$2,787,170	\$2,371,388	\$2,186,099	\$2,960,171	\$2,657,839

<sup>1</sup> ISD and IBS purchases are included in ISU numbers.

Cumulative purchases from the E&I Purchasing Cooperative have remained relatively stable over the last five years.

**State of Iowa  
Purchasing  
Contracts**

Current State of Iowa contracts and related information can be found on the Iowa Department of General Services web site.

The Regent institutions cooperatively work with the Department of General Services (DGS) and share contracts whenever possible. The institutions have standard language in their contracts that allow the state to use the Regent contracts.

The Regent institutions and DGS staff regularly communicate through quarterly purchasing meetings and other correspondence.

**Comparative Purchases from  
State of Iowa Purchasing Contracts**

<u>Institution</u>	<u>FY 2000</u>	<u>FY 2001</u>	<u>Dollar Change</u>	<u>Percent Change</u>
SUI	\$3,948,258	\$5,270,202	\$1,321,944	33.5%
ISU	2,342,650	2,911,520	568,870	24.3%
UNI	539,992	596,891	56,899	10.5%
ISD	27,846	74,801	46,955	168.6%
IBSSS	<u>16,243</u>	<u>11,968</u>	<u>(4,275)</u>	(26.3%)
Total	\$6,874,989	\$8,865,382	\$1,990,393	29.0%

**Purchases from State of Iowa Purchasing Contracts  
Over the Last Five Years**

<u>Institution</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>
SUI	\$2,715,886	\$4,626,326	\$2,662,380	\$3,948,258	\$5,270,202
ISU	2,270,717	2,144,906	1,937,440	2,342,650	2,911,520
UNI	331,448	575,070	693,453	539,992	596,891
ISD	0	0	0	27,846	74,801
IBSSS	<u>42,091</u>	<u>15,160</u>	<u>19,154</u>	<u>16,243</u>	<u>11,968</u>
Total	\$5,360,142	\$7,361,462	\$5,312,427	\$6,874,989	\$8,865,382

Cumulative purchases from State of Iowa Purchasing Contracts have generally increased over the last five years.

**Successes  
and Future  
Plans**

Joint agreement between the universities and Elan Financial Services resulted in a cumulative rebate of \$82,058.

SUI completed its seventh year as a member of the University Health System Consortium comprised of most of the major teaching hospitals in the United States.

ISU served as the lead institution or jointly handled the contract administration process for several new and existing Joint Regent Contracts for:

- Moving Services;
- Personal Computer Products;
- Scientific Equipment And Supplies;
- Water Treatment Chemicals And Service;
- Hazardous Waste Disposal, Computers;
- Fluorescent Lamp Recycling;
- Computer Supplies And Peripherals;
- Photo Supplies Contract;
- Continuous Emissions Monitoring Systems Program;
- Purchasing Card Program; and
- Fax Machines.

UNI increased its joint purchases by almost 50%.

ISD and IBSSS continued to take advantage of larger discounts through bulk purchases.

See the Regent Exhibit Book for detailed examples by institution.

**BACKGROUND:**

<b>IOWA CODE</b>	<p>Requires competitive bids and public notice [§68B.3]; and</p> <p>Requires the Board to give consent to officials or employees of Regent institutions who wish to sell goods and services to their respective institution. [§68B.4].</p>
<b>ADMINISTRATIVE RULES</b>	<p>Precludes individuals with potential conflicts from being directly involved in the purchasing decisions or authorizing of any such contracts as well as making material changes to such contracts [Chapter 681 §8.9(1a)];</p> <p>Requires Board authorization when a single purchase from a conflict of interest vendor (Regent employee, Board Office employee, or Board member) exceeds \$1,000 or a fiscal year's cumulative purchases exceed \$2,000 [Chapter 681 §8.9(2)];</p> <p>Allows prior authorization on a per occurrence basis or on the basis of approval by the Regents of a list of individuals [Chapter 681 §8.9(2)];</p> <p>Declares that once approved by the Board, an individual will remain on the approved master list maintained by the entity transacting business with the individual [Chapter 681 §8.9(2)]; and</p> <p>Requires a written and signed authorization from the employee requesting consent [Chapter 681 §8.9(3)].</p>
<b>REGENT PROCEDURAL GUIDE</b>	<p>Requires purchases from Regent employees (i.e., conflict of interest vendors) to be included in the annual purchasing report to the Board [§8.09(C) and §10.09(E)].</p>

**ANALYSIS:**

**PURCHASING  
PROCEDURES**

Each Regent institution is responsible for identifying and analyzing conflict of interest vendor purchases at its institution.

Written requests for approval of vendors with a potential conflict of interest are presented to the Board on an individual basis.

Institutional submissions of Conflict of Interest Vendors are maintained in the Board Office.

Purchasing personnel at the Regent institutions maintain conflict of interest lists and compile annual expenditures.

**FY 2001  
HIGHLIGHTS**

The Board approved 10 new vendors for a total of 116 approved vendors:

- SUI = 46
- ISU = 47
- UNI = 20
- ISD = 2
- IBSSS = 1

Purchases from conflict of interest vendors on the Board-approved list totaled \$351,257, a \$230,160 (190.1%) increase over FY 2000 purchases. The large increase was primarily due to a Board approved vendor that was awarded a competitively bid contract at Iowa State University.

Expenditures were:

- SUI = \$50,867
- ISU = \$276,264
- UNI = \$22,545
- ISD = \$0
- IBSSS = \$1,581

The table on the following pages contains a comprehensive list of vendors approved by the Board and the expenditures for each during FY 2001.

**VENDORS APPROVED BY THE BOARD OF REGENTS**  
**FY 2001**

Business Name	Approval Date	Product or Service	FY 2001 Purchases	Employee Affiliation
<b>THE UNIVERSITY OF IOWA</b>				
Achepohl, Keith	20-Oct-94	Art Work	1,000	Professor, Art & Art History
Adv. Medical Concepts	15-Apr-92	Needle Capping Devices	-	Faculty Member, Internal Medicine
Alt. Hearing Systems	25-Sep-91	Assistive Learning Devices	-	Senior Systems Specialist
Apple Valley Baskets	24-May-93	Hand-woven Baskets	442	Clerk, OB/GYN
Brown Electronics	15-May-91	Repair of Electronic Equipment	75	Technician, WSUI
Canoe Creek Pottery	24-May-93	Stoneware Spec. Products	-	Senior Admission Counselor
Choo, Charles	19-Feb-92	Art Work	-	Professor, Art & Art History
Classic Graphic Studio	27-Oct-93	Graphic Design	-	Associate Editor, Internal Medicine
CpG ImmunoPharmaceuticals, Inc.	16-Sep-99	Immune Technology Research	-	Professor, Internal Medicine
Definitive Dental Arts	19-Jul-95	Dental Lab Work	1,503	Instructional Resource Associate, Dentistry
Dilg, John	15-May-91	Art Work	-	Professor, Art & Art History
Dvorak Painting	16-Oct-97	Commercial Painting	8,945	Spouse, Maintenance Supervisor, FSG
Eckert, Michael	15-May-91	Medical Equipment, Auditory Training	-	Associate Professor, Art & Art History
Embroidery Shop	18-Dec-97	Embroidery	-	Associate Professor, Art & Art History
Erickson Leathercraft	20-Oct-94	Handmade Leather Supplies	-	Security Officer, Public Safety
Feldstein, Peter	25-Sep-91	Art Work	-	Professor, Art & Art History
Fudge Because	19-Nov-97	Fudge	3,427	Admin. Associate, Office of Provost
Glasgow, Robert	15-May-91	Art Work	-	Associate Professor, Art & Art History
Gratama, Ab	18-Feb-98	Art Work	-	Associate Professor, Art & Art History
Hettmensperger, Sue	15-May-91	Art Work	-	Associate Professor, Art & Art History
Hindes, Charles	15-May-91	Art Work	-	Associate Professor, Art & Art History
Iowa Biotech	27-Oct-93	Research	-	Associate Professor, Internal Medicine
Iowa Foil Printer	16-Oct-97	Foil Printers	1,500	Professor, Art & Art History
Just Chocolate	20-Oct-94	Chocolate Truffles	1,610	Graphics Tech., College of Medicine
La Peritta	27-Oct-93	Culinary Cuisine	-	Admissions Counselor
LDI Video Productions	15-Dec-93	Videotaping Services	-	Physician Assistant, UIHC
McBride, Bunny	15-May-91	Art Work	-	Associate Professor, Art & Art History
Performance Sciences	18-Feb-99	Educational and Scientific Training	-	Teaching Assistant, Psychology
Pump Werks	18-Dec-96	Vacuum Pump Repair	-	Environmental Systems Mechanic
Quorum Sciences	18-Mar-99	Research Compounds	1,000	Professor, Microbiology
RF Audio	17-Apr-96	Audio Service	50	Lab Technician, Internal Medicine
River Lights Publishers	24-Jun-97	Books	-	Director Ed. Svc., Child Psychiatry
Smelser, Sarah	18-Dec-96	Art Work	-	Graduate Teaching Assistant, Art & Art History
Snitzer, James	18-Feb-98	Art Work	-	Associate Professor, Art & Art History
Soccer Too	15-Dec-94	Soccer Supplies	-	Professor, Pediatric Dentistry

# VENDORS APPROVED BY THE BOARD OF REGENTS

FY 2001

Business Name	Approval Date	Product or Service	FY 2001 Purchases	Employee Affiliation
Summit Street Gallery	18-May-94	Art Work	-	Design Artist, Hygienic Laboratory
Thunder Creek Entertainment	18-Oct-98	Musical Entertainment	500	-
Tompkins Lawn Care	18-Mar-93	Lawn Care	-	Physical Plant
Walker, George	18-Dec-96	Art Work	1,000	Professor, Art & Art History
Warren Instruments	15-May-91	Microscopic Charting System	-	Medical Scientist
Wenk, Margaret	15-May-91	Design of Scenery, Costumes	-	Technical Coordinator, Music
Access Now	19-Apr-01	Transfer Sling for Handicapped	-	Clerk, Hospital School
Computerdesign, INC	19-Oct-00	Designs Computer Equipment	2,949	Electronics Shop Tech, Biological Sciences
Medical Imaging Applications	20-Jul-00	Research Software	21,400	Professor, Electrical & Computer Engineering
Sticks on Stilts	20-Jul-00	Installation of Acoustical Ceilings	5,466	Secretary, Oral Pathology
White Dove Electronics	15-Dec-94	Electronic Repair	-	Technician, Broadcasting Services
<b>SUI Subtotal</b>			<b>\$ 50,867</b>	

## IOWA STATE UNIVERSITY

Advanced Analytical Technologies, Inc.

20-Jan-99 Manufacturer of High Performance Analytical Instruments

- Associate Scientist, IPR; Professor, Chemistry; Director Microanalytical Instrument Ctr.-IPRT

Aerostation Ames

08-May-91 Promo-Air Balloons

- Professor, Sociology

Andreassen, James R.

19-Mar-97 Portuguese Translations

- Assistant Professor, Vet Pathology

Berkland Cyber Services

19-Nov-97 Database Development, Web Design, Electronic Publishing, Etc.

- Communications Specialist, Extension Communications

Caps & Gowns

20-Jul-94 Graduation Caps/Gowns

1,608 Program Coordinator, SBDC

Carlson, Gary

08-May-91 Cleaning Products

- Custodian, Residence Halls

Central Iowa Psychological Services  
(formerly known as The Hope Clinic)

16-Mar-00 Psychotherapeutic Services

- Temporary Asst. Professor, Psychology; Graduate Student, Psychology

Data Sort

08-May-91 Editorial Consulting

- Associate Professor, English & Assistant to the Dean, Graduate College

Desktop Services

08-May-91 Desktop Publishing

- Secretary, Chemistry

Dobelis, Ed

16-May-96 Independent Contractor

- Secretary, RISE

DR Farni Enterprises

19-Oct-00 Construction

2,000 Program Coordinator,

Emerson, Linda

08-May-91 Graphics & Drafting

College of Business

Engineering Plus

08-May-91 Land Surveying

- Professor, Journalism &

Fehr, Walter R.

21-Apr-93 Textbooks

- Mass Communications

Focus Communications

18-Feb-98 Publishing Services

- Secretary, Agronomy

- Assistant Editor of Journal, Ag. History & Rural Studies

G.D. 14

ATTACHMENT F - CONFLICT OF INTEREST VENDORS

Page 36

# VENDORS APPROVED BY THE BOARD OF REGENTS

FY 2001

Business Name	Approval Date	Product or Service	FY 2001 Purchases	Employee Affiliation
Global Reach Internet Productions	18-Jul-96	Web Page & Internet Consulting	2,744	System Support Specialist, Journalism
Graden, Jodi A.	14-Dec-00	Graphic Design Services	-	Temporary Instructor, Journalism
Heimes, Kenneth	20-Mar-96	Alfalfa Producer	-	Associate Professor, Mathematics
Hein, David (dba David Hein Farms)	20-Jul-00	Agricultural Services	1,920	Clerk, University Bookstore
Herbert/Lewis/Blunk (HLKB) Architects	18-Apr-01	Architectural Firm	34,226	Department Chair, Architecture
Jaspering, Donald L. (dba Jaspering Electric)	20-Sep-95	Electrical Contractor	200,727	Clerk, Records & Registration
Johnson, Greg	20-Sep-95	Custom Hay Baling	-	Secretary, Education Administration
Kars & More	16-Mar-00	Outdoor Power Equipment/Utility Vehicles	-	Adjunct Assistant Professor, Veterinary
Konar, Arthur (dba Clinical Ass. of Ames)	14-Sep-00	Mental Health Services	1,050	Diagnostic/Animal Production Medicine
Leading Change, Inc.	14-Dec-00	Information Technology Consulting	11,085	Associate Professor, Psychology
Mac's Custom Clubs	20-Jan-93	Golf Club Repair	-	Secretary, Education & Architecture
Marti Design Group	23-Jul-97	Design Graphics	-	Adjunct Instructor, Athletic Department
Merry Maids	08-May-91	Residential Cleaning	-	Senior Graphic Designer, Ames Laboratory
Molecular Express	16-Nov-94	Scientific Supplies	-	Budget Analyst, V-P Business & Finance
MTEC Photoacoustics, Inc.	18-Nov-99	Manufacturer Scientific Instruments	-	Professor, Biochemistry/Biophysics
Musica Antiqua	08-May-91	Musical Entertainment	-	Senior Physicist, Ames Laboratory;
Oleson Duo	08-May-91	Live Music	-	Research Associate, Ames Lab
Osterberg, Arvid E.	21-Nov-96	Architect Consulting	-	Professor, Music
Prairie Cat Graphics (was Paul C. Meenan)	20-Feb-97	Graphic Design	-	Ag Specialist, Entomology
Prairie Technologies LLC	17-Feb-99	Manufacturer - Microscopes, Micropositioners, Photolysis Systems	4,550	Professor, Architecture
Risdal, Ronald O.	13-Jun-01	Land use	-	Graphic Designer, Athletic Department
S&S Performance Pro Dive Shop	17-Jan-96	Scuba Diving Equipment	-	Professor, Zoology & Genetics
Scientific Consulting Services	08-May-91	Scientific Consulting	-	Mechanic, Facilities Planning & Mgmt
Scuba Shop, The	15-Jul-92	Scuba Gear	6,014	Electrician, Power Plant
Shade Trees Today, Inc.	08-May-91	Move Trees	-	Manager, Chemistry Instrument Services, Chemistry
Terry Pickett & Associates	22-Feb-01	Performance improvement/project mgmt training and development	500	Adjunct Instructor, Athletic Department
Thompson, Linda M., DVM	10-Feb-00	Sale of Radiographic Equipment	-	Clerk, Human Resources
Tomatoes, Etc.	08-May-91	Vegetable Produce	1,579	Controller/Assist. Vice Pres for Business & Finance
Trede, Bonnie	21-Nov-96	Data Input: Curriculum Guides/Tests	7,757	Doctor of Veterinary Medicine, Veterinary Teaching Hospital
Veterinary Resources, Inc.	20-Jan-99	Services to Companies Researching Animal Biologicals/Pharmaceuticals	-	Professor, Horticulture
Water Chem	08-May-91	Pool Chemicals/Equipment	504	Associate Professor, Ag. Education
Weber, Gretchen	08-May-91	Calligraphy	-	Professor, Veterinary Microbiology & Preventative Medicine
ISU Subtotal			\$ 276,264	Professor, Animal Science
				Assistant Professor, Art & Design

G.D. 14

ATTACHMENT F - CONFLICT OF INTEREST VENDORS

Page 37

# ATTACHMENT F – CONFLICT OF INTEREST VENDORS

G.D. 14

Page 38

## VENDORS APPROVED BY THE BOARD OF REGENTS

FY 2001

Business Name	Approval Date	Product or Service	FY 2001 Purchases	Employee Affiliation
<b>UNIVERSITY OF NORTHERN IOWA</b>				
Beason, Erica	1999	Word Processing	-	Clerk Typist
Bermel, John J. Golf Shop	1997	Golf Clothing/Supplies	9,133	Head Golf Coach
Briggs, Don (dba You and I Outdoors)	1998	Sporting Goods	4,460	Instructor
Hall, James G.	1991	Supplier	-	Head Swim Coach
Hansen, Karen (dba K&E Cleaning)	1998	Cleaning Service	-	Secretary
Henry, Glen F.	1991	Consulting	-	Associate Professor
Hibbard, Phillip	1997	ITS Training Services	-	Technology Specialist
Horan, Christopher	2000	Cleaning Service	3,820	Waste Reduction Specialist
Jacobs, Debra K.	1996	Transcription	4,222	Secretary
Klein, Richard J.	1993	Radon Testing	-	Research Technician
Kueter, Roger A.	1991	Auctioneering	910	Professor and Dept. Head
Mark, Marty	1993	Computer Consulting	-	Computer Coordinator
Morehead, TyAnn M.	1997	ITS Training Services	-	Technology Specialist
Nofziger, Steven C.	1998	Cleaning Service	-	Public Relations IWRC
Olson, James A.	1993	Radon Testing	-	Waste Management Specialist
Schoemaker, Beverly (dba Art by Design)	1998	Printing	-	Clerk Typist
Sheerer, Terry L.	1994	Woodworking	-	Assistant Manager Grounds
Smaldino, Joseph	1997	Hearing aids and audiological testing	-	Professor
Stancilffe, Thomas B.	1997	Sculpture	-	Associate Professor
White, Michael R. (dba Mgmt. Tech. Intl.)	1998	Consulting	-	Professor
<b>UNI Subtotal</b>			<b>\$ 22,545</b>	
<b>IOWA SCHOOL FOR THE DEAF</b>				
Grandick, Charles (dba Pleasure of Music)	01-Mar-98	Music Vendor	-	Vocational Education Instructor
Smith, Nyle (dba Wooden Crate Prod.)	01-Dec-91	Music Vendor	-	Dean of Boys
<b>ISD Subtotal</b>			<b>\$ -</b>	
<b>IOWA BRAILLE &amp; SIGHT SAVING SCHOOL</b>				
Davis Implement Co.	17-May-95	Farm Equipment Parts/Supplies	1,581	School Assistant
<b>IBSSS Subtotal</b>			<b>\$ 1,581</b>	
<b>FY 2001 Regent Institutions Total</b>			<b>\$ 351,257</b>	

<b>REGENT PROCEDURAL GUIDE</b>	Requires institutions to follow established procedures for investigating vendor complaints [§8.03F].
<b>VENDOR COMPLAINT PROCEDURES</b>	Vendor complaints follow a hierarchical process where they are first directed to purchasing management. If not resolved at that level, the complaint may be appealed to institutional management. The complaint may be submitted to the Board Office if necessary.
<b>FY 2001 HIGHLIGHTS</b>	The institutions report that no formal complaints were received during the year.