COLLEGE OF DESIGN COMPUTER LEASE PROGRAM - ISU

Actions Requested: Consider approval for the College of Design at Iowa State University to continue to offer a computer lease program to students.

Consider authorizing Iowa State University to enter into a financing arrangement of up to $600,000 for FY 2006 for the fifth year of the computer lease program.

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 the computer for $5 at the end of the three–year lease agreement.

The College of Design reports that the program has been successful and requests that a fifth 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 2006 for the University's purchase of approximately 180 laptop computers for leasing to students in the College of Design.

Background: Design students use computers daily to perform tasks that were once done by hand. This program has helped College of Design students integrate the computer into their studies more fully.

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 $5 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.

The number of new students participating in the program has grown from 87 in FY 2002 to 158 in FY 2005. Currently, 386 students participate in the program.

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 180 students.

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 under the lease.

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

The cost to a student for leasing the laptop and program specific software averages $662.50 semester for 6 semesters for a total of $3,975.

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: $513,450 (158 laptops)
  Additional peripherals, software, insurance and financing: $750
  Student Amount: $3,750 (6 equal payments of $625)

Phase V 2005-2006
Laptop Hardware price: $2,800
Amount to be financed: $600,000 (180 laptops)
Additional peripherals, software, insurance and financing: $1,100
Student Amount: $3,900 (6 equal payments of $650)

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

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