

**MEMORANDUM**

**To:** Board of Regents  
**From:** Board Office  
**Subject:** Annual Governance Report on Purchasing  
**Date:** November 6, 2000

**RECOMMENDED ACTIONS:**

1. Receive the annual governance report on purchasing activity at the Regent institutions for FY 2000.
2. Continue to encourage the institutions to develop strategies to meet statutory objectives regarding purchasing from Iowa-based businesses, targeted small businesses, and Iowa Prison Industries.
3. Request that next year's purchasing report contain a section on the use of procurement cards and a section on electronic procurement initiatives.

**EXECUTIVE SUMMARY:**

The Board exercises oversight for purchasing at the Regent institutions in order 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. Regent Procedural Guide, Chapter 8, requires each institution to submit an annual report on purchasing, which reviews institutional purchasing efforts and compliance with state purchasing statutes regarding Iowa-based businesses, targeted small businesses, and Iowa Prison Industries.

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.

This report also identifies cooperation and collaboration among the Regent institutions and with other agencies — a specific Board strategy to provide effective stewardship. Institutional purchasing staff and Board Office staff meet quarterly regarding purchasing-related activities. These individuals also meet at various times during the year with state officials to discuss purchasing initiatives. A current purchasing collaboration involves Regent participation and leadership on various teams to develop a plan to implement the Governor's Task Force recommendations for Targeted Small Businesses.

## **CENTRAL PURCHASING**

Each Regent institution has established a central authority that is responsible for purchasing on its campus. Through institutional and collaborative efforts, purchasing personnel facilitate purchasing efficiencies and effectiveness to reduce costs and deliver more value-added services.

In FY 2000, the Regent institutions collectively purchased \$461.2 million through central purchasing, representing an increase of \$42.9 million (10.3%) from FY 1999.

Central Purchasing is also responsible for ensuring that the institutions comply with state laws and Board policy. The following areas of compliance are highlighted in this governance report:

### **Iowa-Based Businesses (Page 11)**

Iowa law requires state and local governments to give preference to Iowa-based businesses. Regent purchases from Iowa-based businesses accounted for 44.3% (\$204.5 million) of total purchases through Central Purchasing in FY 2000, compared to 39.5% (\$165.4 million) in FY 1999.

The Board and the institutions are committed to purchases from Iowa-based businesses. However, technological improvements and evolving business practices sometimes favor nationwide suppliers over Iowa-based businesses. Efficiencies can also favor acquiring products and services from joint agreements or other consortia opportunities.

### **Targeted Small Businesses (Page 14)**

The state's goal for purchases from targeted small businesses is 10%. In FY 2000, the Regent institutions purchased \$11.0 million through central purchasing from targeted small businesses (TSBs) — 5.9% of central purchases, an increase from the 4.5% in FY 1999. Regent institution-wide purchases from TSBs represented 4.1% of the Regent's eligible purchases in FY 2000, an increase from the 2.8% reported in FY 1999.

Regent institutions purchase many goods and services that are not supplied by targeted small businesses. Eligible small businesses that do not register with the Iowa Department of Economic Development cannot be counted in the targeted small business base.

The Board Office, institutional purchasing personnel, and representatives from several state agencies are working together to develop a plan to implement recommendations from the Governor's Task Force on Targeted Small Businesses.

### **Iowa Prison Industries (Page 18)**

Iowa law requires state agencies to purchase goods from Iowa Prison Industries (IPI). Regent purchasing staffs continue to work with representatives from IPI to identify products and develop methods for increasing institutional purchases. Over the past five years, institutional purchases from IPI have increased from \$115,516 in FY 1996 to \$2.3 million in FY 2000. The FY 2000 purchases were \$1.3 million (141.05%) over the FY 1999 purchases. Iowa State University placed a large order with IPI for Hawthorn Court student apartment furniture during FY 2000 that accounts for most of the increase.

### **Cooperative Purchasing (Page 20)**

Cooperative purchasing is a high priority of the Board and of the Regent institutions to achieve greater efficiencies and effectiveness. The Regent institutions utilize three major cooperative purchasing venues — Joint Regent Contracts, the Educational & Institutional (E&I) Cooperative Purchasing Consortium, and State of Iowa Purchasing Contracts. In FY 2000, the institutions cooperatively purchased nearly \$117.7 million, an increase of \$7.9 million (7.2%) over FY 1999 purchases.

### **Conflict of Interest Vendors (Page 25)**

Vendors at the Regent institutions with a potential conflict of interest are required by statute to be approved by the Board. Once approved, vendors remain on an approved master list. During FY 2000, the Board approved six new vendors, for a total of 108 approved vendors with potential conflicts of interest. Purchases from these vendors totaled \$121,097 during FY 2000, an \$18,017 (13.0%) decrease from FY 1999 purchases.

### **Vendor Complaints (Page 26)**

Formal vendor complaints relating to Regent purchases are periodically received. During FY 2000, no formal vendor complaints were received by the institutions, compared to one in FY 1999 and three in FY 1998.

### **Iowa Administrative Code/Regent Procedural Guide Update**

As presented to the Board in October, the Board Office is working with institutional personnel to review the administrative rules set forth in the Iowa Administrative Code (IAC) and eliminate outdated, ineffective, and burdensome rules. There are several purchasing related sections in the IAC as well as in the Regent Procedural Guide that are being reviewed in conjunction with this comprehensive review.

## **BACKGROUND AND ANALYSIS:**

Iowa Code §18.3 and Chapter 262 authorize the Board of Regents to contract for goods, services, and capital improvements. The Board delegates authority, through the Regent Procedural Guide §8.01, to the institutional presidents and superintendents to approve agreements and contracts for goods and services purchased by the institutions. However, certain items such as capital improvements and related consulting contracts, fire protection, legal services, architects, and engineers, require Board approval.

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.

Chapter 8 of the Regent Procedural Guide requires each institution to submit an annual report on purchasing. This report reviews institutional purchasing efforts and compliance with state statutes and Board policies.

## **CENTRAL PURCHASING**

Regent Procedural Guide §8.02(C) authorizes the institutional presidents and superintendents to establish a central purchasing authority at each institution that is responsible for purchasing supplies, equipment, and services. Central purchasing 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.

Because each institution has its own emphasis through its strategic plan, each institution can develop expertise in areas specifically related to its institutional role, such as medicine or agriculture. Joint efforts and shared expertise among the Regent institutions and other governmental and educational entities help the institutions achieve efficiencies and effectiveness by reducing costs and delivering more value-added services.

Each institution is responsible for establishing procedures to ensure that goods and services are competitively bid in compliance with Regent Procedural Guide §8.04. Written bids are required for purchases which are expected to exceed \$5,000 at the universities and \$2,500 at the special schools.

Regent Procedural Guide §8.04(E) 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.

Regent Procedural Guide §8.04(F) 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. Each institution has a policy for handling emergency purchases.

Purchasing at the Regent institutions must be in compliance with Iowa Code Chapter 73, which requires state and local governing bodies to give preference to Iowa-Based Businesses, Small Businesses, and Targeted Small Businesses. Institutions must also follow Board policy in regard to Cooperative Purchasing, Joint Regent Contracts, Iowa Prison Industries, Conflict of Interest Vendors, and Vendor Complaints.

Purchases processed through central purchasing offices have increased over the past five fiscal years. In FY 2000, Regent institutions purchased \$461.2 million through central purchasing, representing an increase of \$42.9 million (10.3%) over FY 1999. Several factors attribute to this including the increase of pharmaceutical costs (\$8.6 million), variances from year to year for furniture purchases, and technology costs such as computer equipment and scientific supplies.

**Dollars Processed through Central Purchasing Offices<sup>1</sup>**

Institution	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000
SUI <sup>1, 4</sup>	\$247,680,415	\$242,891,754	\$250,601,017	\$277,445,215	\$303,483,715
ISU <sup>2</sup>	92,529,567	96,485,175	103,192,421	100,552,872	117,271,183
UNI	29,740,459	31,686,206	29,818,104	36,960,856	36,684,698
ISD <sup>3</sup>	1,503,035	2,092,063	1,918,032	2,636,630	3,041,610
IBSSS <sup>3</sup>	639,174	795,387	660,778	710,797	725,981
Total	\$372,092,650	\$373,950,585	\$386,190,352	\$418,306,370	\$461,207,187

1 Includes local small orders and payment vouchers; excludes library acquisitions.

2 Excludes bookstore purchases.

3 Includes purchases through central purchasing offices only; excludes goods purchased through ISU.

4 Revised FY 1999 number.

A wide variety of items are processed through the central purchasing offices at the institutions. Purchases such as bookstore acquisitions, library books and periodicals, as well as capital project purchases of \$25,000 or more are not routinely handled by central purchasing.

Most capital projects of \$25,000 or more at the institutions are handled by Facilities Planning and Management Construction Services, rather than Central Purchasing. Central 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.

**Purchases 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	Yes <sup>1</sup>	Yes <sup>1</sup>
Library Books & Periodicals	No	No	No	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>

1 In part. Remaining purchases are institution-wide.

2 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 Facilities Planning and Management Construction Services. Hard copy purchase orders are issued to the awarded contractor.

3 ISD & IBSSS items costing over \$2,500 (amount at which written bids are required) are purchased cooperatively through ISU's Central Purchasing department, per Board guidelines.

N/A Not applicable.

The number of regular purchase orders written by the institutions has decreased 36.1% 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. During FY 2000, 61,447 regular purchase orders were written, a decrease of 4,720 (7.1%) from FY 1999. Regular purchase orders do not include local small orders or vouchers paid and emergency shopping permits where no purchase order is written.

**Regular Purchase Orders Written**

Institution	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000
SUI	43,693	40,215	37,036	22,148	21,134
ISU	38,321	39,632	36,066	34,388	31,348
UNI	10,543	8,669	5,784	5,396	5,031
ISD	2,586	2,942	2,987	3,119	2,844
IBSSS	995	912	1,025	1,116	1,090
Total	96,138	92,370	82,898	66,167	61,447

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.

The institutions noted many changes and accomplishments during FY 2000 related to central purchasing, cost savings, and value-added services. Selected highlights of efficiencies and effectiveness are listed below.

The **University of Iowa** reports that Central Purchasing offers many benefits to its campus and vendors. During FY 2000, SUI recognized cost savings and provided value-added services in the following ways:

- Decreased formal purchase orders by 4.6%, increased procurement card transactions by 14.0%, and increased batch processing by 7.9% from FY 1999. Using procurement cards for transactions under \$2,000 eliminated approximately 75,000 requisitions and purchase orders as well as 72,000 payment vouchers (SUI began using procurement cards in August, 1994);
- Combined Central Purchasing, Accounts Payable, and Travel which resulted in cross training among units, shared positions, and an improved procurement card audit;
- Emphasized professional development and involvement in seminars and regional/annual meetings;
- Implemented a pilot program for procurement card travel expenses which resulted in improved travel payment and reporting capabilities;
- Revised Central Purchasing's website to include current contract information, Frequently Asked Questions, and the revised Requestors Guide to Purchasing and Accounts Payable;
- Continued implementation of the PeopleSoft Accounts Payable/Purchase Order (AP/PO) system, which provided the Purchasing and Accounts Payable Departments with compatible and interactive systems; and
- Continued to pursue an RFP for publishing the student/faculty/staff directory which results in the University receiving up to 21,000 directories free of charge annually with a minimum of \$42,000 revenue generated each year for three years in addition to 20% of all advertising sales over \$170,000.

**Iowa State University** reports that the Centralized Purchasing department allows it to leverage its collective purchasing power and generate maximum savings as well as to provide value-added services such as personnel expertise, risk assessment, and marketplace knowledge to the University community. During FY 2000, ISU recognized cost savings and provided value-added services in the following ways:

- Developed contracting opportunities which focused on customer needs and maximized resources;
- Served as an advocate for the end user and facilitated results;
- Assessed vendor performance as an objective third party;
- Identified common goals and avoided duplication of effort or expenditures;
- Served as a resource for marketplace and product information;
- Assured compliance with state and federal regulations and requirements;
- Provided contract administration for complex service contracts;
- Purchased computers saving \$100,000;
- Bid the removal of lead paint found on the nuclear reactor and saved \$200,000 on the project;
- Encouraged usage of the procurement card to reduce the number of low-value, small-dollar transactions, by 8.8%;
- Executed a new campus cable TV contract which saves over \$33,000 annually;
- Billed actual time and materials (for HVAC/Sheet Metal, Electrical, Painting, Plastering/Drywall, and Roofing services) in lieu of bidding on a per project basis and saved over \$271,000;
- Negotiated an increased discount from 7% to 12% for desktops and 15% on servers on a statewide computer agreement and saved more than \$107,000;
- Increased compliance with airfare contract pricing and saved more than \$650,000; and
- Participated in the competitive bid solicitation process used to develop and manage staff benefits contracts and saved over \$288,000 for self-funded benefit plans.



The **University of Northern Iowa** believes that a centralized purchasing system provides a one-stop repository for statistical information; assures that institutional, Board, and Iowa Code requirements and procedures are followed; presents an opportunity to suggest different vendors or to request bids; and adds value. During FY 2000, UNI recognized cost savings and provided value-added services in the following ways:

- Decreased formal purchase orders by 7% and increased procurement card transactions by 15%. UNI saved almost \$600,000 for over 12,000 transactions totaling \$1.1 million by using the Procurement Card for the fifth year (fourth full year) to reduce small dollar, non-value-added purchases. Cost avoidance has grown significantly over the past five years: \$71,000 in FY 1996; \$167,000 in FY 1997, \$433,000 in FY 1998; \$530,000 in FY 1999; and \$600,000 in FY 2000;
- Added available quotes to bid on to Central Purchasing's web site along with links to vendor partners, standard terms and conditions, and vendor application forms;
- Negotiated an agreement for just-in-time office supplies which realized an approximate 59% retail discount on a core list of 350 products;
- Stocked 25 new just-in-time product lines, which eliminated the need for one storekeeper and two driver positions;
- Negotiated a prime food vendor agreement for the Residence System which resulted in several efficiencies including the elimination of repetitive bidding for food products (saving time for both Purchasing and Residence), expanded delivery schedules, better pricing, vendor tracking and product rebate reporting;
- Held three auctions to dispose of surplus property; and
- Initiated the new Oracle financial and purchasing system.

The **Iowa School for the Deaf (ISD)** and the **Iowa Braille and Sight Saving School's (IBSSS)** state that their purchasing operations strive to provide effective and efficient procurement services to support the educational activities of the Schools.

Purchasing activities at ISD and IBSSS are a joint effort between the Schools' Central Purchasing Offices and the Purchasing Department at Iowa State University; this arrangement takes advantage of the University's volume discounts and value-added expertise. During FY 2000, ISD and IBSSS:

- Used Voyager Cards (from ISU Transportation) for all staff that purchase gasoline for state vehicles. The Card provides several advantages such as carrying only one gas card, deducting taxes from the sale at the pump eliminating the need to file for fuel tax refunds, and processing invoices for only one vendor;
- Continued time and material contracts for small projects (less than \$25,000) such as plumbing, tuckpointing, and cabling to increase efficiency and effectiveness in the facilities area; and
- Benefited from best vendor selection; fast order placement; prompt delivery; verification of receipt; and proper payment to the supplying vendor.

### Cash Discounts

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 by central purchasing as part of the bid evaluation.

#### Cash Discounts Realized

Institution	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000
SUI	\$758,322	\$733,943	\$557,051	\$331,895	\$348,991
ISU	247,107	272,259	238,810	286,527	273,543
UNI	12,163	31,738	15,228	7,517	17,127
ISD	2,414	705	570	510	1,413
IBSSS	241	2,596	3,257	3,267	2,511
Total	\$1,020,247	\$1,041,241	\$814,916	\$629,716	\$643,585

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.

## IOWA-BASED BUSINESSES

Iowa Code Chapter 73 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.

Small businesses are defined by Iowa Code Chapter 15.102 as state-based enterprises, operated for profit under a single management, which have either fewer than 20 employees or annual gross income less than \$3.0 million, computed by averaging the three preceding fiscal years.

Regent institutional purchases from Iowa-based businesses for FY 2000 totaled \$204.5 million, an overall increase of \$39.1 million (23.6%) from FY 1999. Iowa-based businesses are identified by zip code. Details by institution are included in Attachment A on page 27.

<b>Purchases by Location</b>				
	<b>FY 1999</b>	<b>FY 2000</b>	<b>Dollar Change</b>	<b>Percent Change</b>
Iowa Businesses (Small)	\$56,834,990	\$60,991,125	4,156,135	7.31%
Iowa Businesses (Not Small)	108,575,188	143,481,217	34,906,029	32.15%
<b>Subtotal Iowa Businesses</b>	<b>165,410,178</b>	<b>204,472,342</b>	<b>39,062,164</b>	<b>23.62%</b>
Out of State	250,420,498	253,650,876	3,230,378	1.29%
Out of Country	2,475,694	3,083,970	608,276	24.57%
<b>Total</b>	<b>\$418,306,370</b>	<b>\$461,207,188</b>	<b>\$42,900,818</b>	<b>10.26%</b>

For FY 2000, institutional purchases from Iowa-based businesses were 44.3% of total purchases through central purchasing. The FY 1999 Regent purchases from Iowa-based businesses were 33.8% of total purchases.

<b>Overall Purchase Percentages</b>		
	<b>FY 2000 Purchases</b>	<b>Percent of Total Purchases</b>
Iowa Businesses (Small)	\$60,991,125	13.2%
Iowa Businesses (Not Small)	143,481,217	31.1%
<b>Subtotal Iowa Businesses</b>	<b>204,472,342</b>	<b>44.3%</b>
Out of State	253,650,876	55.0%
Out of Country	3,083,970	.7%
<b>Total</b>	<b>\$461,207,188</b>	<b>100.0%</b>

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

Over the last five years, purchases as a percent of total purchases from Iowa-based businesses at SUI have decreased. The increase of purchases through the University Hospital Consortium may attribute to this decrease. Purchases at ISD for FY 2000 decreased which is a direct result of purchases related to Y2K issues. Purchases at ISU, UNI, and IBSSS have remained relatively stable.

**Institutional Purchases from Iowa-Based Businesses  
as a Percent of Total Purchases**

Institution	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000
SUI	51.2%	48.0%	47.2%	33.5%	39.3%
ISU	51.4%	50.9%	49.2%	53.3%	50.1%
UNI	50.6%	48.7%	59.1%	45.0%	66.5%
ISD	65.4%	65.2%	69.2%	66.9%	53.2%
IBSSS	62.6%	68.6%	73.4%	65.2%	61.8%
Total	51.3%	49.0%	48.8%	39.5%	44.3%

The universities exert great effort to identify Iowa Small Businesses within their purchasing databases. This enables them to encourage purchases from small businesses whenever possible. The number of small businesses (as defined by Iowa Code §15.102) identified by the institutions was 9,916 in FY 2000. The same vendors may be duplicated among the Regent institutions.

**Iowa Small Businesses Identified**

Institution	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000
SUI	3,008	2,811	2,817	2,494	2,660
ISU	2,252	3,690	4,064	4,230	4,135
UNI	2,621	2,738	2,753	2,787	2,800
ISD <sup>1</sup>	251	252	248	251	242
IBSSS	111	96	83	91	79
Total	8,243	9,587	9,965	9,853	9,916

<sup>1</sup> Corrected FY 1999 number.

In FY 2000, the Regent institutions made 32,699 purchases from Iowa Small Business vendors, which represents a 1,453 (4.65%) increase over FY 1999.

**Regent Purchases from Iowa Small Businesses**

Institution	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000
SUI	17,042	15,101	15,315	15,910	16,466
ISU	11,999	12,079	10,861	13,663	14,678
UNI	1,959	1,586	978	850	821
ISD <sup>1</sup>	399	448	432	510	427
IBSSS	416	364	307	313	307
Total	31,815	29,578	27,893	31,246	32,699

<sup>1</sup> Corrected FY 1999 number.

The **University of Iowa** states that it continues to identify and utilize Iowa-based vendors as much as possible. Application forms allow vendors to indicate their specific designation. University purchasing agents are encouraged to include as many of these vendors as possible on requests for quotations and requests for proposals.

During FY 2000, SUI purchased \$119.3 million from Iowa businesses, an increase of \$26.3 million (28.4%) from FY 1999. Purchases from Iowa small businesses were \$40.3 million, an increase of \$2.7 million (7.3%) from FY 1999. SUI attributes this increase in part to enhanced data gathering and reporting capabilities of the PeopleSoft system. Negotiating discounts with Iowa vendors and providing opportunities on the web site will encourage additional business opportunities.

**Iowa State University** reports that it identifies Iowa-based businesses through vendor type coding in its vendor database. Purchasing agents are responsible for identifying and soliciting competitive pricing from Iowa businesses. This involves substantial coordination of vendor capabilities with University needs.

During FY 2000, ISU purchased \$58.7 million from Iowa businesses, an increase of \$5.1 million (9.6%) from FY 1999. Purchases from Iowa small businesses were \$17.6 million, an increase of \$1.6 million (10.0%) from FY 1999. An additional \$17.3 million was purchased from Iowa small businesses during FY 2000 for capital projects which are not managed by the purchasing department. These purchases are not included as part of the total reported purchasing dollars.

The **University of Northern Iowa** indicates that it makes every effort to utilize Iowa-based businesses. Over 66.5% of the University's purchases are from Iowa businesses. During FY 2000, UNI purchased \$24.4 million from Iowa businesses, an increase of \$7.7 million (46.5%) from FY 1999. Purchases from Iowa small businesses were over \$2.9 million, a decrease of \$184,885 (-5.9%) from FY 1999. The University will continue its effort to purchase from Iowa-based businesses.

The **Iowa School for the Deaf** states that it encourages staff to utilize Iowa-based vendors whenever possible. During FY 2000, ISD purchased \$1.6 million from Iowa businesses, a decrease of \$146,978 (-8.3%) from FY 1999. Purchases from Iowa small businesses were \$166,190, a decrease of \$11,652 (-6.6%) from FY 1999. This decrease was due to utilization of a vendor in FY 1999 that was not needed in FY 2000. ISD will continue to emphasize the use of Iowa vendors.

The **Iowa Braille and Sight Saving School's** reports that requests for bids and proposals give preference to Iowa products as required by Iowa Code. IBSSS continually asks employees to seek products and services offered by Iowa-based businesses before processing procurement requests. During FY 2000, IBSSS purchased \$448,322 from Iowa businesses, a decrease of \$15,266 (-3.3%) from FY 1999. Purchases from Iowa small businesses were \$85,930, an increase of \$17,247 (25.1%) from FY 1999. IBSSS will continue to give preference to Iowa-based businesses.

## **TARGETED SMALL BUSINESSES (TSBs)**

Iowa Code Chapter 73.2 establishes goals specifically for procurement from certified Targeted Small Businesses. Iowa Code §73.16(2) requires establishing procurement goals of at least 10% of the value of anticipated goods and services procurements (including construction, but excluding utility services) from certified TSBs.

Targeted Small Business certification is necessary for governing bodies to count purchases from such businesses as part of the 10% procurement goal. Eligible businesses wishing to receive certification as a Targeted Small Business must apply to the Iowa Department of Inspections and Appeals, pursuant to Iowa Code §10A.104(8). Small businesses and Targeted Small Businesses are identified under the Uniform Small Business Vendor Application program of the Iowa Department of Economic Development.

To be classified as a Targeted Small Business, Iowa Code §15.102 requires satisfaction of four provisions:

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.

Most state agencies have difficulty meeting the statutorily mandated 10% procurement goal. Regent institutions spent \$11 million or 4.1% of institution-wide purchases with 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. The Task Force was charged with preparing a set of recommendations to analyze the effectiveness of the current Targeted Small Business program, to identify specific difficulties encountered by minority and women-owned businesses, and to propose solutions designed to increase opportunities for women and minority owned businesses contracting with state agencies.

Representatives from the Board Office and Regent institutions provided input at each meeting, some of which was incorporated into the eleven final recommendations of the Task Force. Recommendations of the Task Force include developing extensive electronic procurement opportunities to achieve a "One-Stop Shop" for TSBs and state agencies seeking to do business with TSBs. The recommendations also address a simplified, standardized certification process as well as concerns with bonding requirements, program accountability, and enforcement in an effort to expand and improve the existing Targeted Small Business program.

Following the adoption of the Task Force recommendations, the Governor designated an implementation team. Representatives of the Board Office and the Regent institutions are involved in the implementation team and work groups addressing specific recommendations. As a proactive measure, the Regent institutions have formed a Regent Targeted Small Business Task Force to respond to the state implementation team's recommendations.

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

Institution	Central Purchasing		Institution-Wide	
	FY 1999	FY 2000	FY 1999	FY 2000
SUI	5.3%	6.9%	3.2%	4.8%
ISU	1.8%	3.3%	1.8%	2.3%
UNI	5.2%	6.8%	2.6%	5.3%
ISD	9.9%	2.9%	9.9%	2.9%
IBSSS <sup>2</sup>	2.2%	2.6%	2.2%	2.6%
Total	4.5%	5.9%	2.8%	4.1%

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.

During FY 2000, Regent institutions increased institution-wide purchases from TSBs to 4.1% as compared to 2.8% during FY 1999. Purchases processed through Central Purchasing also increased to 5.9% as compared to 4.5% in FY 1999.

Meeting the 10% goal has been difficult for the Regent institutions primarily because there are limited numbers of certified TSBs that provide goods and services in the commodities typically purchased by Regent institutions. Some Regent vendors who qualify as TSBs decline to pursue certification due to the complexity of the State's certification process. In addition, opportunities to use the Internet for purchasing goods and services increase as convenience, price, and large selection continue to improve.

Regent purchases from TSBs totaled \$11.0 million in FY 2000. Of this amount, \$10.3 million was processed through the respective institutions' Central Purchasing department.

**Total TSB Purchases from Targeted Small Business<sup>1,2</sup>  
Institution-Wide**

	FY 1999	FY 2000	Dollar Change	Percent Change
SUI	\$8,973,044	\$7,945,359	(\$1,027,685)	(11.5%)
ISU	1,806,872	1,897,223	90,351	5.0%
UNI	976,600	1,170,180	193,580	19.8%
ISD	55,349	18,773	(36,576)	(66.1%)
IBSSS <sup>3</sup>	8,052	12,208	4,156	51.6%
Total	\$11,819,917	\$11,043,743	(\$776,174)	(6.6%)

1 TSB purchases are defined as purchases of goods and services for which there exist TSB suppliers.

2 Figures include capital purchases over \$25,000.

3 An additional \$11,543 is included in ISU's TSB purchases

**Total TSB Purchases from Targeted Small Business  
Central Purchasing Only**

	FY 1999	FY 2000	Dollar Change	Percent Change
SUI	\$8,775,787	\$7,635,506	(1,140,281)	(13.0%)
ISU	997,518	1,469,252	471,734	47.3%
UNI	943,267	1,159,388	216,121	22.9%
ISD	55,349	18,773	(36,576)	(66.1%)
IBSSS <sup>1</sup>	8,052	12,208	4,156	51.6%
Total	\$10,779,973	\$10,295,127	(484,846)	(4.5%)

1 An additional \$11,543 is included in ISU's TSB purchases.

As reported by the **University of Iowa**, vendors are classified as TSBs through the University's vendor application form which allows vendors to indicate their status. Vendors eligible for certification are contacted and given additional information regarding certification opportunities. Current bid opportunities are posted on SUI Purchasing's web site. Purchasing agents and procurement cardholders are encouraged to utilize TSBs whenever possible.

SUI purchases from Targeted Small Businesses were \$7.6 million in FY 2000, a \$1.1 million decrease (-13.0%) from \$8.8 million in FY 1999. The University reports that it encourages Targeted Small Business awareness although the percentage of eligible purchases decreased. In FY 2000, SUI Purchasing personnel attended local Targeted Small Business information exchange meetings and participated with other Regent institutions at the MBE/WBE (Minority Business Enterprise and Women Business Enterprise) Business Expo held in Des Moines.



**Iowa State University** states that its Targeted Small Business vendor list is accessed on-line by nearly 100 University Departments. Applications are sent to potential vendors and new TSBs are added to the directory based upon the potential ISU has to utilize the product/service. Its Purchasing incorporates changes and updates monthly on the web site and in the ISU condensed TSB directory that is disseminated to individuals responsible for procurement activities. Purchasing agents are fully trained and aware of the Targeted Small Business Program. TSB utilization is one element of the agent's annual performance review.

Purchases from Targeted Small Businesses increased from \$997,518 in FY 1999 to \$1.5 million in FY 2000, a \$471,734 (47.3%) increase. More than \$337,000 of the increase involved four TSBs. These purchases included asbestos abatement; interpreting services for hearing impaired students; powered computer tables, and a food broker change.

FY 2000 ISU activities involved Targeted Small Businesses in the following ways:

- Met with small business owners to discuss potential future acquisitions by attending monthly Minority & Women-Owned Business Networking meetings, local TSB information exchange meetings, and the Annual Minority Business Enterprise and Women Business Enterprise (MBE/WBE) Expo in Des Moines.
- Participated in forums to meet small businesses, discuss opportunities, and explain benefits of the TSB program.
- Participated on regional committees to select underutilized small businesses to participate at the annual regional meeting and product exhibit.
- Forwarded 165 current small business vendor names to the Iowa Department of Economic Development for possible inclusion in the TSB program.

The ISU purchasing department also:

- Updates the ISU condensed TSB directory monthly and disseminates to university individuals responsible for procurement activities;
- Monitors bid requests and tracks/monitors TSB utilization;
- Maintains a web site link to the TSB directory, TSB program information, and active bid solicitations on the ISU Purchasing Department web site, which is available to all vendors and university personnel;
- Meets and visits with TSBs to encourage bid submittal, answer questions, assist in completing bid documents, identify other possible business contacts and facilitate payment processes;
- Disseminates information on the TSB program and its goals to university departments through training and other communication opportunities; and
- Works in collaboration with other state agencies to identify, recruit, refer, and utilize Targeted Small Businesses.

Central Purchasing at the **University of Northern Iowa** reports that it makes every attempt to include TSBs in bid opportunities and encourages personnel to purchase from TSBs by making these vendors available on the web site. Purchases from TSBs were \$1,159,388, a \$216,121 (23%) increase over FY 1999.

The **Iowa School for the Deaf** states that it continued to emphasize the use of Targeted Small Businesses during FY 2000. Purchases from TSBs were \$18,773, a \$36,576 (-66%) decrease from FY 1999. This decrease was due to one vendor that was utilized in FY 1999 but not in FY 2000. The School will continue to utilize TSBs and encourage qualifying businesses to join the Targeted Small Business group.

The **Iowa Braille and Sight Saving School** indicated that Targeted Small Business efforts continued during FY 2000. Purchases from TSBs were \$12,208, a \$4,156 (51.6%) increase from FY 1999. The School will continue its efforts to utilize Targeted Small Businesses.

### **IOWA PRISON INDUSTRIES (IPI)**

Iowa Code §904.808 requires state agencies to purchase goods furnished by Iowa Prison Industries 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. Regent Procedural Guide §8.04(G) also directs the institutions to purchase from IPI unless exempted under special circumstances.

The Regent institutions continually seek ways to increase purchases from Iowa Prison Industries. Staff at the Regent institutions meet with IPI to discuss available products and methods to increase purchases. IPI offers products such as cleaning and housekeeping supplies, decals, envelopes, furniture, refinishing, reupholstery, and signs. In FY 2000, furniture purchases represented 97.5% of total purchases.

Over the past five years, institutional purchases of IPI products have grown by a factor of 19. 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 Iowa Prison Industries**

Institution	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000
SUI	\$43,408	\$112,010	\$77,163	\$21,813	\$282,304
ISU	69,795	122,715	904,552	892,674	2,011,388
UNI	2,039	112,732	3,503	5,711	7,367
ISD	12	50	7,151	35,815	2,826
IBSSS	262	322	293	832	2,553
Total	\$115,516	\$347,829	\$992,662	\$956,845	\$2,306,438

The **University of Iowa** states that it offers Iowa Prison Industries opportunities to submit bids for various products and services as a matter of standard procedure. In some instances, direct negotiations are conducted for specialized projects that match IPI's unique capabilities with the University's needs.

Interoffice discussions with IPI resulted in a collaborative project between SUI Purchasing and IPI to install modular furniture in a reception area that provides an on-site campus showcase for the furniture product.

FY 2000 purchases from Iowa Prison Industries totaled \$282,304, an increase of \$260,491 (1194.2%) from FY 1999. A major purchase of seating for the Iowa Memorial Union attributes to this increase.

Opportunities for additional purchases of IPI products will be pursued and purchasing agents will continue to encourage the use of IPI as requisitions are submitted.

As reported, purchasing agents at **Iowa State University** are instructed to include Iowa Prison Industries in all competitive bid processes for goods or services sold by IPI. For small orders, ISU places an order directly with IPI. For large orders, ISU attempts to negotiate acceptable pricing directly with IPI.

Purchases from IPI during FY 2000 totaled \$2.0 million, a \$1.1 million (125.3%) increase from FY 1999. ISU purchased IPI furniture for the Maple Hall dormitory remodeling project and for the Hawthorn Court student apartments.

The most significant opportunity for future purchases from IPI will be directly associated with the Residence Department Master Plan.

The **University of Northern Iowa** indicates that it utilizes Iowa Prison Industries whenever possible. Capital projects allow the University the greatest opportunity to purchase Iowa Prison Industry items. Projects and needs differ from year to year.

Purchases from IPI during FY 2000 totaled \$7,367, a \$1,656 (29%) increase from FY 1999. The University will continue its efforts to support Iowa Prison Industries.

The **Iowa School for the Deaf** reports that purchases from Iowa Prison Industries fell from \$35,815 in FY 1999 to \$2,826, a \$32,989 (92%) decrease in FY 2000. This decrease is a direct result of one large, non-recurring purchase made in FY 1999.

The **Iowa Braille and Sight Saving School** reports that over the past few years, it has worked with representatives from Iowa Prison Industries in an effort to purchase more items. Many products needed by the School are either not offered or are not comparable in both quality and price to those available from alternative sources. The School will continue to consider Iowa Prison Industries for future purchases.

## COOPERATIVE PURCHASING

In 1992, MGT of America, Inc. conducted a comprehensive study of the Regent institutions' purchasing. The study made two significant recommendations: greater interinstitutional coordination; and the use of joint purchasing contracts among or between the institutions.

To achieve efficiencies and effectiveness, the study suggested that, as appropriate, the institutions should continually strive to purchase through joint Regent contracts, the Educational & Institutional (E&I) cooperative purchasing consortium, and state of Iowa purchasing contracts.

Regent Procedural Guide §8.07 encourages the 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;
- Participate in interagency cooperative purchasing agreements to provide the lowest competitive price consistent with Regent quality and service requirements; and
- Purchase from state central purchasing contracts.

Consistent with MGT of America's recommendations and as directed by the Board, the institutions cooperatively purchased nearly \$117.7 million in FY 2000, an increase of \$7.9 million (7.2%) over FY 1999 purchases.

Cooperative Purchasing				
	FY 1999	FY 2000	Dollar Change	Percent Change
Joint Regent Contracts	\$102,252,530	\$107,822,050	\$5,569,520	5.5%
E&I Cooperative	2,186,099	2,960,171	774,072	35.4%
State of Iowa Contracts	5,312,427	6,874,989	1,562,562	29.4%
Total	\$109,751,056	\$117,657,210	\$7,906,154	7.20%

### Joint Regent Contracts

Joint Regent contracts consolidate like commodities from the institutions into a single contract. This in turn 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. Some contracts are available only to the universities, such as emissions monitoring, while others are available to all Regent institutions and other state agencies, such as medical supplies.

#### Types of Joint Regent Purchasing Contracts

Item	Available to
Book Binding	All Regent Institutions
Computer Equipment	All Regent Institutions
Computers	All Regent Institutions and State Agencies
Computers and Supplies	Regent Institutions and DOT
Copier/Fax Supplies	All Regent Institutions
Electrical Supplies	All Regent Institutions
Emissions Monitoring	SUI, ISU, and UNI
Envelopes	All Regent Institutions
Fluorescent Bulb Disposal	SUI, ISU, UNI, and State Agencies
Grease Recycling	All Regent Institutions
Hazardous Waste Disposal	SUI, ISU, and UNI
Laboratory Casework	All Regent Institutions
Laboratory Supplies	All Regent Institutions
Laboratory Supplies	Regent Institutions and IBA
Medical Supplies	All State Agencies
Miscellaneous Paper Products	All Regent Institutions
Moving Services	All Regent Institutions
Nutritional Formula	All State Agencies
Office Supplies	All State Agencies
Pharmaceutical Drugs	All State Agencies
Photo Supplies	All Regent Institutions
Power Plant Chemicals	SUI, ISU, and UNI
Projection Lamps	All Regent Institutions
Video Tape	All Regent Institutions
Workstations/Scientific Equipment	All Regent Institutions

The universities continue to participate successfully in joint Regent contracts. FY 2000 purchases made through these contracts increased \$5.6 million (5.5%) over FY 1999 and now total more than \$107.8 million. Contracts with various vendors for medical supplies (\$30.0 million) and pharmaceutical drugs (\$44.1 million) account for 69.0% of total purchases.

#### Purchases through Joint Regent Contracts

Institution	FY 1999	FY 2000	Dollar Change	Percent Change
SUI	\$88,976,713	\$93,032,252	\$4,055,539	4.6%
ISU	10,637,327	12,292,768	1,655,441	15.6%
UNI	2,620,832	2,476,573	(144,259)	(5.5%)
ISD <sup>1</sup>	0	0	0	0
IBSSS <sup>1</sup>	17,658	20,457	2,799	15.9%
Total	\$102,252,530	\$107,822,050	\$5,569,520	5.5%

## Educational & Institutional (E&I) Cooperative Purchasing

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.

In FY 2000, the Regents used E&I contracts for \$3.0 million worth of purchases, an increase of 488,900 (22.4%) from FY 1999.

### Purchases from the E&I Cooperative Purchasing Consortium

Institution	FY 1999	FY 2000	Dollar Change	Percent Change
SUI	\$1,268,494	\$1,469,411	\$200,917	15.84%
ISU	899,434	1,376,126	476,692	53.0%
UNI	18,171	114,634	96,463	530.9%
ISD <sup>1</sup>	0	0	0	0
IBSSS <sup>1</sup>	0	0	0	0
Total	\$2,186,099	\$2,960,171	\$774,072	35.0%

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

### Types of Purchases from the E&I Cooperative Purchasing Consortium

Product	Purchases
Blackboards/Bulletin Boards	\$26,604
Computer Equipment	270,901
Computer Supplies	54,024
Drafting Table/Flat Files	15,509
Fireproof Files	4,487
Freight	114
Furniture	2,493,601
Lab Coats	3,053
Miscellaneous	77,607
MRO Supplies	4,518
Office Equipment/Supplies	9,753
Total	\$2,960,171

## State of Iowa Contracts

Current State of Iowa contracts and related information can be found on the Iowa Department of General Services web site. The Regent Procedural Guide encourages institutions to utilize this web site in their procurement activities. In FY 2000, the institutions purchased \$6.9 million from State of Iowa purchasing contracts, an increase of 1.6 million (29.4%) from FY 1999.

### Purchases from State of Iowa Purchasing Contracts

Institution	FY 1999	FY 2000	Dollar Change	Percent Change
SUI	\$2,662,380	\$3,948,258	\$1,285,878	48.3%
ISU	1,937,440	2,342,650	405,210	21.0%
UNI	693,453	539,992	(153,461)	(22.1)
ISD	0	27,846	27,846	
IBSSS	19,154	16,243	(2,911)	(15.2)
Total	\$5,312,427	\$6,874,989	\$1,562,562	29.4%

State of Iowa purchasing contracts also provide many products and services at competitive prices.

### Types of Purchases from State of Iowa Purchasing Contracts

Product	Purchases
Advertising	\$143,750
Batteries/Automotive Supplies	6,776
Books/Magazines	3,715
Communications Equipment	1,641,874
Computers	34,458
Copier Supplies/Paper/Graphics	73,565
Gasoline/Gasohol/Diesel Fuel	1,083,181
Lamps	87,041
Lighting	12,888
Maintenance Supplies	24,703
Medical Supplies	852
Miscellaneous	31,776
Paint/Hardware/Tools	2,020
Plumbing & Electrical Supplies	2,078
Vehicles	3,726,312
Total	\$6,874,989

### **Other Institutional Cooperative Purchases**

Regent universities continually seek opportunities to increase cooperative purchasing in order to achieve cost savings through volume discounts.

**SUI** reports that it has joined other Big 10 institutions along with the University of Chicago to form a purchasing consortium called the Committee on Institutional Cooperation Purchasing Consortium (CICPC).

The University of Iowa Hospital and Clinics is in its sixth year as a member of the University HealthSystem Consortium/Novation, which allows SUI access to 200 cooperative agreements. The University added 44 new agreements during FY 2000 with additional estimated annual savings of \$376,000. Pharmaceutical purchases for FY 2000 amounted to \$44 million, which was one of the largest dollar volume UHC/Novation contracts accessed for UIHC. The University is also able to access 156 supplier contracts through the use of a distributor network. The number of purchase orders previously placed with individual suppliers is reduced, enhancing tracking and reporting capabilities.

**ISU** and the Iowa DOT were awarded a contract for fax machines in FY 1999. By combining purchasing power, the contract reduced unit cost more than \$160 compared to standard state contract pricing. Purchases totaled nearly \$47,000 in FY 2000 with savings exceeding \$11,000.

In a cooperative purchasing effort to take advantage of larger discounts through bulk purchases of school items such as paper, **ISD** is participating in a public entities consortium headed by the local AEA.

**ISD's** and **IBSSS's** cooperative purchasing arrangement with ISU's Purchasing Department allows the use of interinstitutional contracts and access to ISU's purchasing expertise.



## **CONFLICT OF INTEREST VENDORS**

Both Regent Procedural Guide §8.09(C) and §10.09(E) require purchases from Regent employees (i.e., conflict of interest vendors) to be included in the annual purchasing report to the Board.

Iowa Code §68B.4 requires the Board to give consent to officials or employees of Regent institutions who wish to sell goods and services to their respective institution. Each Regent institution is responsible for identifying and analyzing conflict of interest vendor purchases at its institution.

The Board's adopted rules are incorporated in the Board of Regents Procedural Guide §10.09. Board authorization is required 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. The Board's authorization does not alleviate the requirement to obtain competitive bids and provide public notice, as prescribed by Iowa Code §68B.3.

Board rules preclude 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.

Purchasing personnel at the Regent institutions maintain conflict of interest lists and compile annual expenditures. Potential conflict of interest vendors wishing to do business with Regent institutions are required to complete an application for the institution to analyze.

Written requests for approval of vendors with a potential conflict of interest are presented to the Board on an individual basis. Once approved by the Board, an individual will remain on the approved master list maintained by the entity transacting business with the individual. Institutional submissions of Conflict of Interest Vendors are maintained in the Board Office.

During FY 2000, the Board approved six new vendors: one for the University of Iowa, CpG ImmunoPharmaceuticals, Inc., and five vendors for Iowa State University: EXPLORE, Inc.; The Hope Clinic; Kars & More; MTEC Photoacoustics, Inc.; and Linda M. Thompson, DVM. With the addition of these vendors, there are now 108 vendors on the Board-approved list: 42 for SUI, 44 for ISU, 19 for UNI, 2 for ISD, and 1 for IBSSS.

Purchases from conflict of interest vendors totaled \$121,097 during FY 2000, an \$18,017 (13.0%) decrease from FY 1999 purchases. Purchases fluctuate from year to year based on institutional needs for products and services from conflict of interest vendors.

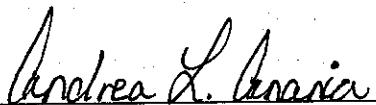
**Purchases from Conflict of Interest Vendors**

	FY 1999	FY 2000	Dollar Change	Percent Change
SUI	\$41,580	\$52,224	10,644	29.47%
ISU	83,206	55,085	(28,121)	(33.80%)
UNI	13,139	13,686	547	4.16%
ISD	600	0	(600)	(100.00%)
IBSSS	589	102	(487)	(82.68%)
Total	\$139,114	\$121,097	(\$18,017)	(12.95%)

**VENDOR COMPLAINTS**

Vendor complaint procedures are outlined in Regent Procedural Guide §8.03. Complainants are required to exhaust administrative remedies at the institutional level before making a written request for review to the Executive Director.

Written vendor complaints and resolution measures are reported annually in the purchasing report. No formal complaints were received at any of the Regent institutions during FY 2000.

  
Andrea L. Anania

Approved:   
Frank J. Stork

Purchases Processed through Central Purchasing Offices<sup>1</sup>  
FY 1996 - FY 2000

	FY 1995		FY 1996		FY 1997		FY 1998		FY 1999		FY 2000	
	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
<b>SUI Total Purchases<sup>2</sup></b>	<b>\$227,776,960</b>	<b>100%</b>	<b>\$247,680,415</b>	<b>100%</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>
Iowa Businesses other than Small Businesses	102,048,811	44.8%	90,684,792	36.6%	83,578,351	34.4%	83,381,044	33.3%	55,424,153	20.0%	79,030,536	26.0%
Iowa Small Businesses	43,426,555	19.1%	36,074,023	14.6%	33,115,462	13.6%	34,819,894	13.9%	37,519,056	13.5%	40,262,141	13.3%
Subtotal Iowa Businesses	145,475,366	63.9%	126,758,815	51.2%	116,693,813	48.0%	118,200,938	47.2%	92,943,209	33.5%	119,292,677	39.3%
Out-of-State	81,252,464	35.7%	118,246,854	47.7%	124,975,002	51.5%	130,795,571	52.2%	182,692,637	65.8%	182,189,643	60.0%
Out-of-Country	1,048,130	0.5%	2,694,746	1.1%	1,222,939	0.5%	1,604,508	0.6%	1,809,369	0.7%	1,991,395	0.7%
<b>ISU<sup>2</sup> Total Purchases</b>	<b>\$90,100,901</b>	<b>100%</b>	<b>\$92,529,567</b>	<b>100%</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>
Iowa Businesses other than Small Businesses	31,092,160	34.5%	23,547,803	25.4%	34,912,252	36.2%	35,029,398	33.9%	37,634,092	37.4%	41,183,132	35.1%
Iowa Small Businesses	17,242,281	19.1%	24,047,892	26.0%	14,155,391	14.7%	15,701,343	15.2%	15,956,691	15.9%	17,549,031	15.0%
Subtotal Iowa Businesses	48,334,441	53.6%	47,595,695	51.4%	49,067,643	50.9%	50,730,741	49.2%	53,590,783	53.3%	58,732,163	50.1%
Out-of-State	41,416,122	46.0%	44,337,545	47.9%	46,616,905	48.3%	51,920,891	50.3%	46,338,295	46.1%	57,506,676	49.0%
Out-of-Country	350,338	0.4%	596,327	0.6%	800,627	0.8%	540,699	0.5%	623,794	0.6%	1,032,344	0.9%
<b>UNI Total Purchases</b>	<b>\$29,428,595</b>	<b>100%</b>	<b>\$29,740,459</b>	<b>100%</b>	<b>\$31,686,205</b>	<b>100%</b>	<b>\$29,818,104</b>	<b>100%</b>	<b>\$36,960,956</b>	<b>100%</b>	<b>\$36,684,698</b>	<b>100%</b>
Iowa Businesses other than Small Businesses	13,228,379	45.0%	11,672,595	39.2%	11,352,540	35.8%	14,169,189	47.5%	13,534,911	36.6%	21,453,356	58.5%
Iowa Small Businesses	3,281,378	11.2%	3,367,108	11.3%	4,073,384	12.9%	3,456,893	11.6%	3,112,718	8.4%	2,927,833	8.0%
Subtotal Iowa Businesses	16,509,757	56.1%	15,039,703	50.6%	15,425,924	48.7%	17,626,022	59.1%	16,647,629	45.0%	24,381,189	66.5%
Out-of-State	12,894,561	43.8%	14,641,956	49.2%	16,213,544	51.2%	12,129,447	40.7%	20,270,950	54.8%	12,247,156	33.4%
Out-of-Country	24,277	0.1%	58,800	0.2%	46,738	0.1%	62,635	0.2%	42,277	0.1%	56,353	0.2%
<b>ISD<sup>2</sup> Total Purchases</b>	<b>\$1,525,654</b>	<b>100%</b>	<b>\$1,503,036</b>	<b>100%</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>
Iowa Businesses other than Small Businesses	935,215	61.3%	881,038	58.6%	1,251,432	59.8%	1,213,457	63.3%	1,587,127	60.2%	1,451,801	47.7%
Iowa Small Businesses	101,371	6.6%	101,550	6.8%	113,450	5.4%	114,510	6.0%	177,942	6.7%	166,190	5.5%
Subtotal Iowa Businesses	1,036,586	67.9%	982,588	65.4%	1,364,882	65.2%	1,327,967	69.2%	1,764,969	66.9%	1,617,991	53.2%
Out-of-State	489,068	32.1%	520,447	34.6%	727,181	34.8%	590,065	30.8%	871,661	33.1%	1,423,620	46.8%
Out-of-Country	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<b>IBSSS<sup>2</sup> Total Purchases</b>	<b>\$646,043</b>	<b>100%</b>	<b>\$639,174</b>	<b>100%</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>
Iowa Businesses other than Small Businesses	390,389	60.4%	299,336	46.8%	461,475	58.0%	411,574	62.3%	394,905	55.6%	362,392	49.9%
Iowa Small Businesses	102,052	15.8%	101,001	15.8%	84,499	10.6%	73,641	11.1%	68,683	9.7%	85,930	11.8%
Subtotal Iowa Businesses	492,441	76.2%	400,337	62.6%	545,974	68.6%	485,215	73.4%	463,588	65.2%	448,322	61.8%
Out-of-State	152,307	23.6%	237,825	37.2%	249,385	31.4%	175,528	26.6%	246,955	34.7%	273,781	37.7%
Out-of-Country	1,295	0.2%	1,012	0.2%	28	0.0%	35	0.0%	254	0.0%	3,878	0.5%
<b>Total Total Purchases</b>	<b>\$349,478,153</b>	<b>100%</b>	<b>\$372,092,650</b>	<b>100%</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>
Iowa Businesses other than Small Businesses	147,694,954	42.3%	127,065,564	34.1%	131,556,050	35.2%	134,204,662	34.8%	108,575,188	26.0%	143,481,217	31.1%
Iowa Small Businesses	64,153,637	18.4%	63,691,574	17.1%	51,542,186	13.8%	54,166,221	14.0%	56,834,990	13.6%	60,991,125	13.2%
Subtotal Iowa Businesses	211,848,591	60.6%	190,757,138	51.3%	183,098,236	49.0%	188,370,883	48.8%	165,410,178	39.5%	204,472,342	44.3%
Out-of-State	136,204,522	39.0%	177,984,627	47.8%	188,782,017	50.5%	195,611,592	50.7%	250,420,498	59.9%	253,650,876	55.0%
Out-of-Country	1,425,040	0.4%	3,350,885	0.9%	2,070,332	0.5%	2,207,877	0.5%	2,475,694	0.6%	3,083,970	0.7%

<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.

<sup>4</sup> Contracted FY 1999 number.