

*Governing Iowa's public
universities and special schools*

University of Iowa
Iowa State University
University of Northern Iowa
Iowa School for the Deaf
Iowa Braille and Sight Saving School
Lakeside Lab Regents Resource Center
Quad-Cities Graduate Center
Southwest Iowa Regents Resource Center
Tri-State Graduate Center



**BOARD OF
REGENTS**
STATE OF IOWA

David W. Miles, President, *West Des Moines*
Jack B. Evans, Pro Tem, *Cedar Rapids*
Bonnie J. Campbell, *Des Moines*
Robert N. Downer, *Iowa City*
Michael G. Gartner, *Des Moines*
Ruth R. Harkin, *Cumming*
Greta A. Johnson, *Le Mars*
Craig A. Lang, *Brooklyn*
Rose A. Vasquez, *Des Moines*

Robert Donley, *Executive Director*

March 26, 2009

The Honorable Brian Schoenjahn, Chair
The Honorable Cindy Winckler, Chair
Joint Education Appropriations Subcommittee
State Capitol Building
Des Moines, IA 50319

Re: March 3 Education Appropriations Subcommittee Hearing

At the subcommittee hearing of March 3, 2009, to discuss FY2010 budget issues, committee members asked for additional information on several issues that required further research. The attached document provides those answers.

If there are any questions concerning this information, please don't hesitate to contact us.

Sincerely,

Robert Donley

H:\BF\Legislative\2009 Session\responses\EducationAppropscomm\Edappropsubcomm_Mar3hearing.doc

CC: Senator Brian Schoenjahn

Dwayne Ferguson
Legislative Liaisons
Legislative Log

**Responses to Education Appropriations Subcommittee Meeting
March 3, 2009**

1. Response to Query on Collaborative Risk Management at Regent Institutions

In response to a Board of Regents initiative to focus on administrative efficiencies and other cost containment measures, in 2006 Regents institutions established a system-wide Risk Management Committee to facilitate collaboration and identify inter-institutional opportunities. This group seeks to maximize insurance programs and combined insurance purchases where feasible to generate maximum savings or cost avoidance.

The Risk Management group meets quarterly to review risk issues and to standardize processes and procedures.

Motor Vehicle Liability Pool

The Regents established a Motor Vehicle Liability Pool in 1986 (MVLN) which covers both liability and physical damage to all institutional fleets. Creating this pool rather than purchasing commercial auto insurance, has generated significant cost savings to the institutions.

The pool charges experienced based rates per vehicle and uses the premiums generated to pay claims, fund reserves, pay administrative costs to the University of Northern Iowa (financial management of the fund), the Department of Administrative Services (claims management), and the Attorney General's Office (claims resolution). The pool includes coverage for non-owned rental vehicles, thus eliminating the need for the purchase of collision damage waiver (CDW) coverage by employees renting vehicles from an auto rental agency for university business - another significant cost savings.

The pool also pays for an annual actuarial assessment of the fund to establish rates, reserves and financial stability; conducted every three years. ISU coordinates the actuarial assessment process.

Regent institutions have developed a 28E agreement for vehicle liability that is in its final process with the Attorney General's office. The agreement defines liability and the financial exposure for the Regents' automobile pool; with the State, the Regents' inter-institutional fleet rentals and with other state agencies.

Commercial Fleet Physical Damage

In 2007, the Regent institutions agreed to purchase commercial fleet physical damage coverage to cover catastrophic loss to vehicles from events such as hail or wind when vehicles are not in use and located within each campus (known as lot coverage). The institutions were able to obtain this coverage at a lower cost to each institution by combining the exposure for all five Regent institutions.

Fleet Safety Programs

The Regent risk managers and fleet managers worked together to analyze risks associated with managing institutional fleet programs and collaborated on the development of minimum criteria for institutional fleet risk management policies. These were submitted to the Board and have been used in the development of each institution's policy. The institutions periodically review the minimum policy criteria and any changes would be made on a collaborative basis.

Claims Management Database

The Regents are currently collaborating on the development and implementation of a Vehicle Claims Management System. The development process has been lead by UI. This effort will allow the Regent institutions to more effectively manage the claim process and maintain more credible data. UI manages vehicle claims for UNI, and ISU manages vehicle claims for the Special Schools.

Property Insurance

Iowa State University purchases property insurance from Traveler's Insurance Company. Several years ago, ISU incorporated the property values for the Iowa School for the Deaf and the Iowa Braille and Sight Saving School into the policy. This provided the Special Schools with much lower rates for property insurance than when they purchased coverage independently. ISU provides claims management for any property losses at the two schools as well.

Tort Claims

The Regent institutions are all operating under a 28E Agreement with the Attorney General's office to manage third party tort claims against the institutions (claims filed under Chapter 669). The AG's office sends claims to UI, who records the claim information, then sends it on to the appropriate institution. Each institution is responsible for its own claims investigation, resolution and payment for claims up to \$5,000. Copies of denial letters or settlement documents are provided to UI, which then combines the information for all Regent institutions and provides a combined report to the Board of Regents.

Crime Coverage

Regent institutions analyzed the feasibility of obtaining a Regents-wide crime policy. However, it was determined that it was more cost effective to remain with the crime bond with the State and for each institution to separately purchase additional coverage.

2. Average Financial Aid Grant

Undergraduate Aid: In 2007-08, a total of \$505,475,476 was awarded to undergraduates at the Regent universities; this is an increase of \$18,332,873 (+3.8%) from the prior year. Undergraduate aid represents more than 65.3% of the total financial aid awarded in 2007-08.

- ◆ Of the total amount awarded to undergraduates, 52.0% came from federal funds, 12.7% came from state funds, 25.6% came from institutional funds, and 9.7% came from other funds.
- ◆ Of the total amount awarded to undergraduates, 30.3% was in the form of grants/scholarships, 10.2% was in the form of employment, and 59.5% was in the form of loans.

- ◆ In 2007-08, the average financial aid award to undergraduate students at the Regent universities was \$3,321, which represents a 0.7% increase from the prior year.
 - ➔ The average undergraduate grant/scholarship award was \$2,334, which represents a 0.5% increase from the prior year.
 - ➔ The average undergraduate loan award was \$4,896, which represents a 1.9% increase from the prior year.
 - ➔ The average undergraduate employment award was \$2,048, which represents a 3.5% increase from the prior year.

3. MHEC Contract Analysis

Information Technology

◆ Computers

Dell: ISU and UNI received the best pricing from Western States Contracting Alliance (WSCA); SUI has obtained pricing from another vendor that is better.

Joint Regents volume purchases have pricing that is 10-30% lower than the MHEC contract pricing. ISU and SUI have a 4% advantage over the MHEC contract on its remarketing agreement.

Lenovo and Hewlett Packard: Regent institutions use WSCA pricing.

◆ Software

Novell: Regent institutions do not use Novell

Oracle: Regent institutions continue to evaluate pricing opportunities available for Oracle through MHEC. Thus far, the MHEC agreement has not been less costly than other vendors for medium to large orders of licenses. The Regents obtain a higher education discount that is better than MHEC cost for this size of order.

SUI used the MHEC agreement in February 2007 to purchase a small number of licenses. Currently, UNI evaluates MHEC pricing for Oracle-related items as offered and has not found better pricing.

Trend Micro: Regent institutions have existing anti-virus software on campus. SUI is currently under contract with Symantec through a Committee on Institutional Cooperation Purchasing Consortium (CICPC) agreement through 2010; at the end of the agreement, SUI will review MHEC pricing.

VMWare: Regent institutions have no plans for this software

◆ Printers and Peripherals

Xerox, Dell, HP: Regents have a major contract with CDW-G with integration into their e-procurement initiative. Overall, MHEC pricing is 4.4% higher on the items being purchased on the CDW-G contract.

ISU is using HP printers through its D&H contract. MHEC pricing is 7.5% higher. SUI is using the WSCA contract for HP.

◆ **Networking Solutions**

Enterasys (6-38% discounts): ISU is currently using an E&I and Forsythe contract for Cisco products at a 40% discount on all products with additional volume to 50% discount with free installation the first year. SUI has a contract for Cisco products with Pomeroy at a 40.7% discount on selected items, and also uses the E&I and Forsythe contract for other Cisco products.

Mitel: This MHEC contract covers phone communications platforms for small and medium-sized schools. It does not have the capacity for large institutions. The pricing MHEC offers is through MiCTA Technology Solutions. SUI already has direct access to the same pricing and receives additional discounts due to the amount of product being purchased.

Alcatel-Lucent: Products offered under this contract are not compatible with ISU's existing Avaya switch equipment, nor SUI's NEC switch equipment.

As the Regent institutions look to replace current technology, solicitations will be sent to companies offering comprehensive and integrated unified communications solutions and will include MHEC-contracted companies.

Master Property Insurance

Through Marsh, MHEC offers a product with \$100M coverage, excess of \$400M, underwritten by Lexington, an AIG company. ISU's recent competitive evaluation shows this contract to be 12% higher in premium cost, including commission. Other standard coverages of the MHEC product did not meet the deductible levels requested by the institution. As other Regent institutions work on renewals, they will be considering the MHEC product.

UNI will evaluate insurance coverage and pricing available through MHEC as part of its upcoming bid process for property and casualty insurance.

SUI's rates, prior to the 2008 flood, were lower than the MHEC contract. Post-flood, SUI has chosen to stay with the current vendor. If other insurance carriers such as Marsh such as Marsh would even consider offering coverage, the likelihood being small, the premium would be considerably higher than the current negotiated post-flood premium.

4. Special Schools Instructional Cost per Pupil

Iowa School for the Deaf

Per pupil costs for students at the Iowa School for the Deaf:

On-Campus: \$64,262

Off-Campus: \$ 4,128

- ◆ Most special education students, including those who are deaf or hard of hearing, have higher per pupil costs than do their peers in regular education due to their highly individualized, intensive programming needs.
- ◆ The cost per pupil for ISD on-campus students is based on a variety of factors that are "above and beyond" what either their regular education peers or their peers in special education need, including:

- Very small class sizes provided because of the students' needs for intensive individualized language and literacy instruction that is integrated into all subject matter. The need is based on language and literacy delays that result from the students' hearing losses and inability to learn language naturally as hearing peers do.
 - ISD student to teacher ratios average 5:1 for most classes, although it can be as low as 2:1 for students with significant additional disabilities. This allows for the intensity of direct teacher contact that ISD's student need to develop satisfactory literacy skills to support their academic content learning.
 - ISD students may also require teacher assistant support. Depending on a student's Individualized Education Program, the teacher assistant support may be shared with another student or may be 1:1 full-time to support the instruction provided by the teacher. (For example, a student who is deaf and legally blind may need a 1:1 teacher assistant to support communication when working in the general class group, in order to have accessible communication if he/she cannot see far enough to access group communication. In other words, the 1:1 would sit close enough and convey what the teachers and peers were discussing, either via use of near vision sign language or tactile sign language).
- Twenty-four hour programming provided for students who live too far to commute.
 - As a statewide school, deaf or hard of hearing students from all of Iowa's school districts may attend ISD. Some eligible students, from districts that are not local to the Council Bluffs area, need a boarding program to allow them access to the most appropriate educational program. The dormitory is provided to serve these students. Staffing is provided 24 hours, which adds to program costs.
 - Student transportation is more extensive for ISD students than for students in Iowa's local districts. This is a result of two factors:
 - For special education students, door-to-door transportation is a federal and state mandate. Therefore, it is provided from school budget and parents cannot be charged nor asked to transport by law regardless of how near or far students live from ISD.
 - All ISD students go home weekly with the exception of a few weekends when ISD has special events (e.g., Prom). The younger dormitory students go home almost every weekend, including weekends when older students may remain on campus.
- Special qualifications for ISD's personnel that are more rigorous than qualifications even for generic special education personnel. ISD provides a school program that is comprehensive (all content areas at all levels are provided).

- All on-campus faculty must have at least two teaching license areas: a license to teach students who are deaf or hard of hearing, and a license to teach the subject area for which they are assigned, e.g., elementary education or early education, middle school science, high school mathematics. ISD meets NCLB and Individuals with Disabilities Education Act (IDEA) mandates for “highly qualified personnel” by requiring these licenses for each on campus faculty member.
 - All faculty and staff must have sign language fluency at levels appropriate for their positions (e.g., teachers at Intermediate level or higher, etc.) ISD personnel may be hired with levels lower than those required for their positions, but must achieve their levels within a specified time frame. If any faculty or staff member fails to meet the required level, that individual is required to complete weekly sign language training requirements until the level for the position held is met, as assessed by a rigorous Sign Communication Performance evaluation tool.
 - A part of ISD per pupil cost is used in providing both the sign language instruction as a part of work responsibilities, and the costs of administering the evaluations to faculty and staff.
 - ISD school administrators (superintendent, both principals) have multiple licenses to qualify them for their areas. The ISD elementary/middle school principal has an elementary teaching license, Iowa administrator license, and license to teach students who are deaf or hard of hearing. The high school principal has a high school English license, the Iowa administrator license, and the license for education of students who are deaf or hard of hearing. The Superintendent has the Iowa administrator license, license for teaching students who are deaf or hard of hearing, and elementary education PreK-8 teaching license.
 - ISD’s Director of Student Life, who manages dormitories, food service, transportation, Sign Communication Performance program, and health center, has qualifications as a counselor for individuals who are deaf or hard of hearing. With this training, he is able to deliver a number of student and staff training opportunities, including anti-harassment/anti-bullying training biweekly for students in middle and high schools.
- ◆ ISD’s off campus program is delivered to 55 students in AEA 13 through a cooperative agreement. ISD employs three itinerant teachers. These teachers, licensed to teach students who are deaf or hard of hearing, travel to eligible AEA 13 students who attend their own local schools.
- These students need less service time, and may be enrolled in generic special education options in their local schools, or may be considered

general education students for the majority of their school programs. They are able to perform at or close to grade level with less intervention.

The itinerant teachers see the students on their caseloads (average caseload 25 students) approximately 1 to 2 hours each per week. The cost per pupil, therefore, is smaller but based on a very reduced amount of service time compared to on campus students. Moreover, the students seen by the ISD itinerants may also have interpreter services when the ISD teacher is not present, but ISD does not pay the interpreter costs, the school district does. Their cost per pupil is only for the service time they receive

Iowa Braille and Sight Saving School

FY09 On-Campus Instructional Cost per Pupil: \$95,969

This cost per pupil includes faculty and paraeducator salaries and benefits, classroom materials, services and supplies, administrative overhead (Superintendent, Business Office, Human Resources, and Information Technology) and facilities (classroom space, associated utilities and custodial services).

Many factors influence the cost per pupil on the campus of Iowa Braille School. Some of the most critical factors include:

- ◆ On-campus placements are based on the recommendation of the Individualized Education Program (IEP) team as required by the Individuals with Disabilities Education Act (IDEA) and the State Administrative Rules of Special Education,
- ◆ On-campus costs are affected by the need for highly specialized services with highly qualified staff,
- ◆ On-campus costs are affected by the small number of students in the State that require this intensive service,
- ◆ On-campus services and costs are affected by the practice of serving students on campus for a specific purpose and for a specific time frame as an alternative to the prior practice of long term placements,
- ◆ On-campus services are a required component for providing a full continuum of services for students with low incidence disabilities as required by IDEA,
- ◆ On-campus services and costs are affected by the multiple needs of the students that require an on-campus program.

FY08 Statewide System Instructional Cost per Pupil: \$10,955

This cost per pupil includes faculty salaries and benefits, classroom materials, services and supplies, and administrative overhead (Superintendent, Regional Administrator Director, Business Office, Human Resources, and Information Technology) and facilities (classroom space, associated utilities and custodial services).

Factors which influence the cost of services per pupil statewide include:

- ◆ Statewide System services are based on the recommendation of the Individualized Education Program (IEP) team as required by the Individuals with

Disabilities Education Act (IDEA) and the State Administrative Rules of Special Education,

- ◆ Statewide costs are affected by the need for highly specialized services with highly qualified staff,
- ◆ Statewide costs are affected by the relatively small number of students in the State (400 students) that require this intensive service, including intense Braille instruction,
- ◆ Statewide services are provided on a frequent and regular schedule, however, with less frequency and intensity than those services required on campus,
- ◆ Statewide services are a required component for providing a full continuum of services for students with low incidence disabilities as required by IDEA,
- ◆ Statewide services and costs are affected by the multiple needs of many of the students that require these services.