



Tuition and Financial Aid in Iowa: National and Strategic Perspectives

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Overview

1. The Big Goal
2. Iowa in a National Higher Education Context
3. The Fiscal Context for Tuition
4. The Affordability Context for Tuition
5. Institutional Tuition Comparisons
6. State Tuition Comparisons
7. Future decisions and next steps

Lumina Foundation's "Big Goal"

The screenshot shows the Lumina Foundation website. At the top, there is a dark grey header with the word "LUMINA" in white serif font on the left. On the right side of the header, there are navigation links: "HOME | QUICK LINKS ► | CONTACT US". Below the header is a yellow navigation bar with links: "ABOUT US | OUR WORK | GRANTS | PUBLICATIONS | NEWSROOM". On the right side of this bar is a search box with the text "Search" and a "GO »" button. Below the navigation bar, there is a "GO%L 2025" logo in a green square. To the left of the main content area, there are three links: "> the Goal", "the Outcomes", and "the Approach". The main content area features the heading "Lumina's big goal:" followed by the text "To increase the proportion of Americans with high-quality degrees and credentials to 60 percent by the year 2025." Below the logo, there is a link "Disponible en español »".

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Search GO »

> the **Goal**

the **Outcomes**

the **Approach**

Lumina's big goal:
To increase the proportion of Americans with high-quality degrees and credentials to **60 percent by the year 2025.**

GO%L 2025

Disponible en español »

More information: www.luminafoundation.org



President Obama's "Big Goal"

"... by 2020, America will once again have the highest proportion of college graduates in the world."

2009 State of the Union Address



Assumptions Behind Lumina's Efforts

- Many more citizens with quality higher education needed for:
 - Economic competitiveness
 - Social equity
 - Quality of life
- Big funding increases are not forthcoming
- We have to think differently



Strategy Labs for States: Four Steps

- Rewarding institutions that focus on students completing quality programs, not just attempting them
- **Rewarding students for completing courses and degree or certificate programs**
- Expanding and strengthening lower cost, nontraditional education options through modified regulations
- Investing in institutions that demonstrate the results of adopting good business practices



Strategy Labs Resources

- Working with 18 states
- Supporting travel expenses for states to send teams to visit other states on “site visits” to learn from one another
- Providing advice and funding for technical assistance at states’ request
- Researching and summarizing states’ policy efforts to find out what’s working

Iowa's Higher Education Context: Some Key Indicators

One major source for state rankings/comparative data: **Tom Mortensen's *Postsecondary Opportunity***--
www.postsecondary.org

- 4th in HS graduation rate
- 11th in adults w/HS diploma
- 38th in adults with bachelor's or higher
- 6th in higher education's share of gross state product

Another key source: **National Center for Higher Education Management Systems [NCHEMS]** www.higheredinfo.org

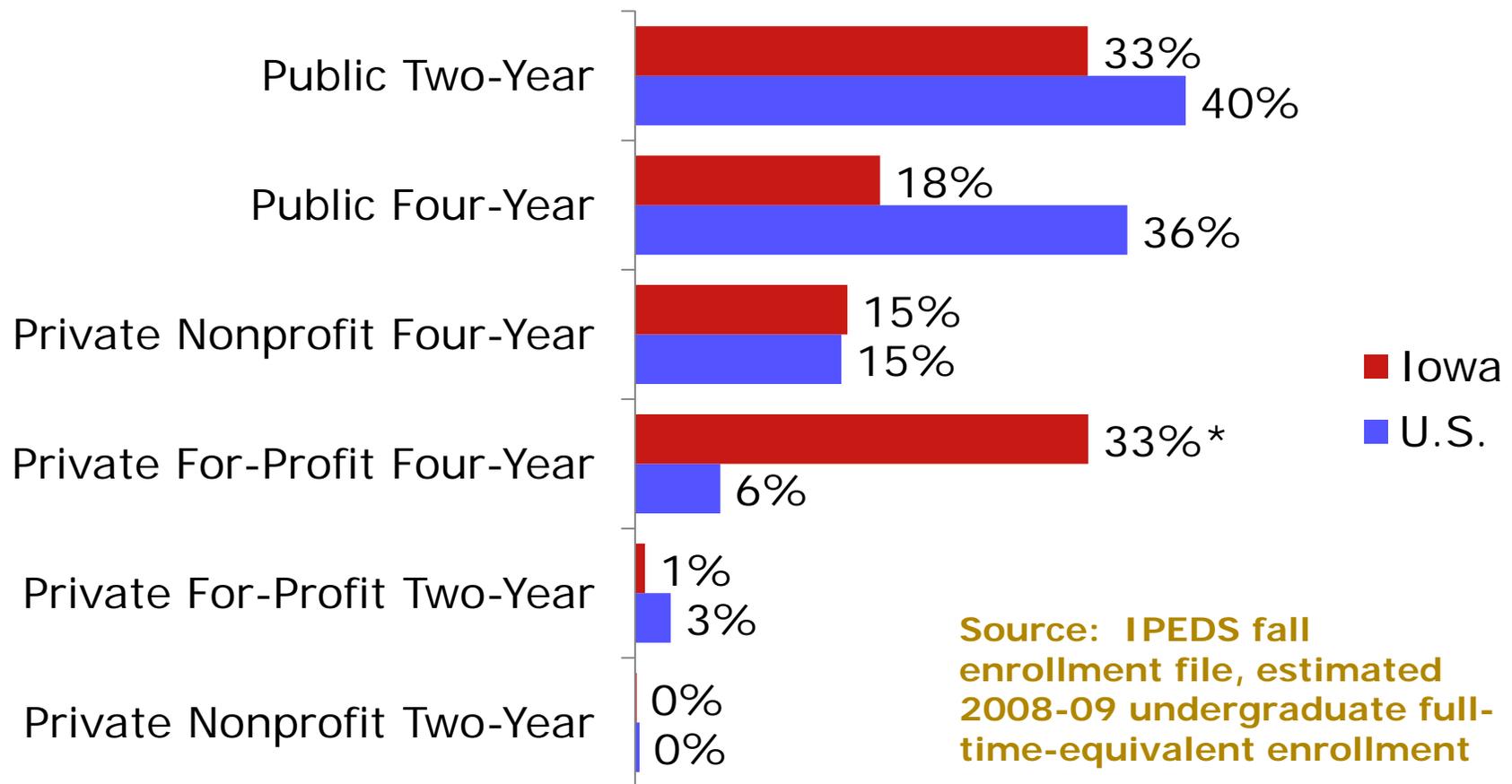
- 3rd in U.S. as net "importer" of college freshmen

Iowa's Higher Education Context: Degree Award Rankings

The sources behind many secondary data websites: **U.S. Department of Education's Integrated Postsecondary Education Data System (IPEDS)** at nces.ed.gov/ipeds, and **U.S. Census American Community Survey data** at www.census.gov

- 2nd in public associate degrees per capita (18-44)
- 17th in public bachelor's degrees per capita (18-44)
- 5th in total bachelor's degrees per capita (18-44)

Iowa's Higher Education Context: Iowa v. U.S. Undergraduate Enrollment Mix



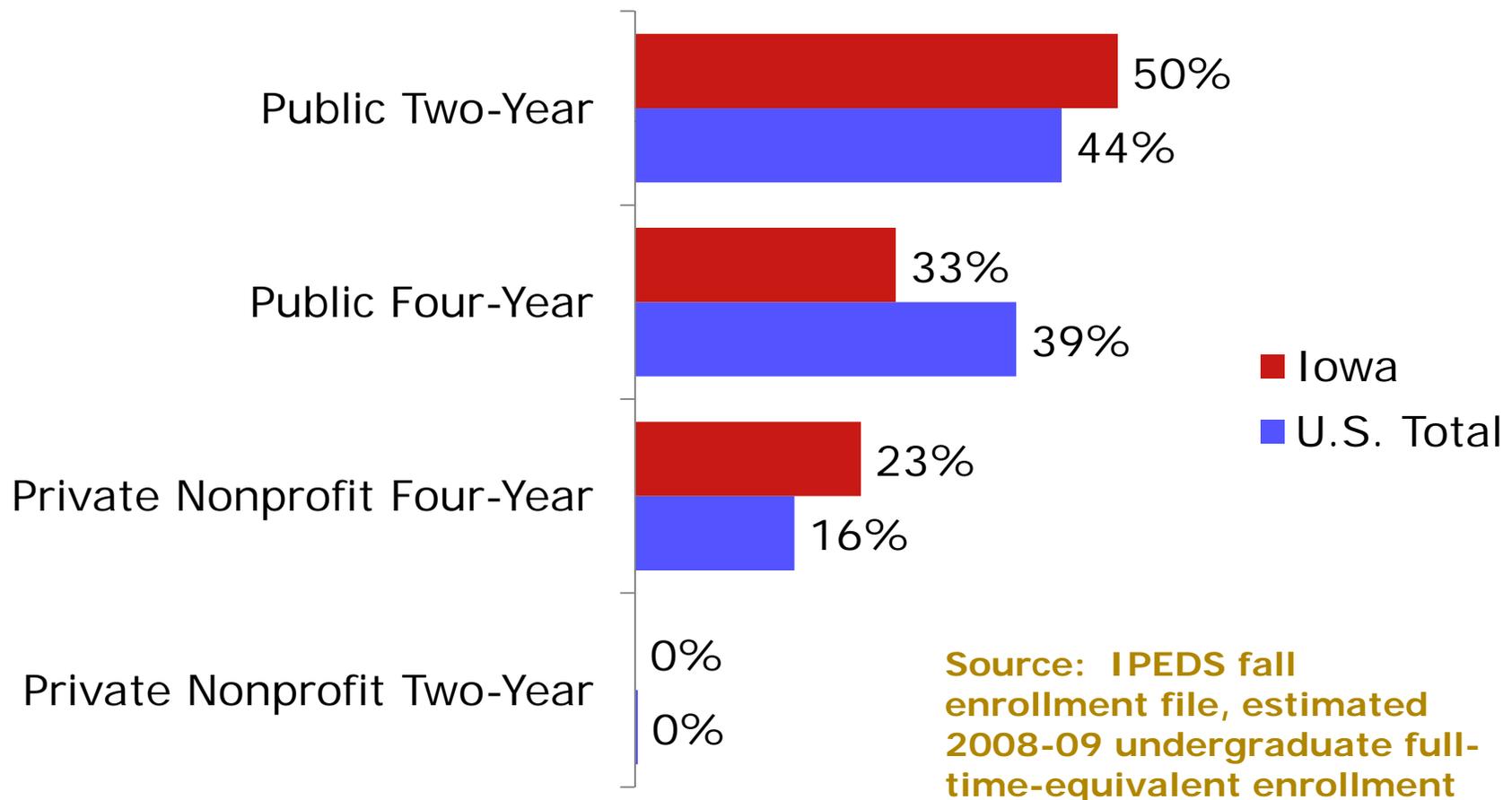
Iowa's Higher Education Context:

*Two of the Biggest Online For-Profits Report to USDOE as Iowa Institutions

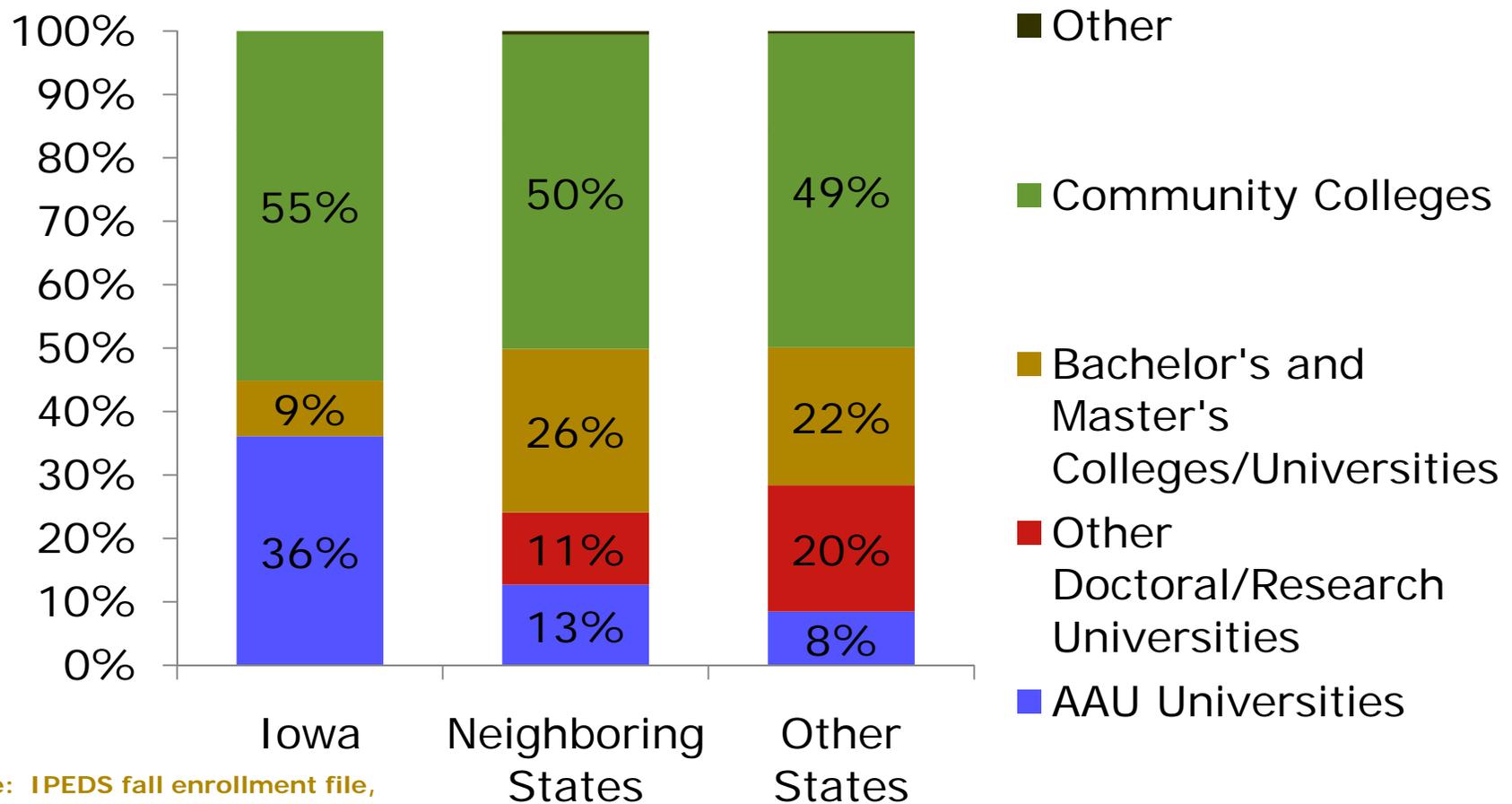
| US Pell Rank | | | 2008-09 Pell Grants |
|--------------|--|----|-----------------------|
| 1 | <i>University of Phoenix-Online Campus</i> | AZ | \$ 706,494,534 |
| 2 | Kaplan University | IA | \$ 112,006,338 |
| 13 | Ashford University | IA | \$ 34,464,176 |
| 226 | Iowa State University | IA | \$ 13,061,897 |
| 273 | Des Moines Area Community College | IA | \$ 11,754,080 |
| 288 | Kirkwood Community College | IA | \$ 11,248,299 |
| 359 | University of Iowa | IA | \$ 9,941,571 |
| 518 | University of Northern Iowa | IA | \$ 7,642,360 |
| 556 | Eastern Iowa Community College District | IA | \$ 7,147,628 |

Source: IPEDS 2008-09 student financial aid file

Iowa's Higher Education Context: Iowa v. U.S. Undergraduate Enrollment Mix Without For-Profits

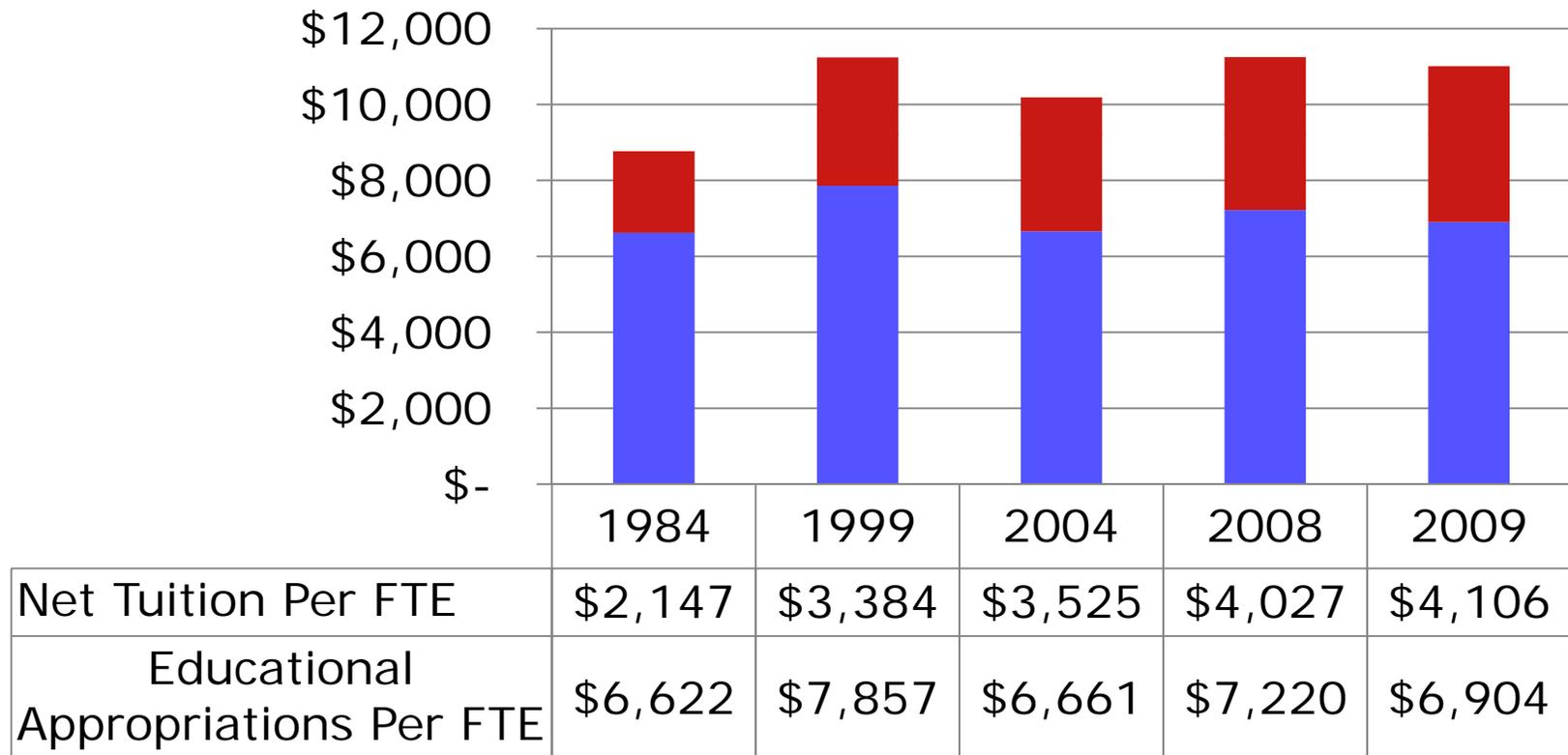


Iowa's Higher Education Context: Iowa #1 in Proportion of Enrollment at AAU Universities



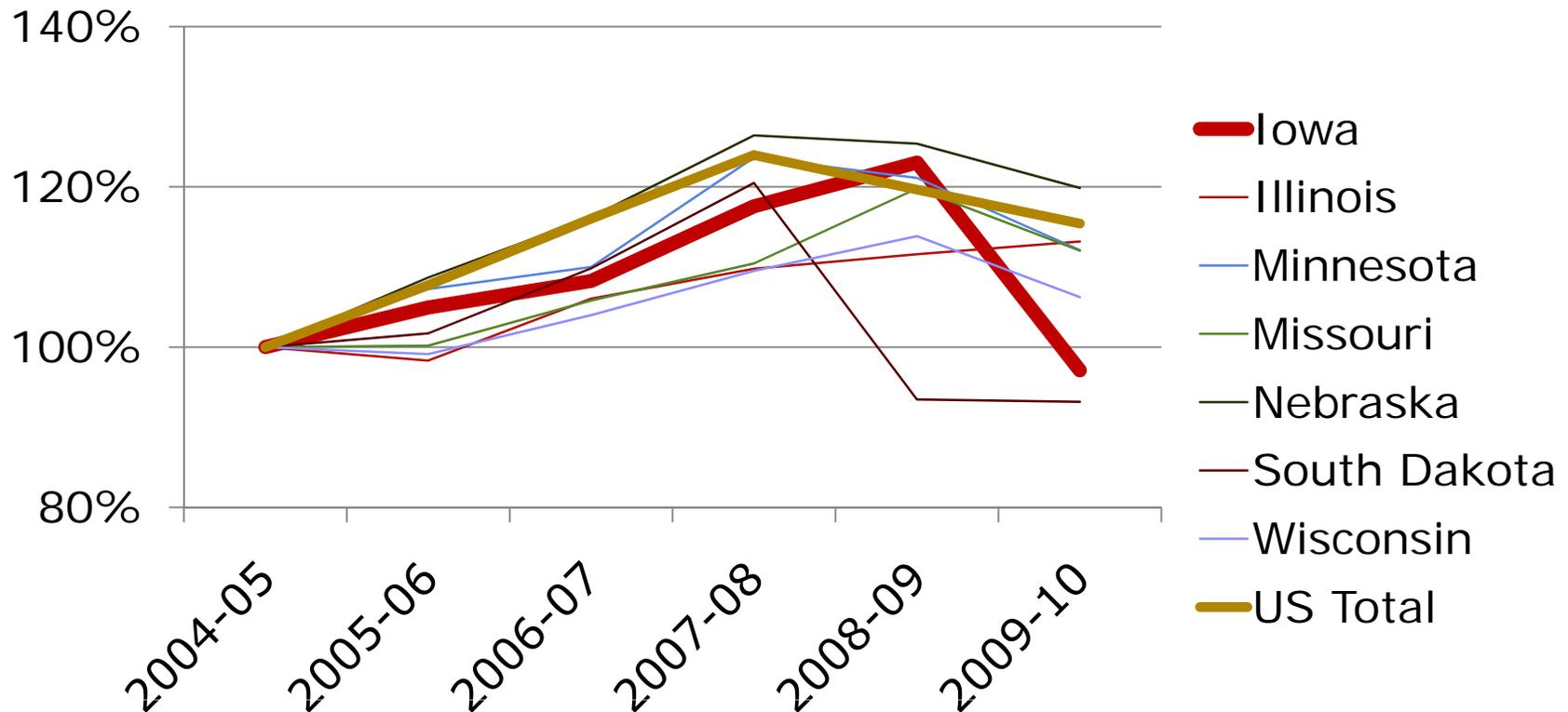
Source: IPEDS fall enrollment file, estimated 2008-09 undergraduate full-time-equivalent enrollment

Fiscal Context for Tuition Decisions: Nationally, Tuition Has Been Replacing State Support



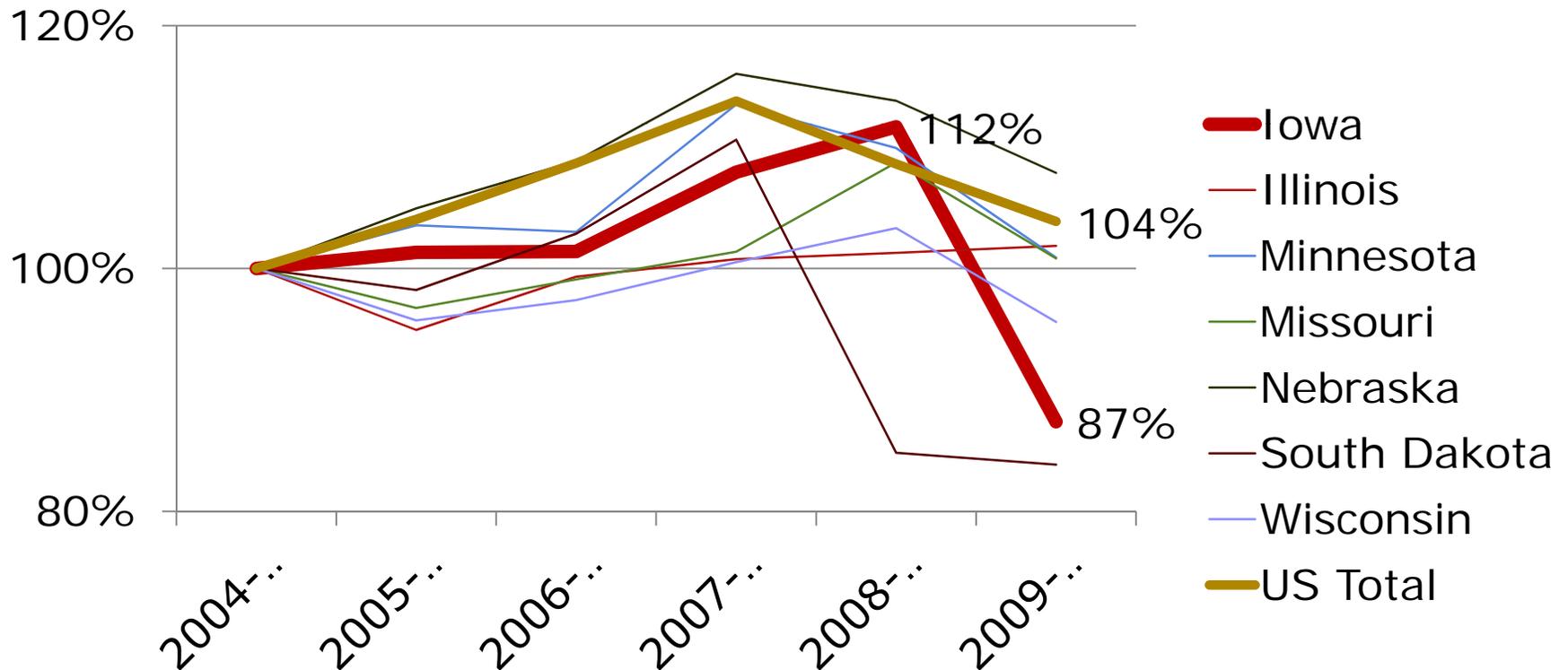
In constant 2008 dollars. Key source for higher education finance trends and comparisons: SHEEO Finance Survey at <http://www.sheeo.org/finance/shef-home.htm>

Fiscal Context: Change in State Support for Higher Education Since 2004-05 (Not Adjusted)



Key source for higher education state appropriations comparisons and trends: Illinois State University Center for the Study of Education Policy's Grapevine: <http://www.grapevineilstu.edu/>

Fiscal Context: Change in State Support for Higher Education Since 2004-05 (Constant Dollars)



More information: <http://www.grapevine.ilstu.edu/>
GDP Deflator: NIPA table 1.1.9 <http://www.bea.gov>

Fiscal Context: Operating Appropriation Cuts for Regents Universities

General Operating Appropriations
(Millions)



Source: Iowa Legislature October 15, 2010 *Issue Review*

Fiscal Context: State Rankings

- 33rd in state/local government support per public FTE student (2008-09, before FY 09-10 reductions)
- 15th in tuition revenue per public FTE student
- 24th in total core revenues (tuition/appropriations) per public FTE student (before FY 09-10 reductions)

More information: <http://www.sheeo.org/finance/shef-home.htm>

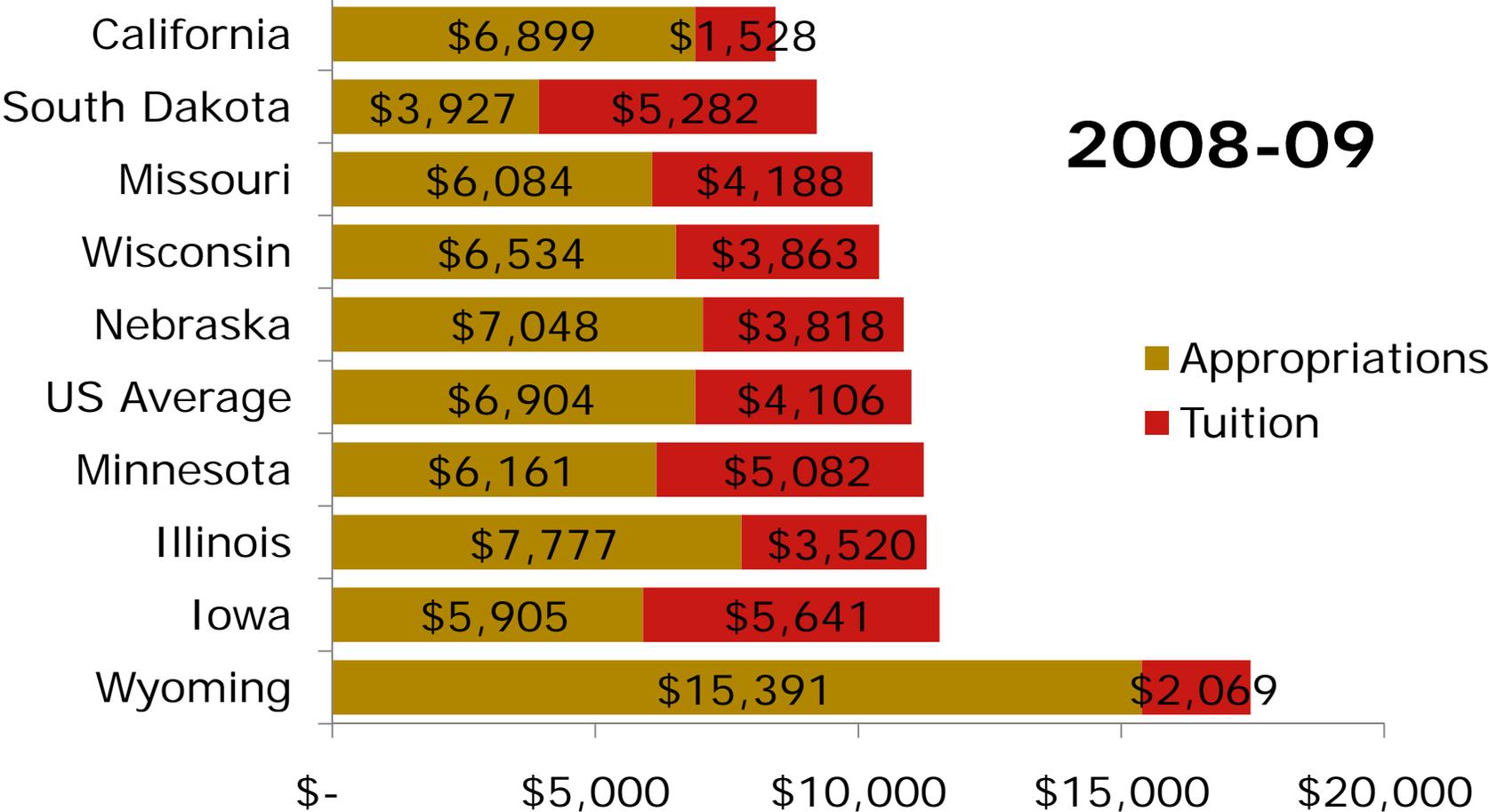


Fiscal Context: Rankings

- 24th in state/local government support for higher education per \$1,000 in personal income (Grapevine)
- 27th in state/local government support per capita (Grapevine)

More information: <http://www.grapevine.ilstu.edu/>

Fiscal Context: Iowa Was Near National Average in Revenues Per FTE Student Before 09-10 Cuts



More information: <http://www.sheeo.org/finance/shef-home.htm>

Affordability Context: Key Indicators

According to *Postsecondary Opportunity*, from Census data, Iowa is:

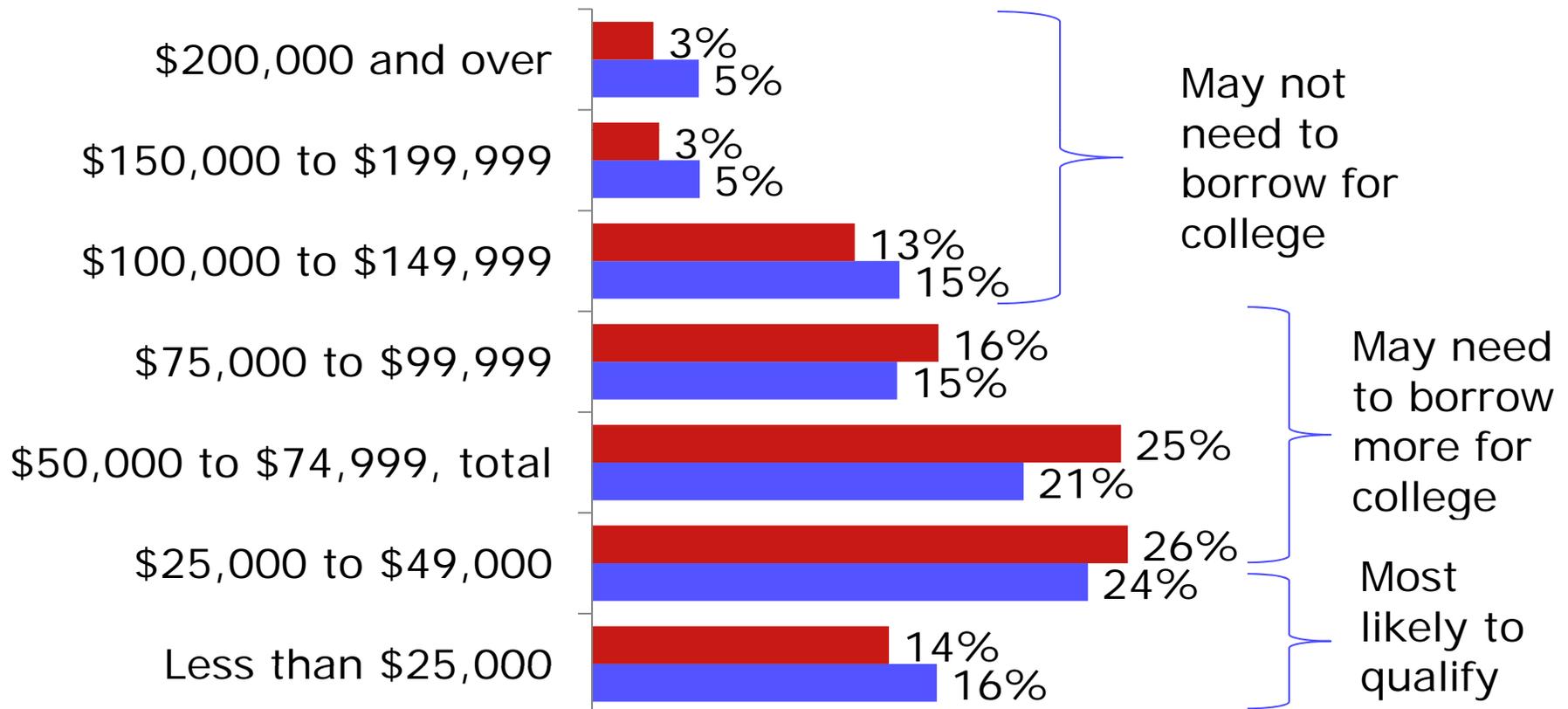
- 29th in per capita income (Census/BEA)
- 44th in poverty rate

According to the Project on Student Debt, Iowa is:

- 2nd in average public bachelor's graduate indebtedness
- 7th in percentage of public bachelor's graduates with debt

More information: <http://projectonstudentdebt.org/>

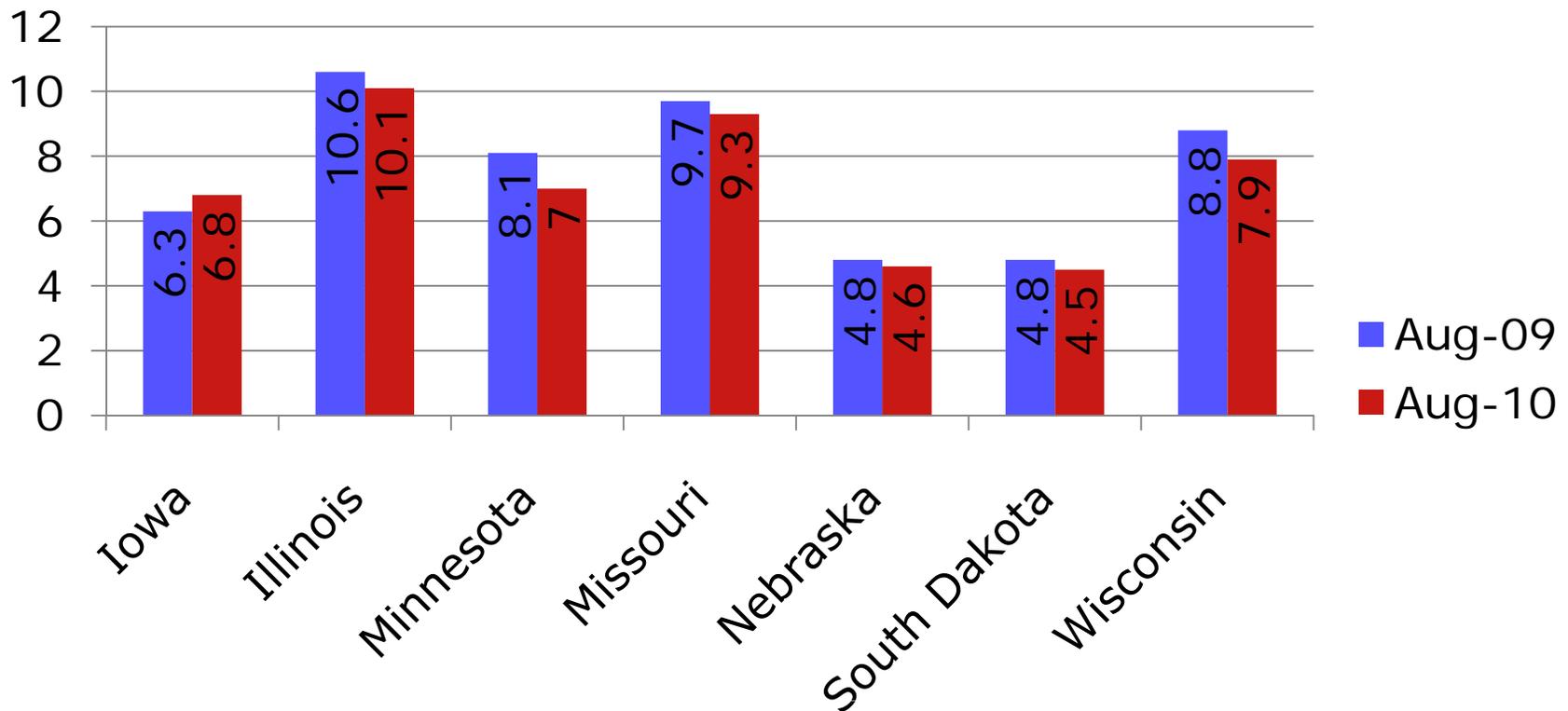
Affordability Context: Iowa's Income Distributed More Equally



Source: Census 2007
 American Community
 Survey Table 691

■ Iowa ■ US

Affordability Context: Iowa's Unemployment Rate Increased from August 2009 to August 2010



Source: Bureau of Labor Statistics
www.bls.gov

Affordability Context: Public Opinion in the “Squeeze Play” Report

- Public Agenda is a key resource for public opinion/stakeholder focus group studies on higher education and other issues: <http://www.publicagenda.org/>
- “Squeeze play”: Americans think higher education increasingly important, increasingly out of reach

More information:

http://www.highereducation.org/reports/squeeze_play_10/squeeze_play_10.pdf



Squeeze Play 2010: Continued Public Anxiety on Cost, Harsher Judgments on How Colleges Are Run

A Joint Project of The National Center for Public Policy and Higher Education and Public Agenda



By John Immerwahr and Jean Johnson
With Amber Ott and Jonathan Rochkind
February 2010

A Report Prepared by Public Agenda
for The National Center for Public Policy
and Higher Education

Affordability Context: Most Americans Think Colleges Could Get by With Less

Which comes closer to your own view?

| | 2009 |
|--|------|
| Colleges could spend less and still maintain a high quality of education | 54 |
| If colleges cut budgets, the quality of an education will suffer | 40 |

Source:

http://www.highereducation.org/reports/squeeze_play_10/squeeze_play_10.pdf

Affordability Context: Most Think Colleges Could Take More Students Without Raising Prices

Do you agree or disagree that colleges could take a lot more students without lowering quality or raising prices?

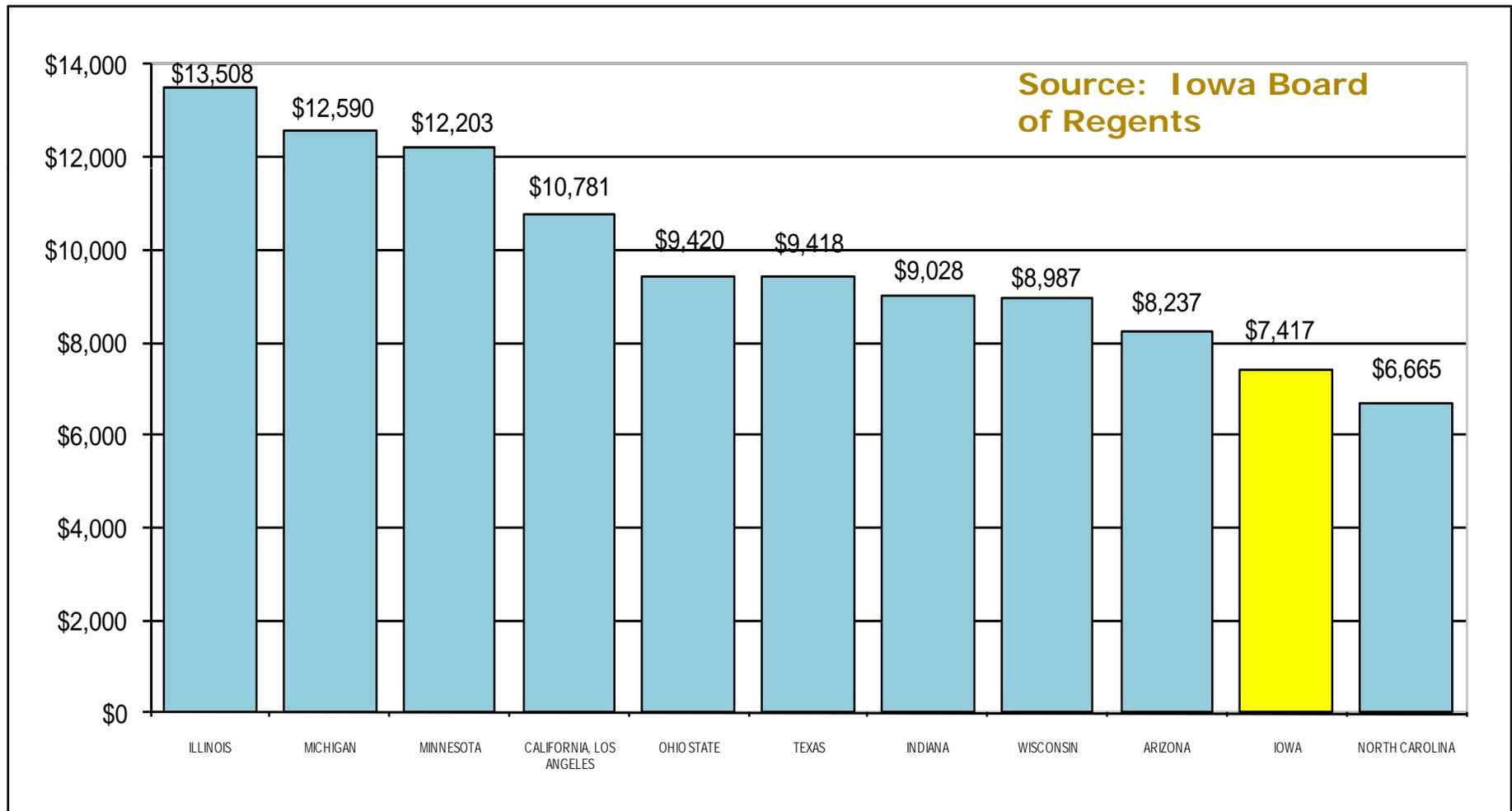
| | 2009 |
|-------------------|------|
| Agree strongly | 33 |
| Agree somewhat | 27 |
| Disagree somewhat | 22 |
| Disagree strongly | 11 |

Source:

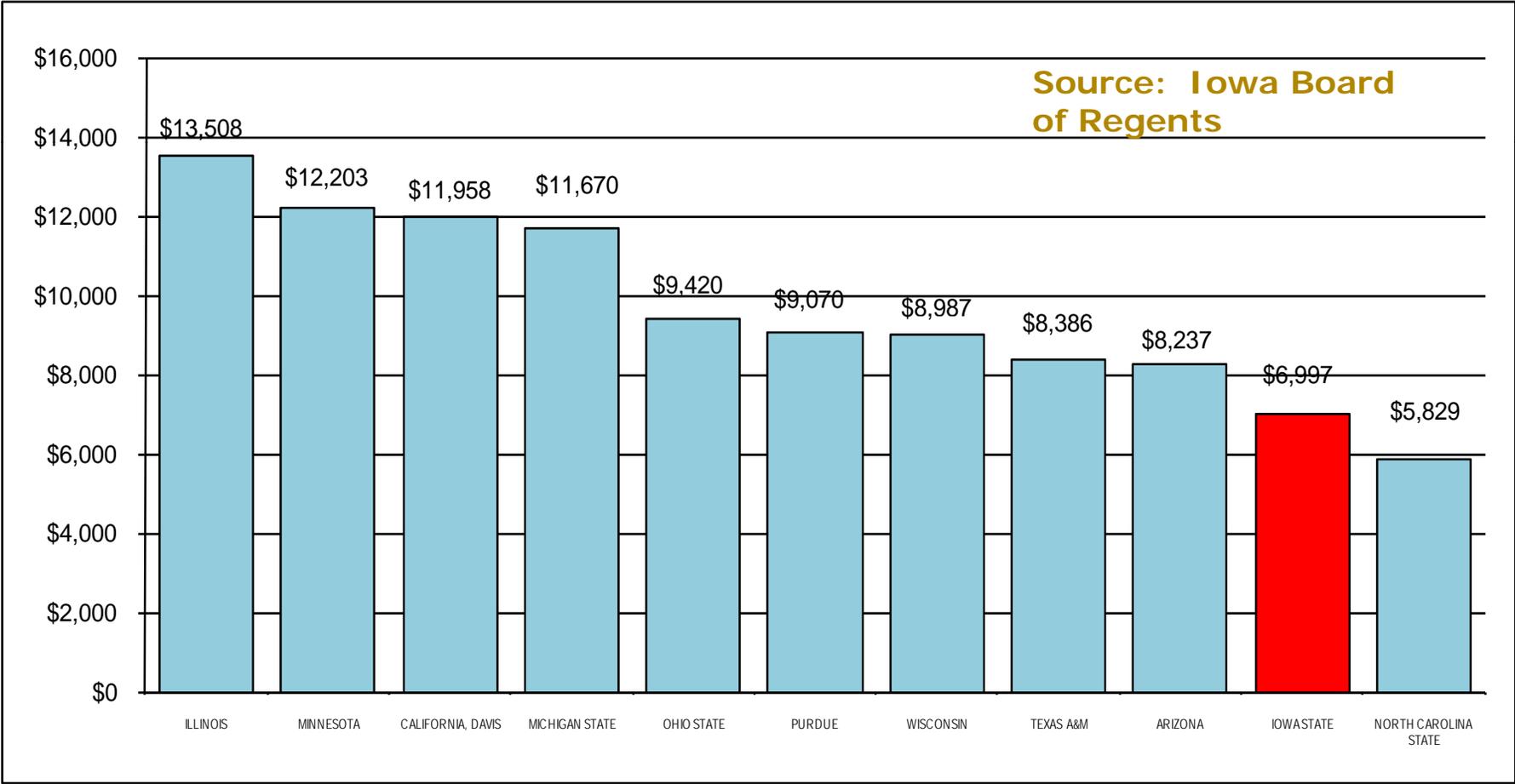
http://www.highereducation.org/reports/squeeze_play_10/squeeze_play_10.pdf

Institutional Tuition: University of Iowa Peer Comparisons

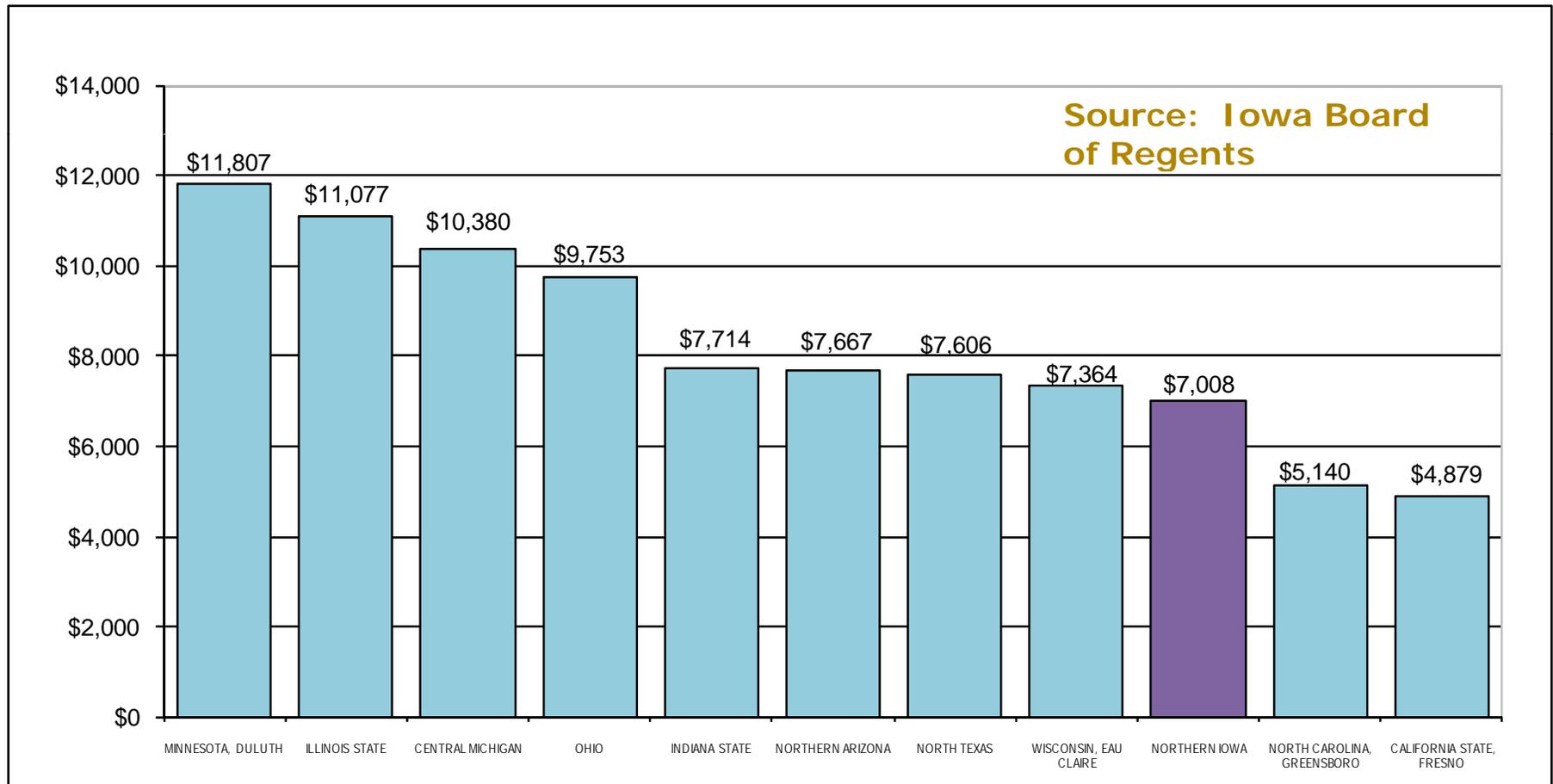
Source: Iowa Board of Regents



Institutional Tuition: Iowa State Peer Comparisons



Institutional Tuition: University of Northern Iowa Peer Comparisons



Institutional Tuition: Last Year's Tuition Increases

| | 2009-10 | 2010-11 | Change |
|------------------------------|----------|----------|--------|
| ISU | \$ 6,651 | \$ 6,997 | \$ 346 |
| UNI | \$ 6,636 | \$ 7,008 | \$ 372 |
| UI Liberal Arts and Sciences | \$ 6,824 | \$ 7,417 | \$ 593 |
| UI Nursing (Upper) | \$ 8,662 | \$ 9,370 | \$ 708 |
| UI Nursing (Lower) | \$ 6,662 | \$ 7,250 | \$ 588 |
| UI Carver-Medicine | \$ 6,662 | \$ 7,250 | \$ 588 |
| UI Engineering (Upper) | \$ 8,640 | \$ 9,585 | \$ 945 |
| UI Engineering (Lower) | \$ 7,018 | \$ 7,615 | \$ 597 |
| UI Business (Upper) | \$ 8,530 | \$ 9,220 | \$ 690 |
| UI Business (Lower) | \$ 6,968 | \$ 7,564 | \$ 596 |

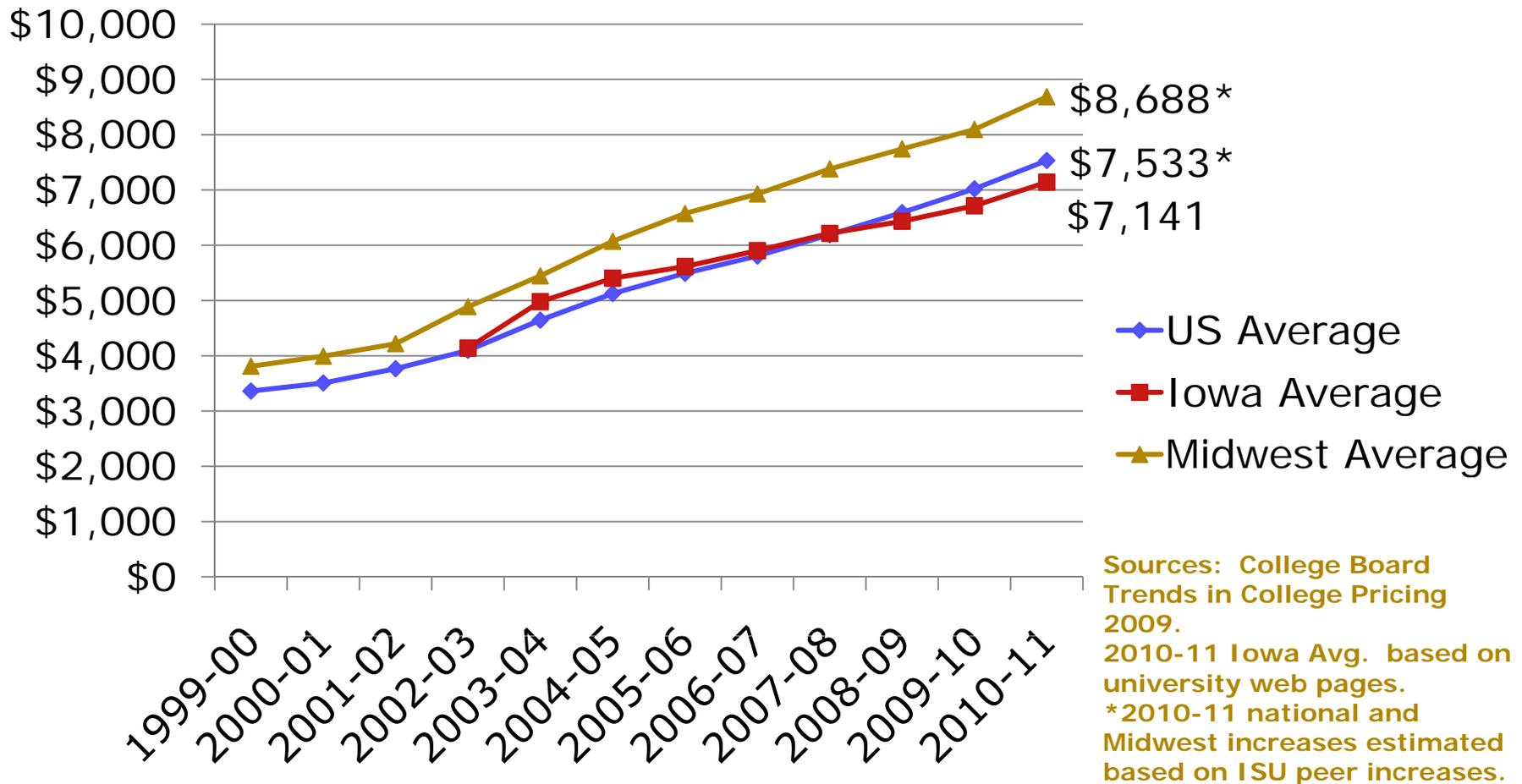
Used for peer comparison and state average

Sources: UI, ISU, UNI tuition and fee web pages

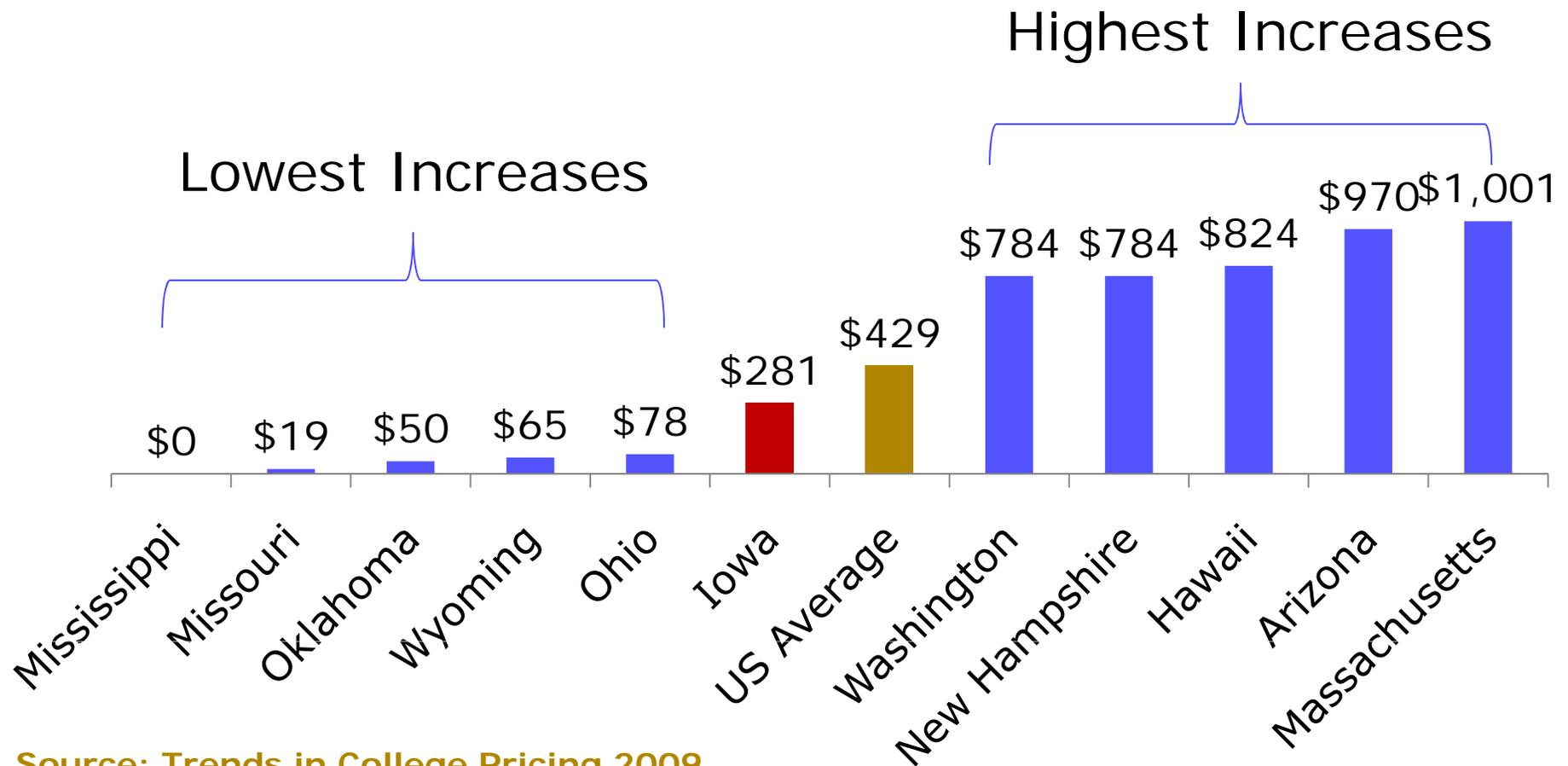
State Tuition: How Does the Average Sticker Price for Iowans Compare?

- **Key source for state comparisons: College Board's "Trends in College Pricing":**
<http://trends.collegeboard.org/>
- Comparisons by region, broad institution type; trends over time
- New edition to be released October 28 (tomorrow)

State Tuition: Iowa Average Tuition Near National Average (24th in 09-10)



State Tuition: Iowa's 2008-09 to 2009-10 Increase Below National Four-Year Institution Average



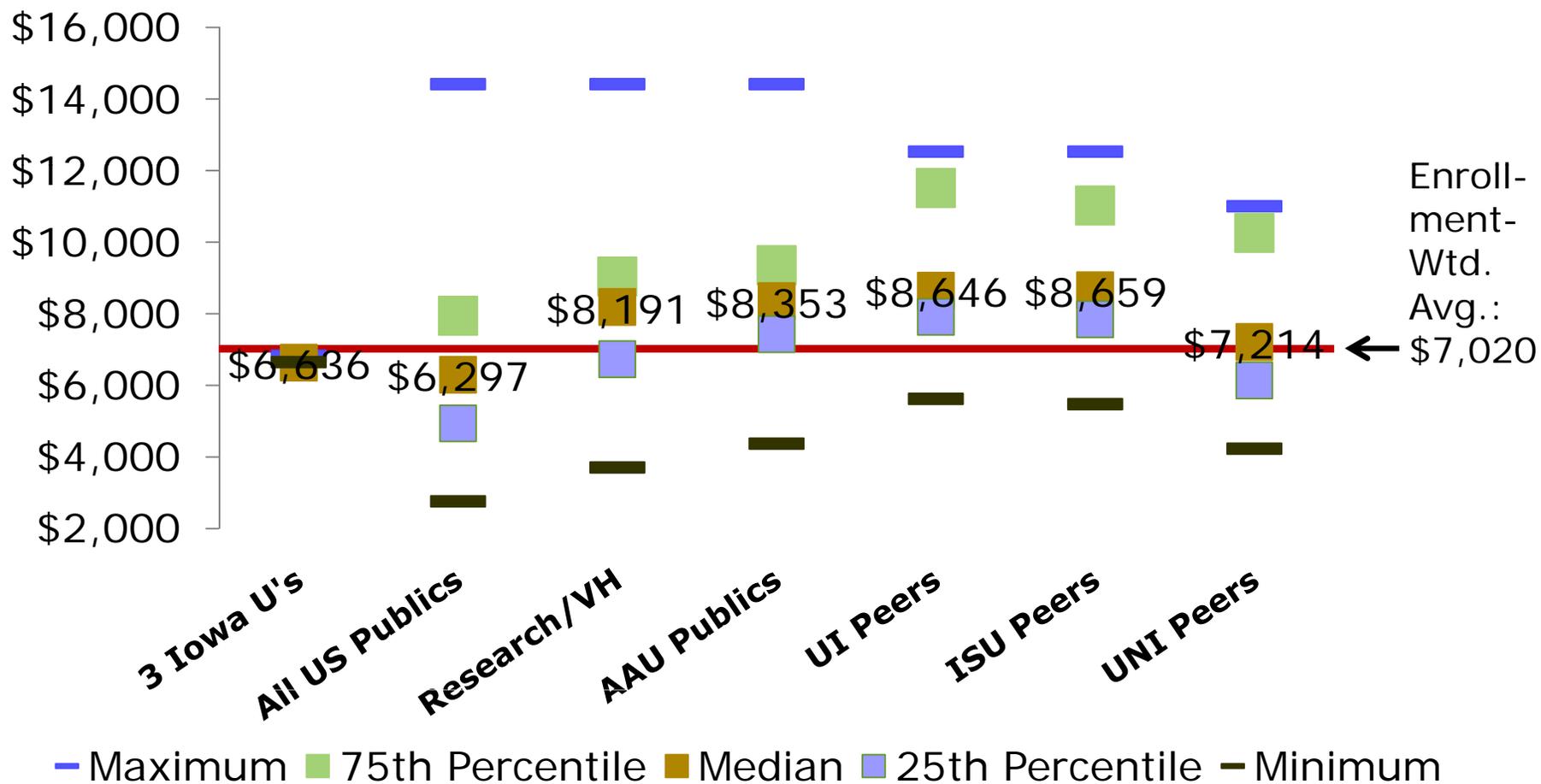
Source: Trends in College Pricing 2009

Iowa Increases Have Been Lower Than National Average for Several Years



Sources: College Board Trends in College Pricing 2009.
 2010-11 Iowa Avg. based on university web pages.
 *2010-11 national and midwest increases estimated based on ISU peer increases.

State and Institutional Comparisons Compared: Public Four-Year Tuition & Fees, 2009-10



Financial Aid: Midwestern Higher Education Compact (MHEC) Summary

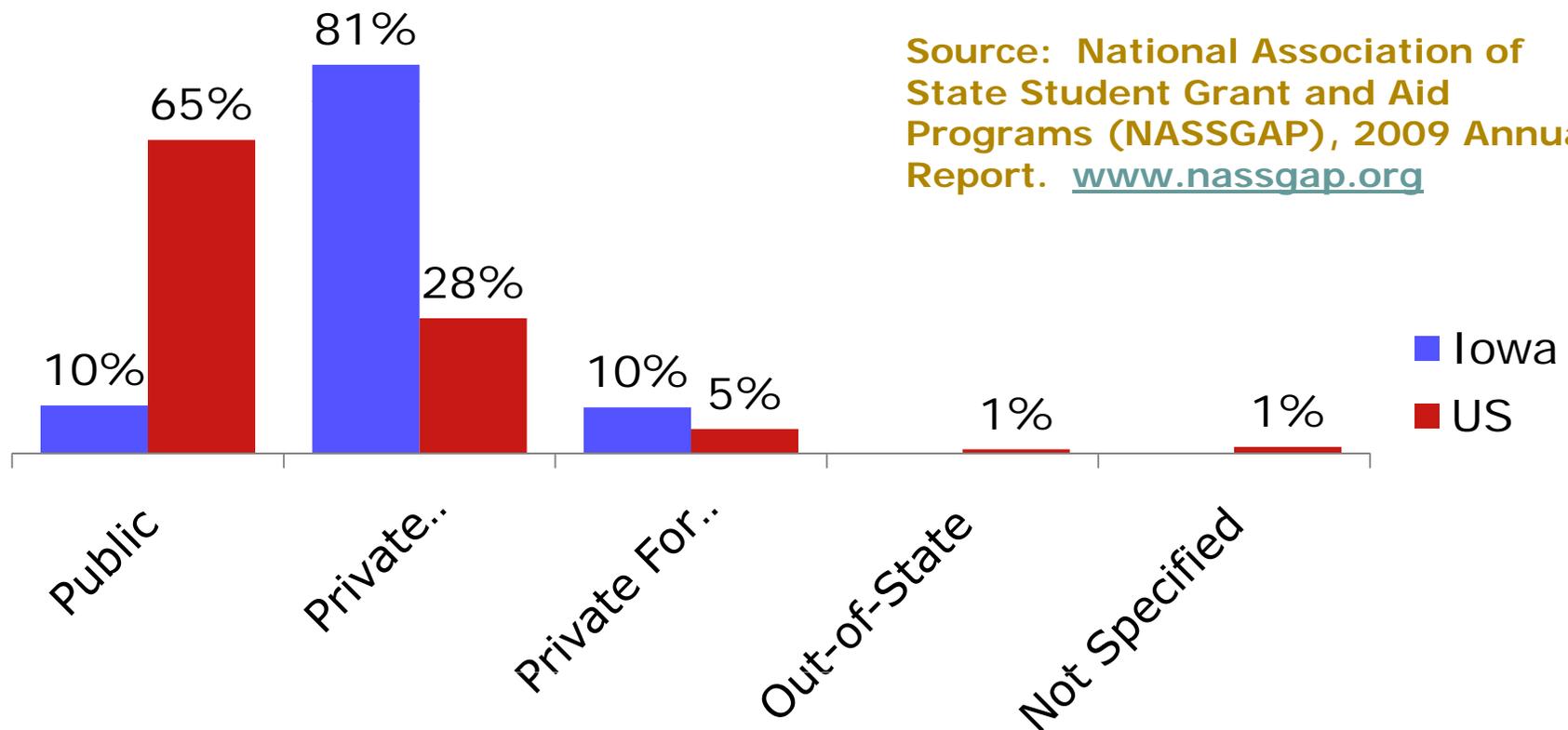
Average Tuition and Required Fees:
A Comparison of Public Colleges and Universities in the Midwest and Beyond¹

September 2008

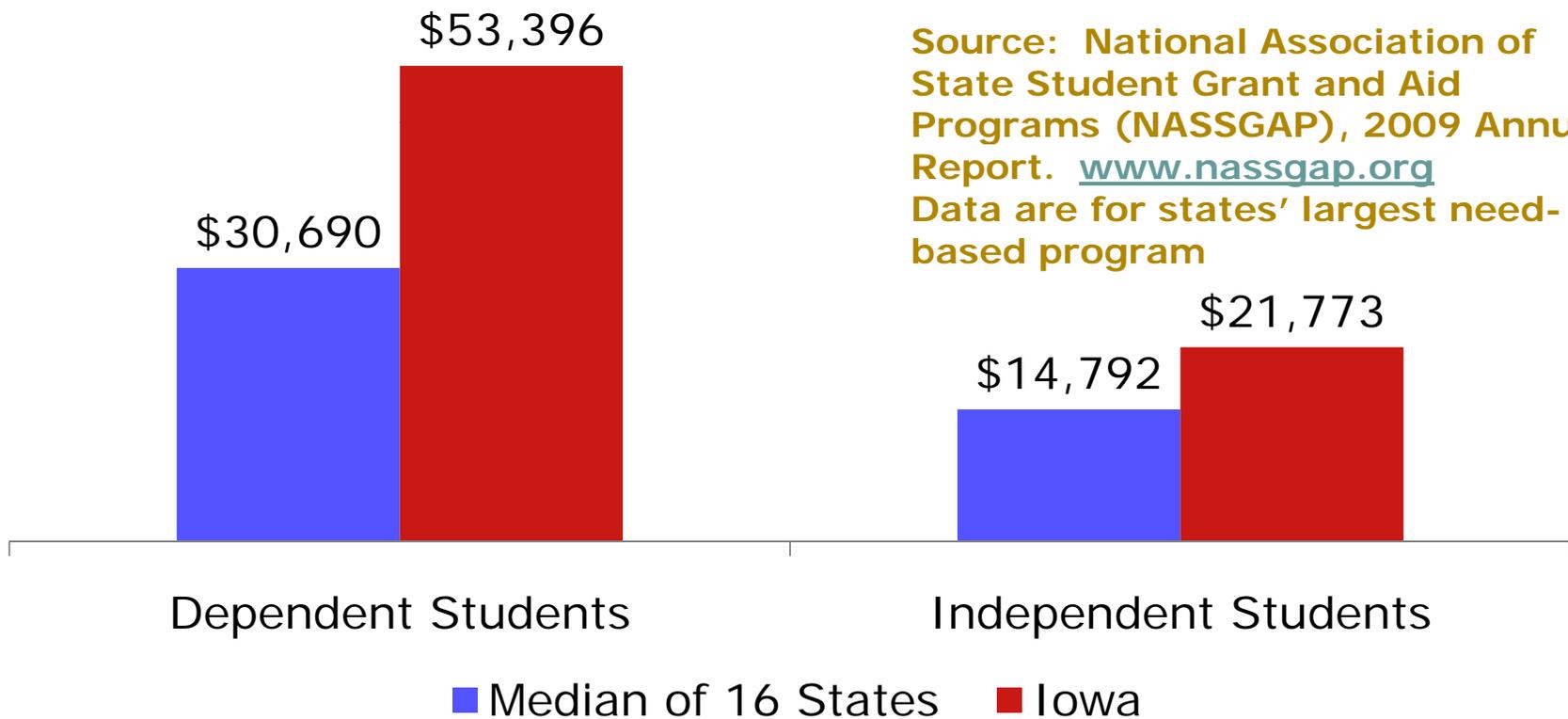
| High Tuition/ High Aid | Moderate Tuition/ Moderate Aid | Low Tuition/ Low Aid |
|---|--------------------------------|--|
| Illinois Michigan Minnesota Ohio | Iowa Missouri Wisconsin | Kansas Nebraska North Dakota South Dakota |
| ← Indiana ⁴ → | | |

Financial Aid: Iowa's State Need-Based Aid Program is Primarily for Private Colleges

Source: National Association of State Student Grant and Aid Programs (NASSGAP), 2009 Annual Report. www.nassgap.org



Financial Aid: State Grant Aid Recipients Not As Needy as In Other States





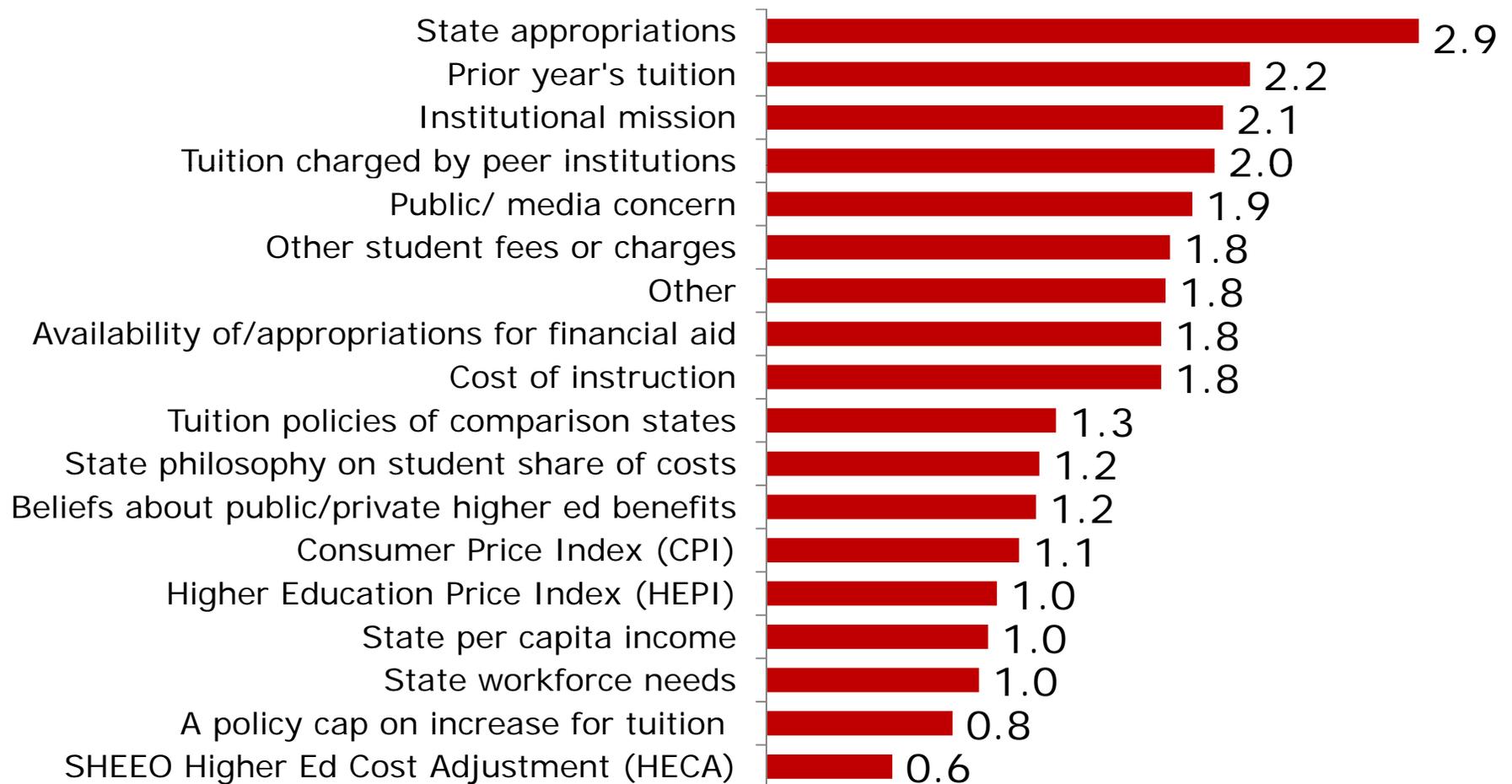
Decisions: State Higher Education Executive Officers (SHEEO) Survey on State Tuition, Fee and Aid Policy

- Last updated in 2005-06
- Surveyed state higher education agencies on philosophies and mechanisms behind tuition and aid

More information:

<http://www.sheeo.org/finance/tuitsurv-home.htm>

Decisions: Influence of Factors on State Tuition Policy (0=No Influence, 4=Controlling Factor)





Decisions: Tuition and Financial Aid as Policy Tools

- Tuition and financial aid are not just about revenue and affordability
- They are key policy levers to accomplish state and institutional goals
- What does it mean to look at tuition and aid through a college completion/educational attainment lens?



Decisions: Evidence is Accumulating That . . .

- **Student choices are influenced by prices**
- **Lowest income students' outcomes are most sensitive to price incentives**
- **Lowest income students gain the most economically from higher education**
- **Academically capable (not weak, not stellar) students' outcomes are most sensitive to price**
- **Subsidies for middle- and high-income families/students have little effect on college outcomes**
- **Most efficient aid policies target those with need and ability to benefit**
- **Aid and enhanced support probably work better together than either one alone**



Decisions: Others' Experience in the Field Suggests That

- Clearly communicated, transparent policies build public will and make incentives apparent
- “Turn in your FAFSA and we’ll do our best” is not transparent and does not build good will with public
- Statewide programs can address institutions that have very different student bodies and different financial needs
- Without a statewide program, institutions end up bidding against one another when they would rather use the funds for other students



Decisions: Some Alternatives to Consider

- Statewide need-based aid program with clear guarantees to lower-income families and modest performance criteria
- “Shared responsibility” model
- Low-income “promise” model
- Four-year guaranteed tuition
- Financial incentives to students who complete in under 120 credits



Decisions: The University of Texas System Model

- Many policy variations among campuses
- Each university allowed to justify alternative policies
- Board of Regents sets general criteria and approves proposals

More information:

<http://www.utsystem.edu/affordability/proposals/keyfeatures.htm>

Decisions: University of Toronto Philosophy on Differentiated Tuition

"The University should continue to move toward a more differentiated structure of fees across programs. In setting fees for each particular program, the following factors will be taken into account:

- fees should take into account the plans and aspirations of each academic division, and the level of resources necessary to achieve high program quality.
- program costs should be taken into account in setting fees.
- fees should be set at a level that is competitive with programs of similar quality in institutions with which we compete or expect to compete for students.
- fee levels should be relatively higher in programs for which the future income prospects of graduates are relatively higher.
- fee levels should reflect a justifiable balance across public and private sources of revenue per student.
- fee policy should allow for intentional, disproportionate public subsidies and intra-university cross-subsidies, where a case for cross-subsidization can be made."

More information:

<http://www.governingcouncil.utoronto.ca/policies/tuitfee.htm>

Decisions: Texas Statewide Tuition Rebate Program

- Texas public university resident students qualify for \$1,000 rebates if they graduate within three credit hours of degree requirements
- Have apply before they graduate

More information:

<http://www.collegefortexans.com/apps/financialaid/tofa2.cfm?ID=447>

Decisions: Illinois Guaranteed Tuition Program

- Freshmen and transfer students guaranteed no tuition increases for four years as long as they do not change campuses or to a major with a different fee level
- Extra semester allowed for programs longer than 140 credit hours

More information:

http://www.usp.uillinois.edu/guaranteed_tuition/Tuition-Guarantee-FAQ.pdf

Decisions: Shared Responsibility Model

- All students expected to contribute a set amount (work, savings, loans)-- \$7,500 in Oregon's case
- Families expected to contribute more based on income (savings, loans, etc.)
- Federal aid resources and tax credits taken into account
- State makes up the difference

Oregon's example:

<http://www.ous.edu/about/legnote/srm.php>



Decisions: Indiana's Low-Income "Promise" Model

"The Twenty-first Century Scholars Program began in 1990 as Indiana's way of raising the educational aspirations of low- and moderate-income families. The program aims to ensure that all Indiana families can afford a college education for their children.

"Income-eligible 6th, 7th and 8th graders who enroll in the program and fulfill a pledge of good citizenship to the state are guaranteed the cost of four years of undergraduate college tuition at any participating public college or university in Indiana."

More information:

<http://www.in.gov/ssaci/2345.htm>

Decisions: Evidence from Ohio Performance-Based Incentive Study

- Experimental design: students selected at random from eligible pool of low-income parents attending community college
- Study group promised (and given) \$1,800 for successfully completing 12 credits with C or better
- Control group not promised (or given) an incentive
- Initial results: increased full-time enrollment, increased credits earned, decreased debt compared to control group

More information:

<http://www.mdrc.org/publications/568/overview.html>



Decisions: Evidence from Wisconsin Scholars Need-Based Aid Study

- Large scale, recent experimental design across all Wisconsin public colleges and universities
- Students selected at random from eligible pool
- Pell-eligible students received an additional \$3,500 per year
- Control group did not
- Four-year college students with grants 60% more likely than control group to be on track to bachelor degree two years later (still enrolled, 60 credits earned, 3.0 GPA)
- Results still being analyzed; more will be known soon

More information: <http://www.finaidstudy.org/>



Decisions: Evidence from Louisiana “Open Doors” Program

- Experimental design
- Low-income parents planning to attend New Orleans community colleges offered additional aid for persisting in coursework
- Results: increased persistence, credits earned, reduced debt

More information:

<http://www.mdrc.org/publications/507/overview.html>



Decisions: Evidence from *Crossing the Finish Line*

Crossing the Finish Line: Completing College at America's Public Universities

William G. Bowen

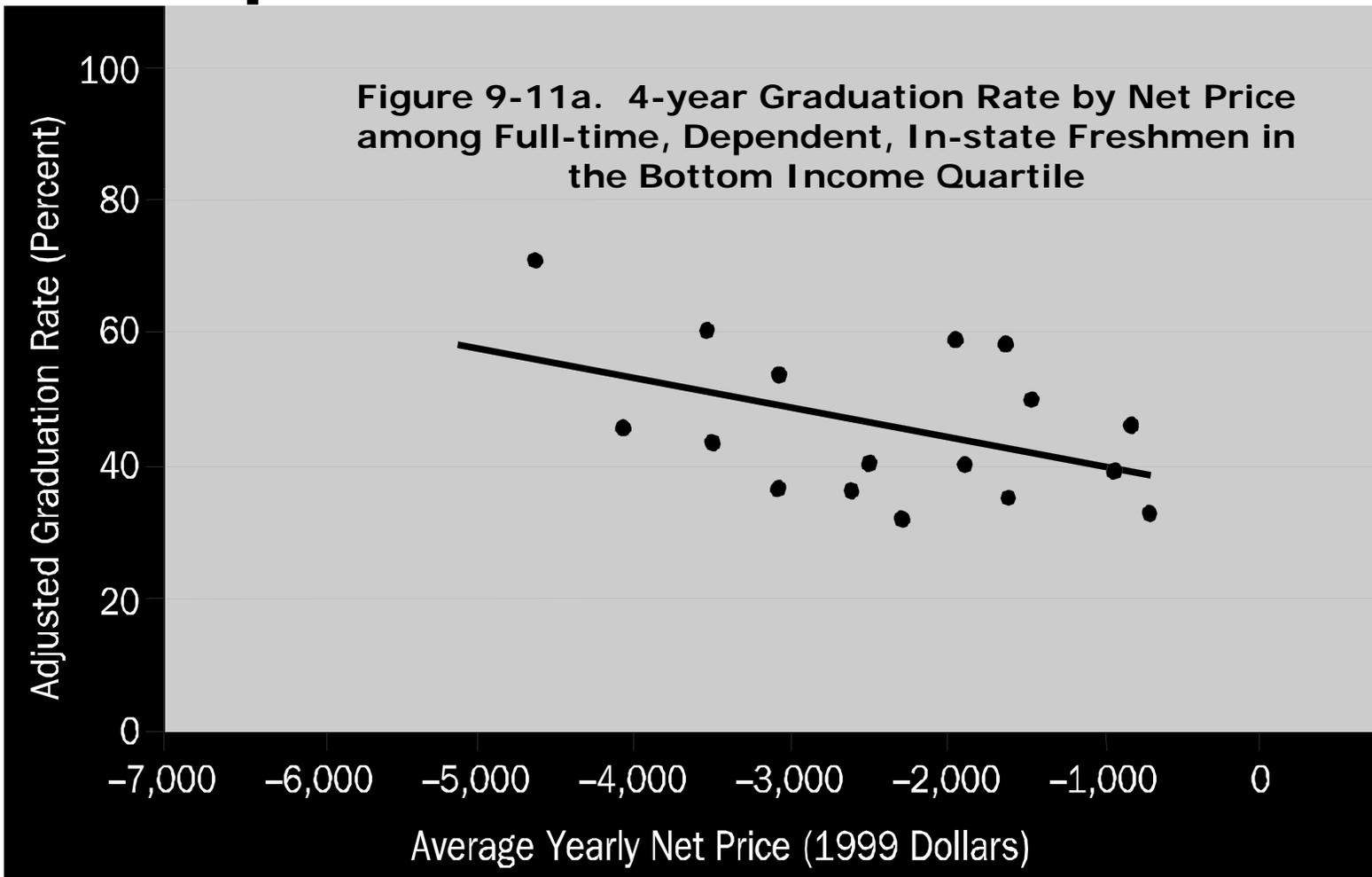
Matthew M. Chingos

Michael S. McPherson

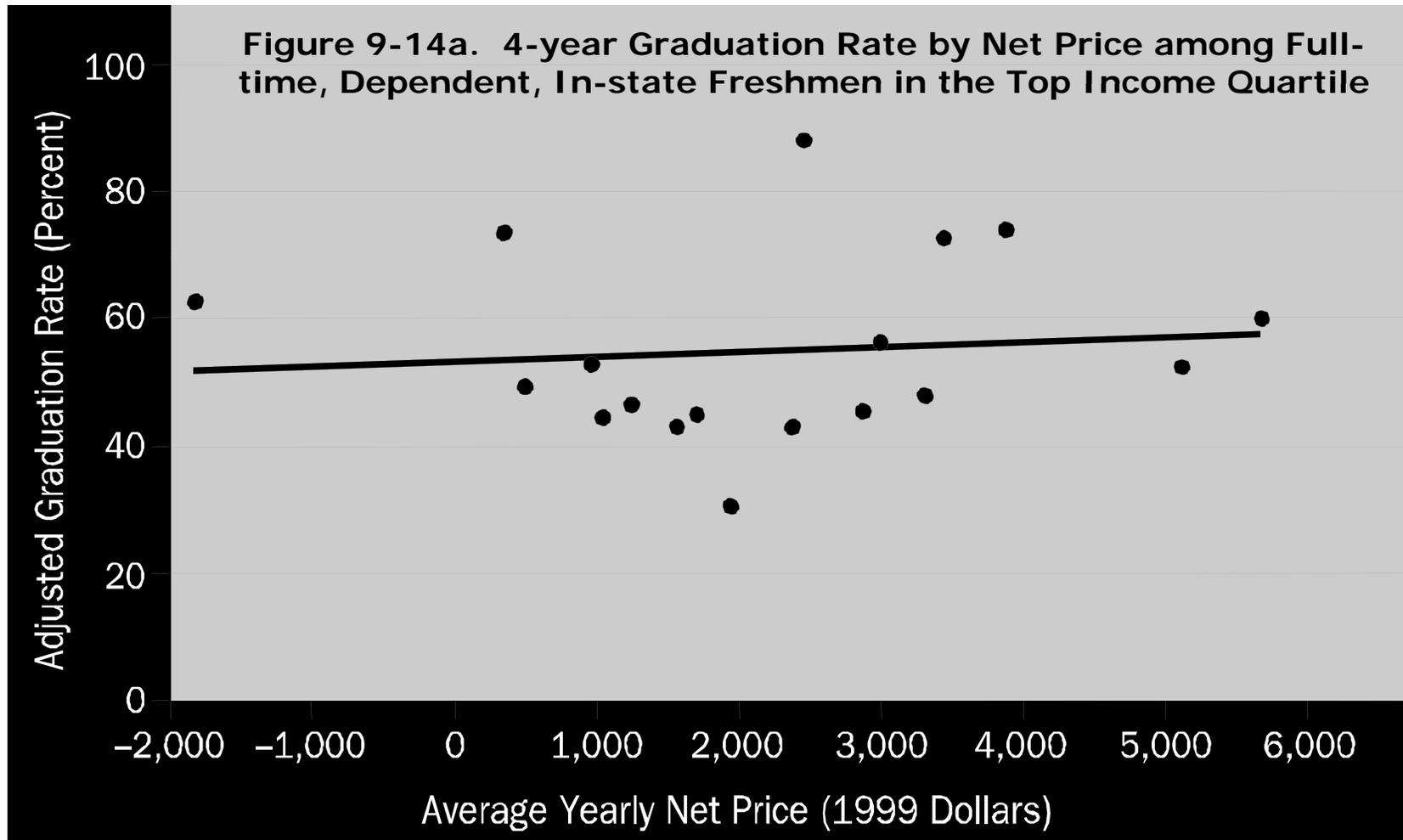
More information:

<http://press.princeton.edu/titles/8971.html>

Low-Income Students Outcomes Improve With Lower Prices



Higher-Income Students Are Less Sensitive to Price Increases





Next Steps / Questions

- What do you need to know or to do in order to facilitate your decision?
- What is the best idea from Iowa that other states can learn from?