FUNDING THE FUTURE:
STATE APPROPRIATIONS AND
STUDENT TUITION
FOR IOWA’S PUBLIC UNIVERSITIES

Fiscal 2012
Attributes of College Graduates

- Earn nearly $1 million more than someone with only a high school degree over a lifetime.
- Less likely to use publicly funded social programs, like food stamps and welfare.
- Foster higher levels of educational attainment in their children, and are more likely to volunteer, vote, and make charitable contributions.
- Pay nearly $200,000 more in taxes than a high school dropout over a lifetime.
How Higher Education Benefits All of Iowa

- Provides cultural centers and engines of innovation that improve lives.
- Creates jobs for a 21st century knowledge-based economy.
- Produces graduates who stay in Iowa and fill those jobs.
- Raises family incomes throughout Iowa.
Impact of Iowa's Public Universities on Jobs in Iowa

- The University of Iowa educates 79 percent of dentists, 50 percent of physicians, and 48 percent of pharmacists in Iowa.
- The University of Northern Iowa educates 29 percent of school superintendents/principals and 23 percent of teachers in Iowa.
- Iowa State University educates 75 percent of veterinarians in Iowa.
Perspective on State Appropriations

- Iowa’s Public Universities have absorbed 20 percent in cuts the last two years.
- Appropriation cuts since fiscal 2009 total $143 million.
- In real dollars, our appropriation is the same as it was 30 years ago, despite steady enrollment growth.
- Cuts to Iowa’s Public Universities last year were among the most severe in the nation.
Annual Percentage Changes in State Appropriations for Higher Education per Full-Time Equivalent (FTE) Student and in Tuition and Fees at Public Four-Year Institutions in Constant 2009 Dollars, 1979-80 to 2009-10

Cuts to higher education funding in Iowa for FY10 were among the most severe in the nation (16.4%).

SOURCE: The College Board, Trends in College Pricing 2010. Figure 10A.

* The initial FY10 of <21.1%> ranked Iowa 50th in the nation; after the Supplemental appropriation our rank improved to 45th.
The State Has Been Reducing Investment in Iowa’s Public Universities for Years

Source: LSA’s Gray Book
Comparison of Funding Source Per FTE Student

- **Appropriations**
  - 77.4%
  - 67.8%
  - 63.7%
  - 58.9%
  - 54.4%
  - 50.1%
  - 48.9%
  - 49.2%
  - 48.0%
  - 49.1%
  - 48.3%
  - 51.9%
  - 54.4%

- **Tuition**
  - 20.8%
  - 27.8%
  - 30.6%
  - 34.7%
  - 39.2%
  - 43.4%
  - 44.4%
  - 44.2%
  - 45.7%
  - 44.8%
  - 46.0%
  - 41.5%
  - 39.7%

- **Other**
  - 1.8%
  - 4.4%
  - 5.7%
  - 6.4%
  - 6.4%
  - 6.5%
  - 6.7%
  - 6.6%
  - 6.3%
  - 6.1%
  - 5.7%
  - 6.6%
  - 5.9%

FY: Fiscal Year
- FY 1981
- FY 1991
- FY 2001
- FY 2002
- FY 2003
- FY 2004
- FY 2005
- FY 2006
- FY 2007
- FY 2008
- FY 2009
- FY 2010
- FY 2011 Budget
Increases in Tuition & Fees Since FY 2008
Undergraduate Resident

The increase in tuition in FY11 made up for less than \( \frac{1}{2} \) of state cuts. More than \( \frac{3}{4} \) was paid for through efficiency measures and enrollment growth at our universities.
FY 2012 Tuition Increase Needed to Maintain Overall Funding Levels

If the Governor’s budget is approved as submitted:

- Tuition increase needed to close the gap from 2011: 12.6%*

  * $71 million ($37 million in reduced appropriations and $34 million in expense increases).

- Tuition increase needed to close the gap from 2009: 38.0%**

  ** $214 million ($180 million in reduced appropriations and $34 million in 2012 expense increases - excludes expense increases in FY10 and FY11.

- Average tuition increase in FY2011 for public universities nationally: 7.9%

- 2012 Higher Education Price Index ("HEPI") Forecast: 2.2 / 3.1 / 4.0%
State Comparisons
The table below lists the ten states represented in the Regent universities peer comparison groups, along with other states contiguous to Iowa, and shows:

- Average public university resident undergraduate tuition and fees charged in each state as a percentage of each state's per capita personal income, comparing the relative amount of income paid toward tuition.
- Tuition and fees ranking within the United States, with one being the highest tuition and 50 being the lowest.
- Per Capita Income ranking within the United States with one being the highest per capital income and 50 being the lowest.

<table>
<thead>
<tr>
<th>State</th>
<th>Tuition &amp; Fees as % of Per Capita Income</th>
<th>Tuition &amp; Fees Ranking</th>
<th>Per Capita Income Ranking</th>
</tr>
</thead>
<tbody>
<tr>
<td>Iowa</td>
<td>17.2% 17.8%</td>
<td>34*</td>
<td>27</td>
</tr>
<tr>
<td>Arizona</td>
<td>16.1% 20.6%</td>
<td>33</td>
<td>42</td>
</tr>
<tr>
<td>California</td>
<td>20.5% 22.2%</td>
<td>14</td>
<td>11</td>
</tr>
<tr>
<td>Illinois</td>
<td>28.9% 30.2%</td>
<td>4</td>
<td>13</td>
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<tr>
<td>Indiana</td>
<td>23.9% 25.5%</td>
<td>18</td>
<td>40</td>
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<tr>
<td>Michigan</td>
<td>31.6% 34.0%</td>
<td>6</td>
<td>37</td>
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<tr>
<td>Minnesota</td>
<td>24.7% 27.0%</td>
<td>7</td>
<td>14</td>
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<tr>
<td>Missouri</td>
<td>23.1% 23.7%</td>
<td>19</td>
<td>32</td>
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<tr>
<td>Nebraska</td>
<td>16.8% 17.5%</td>
<td>31</td>
<td>20</td>
</tr>
<tr>
<td>North Carolina</td>
<td>15.3% 16.2%</td>
<td>40</td>
<td>36</td>
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<tr>
<td>Ohio</td>
<td>24.1% 24.5%</td>
<td>17</td>
<td>34</td>
</tr>
<tr>
<td>South Dakota</td>
<td>15.1% 16.9%</td>
<td>37</td>
<td>25</td>
</tr>
<tr>
<td>Texas</td>
<td>22.3% 22.9%</td>
<td>16</td>
<td>24</td>
</tr>
<tr>
<td>Wisconsin</td>
<td>20.0% 22.2%</td>
<td>20</td>
<td>29</td>
</tr>
<tr>
<td>Average of above</td>
<td>21.7% 23.3%</td>
<td></td>
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</tr>
</tbody>
</table>

NATIONAL AVERAGE 18.6% 19.4%

Sources: Washington Higher Education coordinating Board, Tuition and Fee Rates, A National Comparison, March 2010, and US Department of Commerce, Bureau of Economic Analysis, September 2010 among those peers ranks 16

National Comparisons