

## **Lost Momentum for Iowa's Community Colleges**

*Enrollment Up, Tuition Up — But State Funding Down*

**By Andrew Cannon**

For nearly 100 years, Iowa's community colleges have provided students the opportunity to further their education and prepare for entry into the workforce.<sup>1</sup> Students may earn an Associate's degree and enter a four-year college as a junior, or they may receive education and training for a career as a paramedic, firefighter, nurse, auto technician, plumber or dental hygienist, among many others. Community colleges allow students who did not finish high school to earn a GED and move on to other training. Adults of all ages may upgrade their skills at community colleges and expand their career opportunities.

In recent decades, community colleges also have become important centers for economic development. In addition to collaborating with local businesses to determine the community's vocational needs, community colleges also provide job-specific training for employees of Iowa businesses.

The opportunities community colleges afford have been increasingly recognized and valued by Iowa students. Since the 1990-91 school year, enrollment has more than doubled, from 51,400 to nearly 106,000 in the 2011-12 school year. Enrollment growth at Iowa's public universities has been much slower, increasing just 14 percent over the same period. The lower cost of community college tuition relative to Iowa's public universities is likely part of the reason for the rapid community college enrollment, particularly as tuition at Iowa's public institutions has more than doubled over the same period.<sup>2</sup> Moreover, with 15 community colleges spread across the state, community college students avoid some of the higher housing and transportation costs typically incurred at colleges and universities.

Despite the growing importance of community colleges to both Iowa students and the Iowa economy, state funding for community colleges has declined over the past decade. State funding has fallen even more precipitously when accounting for the rapid growth in community college students. As a result of decreasing state funding, Iowa community college students are covering an increasing share of the cost of education. Even when accounting for inflation, tuition has increased by more than half. Tuition at Iowa's community colleges is now higher than average tuition in Illinois, Missouri and Nebraska, and exceeds the national average by \$1,200.<sup>3</sup>

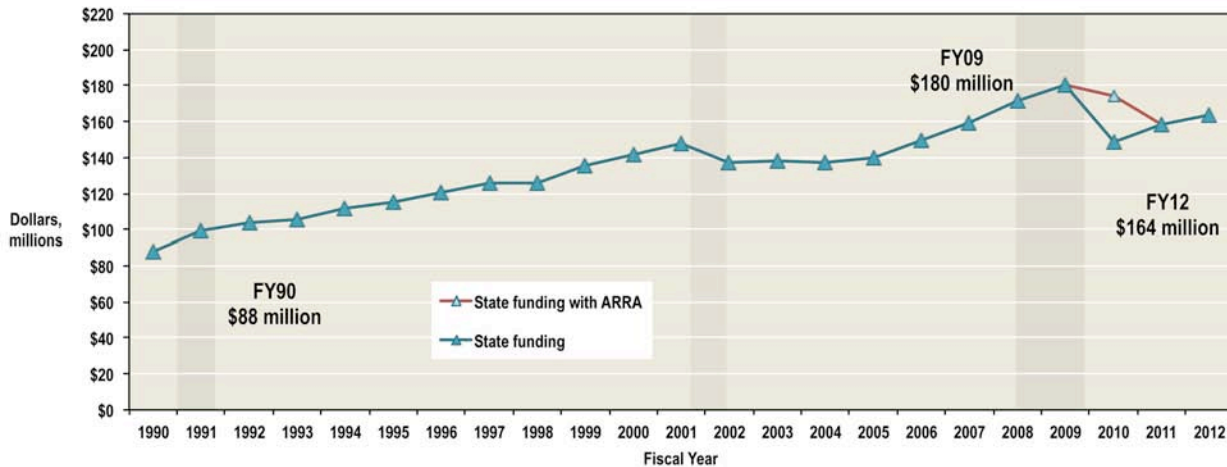
### ***State Funding Trends***

Community colleges primarily are funded through state appropriations, local property tax dollars, some federal and other funding, and student tuition and fees. In 1990, state funding represented by far the largest share of funding for community colleges (48.8 percent) with student tuition and fees accounting for 32.8 percent and local property taxes 8.2 percent. Unlike state funding for Iowa's public universities, which has decreased even before adjusting for inflation over the past 20 years,<sup>4</sup> state funding for Iowa's community colleges had increased throughout the 1990s. State funding dipped during the 2001 recession and did not recover until 2006, and then rose again through 2009. In the wake of the recession that lasted from December 2007 to June 2009, however, Iowa's funding for community colleges dropped off dramatically. The federal Recovery Act, or ARRA, alleviated some pain from the state's sharp decrease in community college funding in Fiscal Year 2010, boosting state community college funding by nearly \$26

million. Figure 1 shows the long-term community college funding trend in unadjusted dollars. While the recent dropoff in state support for community colleges can be explained by the severe budget crunch caused by the recession, funding remains below pre-recession levels.

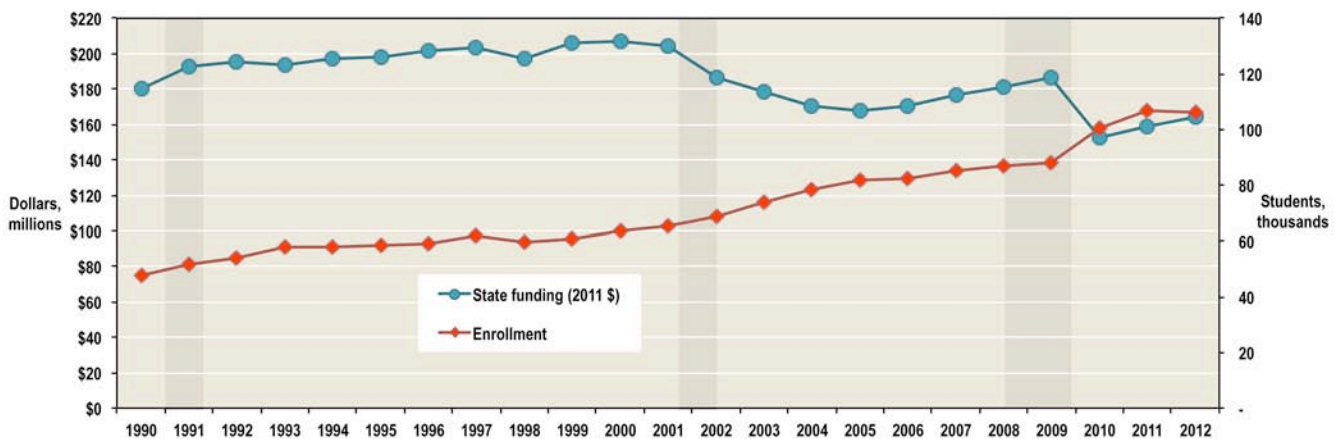
When adjusted for inflation, however, the trend is not so rosy: State funding for community colleges held steady during the 1990s, but has shown a net decline over the last decade. This real decrease in state funding — a 21 percent drop from 2001 to 2012 — has stung community colleges all the more because enrollment has rapidly increased over the same period, as shown in Figure 2. At precisely the time lawmakers cut state funding for community colleges, in FY10 following the recession, enrollment in Iowa’s community colleges jumped by more than 14 percent.

**Figure 1. State Funding For Community Colleges Fell Off a Cliff Following Recent Recession**



Source: Legislative Services Agency, Fiscal Division.

**Figure 2. State Support Adjusted for Inflation Has Fallen As Enrollment Has Swelled**



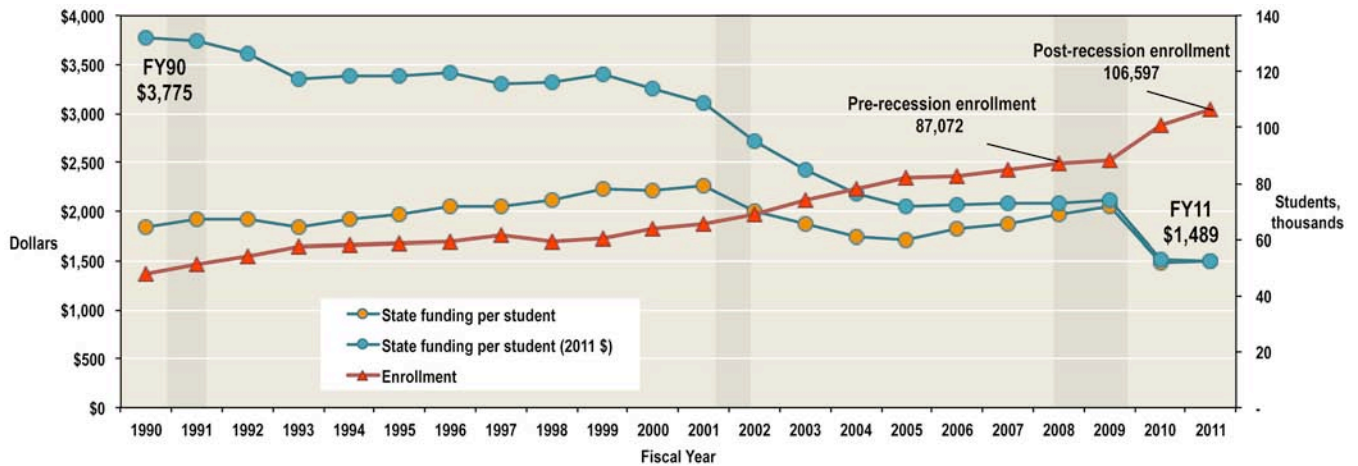
Note: 2011 dollars, adjusted using Higher Education Price Index (HEPI). Shaded areas represent recessions.  
Source: Legislative Services Agency, Fiscal Division; Iowa Department of Education, Commonfund.

### Enrollment Trends

As noted above, enrollment at Iowa’s community colleges has risen rapidly over the past 20 years — and even more rapidly over the past decade. Whether adjusted for inflation or not, Figure 3 illustrates that per student funding for community colleges has decreased in recent years, and has fallen significantly in the wake of the two most recent recessions. Figure 3 also illustrates the public policy conflict of tough economic times: During and following recessions, when state funding is depressed, is precisely the time

when colleges are most in need of increased funding, as young people who are unable to find jobs flock to colleges.<sup>5</sup>

**Figure 3. Per Student Funding Has Declined Dramatically Following Recessions, As Enrollment Grew**

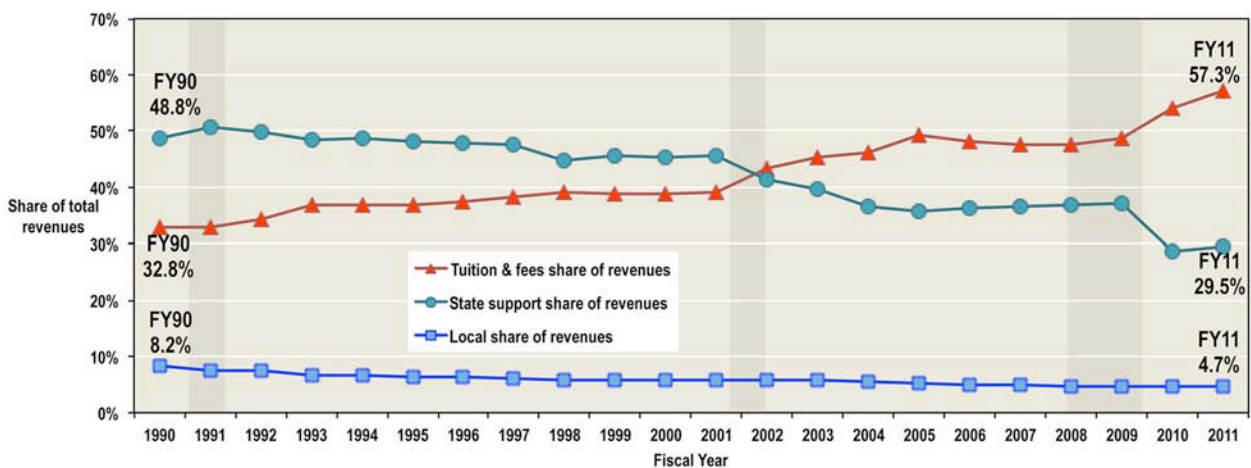


Note: 2011 dollars, adjusted using Higher Education Price Index (HEPI). Shaded areas represent recessions. Source: Legislative Services Agency, Fiscal Division; Iowa Department of Education, Commonfund.

### Tuition Trends

Community colleges rely on a variety of funding sources, including federal funds and local property tax revenue as well as state funding and tuition and fees. For many years, state funding comprised between 45 percent and 50 percent of total revenues. Following the 2001 recession, however, the state funding share of total community college revenues began to drop precipitously, requiring community colleges to rely more on tuition and student fees. Figure 4 shows the gradual increase in Iowa community colleges' reliance on tuition and student fees, along with the continual decrease and recent dramatic decrease in state funding. Local property tax revenues have also decreased.

**Figure 4. Tuition and Fees Now Are Primary Sources of Iowa Community College Revenues**



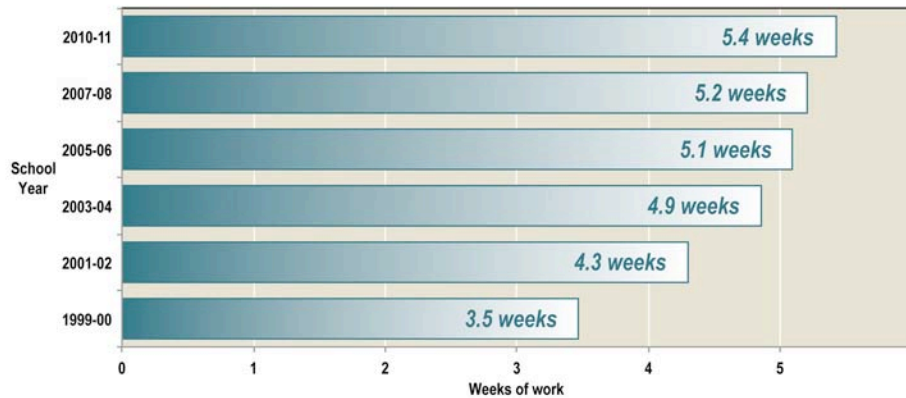
Note: Shaded areas represent recessions. Source: Iowa Department of Education.

Community colleges' increasing reliance on tuition and fees has meant greater costs for students and their families. While tuition has been increasing for the better part of two decades, its rise has been more rapid in the past 10 years, outpacing inflation.<sup>6</sup>

Figure 5 shows the strain on family and personal budgets created by decreased state funding for community colleges. In 2000, an Iowan earning the statewide weekly average wage could have paid for a

year of community college tuition in about 3 1/2 weeks. But in 2011, an Iowan earning the statewide weekly average wage would have needed to work nearly 5 1/2 weeks to cover tuition.

**Figure 5. Working Time Required to Cover Iowa Community College Tuition Since 2000 Has Steadily Grown**



Source: U.S. Bureau of Labor Statistics, Iowa Department of Education.

## Conclusion

Iowa's community colleges are important sources of economic growth for the state and their communities: The colleges, along with public and private universities, help to produce a skilled and educated Iowa workforce. The affordability and quality of both community colleges and public colleges and universities, in particular, are key to the opportunities that children from Iowa's broad middle class will need to pursue to themselves be successful and for Iowa to prosper.

While Iowa's community colleges will undoubtedly continue to play a role in the state's ongoing economic recovery, their effort is hobbled by insufficient state funding. Moreover, insufficient state funding may put higher education and vocational training further out of reach of many Iowans, young and old. The very serious declines in state financing for post-secondary education of all types — particularly over the last decade — should be a major cause for public lawmaker concern and corrective action.

<sup>1</sup> Kathleen Hanlon, Legislative Guide: Community Colleges," Iowa Legislative Services Agency, Legal Services Division, October 2009. <[https://www.legis.iowa.gov/DOCS/LSA/Legis\\_Guide/2010/LGLSL002.PDF](https://www.legis.iowa.gov/DOCS/LSA/Legis_Guide/2010/LGLSL002.PDF)>.

<sup>2</sup> Andrew Cannon, "Up and Down: Regents' Costs Rise, Funding Drops in Iowa," Iowa Fiscal Partnership, March 8, 2012. <<http://iowapolicyproject.org/2012docs/120308-IFP-regents.pdf>>.

<sup>3</sup> Condition of Iowa's Community Colleges, 2011, Iowa Department of Education, Division of Community Colleges, Bureau of Adult, Career, and Community College Education, February 2012. <[http://educateiowa.gov/index.php?option=com\\_docman&task=cat\\_view&gid=480&Itemid=4434](http://educateiowa.gov/index.php?option=com_docman&task=cat_view&gid=480&Itemid=4434)>.

<sup>4</sup> "Up and Down: Regents' Costs Rise, Funding Drops in Iowa"

<sup>5</sup> For a summary of the research, see Florencia Borrescio Higa, "Community College Enrollment and the 2007-2009 Financial Crisis," Brown University, May 2010. <[http://www.econ.brown.edu/students/florencia\\_higa/communitycollege\\_crisis\\_May2010.pdf](http://www.econ.brown.edu/students/florencia_higa/communitycollege_crisis_May2010.pdf)>.

<sup>6</sup> Author's calculations based on figures from Iowa Department of Education, "Condition of Iowa Community Colleges" reports, 1997-98 through 2011, <[http://educateiowa.gov/index.php?option=com\\_docman&task=cat\\_view&gid=480&Itemid=4434](http://educateiowa.gov/index.php?option=com_docman&task=cat_view&gid=480&Itemid=4434)>. Consumer Price Index for all Urban Consumers, U.S. Bureau of Labor Statistics; Higher Education Price Index, 2011 Update, Commonfund, <[http://www.commonfund.org/CommonfundInstitute/HEPI/HEPI%20Documents/2011/CF\\_HEPI\\_2011\\_FINAL.pdf](http://www.commonfund.org/CommonfundInstitute/HEPI/HEPI%20Documents/2011/CF_HEPI_2011_FINAL.pdf)>.

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