

### ***Tuition, college loan debt rise with state cuts***

Diminished state funding to Iowa regent universities and community colleges has dramatically increased tuition and student debt for Iowa students. These policy choices make it harder for Iowans to get an education and get ahead in today's economy. Access to education matters — median lifetime earnings for someone with a bachelor's degree is twice as much as someone with a high school diploma.<sup>1</sup>

Education has long been viewed as a key factor in economic mobility. It is the basis of the "American Dream," where our children receive an education, earn higher wages, and proceed to have a higher standard of living than their parents. It is well understood the health of the economy is directly connected with educating and training the workforce in sectors of the emerging knowledge-driven economy.

However, Iowa lawmakers are not taking steps to reduce the barriers between people and education attainment. Increased expenses of higher education and reduced public appropriations have created a problem both for students and the universities and colleges they attend.

#### ***Funding for Four-Year Institutions***

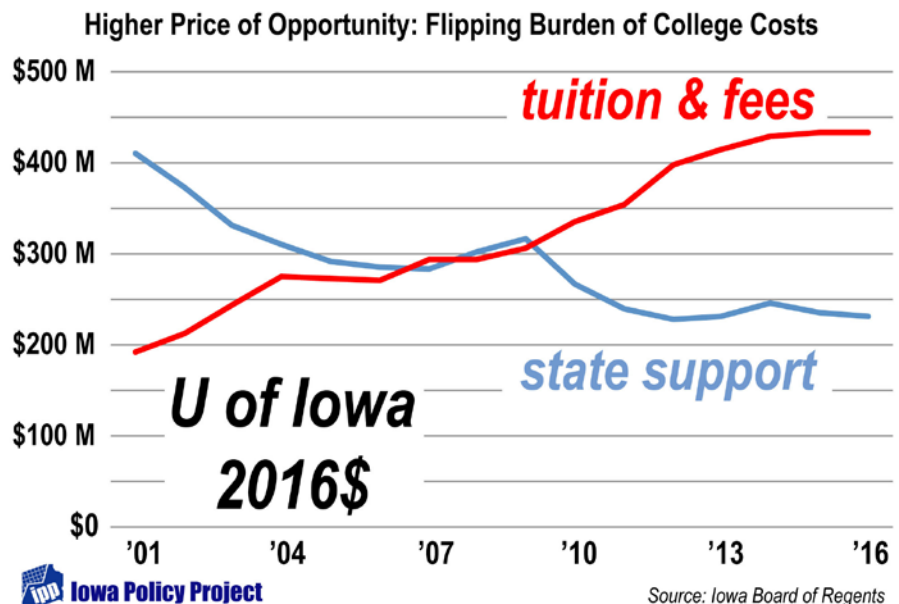
Adjusting for inflation, state funding for public universities has declined since fiscal year 2001 by 40 percent at the University of Iowa, 42 percent at Iowa State University, and 28 percent at the University of Northern Iowa.<sup>2</sup> To meet costs of the institutions, the regents have moved to raise student tuition. **From fiscal year 2001 to 2016, tuition at the regent universities rose between 72 percent and 75 percent.**<sup>3</sup>

Higher education funding has shifted dramatically from state appropriations to tuition and fees. In fiscal year 2001 the University of Iowa received 63 percent of its budget from the state. In fiscal year 2016 it had dropped to 34 percent. For the other universities the drop was: 68 percent to 35 percent at ISU, and 70 percent to 56 percent at UNI.<sup>4</sup>

**Destination:**

**Better access to post-secondary education** at Regents universities and community colleges, by:

- **Restoring state funding** for higher ed to reasonable levels.
- **Freezing tuition** until state funding is sufficiently improved.
- **Increasing need-based scholarships.**



How much harder has it become to pay for a four-year college education in Iowa? In FY2001 individuals working at the median wage in Iowa could pay the average regent university tuition by working for 36 days. That number had increased to 60 days in fiscal year 2016 — a two-thirds increase. For low-income individuals, those working at the 20th percentile of wages, the challenge is even greater: days of work required increased from 53 to 92 — a 75 percent increase.<sup>5</sup>

### **Community Colleges**

Community colleges provide an opportunity to students who wish to earn an associate's degree, complete their GED, transfer to a four-year university, pursue lifelong learning, or train for a career in practical nursing, firefighting, plumbing, or dental hygiene among other professions.

Enrollment in Iowa community colleges has increased by 42 percent since Fiscal Year 2001, with the number of part-time students increasing as full-time enrollment dropped.<sup>6</sup> State General Aid decreased by nearly \$21 million, when adjusted for inflation, during the same period, causing tuition for Iowa community colleges to rise by 53 percent.<sup>7</sup>

### **Student Debt**

State disinvestment in higher education coupled with a dramatic rise in tuition translates to mounting loan debt for students and their families. The average student debt accumulated from attending public universities in Iowa amounted to \$27,750. Six in 10 graduates from Iowa public universities graduate with debt.<sup>8</sup>

The director of the Iowa College Student Aid Commission explained,

*"Of the 175,000 Iowans who filed a FAFSA for the 2014-2015 academic year, more than 60,000 were found to have an Expected Family Contribution of zero. That means one in three families could not provide any financial support for a student in college."<sup>9</sup>*

### **Policy Alternatives**

- Re-establish state support of post-secondary education to a share at least equal to tuition.
- Promote awareness of income-driven payment plans that can make payments more affordable and forgive remaining debt after 20 or 25 years of payment.<sup>10</sup>
- Freeze tuition for in-state students until acceptable progress is made toward restoring the state's investment in its institutions of higher education. It is unacceptable to see further tuition increases cause students higher debt when the state is not sharing the cost.

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<sup>1</sup> Brookings Institution: The Hamilton Project, "Eight Economic Facts on Higher Education." April 2017. [https://www.brookings.edu/wp-content/uploads/2017/04/thp\\_20170426\\_eight\\_economic\\_facts\\_higher\\_education.pdf](https://www.brookings.edu/wp-content/uploads/2017/04/thp_20170426_eight_economic_facts_higher_education.pdf)

<sup>2</sup> Adjusted for inflation using the Higher Education Price Index, 2016 dollars.

<sup>3</sup> Iowa Board of Regents data; adjusted for inflation using the Higher Education Price Index, 2016 dollars, tuition and fees rose by 72 percent from 2001-16 at ISU, 74 percent at UNI and 75 percent at UI.

<sup>4</sup> Iowa Board of Regents data.

<sup>5</sup> Author's calculation of work days needed to pay tuition and fees is the NCES average tuition and fees (adjusted) divided by Economic Policy Institute analysis of Current Population survey data of Iowa median and 20th percentile wages, divided by 8 (hours).

<sup>6</sup> Iowa Department of Education, "2017 Fall Enrollment Data Tables." December 2017. Enrollment since 1965. <https://educateiowa.gov/document-type/fall-enrollment>

<sup>7</sup> National Center for Education Statistics, "Digest of Education Statistics, 2016. February 2018. Table 330.20. Average undergraduate tuition and fees and room and board rates charged for full-time students in degree-granting postsecondary institutions, by control and level of institution and state or jurisdiction. FY 01- FY 16. Public 2-year tuition and required fees. <https://nces.ed.gov/pubsearch/pubsinfo.asp?pubid=2017094>

<sup>8</sup> The Institute for College Access & Success, "Student Debt and the Class of 2016." September 2017. [https://ticas.org/sites/default/files/pub\\_files/classof2016.pdf](https://ticas.org/sites/default/files/pub_files/classof2016.pdf)

<sup>9</sup> Iowa College Aid Commission Annual Report for FY2016, "A letter from the executive director," <https://www.iowacollegeaid.gov/content/executive-director>

<sup>10</sup> Ibid.