

IOWA COLLEGE STUDENT AID COMMISSION

Comments on Access and Affordability

A Selection from
Resource Materials
Provided to the
Joint Committee on Education Appropriations
of the Iowa General Assembly

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Iowa College Student Aid Commission
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The following summary was prepared for a presentation to the Joint Subcommittee on Education Appropriations of the Iowa General Assembly.

Thomas Jefferson wrote that education is fundamental to a nation that wishes to drive out *tyranny and oppression*. Herbert Hoover wrote that fundamental questions of education, should *stir a nation*, when he said that “if we could have but one generation of properly born, trained, and educated, healthy children, then a thousand other problems of government would vanish.” In today’s world, it is generally accepted that our youth and adults need to have an excellent elementary and secondary education, and that they need to continue into postsecondary education at one of our excellent Regent universities, not-for-profit colleges and universities, community colleges, and for-profit colleges and universities. The challenge of today is to keep that generation in college to continue their education and enter the workforce in Iowa. In the current economy, the challenge is to continue to provide an accessible and affordable college education for the population 18 years and older.

The College Student Aid Commission research team continues to pursue, collect, and publish information about financial access for Iowa college and university students. The following paragraphs summarize information that is provided in three components of access and affordability. The four are:

- Tuition and fees,
- Scholarships and grants,
- Family income, and
- Student loan debt.

Summary

The following paragraphs and data suggest that Iowa tuition and fee increases were at or below the Higher Education Price Index. As the tuition and fees increased between 4.15% and 5.31%, the Higher Education Price Index increased 5.2% from 239.5 to 251.9. At the same time, the overall student aid assistance increase averaged 3.6%, with six programs receiving no increases. The overall average was considerably less than the Higher Education Price Index. The latest data available suggest that the median Iowa family income was increasing approximately 2.9% per year.

With tuition increasing at a faster rate than scholarship and grant assistance and median family income, we would expect student debt to increase. That is what

happened. Between FY 2005 and FY 2006, student loan debt upon graduation increased 9.1%.

The trend of college cost increases and level student financial assistance supports the idea that we are at a point where financial access and college choice is diminished. Diminished access, leads to a less educated population, and a significant step away from the visions seen in the words of Thomas Jefferson and Iowa native son, Herbert Hoover.

The following paragraphs summarize additional details.

Tuition and Fees

Table 1 shows the average tuition and budget for the most recent five year period reported to the Commission by Iowa colleges and universities. Data for FY 2007 are currently being collected. Between academic year ending in 2006 and the current academic year, the total budget at public community colleges increased 4.15% while Regent universities increased 4.75% and independent colleges and universities increased 5.31%.

Table 1
IOWA COLLEGE STUDENT AID COMMISSION
Historical Average Student Expenses

Academic Year	Community Colleges		Regent Universities		Independent Four-year	
	Tuition	Budget	Tuition	Budget	Tuition	Budget
2002-03	2,670	9,410	4,140	12,297	15,658	24,018
2003-04	2,712	10,080	4,979	14,237	16,754	24,854
2004-05	2,904	10,084	5,403	15,777	17,673	25,793
2005-06	3,056	10,788	5,616	15,587	18,581	27,114
2006-07	3,251	11,236	5,902	16,328	19,539	28,555

Scholarship and Grant Assistance

From FY 2005 to FY 2006, scholarship and grant assistance appropriated to the Iowa College Student Aid Commission for distribution to students in all Iowa higher education sectors increased 3.6%, with six programs receiving no increases. The Osteopathic Forgivable Loan Program received a 100% increase and benefited from a dollar-for-dollar match provided by Des Moines University. The Iowa Tuition Grant appropriation was matched at 79% by independent colleges and universities, and the Teacher Shortage Forgivable Loan Program received a match of \$431,787 from the U. S. Department of Education, and \$285,000 from proceeds of private loans (not teacher shortage loans) sold to Iowa Student Loan Liquidity Corporation.

Table 2
IOWA COLLEGE STUDENT AID COMMISSION
FY 2006 to FY 2007 Appropriations Changes

	<u>2005 - 2006</u> <u>Appropriation</u>	<u>2006 - 2007</u> <u>Appropriation</u>	<u>Percent</u> <u>Increase</u>
Scholarship Program	-	-	
Not-for-Profit Iowa Tuition Grant Program*	44,706,218	46,506,218	4.0%
Proprietary Tuition Grant Program	4,967,357	5,167,358	4.0%
Vocational Technical Tuition Grant Program*	2,533,115	2,533,115	0.0%
College Work Study*	140,000	140,000	0.0%
Iowa Grants	1,029,784	1,029,784	0.0%
National Guard Program	3,725,000	3,725,000	0.0%
Osteopathic Forgivable Loans	50,000	100,000	100.0%
Physician Recruitment	346,451	346,451	0.0%
Teacher Forgivable Loans	285,000	285,000	0.0%
Subtotal	57,782,925	59,832,926	3.5%
Scholarship and Grant Program Admin.	349,494	376,053	7.6%
Total	58,132,419	60,208,980	3.6%

* Standing Limited

Family Income

In an environment where costs continue to rise, families need to have increased income in order to maintain their purchasing power. The latest data available from the U. S. Census provide a comparison between Iowa median household income for FY 2004 vs. FY 2005. During this period of time, the median increased 2.9% from \$44,380 to \$45,671.

Student Debt

Student loan debt upon graduation continues to increase at Iowa colleges and universities. Table 3 shows average college and university responses to an annual survey of debt upon graduation for four-year undergraduate students who attended the same institution for all four years. Between FY 2005 and FY 2006 the average student loan debt increased by \$2,288 which is greater than 9%. Some observers suggest that the student loan debt is related to changes in consumer spending habits of college students. That topic may also be part of the explanation for the increase along with the patterns shown above for tuition and fees, student aid, and family income.

Table 3
Average Debt Upon Graduation

	<u>FY 2005</u>	<u>FY 2006</u>	<u>Change</u>
Regents	27,238	29,922	2,684
Independent four-year	22,835	24,727	1,892
Average	25,037	27,325	2,288

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