



# TUITION TASK FORCE REPORT

**2017**

# TIMELINE AND PROCESS

## APRIL

Board President Rastetter recommended the creation of a Tuition Task Force to meet over the summer and work with Iowa Regent Universities to create a tuition strategy that ensures sufficient resources while also providing students and families a sense of predictability.

## MAY

Regents Bates, Boettger, Dakovich and McKibben (chair) were appointed to the task force.

## JUNE

Dr. Robert Toutkoushian, an economist at the Institute of Higher Education at the University of Georgia, provided the Board with a general context of the economics of higher education pricing and related issues.

## JULY

Board of Regents Tuition Task Force website with information, resources, and public feedback mechanism launched.

## AUGUST

University presidents presented 5-year tuition plans at Tuition Task Force meetings at each university. Each session included an hour for open comments from students, faculty, staff, legislators and the general public.

## SEPTEMBER

The Tuition Task Force reports to the full board.

## OCTOBER

First reading of tuition and fee rates for the 2018-19 academic year.

## DECEMBER

Second reading of tuition and fee rates for the 2018-19 academic year.

## RELATED INFORMATION

- Tuition Task Force Website: <http://www.iowaregents.edu/plans-and-policies/tuition-task-force/>
- Report on Tuition Policy from 2003-04: <http://www.iowaregents.edu/media/cms/feb9d09-pdf6EA955E3.pdf>
- CATO Institution Policy Analysis report: [http://www.iowaregents.edu/media/cms/CATO\\_report\\_tuition\\_and\\_approp\\_2017\\_B730C18E5DA50.pdf](http://www.iowaregents.edu/media/cms/CATO_report_tuition_and_approp_2017_B730C18E5DA50.pdf)

# CURRENT REGENTS FUNDING ENVIRONMENT



*Goal: Examine the core issues and strategies central to the process of setting tuition at the three Regent Universities*

Over the past century, much has changed in higher education funding in Iowa. From the first appointment of the Board of Regents in 1909 until 1989, Iowa Regent Universities had different, institution-specific tuition rates. Starting in 1990, the state's Regent Universities set the same base resident undergraduate tuition rate. At that time, and again in 2003 during a time of reductions in state appropriations, the Board of Regents did a careful review of tuition-setting policies and strategies. Shifts in policy enabled the Universities to implement modest variances based on program or student level over the past 15 years, but the three institutions have maintained a common base of tuition since 1990. Consistent efforts to keep resident tuition as low as possible, while also acknowledging the varied costs of offering different programs within each institution, drove this approach.

The past 10 years (academic years 2007-08 to 2016-17) are characterized by more dramatic shifts in the landscape for Iowa public universities. Enrollment has increased nearly 20 percent (Fig. 1). State appropriations have decreased from 49 percent of Regent Universities general fund revenue to 32 percent (Fig. 2). In spite of the fact that Iowa public university tuition has risen less than 15 percent in ten years, the balance of public university funding has shifted to tuition revenue from students and families. Across the nation, similar reductions in public funding of higher education are occurring.

Looking at state appropriations over time in real dollars suggests the change in funding source to the current high-tuition dependency model is driven by historically flat support for public higher education. With FY2018 appropriations essentially equal to those of FY1998, the mechanism for Iowa Regent Universities to obtain resources necessary to educate the increasing number of students they serve has been through tuition increases. Sixty percent of undergraduates at Iowa Regent Universities are residents. Non-residents make up less than half of enrollment, and their tuition is much closer to the ceiling of what the market will bear. Resident students and families are being asked to shoulder more of the cost of public higher education than ever before.

High tuition dependency is driven by historically flat, and now decreasing, support for public higher education

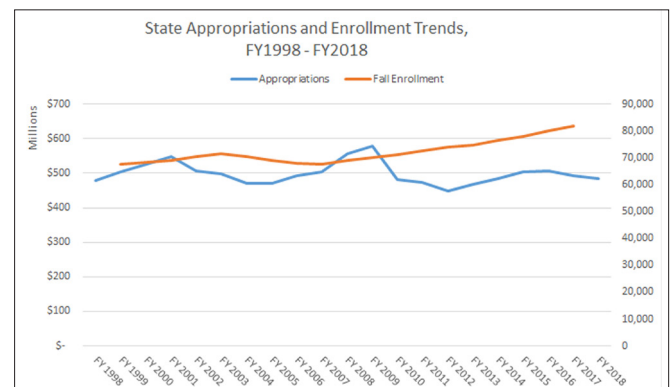


Figure 1: State appropriations have not kept pace with enrollment numbers

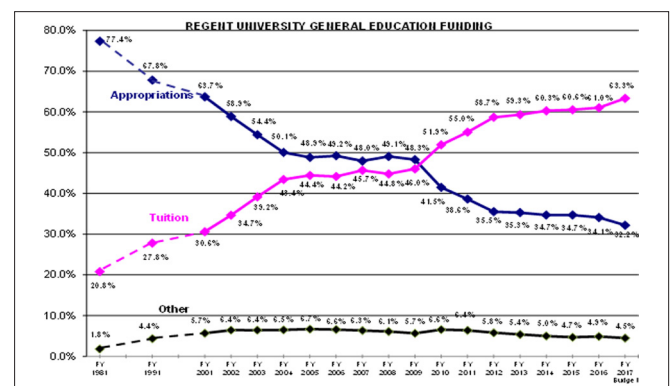


Figure 2: High tuition dependency is driven by historically flat, and now decreasing, support for public higher education

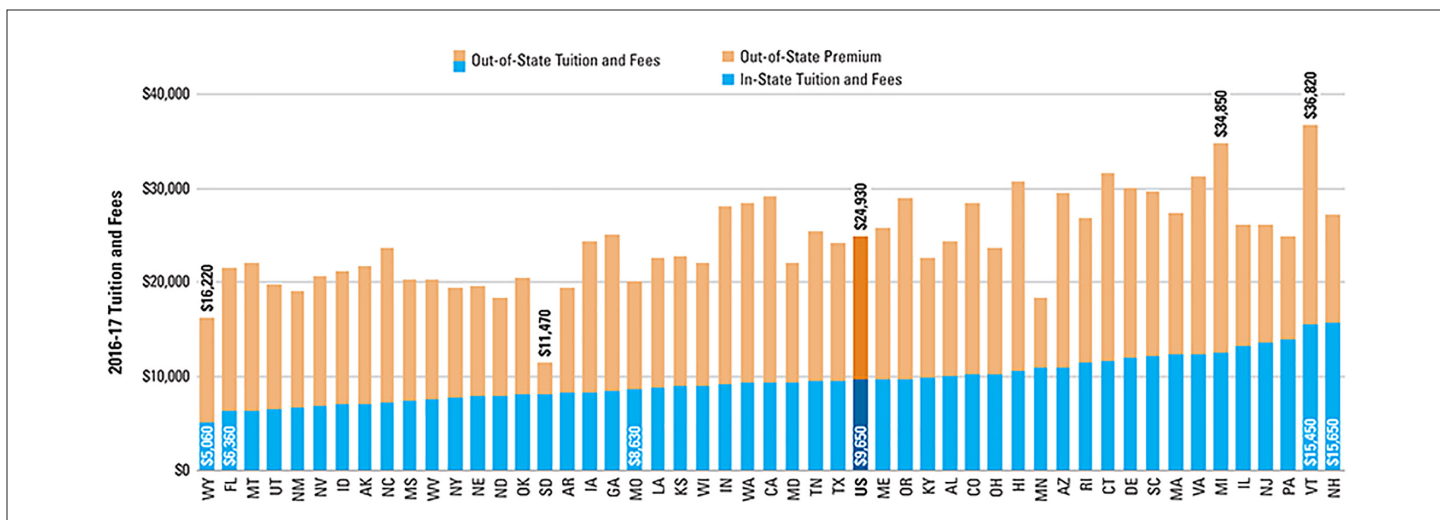


Figure 3: 2016-17 tuition and fees by state.

A comparison of tuition and fee rates at the public university systems in all 50 states indicates that for academic year 2016-17, Iowa was in the bottom one-third based on its resident rates (Fig. 3). Iowa's nearest peers in terms of average system-wide tuition and fee rates are Georgia, Arkansas, South Dakota and Missouri. The rate for non-resident students is aligned with North Carolina, Georgia, Tennessee and Illinois. Midwestern states with which Iowa often compares itself are generally in the top 50 percent on resident tuition, but mixed on non-resident tuition. Applying a small percentage rate increase in resident tuition can garner those states more resources than the same increase in Iowa. Increases for non-resident students that put Iowa universities too far above Midwestern peers poses a risk of lost enrollment of this population.

In February 2017, the CATO Institute published an analysis of higher education tuition and appropriations that demonstrates the way university systems respond to appropriations changes in all 50 states. Reviewing 25 years of data, they reported that Iowa is one of 11 states for which tuition and fee increases have been less than the amount of the decrease in state appropriations (Fig. 4). Growing enrollments have offset this decreased funding on a per-student basis, as have efficiency gains and

cost-saving measures throughout institutional operations.

Thus far, Regent Universities have effectively managed tuition increases to ensure student educational

outcomes do not suffer. Students are succeeding at high rates. Aggregate Iowa public university graduation rates increased by six percentage points in the past decade.

Appropriations increase, tuition and fees increase	Appropriations decrease, tuition and fees increase more
<p>Alaska, Illinois, Kentucky, Nebraska, North Dakota, West Virginia</p> <p><b>Average net per student change (per year): \$169</b></p> <p><b>Average total change in revenue (per year): \$35,825,412</b></p>	<p>Alabama, Arizona, Arkansas, Colorado, Connecticut, Delaware, Hawaii, Indiana, Kansas, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Montana, Nevada, New Hampshire, New Mexico, New York, Oregon, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia</p> <p><b>Average net per student change (per year): \$63</b></p> <p><b>Average total change in revenue (per year): \$43,909,211</b></p>
Appropriations decrease, tuition and fees increase less	Appropriations increase, tuition and fees decrease
<p>California, Florida, Georgia, Idaho, Iowa, New Jersey, North Carolina, Ohio, Pennsylvania, Washington Wisconsin</p> <p><b>Average net per student change (per year): -\$30</b></p> <p><b>Average total change in revenue (per year): \$36,388,733</b></p>	<p>Louisiana, Wyoming</p> <p><b>Average net per student change (per year): \$83</b></p> <p><b>Average total change in revenue (per year): \$15,268,073</b></p>
<p>Source: Author groupings using data from State Higher Education Executive Officers. "State-by-State Wave Charts (XLS)." SHEF - State Higher Education Finance FY15.</p>	

Figure 4: CATO Institute analysis of higher education tuition and appropriations



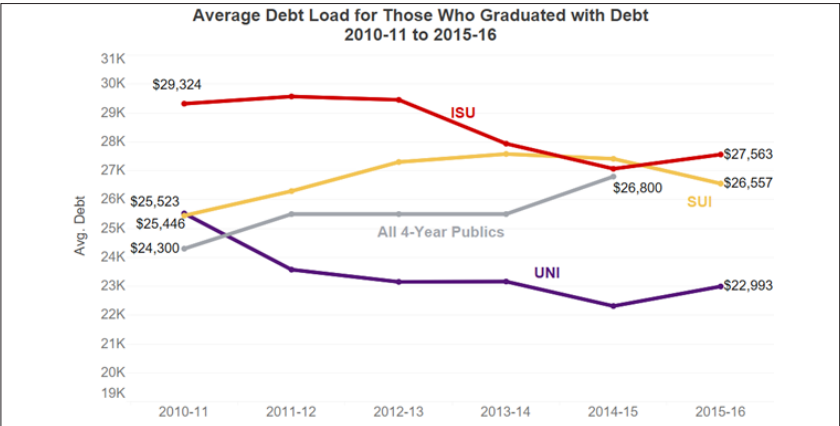
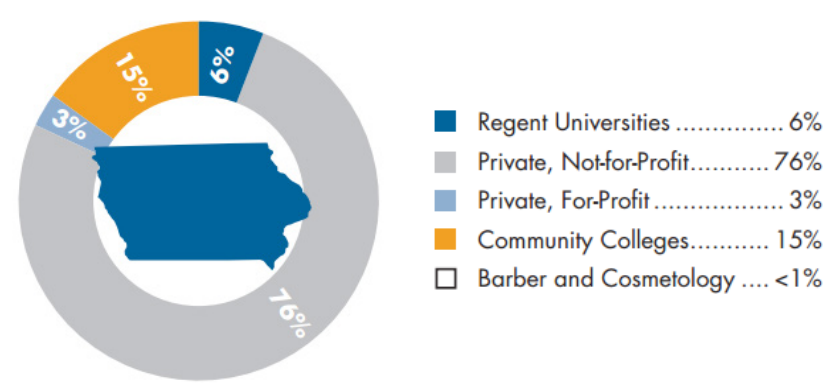
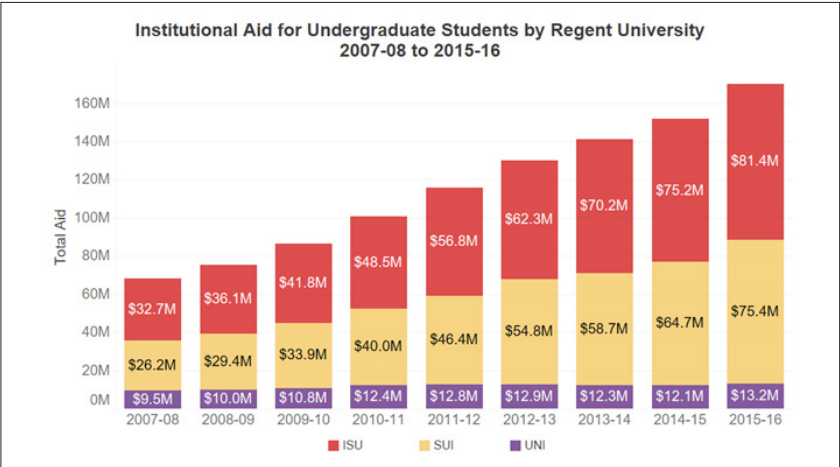
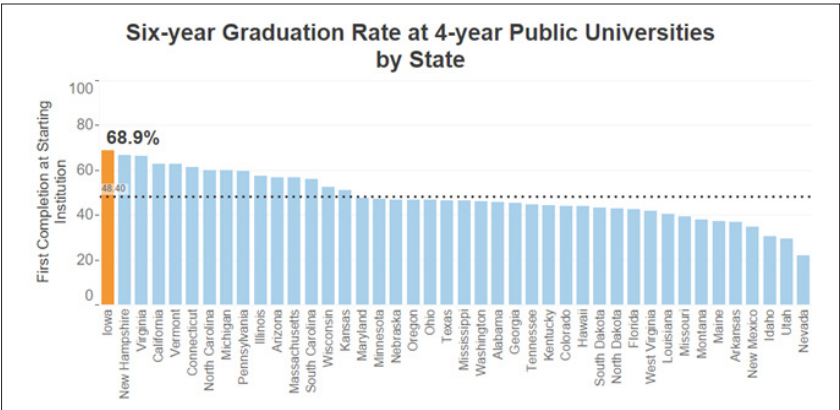
National data indicate that Iowa’s system is the top-performer nationally when it comes to graduation rates of undergraduates. The Iowa Regent University system exceeds the national average of graduation rates for public university systems by more than 20 percentage points when looking at full-time and part-time, first-time enrollees (Fig. 5).

To support students’ efforts to reach their degree completion goals, all Iowa Regent Universities have dedicated significant resources to institutional financial aid, student loan counseling, and financial literacy training. In academic year 2015-16, institutional financial aid provided to undergraduates totaled \$170 million at Iowa Regent Universities (Fig. 6). Unfortunately, a report from the Iowa College Student Aid Commission shows that in 2016 the State of Iowa provided only \$3 million in need-based aid to resident undergraduates at Regent Universities, a mere 6 percent of the total need-based aid the state distributes annually (Fig. 7). This ranks Iowa last in the nation for state-awarded need-based financial aid to public university students.

Many students pay the balance of their tuition and fees through loans. While this is an essential mechanism providing access to a college education, it is important to both individuals and the universities to keep student loan debt as low as possible. A concerted effort by Iowa Regent Universities over the past several years proved effective in reducing or essentially holding steady the average debt for bachelor’s degree recipients (Fig. 8). One-third of students graduate with no loan debt to repay. For the two-thirds who do have debt, tuition increases have been moderated by effective loan counseling, financial aid support, and financial literacy training. Each Iowa Regent University has a loan default rate of 3.5 percent or lower in the most recently tracked cohort (compared to the national cohort default rate of 11.3 percent). Institutions have funded all of the aid, counseling and financial education efforts through internal reallocations.

**Charts (from top)**

Figure 5: Iowa’s six-year graduation rate tops the nation.  
 Figure 6: Institutional aid for undergraduates has more than doubled since the 2007-08 academic year.  
 Figure 7: Percent of state need-based aid to resident undergrads, by institution type  
 Figure 8: Change in average debt load 2010-2016



# INSTITUTIONAL PROPOSALS

The charge to the universities at the start of the Tuition Task Force was to develop a five-year tuition plan that met the following criteria:

- Provides students and families predictability in the cost of college
- Ensures sufficient resources to maintain high-quality education
- Enables the institution to meet strategic objectives

Each president presented a plan based on the assumption of no change in direct state appropriation support to Regent Universities in the next five years. The University of Northern Iowa scenarios included how tuition increases would change with varied state appropriations outcomes. Iowa State University and the University of Iowa confirmed that similar adjustments would happen in each of their plans if appropriations either increase or decrease from the current level.

## Charts (from top)

*The University of Iowa proposal raises resident undergraduate tuition by 7.08 percent in each of the five years highlighted.*

*The Iowa State University proposal raises resident undergraduate tuition by 7 percent in each of the five years highlighted.*

*The University of Northern Iowa proposal raises resident undergraduate tuition by 3.9 percent in year one with an appropriation increase, and by 11.7 percent in year one with an appropriation cut.*



	U of I Actual					
	Fall 17	Fall 18	Fall 19	Fall 20	Fall 21	Fall 22
<b>5 year - R UG</b>						
<b>Tuition Only</b>	\$7,486	\$8,016	\$8,583	\$9,191	\$9,841	\$10,537
<b>\$ Increase</b>	\$358	\$530	\$567	\$607	\$650	\$696
<b>% Increase</b>	5.02%	7.08%	7.08%	7.08%	7.08%	7.08%
<b>5 year - NR UG</b>						
<b>Tuition Only</b>	\$29,130	\$29,736	\$30,354	\$30,986	\$31,630	\$32,288
<b>\$ Increase</b>	\$1,764	\$606	\$618	\$631	\$644	\$658
<b>% Increase</b>	6.45%	2.08%	2.08%	2.08%	2.08%	2.08%

## IOWA STATE UNIVERSITY OF SCIENCE AND TECHNOLOGY

Base Tuition						
	Fall 17	Fall 18	Fall 19	Fall 2020	Fall 2021	Fall 2022
<b>Resident</b>	\$7,456	\$7,978	\$8,536	\$9,134	\$9,773	\$10,457
<b>\$ Change</b>		\$522	\$558	\$598	\$639	\$684
<b>% Change</b>		7.0%	7.0%	7.0%	7.0%	7.0%
<b>Non-resident</b>	\$21,292	\$22,144	\$23,029	\$23,951	\$24,909	\$25,905
<b>\$ Change</b>		\$852	\$886	\$921	\$958	\$996
<b>% Change</b>		4.0%	4.0%	4.0%	4.0%	4.0%



Appropriation Scenario	Resident Tuition Increase per Scenario			
	Fall 18	Fall 19	Fall 20	Fall 21
State Appropriation that increases with Inflation (+1.75%/year)	3.90%	2.70%	1.75%	1.75%
	\$7,747	\$7,956	\$8,095	\$8,237
State Appropriation Flat	6.70%	5.20%	3.70%	3.10%
	\$7,955	\$8,369	\$8,679	\$8,948
State Appropriation Decrease of 3.2% for FY 2019, then Flat	11.70%	4.90%	3.50%	2.90%
	\$8,328	\$8,736	\$9,042	\$9,304

# FEEDBACK FROM CONSTITUENTS

## STUDENTS

- Large increases are difficult to bear and will make Iowa universities inaccessible to many
- Financial aid to students must be addressed in any increase
- The value students provide goes well beyond

## UNIVERSITY FACULTY LEADERS

- Maintaining high quality teaching and learning means ensuring faculty compensation is competitive and classrooms and labs are well-maintained
- Students need the best education at a reasonable price. The state must step up and do its part to preserve public higher education.

## UNIVERSITY STAFF LEADERS

- Staff are deeply committed to their institutions and also deserve competitive compensation
- Care and commitment to student success outcomes is high. The legislature needs to show its commitment now.

## LEGISLATORS

- Legislature and Governor's Office must find the will to move funds around and keep public higher education affordable
- Universities must do all they can to keep tuition low and support students with financial need
- State need-based aid to public university students must be a priority

## EMAILS TO THE BOARD OF REGENTS TUITION TASK FORCE

- Resident and non-resident increases as too high for students to bear
- Regents should lobby legislators to take responsibility for higher education funding
- The universities need to seek more efficiencies
- Universities should be permitted to have differentiated tuition
- A need to examine graduate tuition
- Need to maintain quality by having competitive staff and faculty salaries

## PAST REGENTS

- Encouragement for the process and for ensuring institutional efficiency
- Acknowledgement of university mission differentiation and need to set tuition accordingly
- Importance of pressing the legislature

## IOWA BUSINESS LEADERS

- Letters submitted emphasized the high value interns and graduates of Iowa Regent Universities provide to these businesses
- Emphasis on the need for thoughtful tuition strategies that won't compromise educational quality that the businesses depend upon