

# The Condition of Higher Education in Iowa

Preparedness, Access & Affordability



2010 Report developed by



# OPENING REMARKS

## COLLEGE PREPAREDNESS, ACCESS, & AFFORDABILITY



Improving college attainment is critical to the growth of Iowa's economy. By 2018, it is projected that 62% of jobs in Iowa will require postsecondary education [1]. A favorable business climate is not enough to bring more jobs to the state. A skilled and educated workforce is necessary to sustain future job growth and increase household income for Iowans.

President Obama has set a goal for the United States to produce 8 million more college graduates by 2020 to resume world leadership as the nation with the highest proportion of college graduates in its population [2]. With Iowa accounting for approximately one percent of the nation's population, Iowa will need to produce some 80,000 more college graduates by 2020 to do its share in meeting this goal. College preparedness, access and affordability are key factors to reaching this goal.

The vision of the Iowa College Student Aid Commission is that all Iowans can achieve an education beyond high school. To realize that vision, the Iowa College Student Aid Commission provides essential services that prepare students to enter and succeed in postsecondary education.

*Janet Adams*

Commissioner Chair  
Iowa College Student Aid Commission

*Karen Misjak*

Executive Director  
Iowa College Student Aid Commission

## OPENING REMARKS: COLLEGE PREPAREDNESS AND ACCESS SUMMARY

Iowans must be academically prepared for the demands of postsecondary education. Research has shown that students who take rigorous programs of study in high school are more likely to remain on track toward completing a college degree than students who do not complete a core curriculum [3]. That means that career and college planning must start early – before students get to high school.

Through a partnership with the Iowa Department of Education, the Iowa College Student Aid Commission provides I Have A Plan Iowa™, the state-designated career information system to help Iowans in all stages of life explore education and career options. I Have A Plan Iowa™ helps Iowa schools meet the requirements of Iowa Code Section 279.61 that requires all Iowa students to create a career plan in grade 8 as well as complete required components of the state-designated system in grades 8-12. Students are able to create high school course plans in the system, prepare for the ACT and SAT and search for colleges and universities that meet their needs. As students prepare for high school graduation, they can use the system to track college visits, search for scholarships, practice completing a college application, practice for a job interview, and use the cover letter creator and resume builder. Last year nearly 117,000 new accounts were created on the system.

The Iowa College Student Aid Commission also works to increase the number of economically-disadvantaged and academically at-risk students prepared to enter and succeed in postsecondary education. Through the administration of the Gaining Early Awareness and Readiness for Undergraduate Program (GEAR UP) grant for the State of Iowa, the Iowa College Student Aid Commission provides statewide and school-based services to a cohort of approximately 6,000 Iowa students and their families in 27 Iowa high schools. Across the state, GEAR UP Iowa students benefit from program services such as college visits, 21st century technology in the classroom, enhanced curriculum programs and increased academic tutoring opportunities.

Iowa students and families rely on the Iowa College Student Aid Commission as an information resource. The Iowa College Student Aid Commission produces multiple printed publications relating to college access, college planning, financial aid, financial literacy and default prevention. Last year, over 450,000 publications were provided to Iowa students, families, schools, and postsecondary institutions. In addition, its comprehensive website, [www.IowaCollegeAid.gov](http://www.IowaCollegeAid.gov), received over 142,400 visits.

[1] Georgetown University Center on Education and the Workforce (June, 2010). Projections of Jobs and Education Requirements through 2018.  
[2] The White House Blog (August 9, 2010). President Obama on Higher Education in Austin: "We Are Not Playing for Second Place." Retrieved from <http://www.whitehouse.gov/blog/2010/08/09/president-obama-higher-education-austin-we-are-not-playing-second-place>  
[3] Camara, Wayne J., "College Persistence, Graduation, and Remediation," The College Board Research Notes, RN-19, March 2003.

# OPENING REMARKS: AFFORDABILITY SUMMARY

In addition to being academically prepared to enter and succeed in postsecondary education, Iowa families need affordable options. The Iowa College Student Aid Commission has partnered with the Iowa Insurance Division to revise and enhance a publication that encourages families to start saving for postsecondary education early and covers many investment tools, such as College Savings Iowa, and tax incentive programs available to help make college affordable.

The Iowa College Student Aid Commission helps to ensure a college education is affordable for Iowans through the administration of state-funded financial aid programs. In FY 2010, these programs helped over 25,000 Iowa students pay for college. While the nearly \$59 million in state-funded programs has helped families pay higher education expenses, this report shows that even more is needed. With the cost of college rising faster than increases in median household income in Iowa, the number of Iowa families applying for financial aid is increasing. **To produce more college graduates, more funding is needed to allow students to persist in postsecondary education through graduation.**

Reducing student loan debt is also a factor in improving retention levels. **Iowa students have one of the highest student loan debt levels upon graduation at \$28,883.**

Many experts recommend that student loan payments not exceed 8 percent of income. Based on a 10-year standard repayment schedule, Iowa students would need to make over \$50,000 out of college to stay within this recommendation. Students who leave college prior to graduation are faced with lower-paying job prospects and burdensome student loan debt obligations.

To better prepare students to make smart borrowing decisions before they go to college or enter the workforce, the Iowa College Student Aid Commission launched the Iowa Financial Literacy Program. Accessible through the I Have A Plan Iowa™ statewide web portal, the online platform uses the latest in new media technology to teach, assess and certify high school students in over 600 core concepts of personal finance. A new default prevention component is also in development that will assist Iowa college students to make smart borrowing decisions, understand the importance of completing a degree, and prepare for student loan repayment.



The Iowa College Student Aid Commission has a long-standing commitment to helping Iowans achieve education beyond high school. We are proud of the initiatives that are currently underway, but also know that there is more to be done. This report demonstrates that it will take additional programming and education to better improve college preparedness and access and increased funding to make higher education affordable for Iowa families. The Iowa College Student Aid Commission is prepared to face these challenges and work to ensure future generations of Iowans have the education and training they need to succeed.

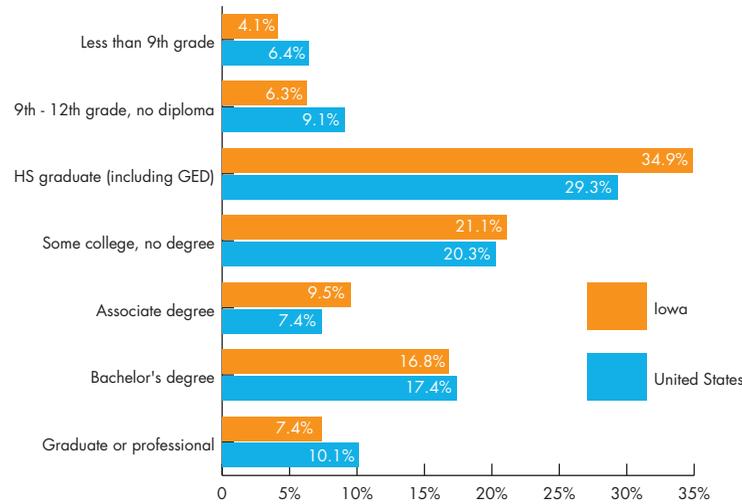




Approximately 33.7% of Iowa's population age 25 and older has an associate's degree or higher. This is slightly lower than the national average of 34.9% [1].

When looking at the percent of population with a bachelor's degree or higher, Iowa's 24.2 percent is 3.3 percentage points lower than the national average of 27.5 percent.

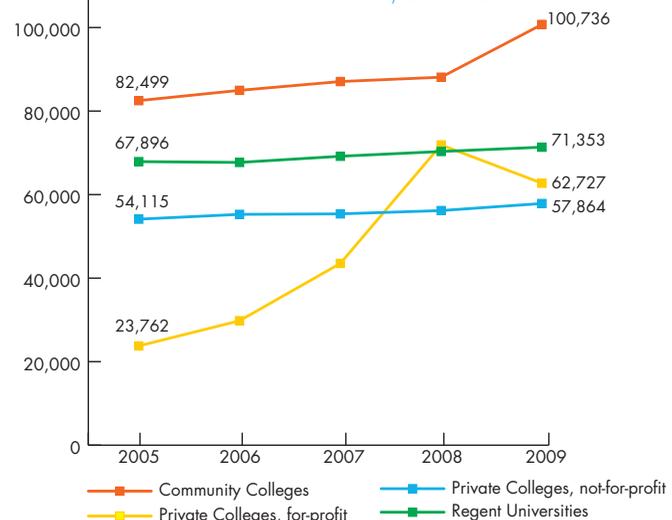
### EDUCATION ATTAINMENT FOR POPULATION 25 YEARS AND OVER



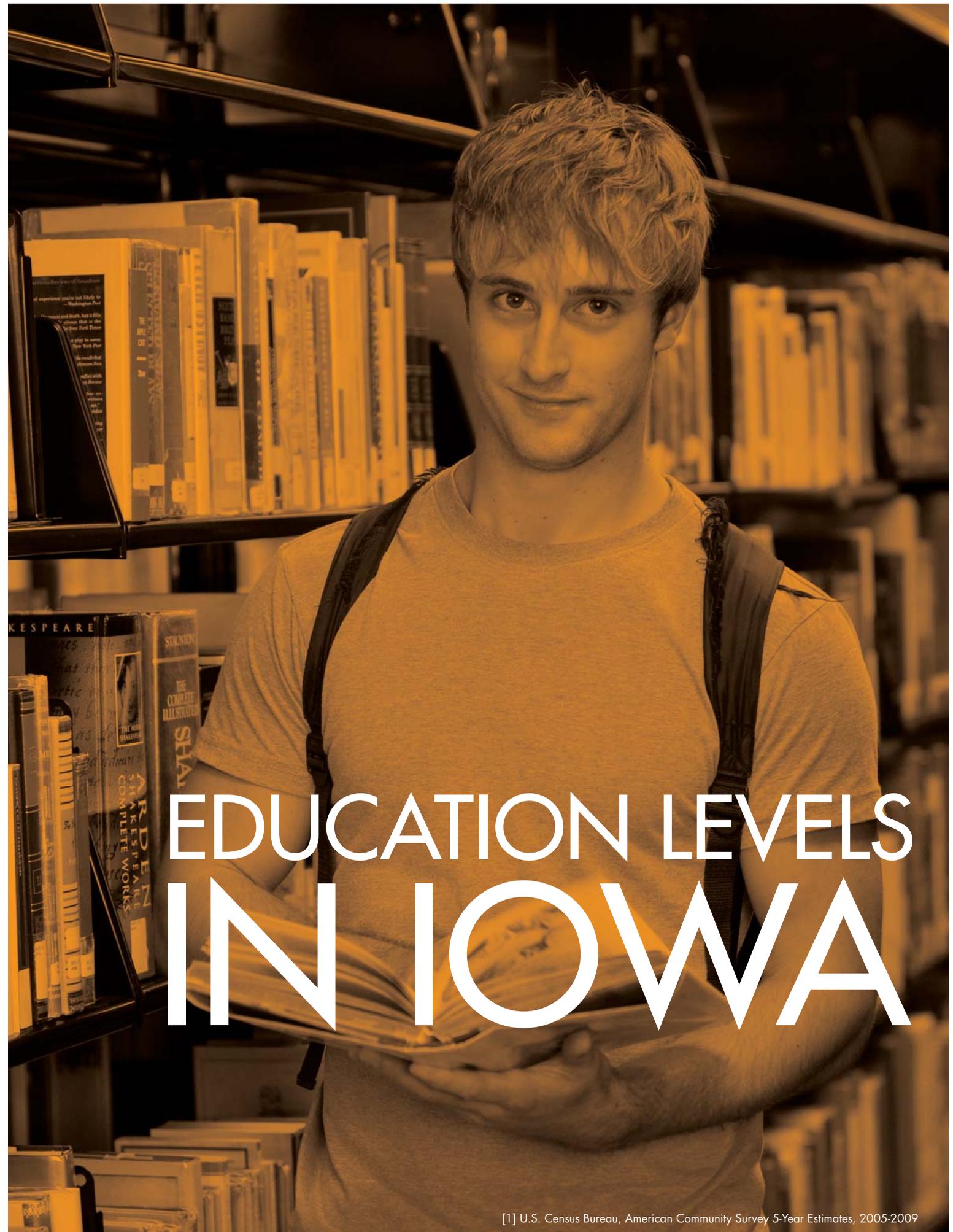
Source: U.S. Census Bureau, American Community Survey 5-Year Estimates, 2005-2009

Enrollment, based on reported fall enrollment at all sectors of Iowa colleges and universities, has increased over the past 5 years. The most significant increases have been at Iowa's community colleges where enrollment increased 22.1% from 2005 to 2009, and at Iowa's for-profit institutions which experienced a 164% increase in enrollment over the same time period. The majority of the enrollment increase at Iowa community colleges has been from Iowa residents who made up 93.2% of total community college enrollment in 2009. In 2009, Iowa resident enrollment made up 7.0% of the total for-profit enrollment, which also includes online and extension enrollment. Iowa residency is a requirement to be eligible for Iowa-funded state financial aid programs.

### TOTAL ENROLLMENT AT IOWA COLLEGES & UNIVERSITIES BY INSTITUTION TYPE, 2005-2009



Source: University of Iowa, Iowa College and University Fall Enrollment Report, 2005-2009  
Private college enrollment (for profit and not-for-profit) includes enrollment reported at 4-year or above institutions.



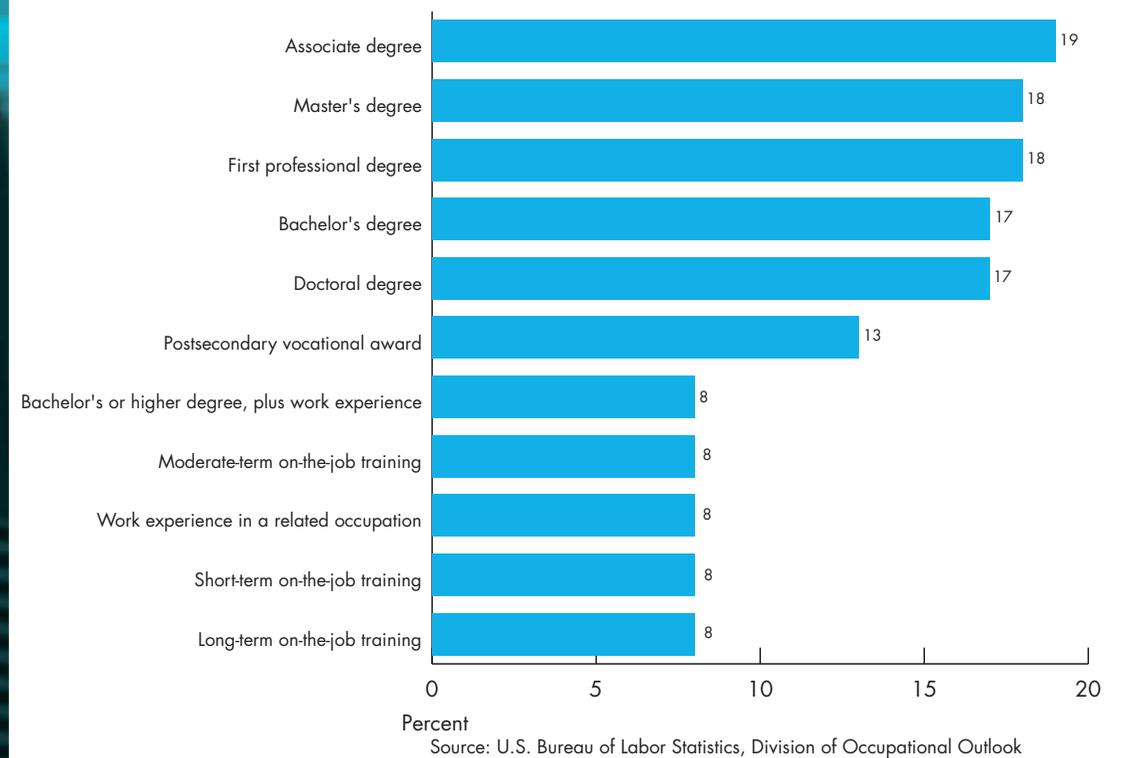
[1] U.S. Census Bureau, American Community Survey 5-Year Estimates, 2005-2009



# EDUCATION & EMPLOYABILITY

Nationally, the number of new jobs in occupations that require some postsecondary education are expected to experience higher rates of growth through 2018 than those in on-the-job training categories [2]. Occupations in the associate's degree category are projected to grow the fastest, at about 19 percent. In addition, occupations in the master's and first professional degree categories are anticipated to grow by about 18 percent, and occupations in the bachelor's and doctoral degree categories are expected to grow by about 17 percent. Occupations in the on-the-job training categories are expected to grow by 8 percent. In Iowa, nearly two thirds of the top 50 fastest growing occupations require some type of formal training program or postsecondary education [3]. By 2018, it is projected that 62 percent of jobs in Iowa will require postsecondary education [4].

PERCENT CHANGE IN EMPLOYMENT BY EDUCATION TRAINING CATEGORY, 2008-18 (PROJECTED)

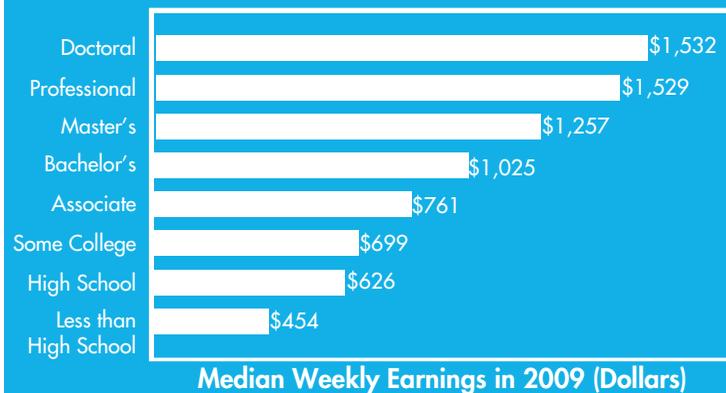


[2] U.S. Bureau of Labor Statistics, Occupational Outlook Handbook, 2010-11 Edition.  
 [3] Iowa Workforce Development, Iowa Occupational Projections 2008-2018 Chart Source: BLS Division of Occupational Outlook  
 [4] Georgetown University Center on Education and the Workforce (June 2010). *Projection of Jobs and Education Requirements through 2018*

Unemployment disproportionately impacts those with lower levels of education. In Iowa, the unemployment rate for persons 25 to 64 years of age is 2% for those with a bachelor's degree, as compared to 10% for those with less than a high school degree [1].

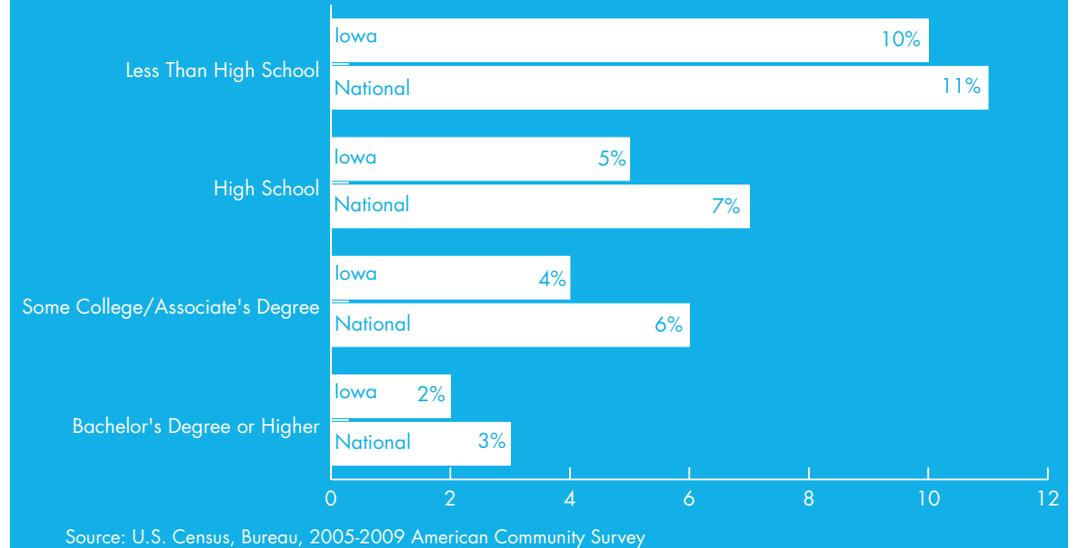
[1] U.S. Census Bureau, American Community Survey 5-Year Estimates, 2005-2009

MEDIAN WEEKLY EARNINGS 2009



Source: Bureau of Labor Statistics, Current Population Survey. Data are for 2009 national annual averages for persons age 25 and over. Earnings are for full-time wage and salary workers.

UNEMPLOYMENT RATE 2009



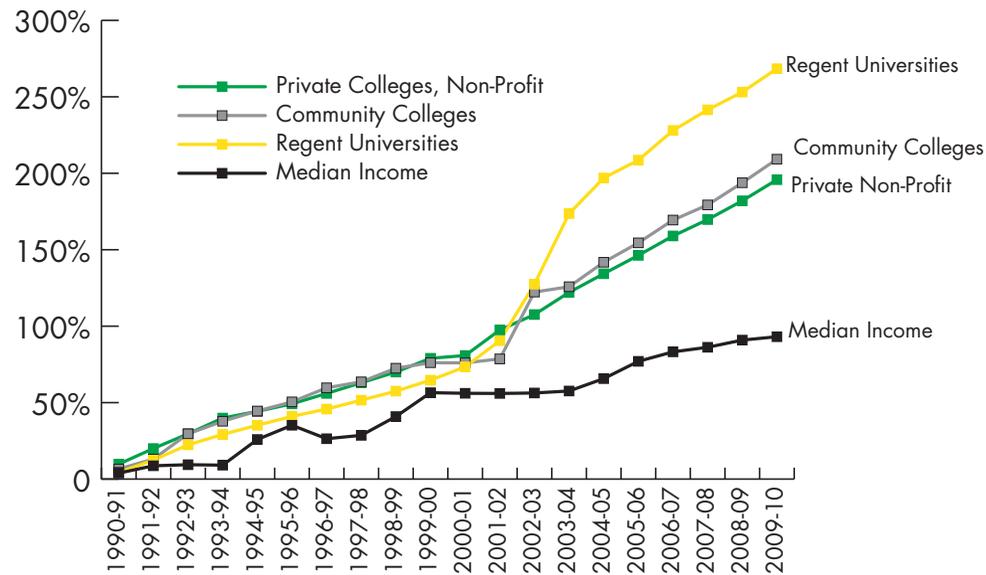




# Iowa's median income has not kept pace with increasing costs at Iowa colleges and universities.

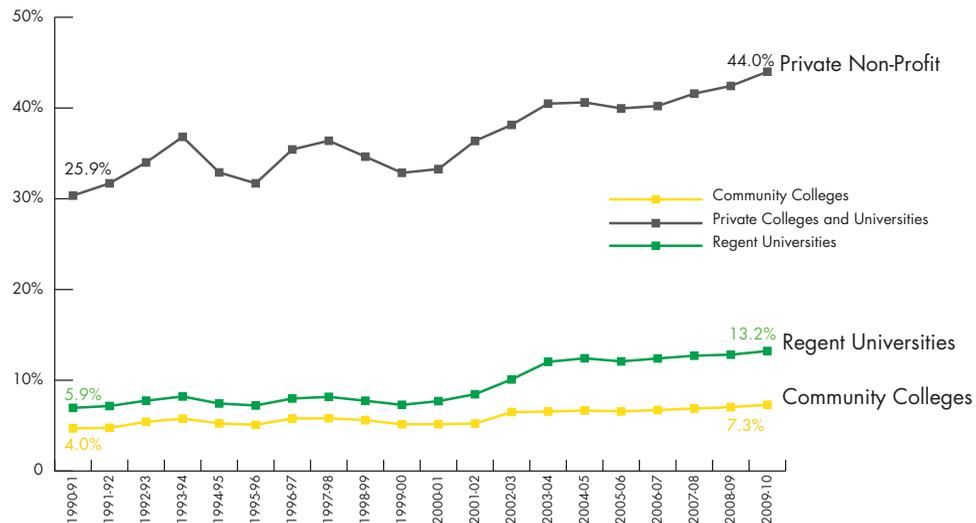
Over the past two decades, the average undergraduate tuition and required fees increased 268 percent at Iowa's Regent Universities, 196 percent at Iowa's private non-profit four-year colleges and 209 percent at Iowa's community colleges compared to increases of 93 percent in Iowa's median income and 62 percent in state financial aid appropriations over the same time period. Today, published college costs take up a higher percentage of household income, especially considering that the median household income for many Iowa aid recipients is lower than the median household income in Iowa. Iowa's 2009 median household income of \$48,065 falls just below the national median household income of \$50,221 [1].

PERCENT INCREASE IN IOWA MEDIAN HOUSEHOLD INCOME & AVERAGE UNDERGRADUATE TUITION & REQUIRED FEES AT COLLEGES & UNIVERSITIES



Source: Iowa College Student Aid Commission, College Costs and Household Income in Iowa

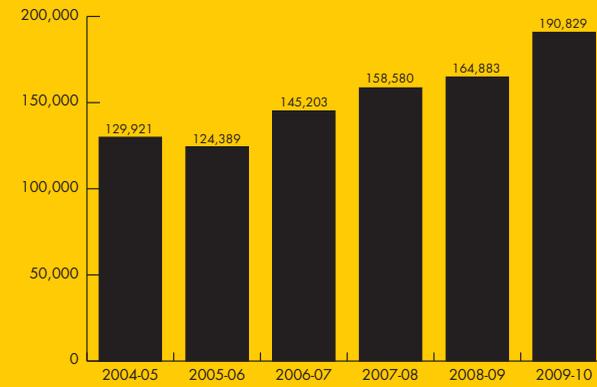
IOWA COLLEGE TUITION & REQUIRED FEES AS A PERCENTAGE OF MEDIAN HOUSEHOLD INCOME



Source: Iowa College Student Aid Commission, College Costs and Household Income in Iowa

During the last six years, the number of Free Applications for Federal Student Aid (FAFSAs) filed by Iowa residents has increased by 47 percent. During the same time period, the State's population increased by approximately 5 percent and enrollment at Iowa colleges and universities increased by approximately 13 percent.

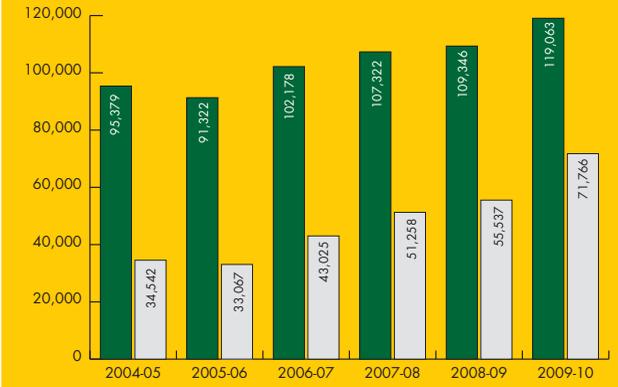
TOTAL NUMBER OF FAFSAs BY AWARD YEAR



Source: Iowa College Student Aid Commission

Much of the increase in FAFSA filings has been from applicants over the age of 25. Traditionally-aged FAFSA applicants (under 25 years) accounted for nearly 75 percent of all FAFSA applicants in 2004-05; for the 2009-10 academic year they account for less than 66 percent.

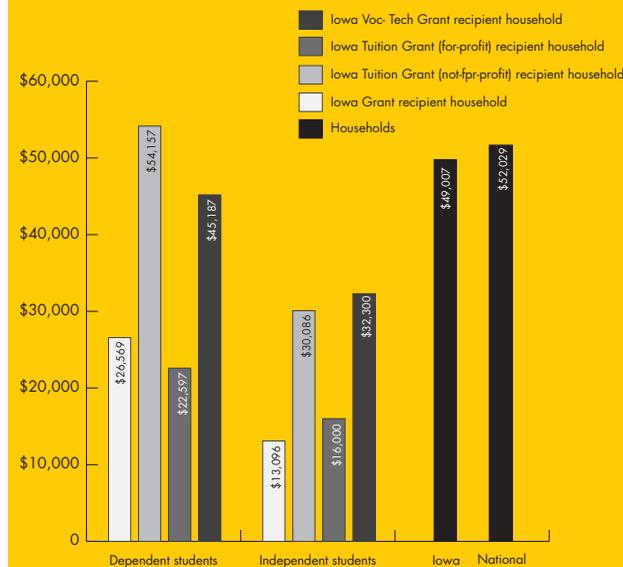
NUMBER OF FAFSAs BY APPLICANT AGE AND AWARD YEAR



Source: Iowa College Student Aid Commission

Many recipients of Iowa-funded college financial aid programs have median household incomes below the median income for all Iowa households. The median household income for independent students is lower than for dependent students among four of Iowa's primary financial aid programs.

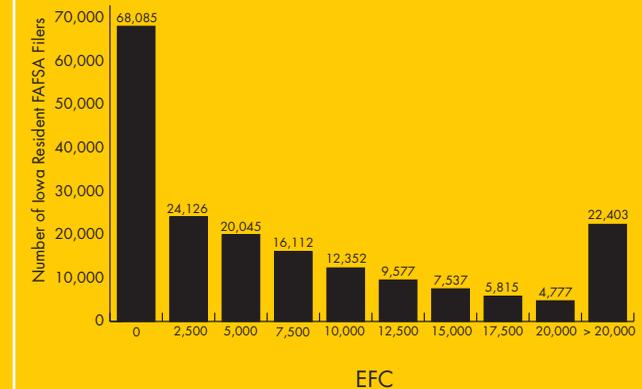
MEDIAN INCOME OF 2009-10 IOWA FINANCIAL AID PROGRAM RECIPIENTS & 2008 NATIONAL AND IOWA HOUSEHOLDS



Source: Iowa College Student Aid Commission, College Costs and Household Income in Iowa. U.S. Census Bureau.

The Expected Family Contribution (EFC) distribution for Iowa resident FAFSA filers for the 2009-10 academic year shows that more than 35 percent of Iowa resident FAFSA filers had a zero EFC. The EFC is a calculated assessment of how much a family can contribute toward education costs. In general, the lower the EFC, the greater the family's financial need.

EFC FREQUENCY 2009-10



Source: Iowa College Student Aid Commission

[1] Iowa Workforce Development News and Trends. Retrieved from <http://www.iowaworkforce.org/trends/mediania.html>.

Iowa families have turned to student loans as a means to pay for higher education. The Project on Student Debt estimates that nationally, college seniors who graduated in 2009 carried an

average of \$24,000 in student loan debt. Iowa's average of \$28,883 ranked Iowa as the state with the fourth highest average debt levels for the class of 2009.

Seventy-four percent of Iowa's 2009 class graduated with student loan debt, ranking Iowa second in the nation for the highest percent of students graduating with student loan debt.



# STUDENT LOAN DEBT

## 10 STATES WITH THE HIGHEST STUDENT DEBT

District of Columbia \$30,033  
 New Hampshire \$29,443  
 Maine \$29,143  
 Iowa \$28,883  
 Vermont \$27,786  
 Minnesota \$27,467  
 Pennsylvania \$27,066  
 Rhode Island \$26,573  
 Alaska \$26,344  
 Ohio \$25,842

## 10 STATES WITH HIGHEST PERCENT OF STUDENTS WITH STUDENT LOAN DEBT

South Dakota 78%  
 Iowa 74%  
 Minnesota 73%  
 West Virginia 73%  
 New Hampshire 72%  
 Pennsylvania 72%  
 North Dakota 71%  
 Montana 68%  
 Missouri 66%  
 Ohio 66%

Source: The Project on Student Debt, Student Debt and the Class of 2009, October 2010.

## AVERAGE DEBT UPON GRADUATION FROM COLLEGES & UNIVERSITIES IN IOWA BY INSTITUTIONAL TYPE CLASS OF 2005 THROUGH CLASS OF 2009

	Academic Year				
	2004-05	2005-06	2006-07	2007-08	2008-09
<b>Four-Year Degrees</b>					
Regent Universities	\$24,206	\$25,210	\$25,904	\$26,537	\$25,854
Private Not-for-Profit	\$22,835	\$24,729	\$26,942	\$25,476	\$29,652
Private For-Profit	\$29,752	\$24,512	\$27,785	\$29,705	\$30,893
<b>Two-Year Degrees</b>					
Community Colleges	\$8,793	\$8,157	\$8,679	\$9,982	\$11,954

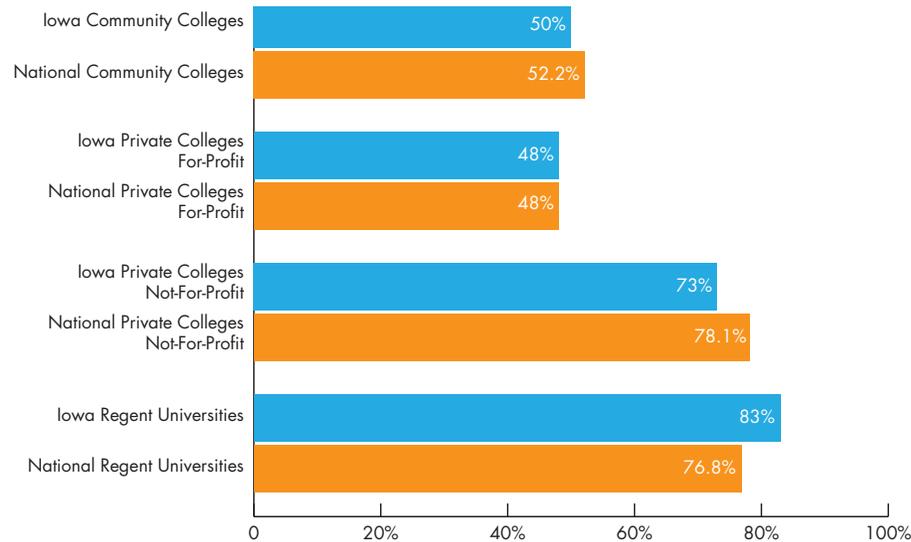
Colleges and universities report both aggregate loan debt and the number of graduates with debt who began their degree program at the reporting institution. Averages for institutional types, or sectors, represent total loan debt divided by the number of students graduating with debt from institutions in that sector. Debt is reported for student loans from all sources either certified by the institution or reported to the institution by the student or lending organization. For this report, loan debt excludes Parent Loans for Undergraduate Students (PLUS Loans). 2008-09 figures incorporate some institutions' preliminary estimates.

Source: Iowa College Student Aid Commission Annual Survey of Financial Aid

High school performance, as measured by ACT composite scores [1] and SAT performance [2], are related to cumulative first-year college GPA and college retention.

The first-year retention rate of full-time students is the percent of the fall full-time cohort from the prior year that re-enrolled at that institution. At 83 percent, the first-year retention rate at Iowa Regent Universities is higher than the national rate of 76.8% [3]. Graduation rates at Iowa Regent Universities and Iowa private, not-for-profit, 4-year colleges and universities exceed the national average of 56 percent for bachelor's degree-seeking students [3].

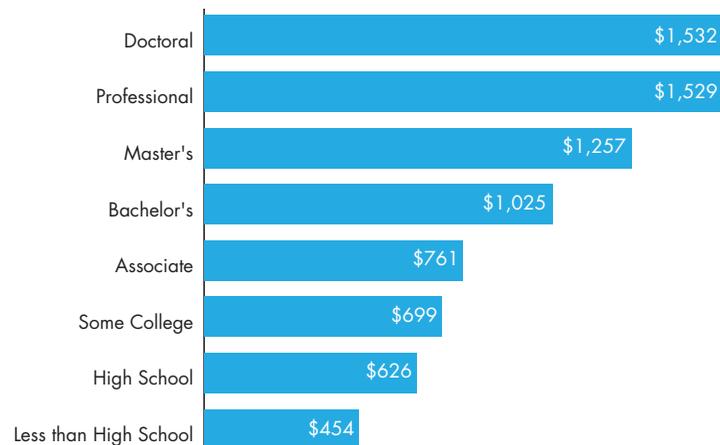
### 1ST-YEAR RETENTION OF FULL-TIME STUDENTS AT IOWA COLLEGES AND UNIVERSITIES



Source: National Center for Education Statistics (NCES) Integrated Postsecondary Education Data System (IPEDS), Fall 2008

Educational attainment, as measured by highest level of education completed, not only has a direct correlation to earning potential, but also impacts student loan default rates. Student borrowers who withdraw before completing a degree are more likely to default on their student loans than those who complete a degree [4].

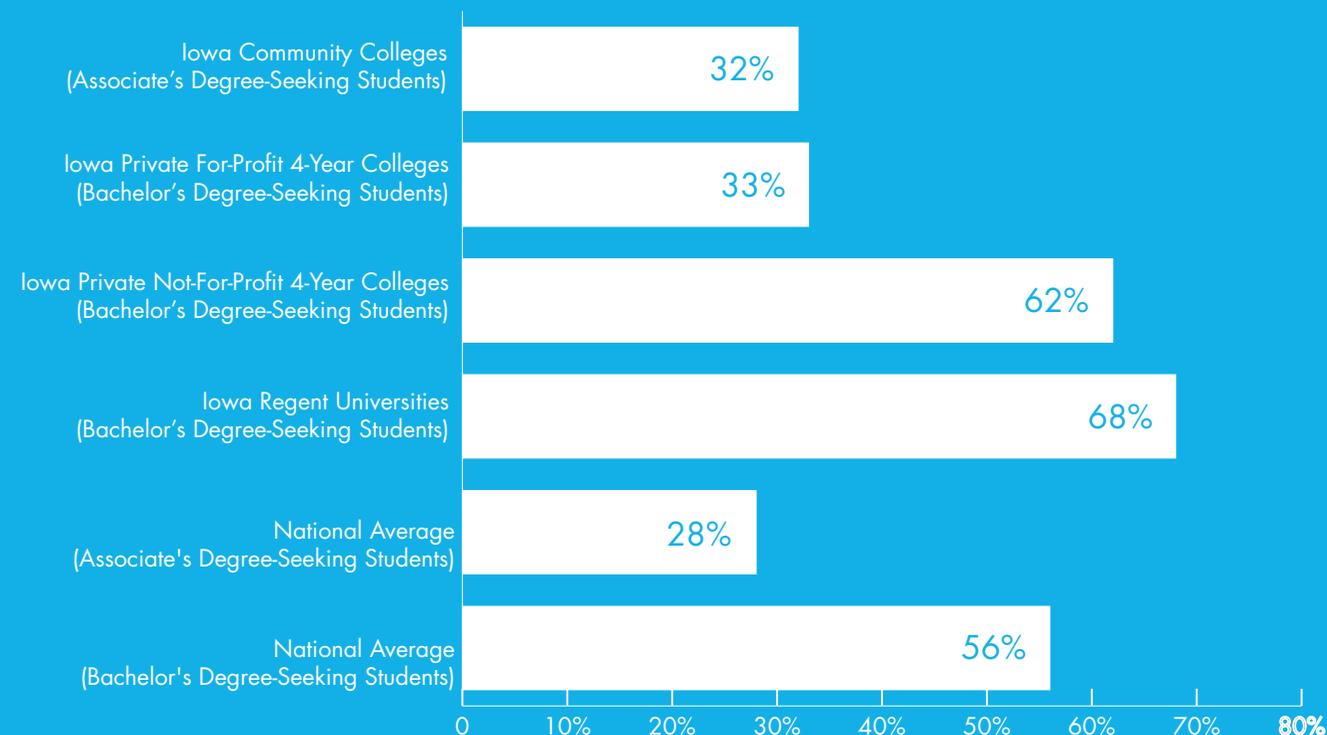
### MEDIAN WEEKLY EARNINGS IN 2009 DOLLARS BY EDUCATION LEVEL



Source: Bureau of Labor Statistics, Current Population Survey. Data are for 2009 annual averages for persons age 25 and over. Earnings are for full-time wage and salary workers.

# COLLEGE RETENTION

### AVERAGE GRADUATION RATES AT IOWA COLLEGES & UNIVERSITIES AND NATIONWIDE



Note: Graduation rate is the percent of degree-seeking students who complete a degree within six years at 4-year institutions and three years at 2-year institutions. Source: National Center for Education Statistics (NCES) Integrated Postsecondary Education Data System (IPEDS), Fall 2009.

[1] ACT (2004). Information Brief 2004-1, *Retention, ACT Composite Score and College GPA: What's the Connection?*  
 [2] SAT (September 2010). *2010 College-Bound Seniors Results Underscore Importance of Academic Rigor* [Press Release]. Retrieved from <http://www.collegeboard.com/press/releases/213182.html>.  
 [3] U.S. Department of Education, National Center for Education Statistics (NCES) Integrated Postsecondary Education Data System (IPEDS), Fall 2009.  
 [4] Iowa College Student Aid Commission, *Relevant Factors of Student Loan Default*, April 2010.

Iowa College Student Aid Commission is  
the State of Iowa's higher education  
student financial aid agency.



# OUR ROLE

Established in 1963 by the Iowa General Assembly, the Iowa College Student Aid Commission serves as the State of Iowa's higher education student financial aid agency. The Iowa College Student Aid Commission assists Iowa students and families as they plan, prepare and pay for education and training beyond high school by providing services and resources that:

- Provide scholarships and grants that assist Iowa students and families to afford the cost of higher education;
- Increase college preparedness and access;
- Improve financial literacy and debt management;
- Explore career and college planning; and
- Assist student loan borrowers to avoid the serious consequences of default.

#### IOWA COLLEGE STUDENT AID COMMISSION ADMINISTRATORS

- 14 state-funded, scholarship, grant, loan forgiveness and work study programs totaling nearly \$59 million.
- The Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP) grant for the State of Iowa. This grant provides early awareness programming and outreach initiatives to over 6,000 Iowa students and their families.
- The U.S. Department of Education's College Access Challenge Grant Program for the State of Iowa. This grant promotes financial literacy and debt management, improves career preparation, and increases college awareness.
- I Have A Plan Iowa™ – Iowa's designated career planning system and community web portal.
- Financial literacy programs for students.
- Research relating to higher education in Iowa.
- The Federal Family Education Loan Program (FFELP) as the state-designated guarantor

IF YOU HAVE QUESTIONS ON THIS REPORT, PLEASE CONTACT:

#### JULIE LEEPER

Director of Legislative Services and Personnel

Toll Free: 877-272-4456

Direct: 515-725-3420

Fax: 515-725-3401

Email: [julie.leeper@iowa.gov](mailto:julie.leeper@iowa.gov)

While the Health Care and Education Reconciliation Act of 2010 included provisions that eliminated the authority to originate new loans through FFELP, the Iowa College Student Aid Commission maintains its agreement with the U.S. Department of Education and continues to service its existing student loan portfolio.



**IowaCollegeAid.gov**  
Your Financial Aid Connection

603 E. 12th Street FL 5th • Des Moines, IA 50319  
877-272-4456 • [info@iowacollegeaid.gov](mailto:info@iowacollegeaid.gov)