BOARD OF REGENTS
STATE OF IOWA

# FUNDING THE FUTURE:
## STATE APPROPRIATIONS AND STUDENT TUITION FOR IOWA'S PUBLIC UNIVERSITIES

Fiscal 2012

# Attributes of College Graduates



- Earn nearly $1 million more than someone with only a high school degree over a lifetime.
- Less likely to use publicly funded social programs, like food stamps and welfare.
- Foster higher levels of educational attainment in their children, and are more likely to volunteer, vote, and make charitable contributions
- Pay nearly $200,000 more in taxes than a high school dropout over a lifetime.

# How Higher Education Benefits All of Iowa



- Provides cultural centers and engines of innovation that improve lives.
- Creates jobs for a 21st century knowledge-based economy.
- Produces graduates who stay in Iowa and fill those jobs.
- Raises family incomes throughout Iowa.

# Impact of Iowa's Public Universities on Jobs in Iowa



- The University of Iowa educates 79 percent of dentists, 50 percent of physicians, and 48 percent of pharmacists in Iowa.
- The University of Northern Iowa educates 29 percent of school superintendents/principals and 23 percent of teachers in Iowa.
- Iowa State University educates 75 percent of veterinarians in Iowa.

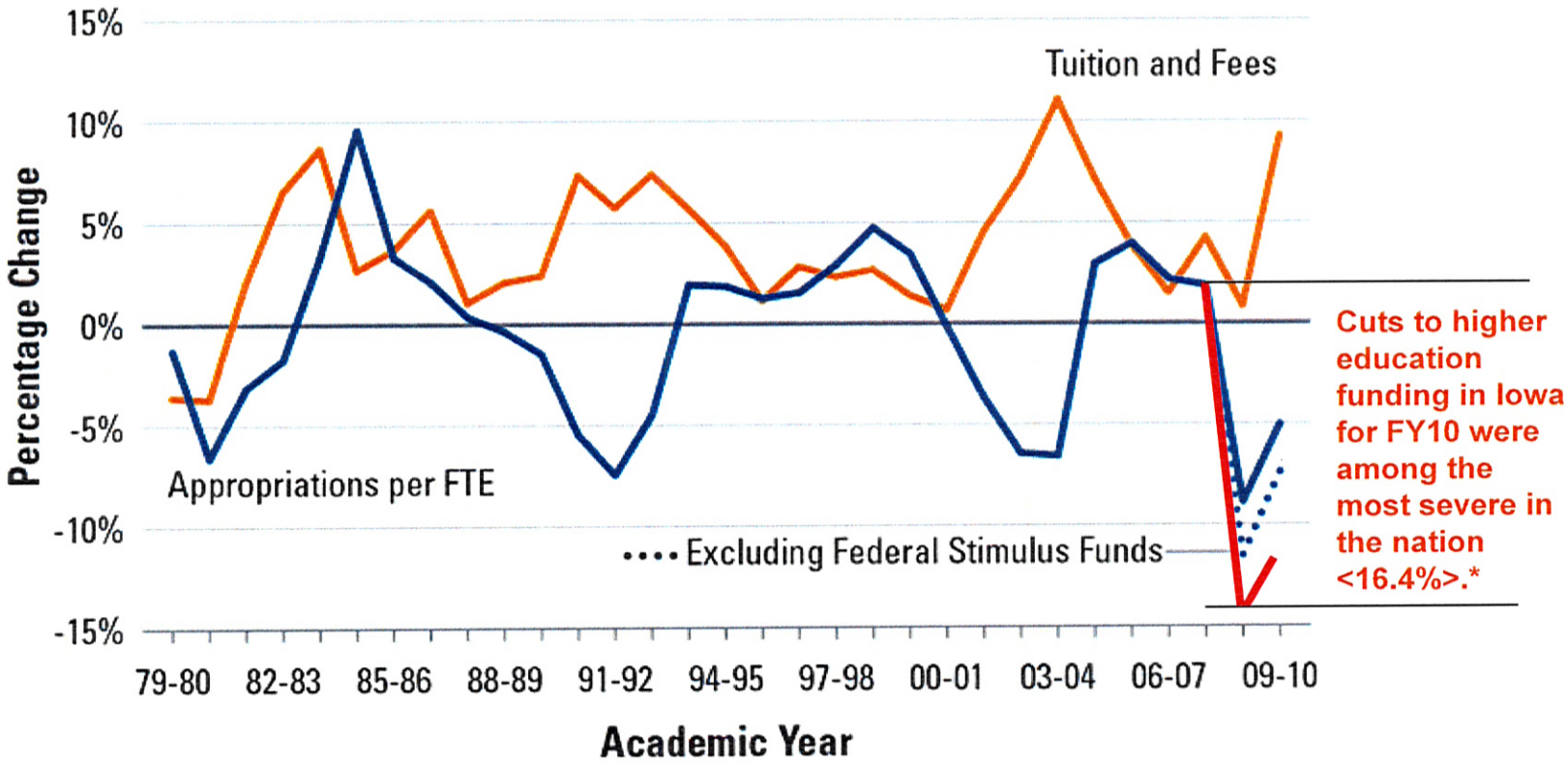
# Perspective on State Appropriations



- Iowa's Public Universities have absorbed 20 percent in cuts the last two years.
- Appropriation cuts since fiscal 2009 total $143 million.
- In real dollars, our appropriation is the same as it was 30 years ago, despite steady enrollment growth.
- Cuts to Iowa's Public Universities last year were among the most severe in the nation.

# Annual Percentage Changes in State Appropriations for Higher Education per Full-Time Equivalent (FTE) Student and in Tuition and Fees at Public Four-Year Institutions in Constant 2009 Dollars, 1979-80 to 2009-10



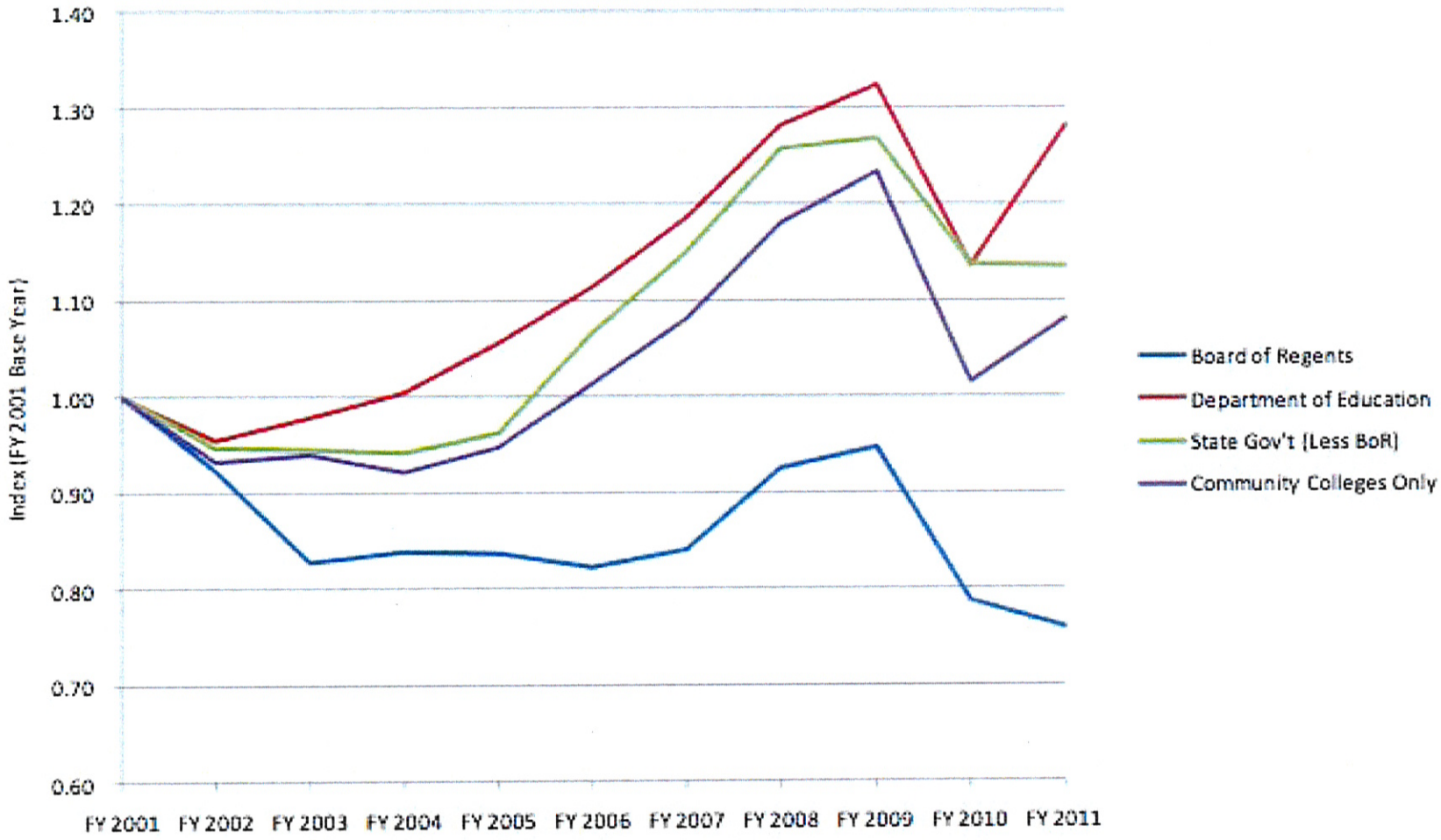



SOURCE: The College Board, *Trends in College Pricing 2010,* Figure 10A.

** The initial FY10 of <21.1%> ranked Iowa 50th in the nation; after the Supplemental appropriation our rank improved to 45th.*

# The State Has Been Reducing Investment in Iowa's Public Universities for Years

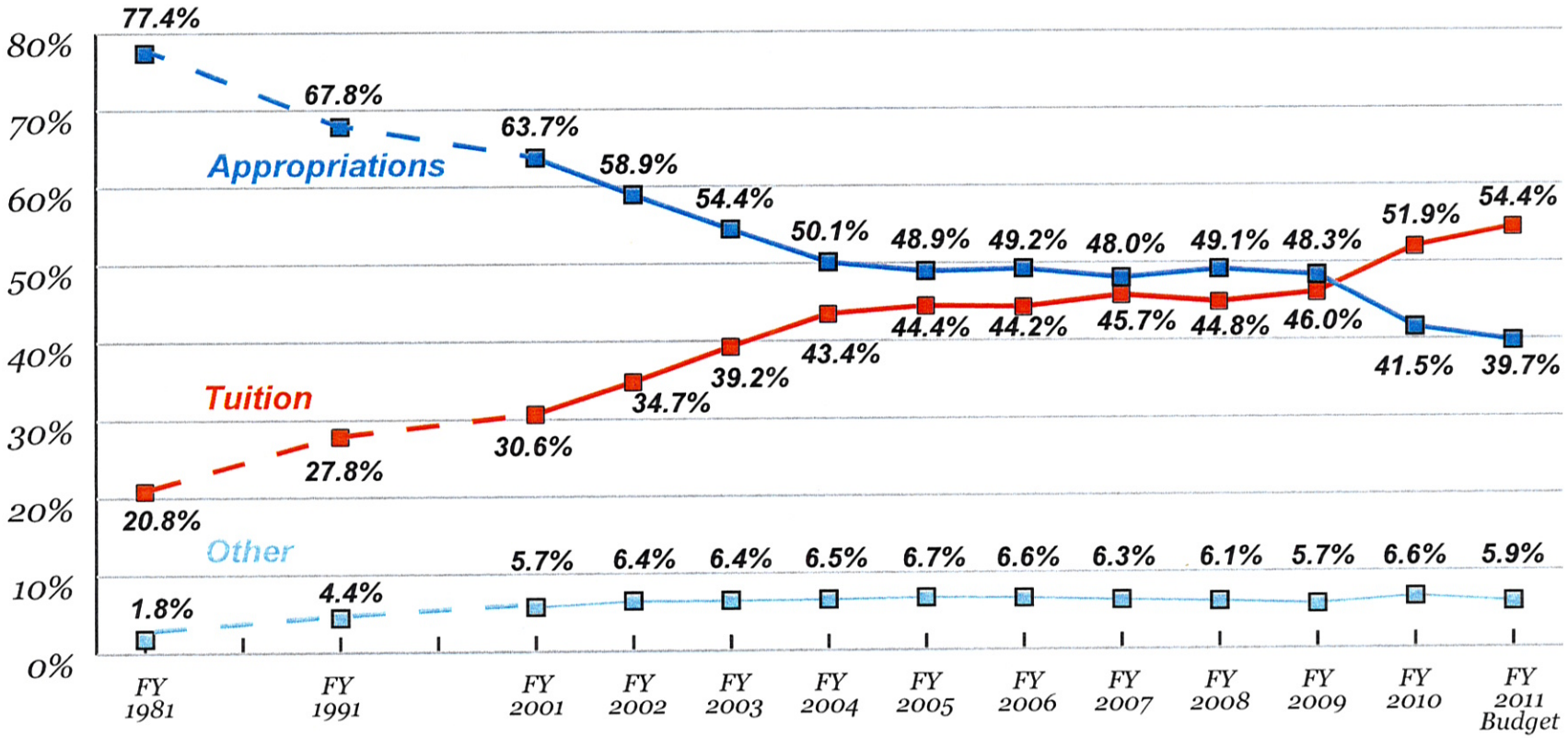





Source: LSA's Gray Book

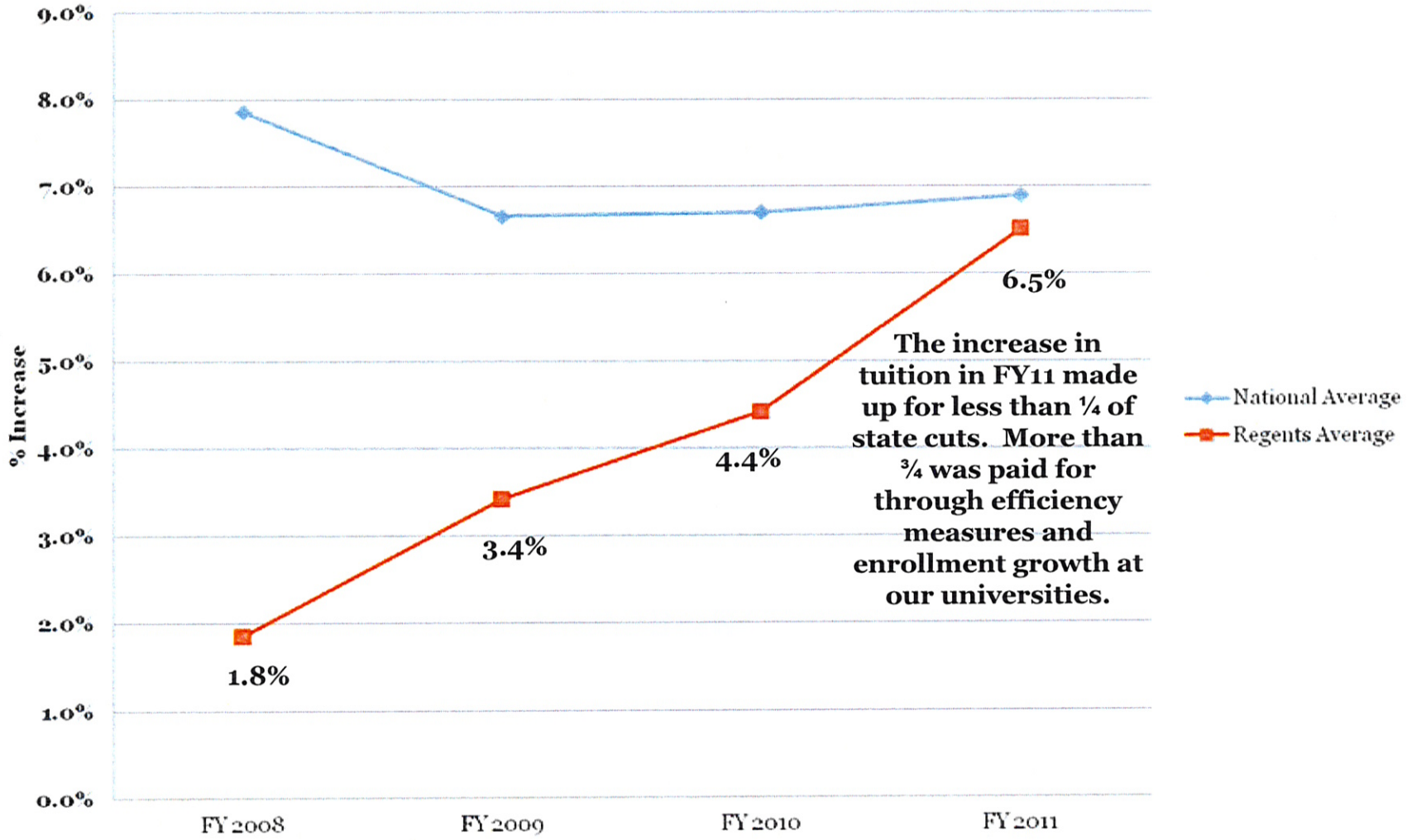
# Comparison of Funding Source Per FTE Student





# Increases in Tuition & Fees Since FY 2008 Undergraduate Resident





# FY 2012 Tuition Increase Needed to Maintain Overall Funding Levels



If the Governor's budget is approved as submitted:

- Tuition increase needed to close the gap from 2011 **12.6%***

* $71 million ($37 million in reduced appropriations and $34 million in expense increases).

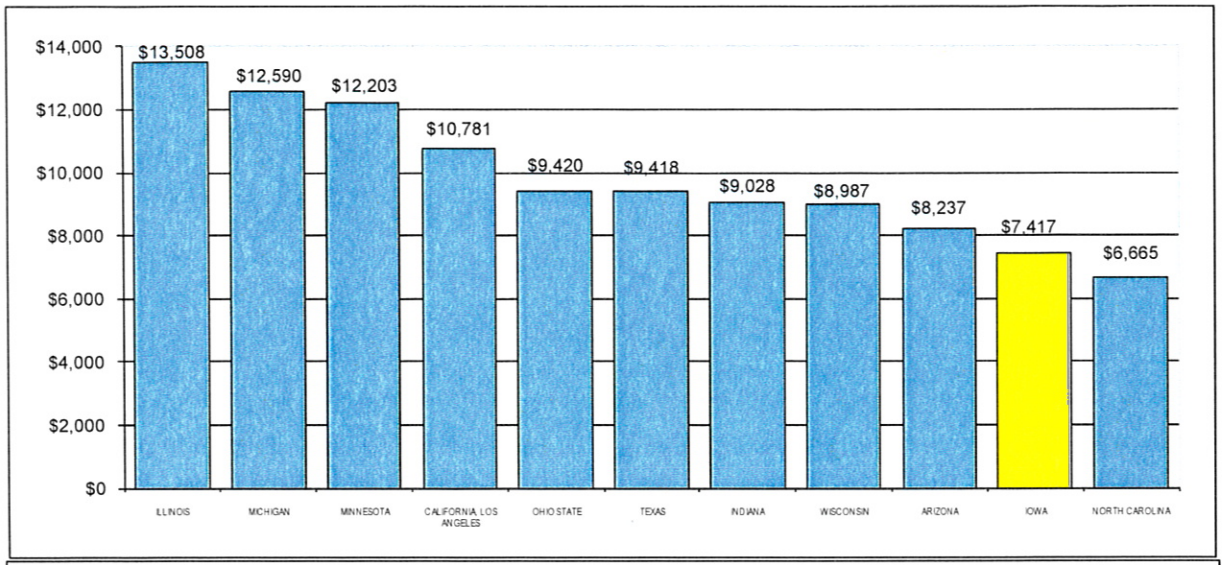
- Tuition increase needed to close the gap from 2009 **38.0%****

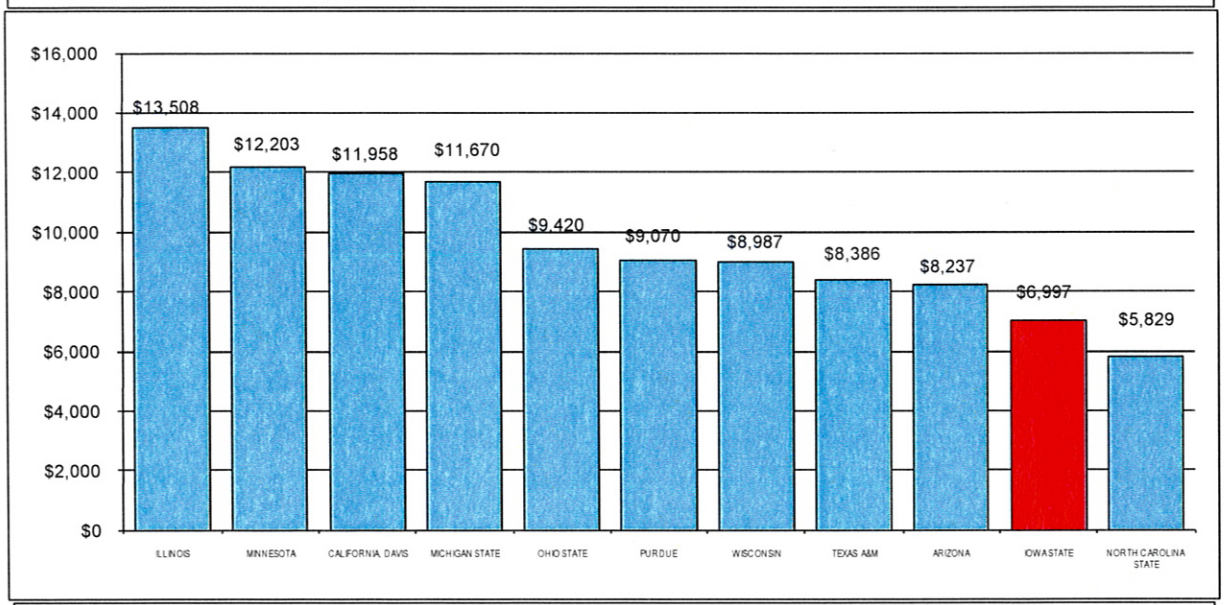
** $214 million ($180 million in reduced appropriations and $34 million in 2012 expense increases – excludes expense increases in FY10 and FY11.

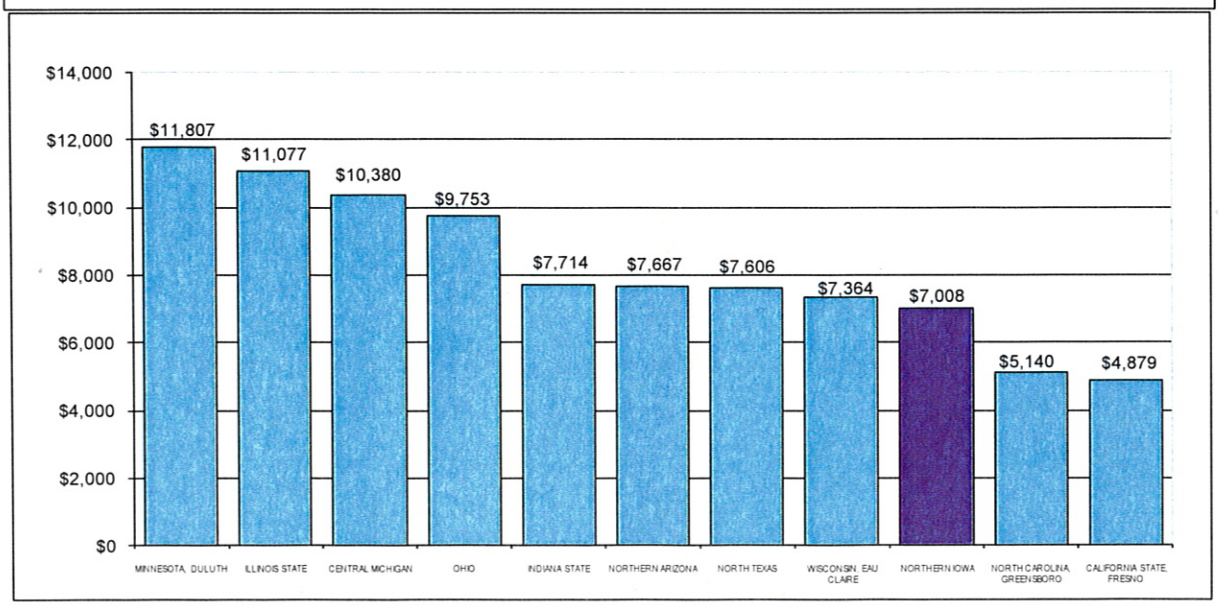
- Average tuition increase in FY2011 for public universities nationally **7.9%**

- 2012 Higher Education Price Index ("HEPI") Forecast -- **2.2 / 3.1 / 4.0%**

## Peer Group Comparisons of 2010-11 Undergraduate Resident Tuition and Fees



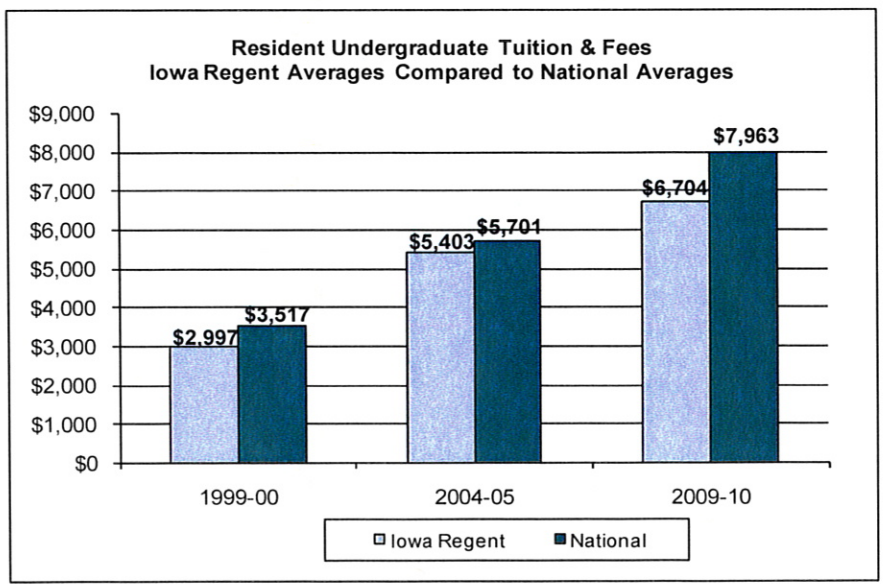
## State Comparisons

The table below lists the ten states represented in the Regent universities peer comparison groups, along with other states contiguous to Iowa, and shows:

- Average public university resident undergraduate tuition and fees charged in each state as a percentage of each state's per capita personal income, comparing the relative amount of income paid toward tuition.
- Tuition and fees ranking within the United States, with one being the highest tuition and 50 being the lowest.
- Per Capita Income ranking within the United States with one being the highest per capital income and 50 being the lowest.

| | Tuition & Fees as % of Per Capita Income | | Tuition & Fees Ranking | Per Capita Income Ranking |
|---|---|---|---|---|
| | 2008-09 | 2009-10 | 2009-10 | 2009-10 |
| **IOWA** | **17.2%** | **17.8%** | **34*** | **27** |
| Arizona | 16.1% | 20.6% | 33 | 42 |
| California | 20.5% | 22.2% | 14 | 11 |
| Illinois | 28.9% | 30.2% | 4 | 13 |
| Indiana | 23.9% | 25.5% | 18 | 40 |
| Michigan | 31.6% | 34.0% | 6 | 37 |
| Minnesota | 24.7% | 27.0% | 7 | 14 |
| Missouri | 23.1% | 23.7% | 19 | 32 |
| Nebraska | 16.8% | 17.5% | 31 | 20 |
| North Carolina | 15.3% | 16.2% | 40 | 36 |
| Ohio | 24.1% | 24.5% | 17 | 34 |
| South Dakota | 15.1% | 16.9% | 37 | 25 |
| Texas | 22.3% | 22.9% | 16 | 24 |
| Wisconsin | 20.0% | 22.2% | 20 | 29 |
| Average of above | 21.7% | 23.3% | | |
| **NATIONAL AVERAGE** | **18.6%** | **19.4%** | | |

Sources: Washington Higher Education coordinating Board, Tuition and Fee Rates, A National Comparison, March 2010, and US Department of Commerce, Bureau of Economic Analysis, September 2010

among those peers ranks 16

## National Comparisons