



Student Loans and College Costs: Are the Regents Listening?

By Deborah D. Thornton

Nationally, 70.1 percent of high school graduates in 2009 enrolled in either 2- or 4-year colleges following graduation, a continuing upward trend.¹ Fall 2010 enrollment numbers for Iowa colleges echo this trend. For example, Iowa State University reported an all-time high of 28,682 total students enrolled. The freshman class is 4,552, the second highest number ever.² The 15 community colleges in Iowa also reported record enrollment of over 106,000 students.³

These students must, somehow, pay for college – from either parental or personal savings, work, scholarships and grants, or loans. Unfortunately, college graduates in Iowa rely heavily on loans and are being devoured by debt.

As of fall of 2009, the Project on Student Debt reported that the nationwide average student debt for those earning an undergraduate degree in 2008 was \$23,200, increasing 6 percent a year. Of graduating students, 67 percent had loans to repay. The state with the highest student loan debt in the nation was Iowa, with an average of \$28,174.⁴ This year the Project on Student Debt report shows that the Iowa average is now \$28,883, ranking fourth. The percentage of students in Iowa graduating with loans is now 74 percent, second in the nation.⁵

Iowa has 32 private, non-profit colleges. Two of these are in the top 20 of graduates with the highest average debt nationwide: the University of Dubuque in Dubuque (\$41,399) and Buena Vista University in Storm Lake (\$40,569).⁶ Of the three Regent schools, graduates of Iowa State have the most debt on average, at \$30,411, with 71 percent carrying loans. Our young people and children are assuming significant financial liabilities.

The U.S. Department of Education publishes an annual report on cohort default rates. The “FY 2008 Official Cohort Default Rates by State/Territory,” published in September, shows that as of July 2010, Iowa was one of only 17 states with over 75,000 borrowers in repayment, with 80,622 total in repayment. These students attended 88 schools. Of these, 8,053 were in default, making an overall Iowa student loan default rate of 9.9 percent. This ranks behind only Arizona, Arkansas, and Colorado, all with default rates of over 10 percent. Nationwide, only 7.0 percent of borrowers are in default.⁷

Students graduating from Iowa colleges and universities, whether public or private, have more debt than most, and more are defaulting. Yet the Presidents and Regents of the public universities are proposing significant tuition increases. The Regents – those tasked by the Governor with oversight of universities – are seriously considering overall in-state resident undergraduate tuition and fee increases of 4.7 percent at the University of Iowa, 7.0 percent at Iowa State University, and 4.9 percent at the University of Northern Iowa.⁸

For some students, in technical and specialty degree areas, the proposed increases are even larger. For example, sophomore engineering students at the University of Iowa will see a 21.3 percent tuition increase, to \$7,436 – from the \$6,128 they and their parents thought they were paying originally. At Iowa State and the University of Northern Iowa, upper division business students will see increases of 12 and 11.3 percent respectively, bringing their tab to approximately \$8,000.⁹ Most egregious of all, freshmen nursing students at the University of Iowa will see a

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41.4 percent increase, to \$8,662.

In contrast, the Higher Education Price Index (HEPI), a compilation of costs affecting higher education, rose less than 1 percent in 2010 (0.9). This was the lowest increase ever for the index, used to measure inflationary pressures on higher education. There are eight components of the index, including staff salaries, benefits, and energy costs.¹⁰ Colleges in many states use the HEPI to help evaluate their tuition rates, yet apparently not Iowa, as the proposed increases for 2011-12 are significantly higher. The Presidents and Regents of Iowa's public universities argue that because of state funding cuts, large increases are needed to maintain an "effective and high-quality" program.¹¹

The Regents were informed last October that according to "Squeeze Play 2010," a report from the National Center for Public Policy and Higher Education, 54 percent of Americans believe that "colleges could spend less and still maintain a high quality of education."¹² An even higher number, 60 percent, believe that colleges can increase enrollments without having to raise tuition or cut quality. People are "frustrated with higher education" and are "dubious" that colleges are "cost-effective and doing all they can to keep tuition affordable."¹³ One imagines that business, engineering, and nursing students will agree. Are the Regents listening?

(Endnotes)

¹ "College Enrollment and Work Activity of 2009 High School Graduates," U.S. Bureau of Labor Statistics, April 27, 2010, <<http://www.bls.gov/news.release/hsgec.nr0.htm>> accessed on November 19, 2010.

² "Iowa State University fall enrollment soars to a record 28,682 students," Iowa State University, September 8, 2010, <<http://www.news.iastate.edu/news/2010/sep/2010enrollment>> accessed on November 23, 2010.

³ Nina Ernest, "Iowa community college enrollment hits all-time high," *The Daily Iowan*, November 19, 2010, <<http://www.dailyiowan.com/2010/11/19/Metro/20173.html>> accessed on November 23, 2010.

⁴ "Student Debt and the Class of 2008, December 2009," Project on Student Debt, p. 3, <<http://projectonstudentdebt.org/files/pub/classof2008.pdf>> accessed on February 7, 2011.

⁵ "Iowa," Project on Student Debt, <http://www.projectonstudentdebt.org/state_by_state-view2010.php?area=IA> accessed on November 23, 2010.

⁶ Chris Barth, "Colleges that Leave Graduates With The Most Debt," *Forbes*, November 4, 2010, <<http://www.forbes.com/2010/11/04/highest-debt-college-students-american-university.html>> accessed on November 28, 2010.

⁷ "FY 2008 Official Cohort Rates by State/Territory," U.S. Department of Education, <<http://www2.ed.gov/offices/OSFAP/defaultmanagement/2008staterates.pdf>> accessed on February 8, 2011.

⁸ "Proposed 2011-12 Tuition and Fees," Board of Regents, State of Iowa, Agenda Item 9, February 3, 2011, <http://www.regents.iowa.gov/Meetings/DocketMemos/11Memos/February2011/0211_ITEM09.pdf> accessed on February 8, 2011.

⁹ *Ibid.*, p. 2

¹⁰ Rachel Louise Ensign, "Higher Education Price Index Barely Rises, Thanks to Drop in Utility Costs and Flat Salaries," *The Chronicle of Higher Education*, September 16, 2010 <<http://chronicle.com/article/article-content/124456/>> accessed February 7, 2011.

¹¹ "Proposed," p. 1.

¹² *Ibid.*, p. 25-26.

¹³ John Immerwahr and Jean Johnson, "Squeeze Play 2010: Continued Public Anxiety on Cost, Harsher Judgments on How College are Run," *The National Center for Public Policy and Higher Education and Public Agenda*, February 2010, p. 4.

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