

December 2009

*A College Education,
But at What Cost?*

POLICY

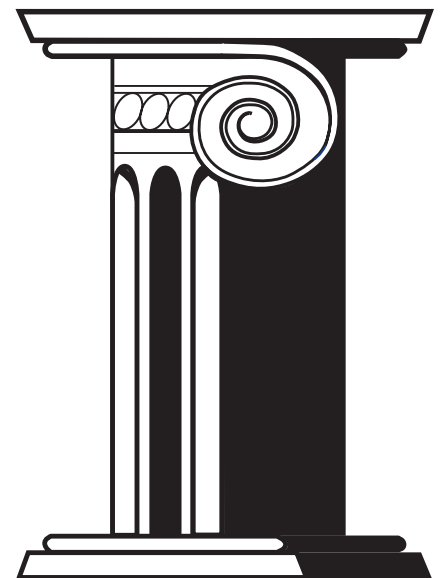
STUDY

No. 09-10

by

**Deborah D. Thornton
Public Interest Institute
Mount Pleasant, Iowa**

PUBLIC INTEREST



I N S T I T U T E

POLICY STUDY

December 2009

No. 09-10

Public Interest Institute

**Dr. Don Racheter,
President**

POLICY STUDIES are published as needed. They are longer, analytical articles on important public issues.

POLICY STUDIES are published by Public Interest Institute at Iowa Wesleyan College, a nonpartisan, nonprofit, research and educational institute whose activities are supported by contributions from private individuals, corporations, companies, and foundations. The Institute does **not** accept government grants.

Contributions are tax-deductible under sections 501(c)(3) and 170 of the Internal Revenue Code.

Permission to reprint or copy in whole or part is granted, provided a version of this credit line is used: "Reprinted by permission from POLICY STUDY, a publication of Public Interest Institute."

The views expressed in this publication are those of the authors and not necessarily those of Public Interest Institute.

If you have an article you believe is worth sharing, please send it to us. All or a portion of your article may be used. This publication is brought to you in the interest of a better-informed citizenry, because IDEAS DO MATTER.

We invite you to:
CALL us at 319-385-3462
FAX to 319-385-3799
E-MAIL to public.interest.institute@limitedgovernment.org
VISIT our Website at www.limitedgovernment.org
WRITE us at our address on the back cover

Copyright 2009

A College Education, But at What Cost?

Contents

Executive Summary	3
Introduction	3
Important Issues for parents, students, and policy makers to consider	4
Iowa Specific College Enrollment	6
College Costs - Nationwide	9
Iowa Specific College Costs	11
But Do Students Graduate? And When?	13
Iowa Specific Graduation Rates	14
How are students and parents paying for all these years in College?	16
Iowa Specific Borrowing Trends	19
State Response to Loan and Cost Concerns	23
What to Expect after Graduation	24
Solutions to the Issues and Concerns Raised	27
Summary	32
Endnotes	33
Appendix: Iowa - Student Debt Upon Graduation	35

Executive Summary

The Chronicle of Higher Education started, or maybe continued, an important national policy discussion on November 8 of this year, asking a forum panel of nine higher education experts the question, “Are too many students going to college?” Their answers and reasons for those answers were many and varied. A core component of that analysis is the increasing awareness of the ever rising expense of a four-year college degree.

Earlier this month the Project on Student Debt published their state-by-state report on the amount of debt incurred by those graduating from college in 2008. That report, containing the latest available figures, put the nationwide average student loan debt at \$23,200, increasing at six percent per year. Surprisingly, the individual state with the highest student loan debt is our own Iowa, at \$28,174. This is second only to the District of Columbia at almost \$29,800 and far above the low of \$13,041 for Utah students. The cost of a college education and amount of debt required in trade for a degree are having significant impact on Iowa families at all levels. This policy study reviews some of the facts and issues.

Introduction

I think everyone should go to college and get a degree and then spend six months as a bartender and six months as a cabdriver. Then they would really be educated.

– Al McGuire (1928-2001)
Marquette University
basketball coach

Basketball Hall of Famer Al McGuire, who successfully helped to educate and lead young men for over twenty-three years and led Marquette University teams to a 295-80 record over 13 seasons with 11 consecutive seasons of tournament play, was also known for his down-to-earth, common-sense approach to life.¹ He understood that earning a college degree did not necessarily mean you were “educated.” In today’s economy, with 10 percent or higher unemployment, having a college degree does not necessarily mean you can get a job, even as a bartender or a cabdriver.

Historically a college education was the prerogative of only a select few. Sixty years ago, in 1947, only 2.3 million people over the age of 14 were in college, representing 9.6 percent of that age group. In 1967, just over 40 years ago, there were 5.1 million students (24 percent) between the ages of 18-24 in college, and the estimated cost of all four years was just over \$2,600.² Then, as the United States and our technologies and economy

Executive Summary and Introduction

“Surprisingly, the individual state with the highest student loan debt is our own Iowa, at \$28,174.”

A College Education,

“A Pew Research Center report lists the average tuition, fees, and room and board for a bachelor’s degree at public four-year colleges as just over \$39,000, and the private school total costs reach almost \$85,000.”

changed – college became the required path to personal and economic success. Today there are almost 11.5 million students between 18-24, or 39.6 percent of that age group, in college, an all-time high.³ In addition, the current U.S. President and other elected officials are aggressively promoting college education for everyone. In fact, there are even banner Internet advertisements stating that, “President Obama wants mothers to go back to school.”

Along with the numbers of students, the costs have also risen dramatically. A Pew Research Center report lists the average tuition, fees, and room and board for a bachelor’s degree at public four-year colleges as just over \$39,000, and the private school total costs reach almost \$85,000. These costs have been rising almost 5 percent per year faster than the general inflation rate in the last ten years.

Another recent article in the *Chronicle of Higher Education*, “The Stories We Tell Ourselves,” outlines the difficulties this presents for parents and students today. It states that previously most families were able to pay for college with savings, parental payments, and part-time or summer student work earnings. In contrast, rapidly increasing costs are forcing many of today’s students to rely on loans and full-time work, with resulting negative impacts on both the quality of education and long-term finances.

The goal of this policy study is to further review these cost and loan considerations, specifically for colleges in Iowa, and to suggest some practical solutions to avoiding a significant debt burden for our students. My husband and I will have a daughter going off to college next fall, while he is simultaneously working on his doctoral degree – the perfect storm of college expenses! So while personal concerns prompted my research, the findings reveal a serious social and public policy issue of much broader import.

Important Issues for parents, students, and policy makers to consider

Participation Rates – Nationwide

The Pew Research Center Report, “College Enrollment Hits All-Time High, Fueled by Community College Surge,” is drawn from the October 2009 Current Population Census data and reflects 2008 numbers, the most current available. Pew attributes this record enrollment to a significant increase in community college registrations, which increased almost 1 percent, or by 280,000 students from 2007-2008, while four-year colleges showed a slight drop. Currently almost 11.5 million people are enrolled in college, with the number in two-year colleges increasing since 1970 to one-third of the total.

The recession and lack of employment opportunities have apparently also positively affected enrollment. As of 2008, just over 50 percent of young adults aged 18-24 were employed. Current United States Labor Department data show that only 46.1 percent had jobs in September 2009, the lowest level since data collection began in 1948.⁴ Additionally, the high school dropout rate has fallen by 6.4 percent since 1973, with the result that more young people are eligible to enroll in college, especially community colleges, which generally have open enrollment.

Other Pew-analyzed Census data show several other trends worth noting. First, the number of women in college became greater than the number of men in 1979. Women now outnumber men by over two million. Additionally, the growth rate has continued to increase, with women increasing by 163 percent since 1973, while men have only increased 65 percent. In the 30 years since women overtook men in the number of enrollments, their majority is over one million more than the reverse disparity in 1947,

30 years before this change. Interestingly enough, the Labor Department unemployment reports show that men have lost their jobs at a higher rate than women have during the current recession.

The number of students attending private colleges has almost doubled since 1973, while public college enrollment has increased even more rapidly. This is especially interesting for Iowa as we have over 40 private four-year colleges, 15 two-year community colleges, and only three major public (Regent) four-year universities (the University of Iowa, Iowa State University, and the University of Northern Iowa).⁵

The economic issues, both positive and negative, are reflected in the increasing number of full-time students, currently over 13.2 million. Either they could afford to go full-time in the strong economy, or they are forced to attend full-time during this recession because they can't find work. In contrast, those attending part-time have remained relatively stable. The chart on the next page outlines key national enrollment information since 1947.

But At What Cost?

“In contrast, rapidly increasing costs are forcing many of today’s students to rely on loans and full-time work, with resulting negative impacts on both the quality of education and long-term finances.”

Education and Labor Market Status of Young Adults (18-24)					
Status Category	1973	2007	2008	Percent Change 1973-2008	Percent Change 2007-2008
Total in College	24.0%	38.8%	39.6%	15.6%	0.8%
2-Year College	6.9%	10.9%	11.8%	4.9%	0.9%
4-Year College	17.1%	27.9%	27.8%	10.7%	-0.1%
Labor Force	64.3%	59.0%	58.4%	-5.9%	-0.6%
Employed	57.9%	52.7%	50.4%	-7.5%	-2.3%
Completed High School	80.7%	83.9%	84.9%	4.2%	1.0%
High School Dropout	15.7%	10.2%	9.3%	-6.4%	-0.9%

Source: October Current Population Survey, PewResearchCenter

A College Education,

“The September 2009 Iowa State University ‘President’s Report’ showed a continuing upward enrollment trend.”

Iowa Specific College Enrollment

The September 2009 Iowa State University “President’s Report” showed a continuing upward enrollment trend. For the 2008 fall semester undergraduate enrollment was 21,607; this year it increased to 22,521, or by 4 percent. Though international student numbers dropped following the September 11, 2001 attacks to a low of 3.1 percent, that portion of the student body is also on an upturn, with 6.5 percent of undergraduates now coming from outside the U.S. In particular, the number of undergraduate students coming from China has increased significantly, from less than 100 in the early 2000s to almost 900 this year.⁶

Fall 2009 enrollment at the University of Iowa was gener-

ally flat, at 30,300 students, with a drop of 250 in undergraduates, but graduate students are up by 131, and the international population grew by 10.5 percent to over 2,400 students.⁷ In addition, at the University of Northern Iowa, their registration has basically remained flat for the past 10 years. In 1998 there were 3,400 new freshmen enrolled, in 2008 slightly more at 3,470. Likewise the total enrollment has been around 13,000. It has fluctuated from 13,329 in 1998 to 12,908 in 2008.

Growth areas were with non-Iowa students, with most coming from Minnesota, Wisconsin, and Illinois, as would be expected, and in international students, where there has been significant growth since 1998.⁸

Key National College Enrollment Information, 1947-2008

Year	All Students* *In millions	Male	Female	Number Female Vs Male	2-Year College Undergrad	2-year College percent	4-Year Undergrad	Graduate Students	Public Colleges Vs Private Colleges	Private Colleges	Full-Time	Part-Time
2008	18632	8311	10320	2009	5345	28.7%	9610	3676	14740	3893	13245	5387
2007	17956	7826	10130	2304	4814	26.8%	9551	3591	14072	3884	12656	5300
2005	17472	7539	9934	2395	4327	24.8%	9842	3304	13435	4037	12238	5235
2000	15314	6682	8631	1949	3881	25.3%	8520	2913	12009	3305	10159	5155
1995	14715	6703	8013	1310	3882	26.4%	8084	2749	11372	3343	9543	5172
1990	13621	6192	7429	1237	3965	29.1%	7143	2514	10753	2868	8697	4924
1985	12524	5906	6618	712	3289	26.3%	6808	2427	9694	2830	8035	4489
1980	11387	5430	5957	527	3107	27.3%	6172	2173	(NA)	(NA)	7355	4097
1979	11380	5480	5900	420	2897	25.5%	6296	2214	8868	2539	7241	4166
1973	8966	5048	3918	-1130	1797	20.0%	4997	1385	6224	1955	6090	2089
1970	7413	4401	3013	-1388	1692	22.8%	4582	1140	5699	1714	5763	1651
1965	5675	3503	2172	-1331	---	---	---	---	---	---	---	---
1960	3570	2339	1231	-1108	---	---	---	---	---	---	---	---
1955	2379	1579	800	-779	---	---	---	---	---	---	---	---
1950	2175	1474	701	-773	---	---	---	---	---	---	---	---
1947	2311	1687	624	-1063	---	---	---	---	---	---	---	---

Sources: Pew Research Center, October 2008 Current Population Survey, U.S. Census Department

<http://www.census.gov/population/www/socdemo/school.html>

In contrast several private colleges in Iowa reported either record or near record enrollment this year, or their largest freshmen classes in decades, including Central College, Iowa Wesleyan College (host school of the Public Interest Institute), Morningside College, St. Ambrose University, Upper Iowa University, and Wartburg College.⁹ Iowa Wesleyan, the oldest private co-educational liberal arts college west of the Mississippi River, reported total enrollment of 863, with an expanded off-campus program in the Iowa City/Coralville area.

In one of the most significant reports, Upper Iowa University (Fayette, Iowa) reported an 11 percent increase this year, with over 900 students, and a 40 percent total increase over the past four years. Their President likened it to the early 1970s when male students were entering college to avoid the draft and Vietnam War. Their international student numbers are also increasing, to almost 7 percent.¹⁰

Morningside College reported eight consecutive years of increased enrollment. St. Ambrose University, with 3,800 students, reported the largest freshmen class ever. Other private schools reporting strong fall enrollments include Briar Cliff College and Drake University.

Also in contrast to the flat enrollment status of the University of Iowa and the University of Northern Iowa, both

of which are on the “Corridor” of Interstate 380 in east central Iowa, the community colleges in this area and statewide all reported record enrollments this fall.

There are 15 Community College districts in Iowa (some districts have more than one freestanding campus but the data is reported under one organization), with a total reported fall 2009 enrollment of 100,736 up from the then record 88,104 in fall of 2008.¹¹ For the first time since 1975 the majority of students are enrolled full-time, with an average of 9.5 credit hours. Reflecting the current economic situation, the number of men and working-aged students (25-64 years-old) showed a disproportionate increase.¹²

The largest programs are in the Career and Technical Education areas, specifically Health Sciences, Business Management and Administration, Law and Public Safety, Manufacturing, and Transportation, Distribution and Logistics. The next largest focus area are the “college parallel” courses, those which are part of the 2+2 program, allowing students to take their first two years of a four-year degree at the community college, with a guaranteed transfer into one of the three regent universities.¹³

Additionally, as reported in the Public Interest Institute POLICY STUDY, *Iowa Higher-Education’s Third Way: Community Colleges’ 2 + 2 Programs* from February 2008, students participating in these

But At What Cost?

“Iowa Wesleyan, the oldest private co-educational liberal arts college west of the Mississippi River, reported total enrollment of 863, with an expanded off-campus program in the Iowa City/Coralville area.”

A College Education,

“There is becoming a critical shortage of people skilled in occupations that do not require a college education – mechanics, electricians, and construction people. Plumbers make more than Ph.D.’s in history.”

2+2 programs receive a \$1,000 scholarship upon transferring, and have higher completion rates.

Specifically, Kirkwood Community College “marked the highest official enrollment in the colleges’ history” at 17,841 students in fall of 2009, according to President Mick Starcevich. This is over 17 percent above the fall 2008 count. President Starcevich attributed this increase to the economy, citing downsizing and layoffs.

He also referenced their high school dual credit program, which enrolled 2,632 students this fall from seven counties. These students earn both high school and college credits at the same time.¹⁴ Statewide in 2008, almost 23,000 high school students were dual enrolled in community college classes.

At the Des Moines Area Community College enrollment also jumped 17 percent, to almost 21,800 students, the fifth year of record enrollment. As a result the school added 11 academic programs and 74 individual classes, and still had wait lists for programs such as heating and air conditioning, dental hygiene (three years), nursing, culinary arts, auto mechanics, and mortuary science. Additionally, they are seeing many older students, who have either been laid off from their current jobs, are returning military members, or those who are looking for new opportunities,

returning to school.¹⁵

Iowa Western Community College reported over 6,100 students, with a 25 percent increase over the last five years. They reported large gains at all five campuses and centers. They specifically noted a large increase in on-line learners.¹⁶

In the Eastern Iowa Community College District, with three campuses, Scott, Muscatine, and Clinton, enrollment was reported as being up by nearly 22 percent, to over 8,000 students for the first time ever.¹⁷

Clearly there is a need and a strong demand for community college based education. Given the interest in culinary arts and professional driver programs, students are possibly heeding Coach Al McGuire’s advice to work as a bartender or cabdriver and “get a real education,” while making a living.

Dr. Richard Vedder, Director of the Center for College Affordability and Productivity, and a more analytical commentator on higher education than Coach McGuire, nevertheless supports his philosophy; recently noting that, “There is becoming a critical shortage of people skilled in occupations that do not require a college education – mechanics, electricians, and construction people. Plumbers make more than Ph.D.’s in history.”¹⁸ Certainly the dramatically increased enrollment numbers at Community Colleges across Iowa might support this idea.

College Costs – Nationwide

Along with the numbers of students attending college, the costs have become a concern. The College Board issued a news release on October 20 stating that “Economic Challenges Lead to Lower Non-tuition Revenues and Higher Prices at Colleges and Universities,” with the subtitle of “Public Four-Year Tuition Continues to Rise at Faster Rate than Private Four-Year Tuition.”

Their reports, *Trends in College Pricing 2009* and *Trends in Student Aid 2009*, detail the difficulty parents and students are feeling in paying for college. The average tuition and fees for 2009 are 6.5 percent higher than in 2008, with four-year public colleges coming in at \$7,020 annually.¹⁹ This is higher than both inflation and family income increases. Factoring in inflation, the real cost increase was 8.8 percent. This compares to average increases during the 1980s of 3 percent, the 1990s of 4 percent, and earlier in the 2000s of less than 5 percent.²⁰

In comparison, the cost of public two-year colleges averaged \$2,544, or less than one-third the cost of four-year public schools. Private four-year college costs averaged \$26,273, or over ten times the two-year college cost, and four times the four-year public college costs, though the private schools’ recent annual cost increase was only 4.4 percent. This suggests a slowing in their price increases, as the market becomes more competitive.

In looking at private college data more closely, the traditional statistical bell curve appears to hold true, as 19 percent of students are enrolled at schools with tuition and fees below \$18,000 and 20 percent at schools \$36,000 or higher. This puts 60 percent of private college students at schools with published prices between \$18,000 and \$36,000 per year.

On a four-year degree, without housing, the total published tuition and fee cost is therefore between \$72,000 and \$142,000. Reported grant and scholarship aid and tax benefits of over \$14,000 per year help with this figure, however these

But At What Cost?

“The average tuition and fees for 2009 are 6.5 percent higher than in 2008, with four-year public colleges coming in at \$7,020 annually.”

Tuition Comparisons – Nationwide Averages

	Private Not-for-Profit 4-Year	Public 4-Year In-State	Public 4-Year Out-of-State	Public 2-Year	For-Profit
Published 2009-10 Tuition and fees	\$26273	\$7020	\$18548	\$2544	\$14174
One-Year Dollar Increase	\$1096	\$429	\$1088	\$172	\$859
One-Year Percentage Increase	4.4%	6.5%	6.2%	7.3%	6.5%

Source: College Board, *Trends in College Pricing*

A College Education,

“When colleges and universities market themselves as little ‘country clubs’ in order to attract students – and the public buys into the idea that these institutions should provide every service imaginable – there should be no surprise that the costs are going to be higher.”

numbers are more than the price of many people’s homes.

The Chronicle of Higher Education recently ranked the tuition, fees, and room and board costs of schools reported in the College Board’s 2009 Annual Survey of Colleges and identified 58 with published rates of over \$50,000 per year. Many of the names on the list were those you would expect, such as Georgetown, New York University, George Washington, Vassar, Dartmouth, Tufts, Barnard, the University of Southern California, and their ilk.

However according to *The Chronicle*, only five schools had published rates that high as of just a year ago. While some might respond that these are the most elite of the elite schools in the United States and should not affect the cost perceptions of a more general student, *The Chronicle* analysis also shows that 224 schools charge over \$40,000, while that number was only two as recently as six years ago.²¹

Other experts in college pricing believe that the “top” of pricing has not yet been reached and that \$60,000-\$100,000 per year is on the horizon. They base this opinion on the fact that the number of applications received by high-end priced schools keep increasing, and the classroom seats are still full.

One interesting reader comment on the ranking list was that with “an ever increasing demand that institutions pro-

vide quality student health care, nice sports/work-out areas, movie theatres, and quality dining, all on campus, is it any wonder why costs are skyrocketing? When colleges and universities market themselves as little ‘country clubs’ in order to attract students – and the public buys into the idea that these institutions should provide every service imaginable – there should be no surprise that the costs are going to be higher.”²²

In contrast to the demand for “country club”-like facilities and services, some public universities are significantly increasing tuition and fees because of state budget cutbacks, both long-term and as a result of the recession. The student response has been interesting.

In California, where the University of California Regents just increased tuition by 32 percent, to over \$10,000 a year, there have been student protests and rallies. In scenes reminiscent of the 1960s era protests, over 2,000 students blocked buildings, shouted slogans, played guitars, and confronted riot police with taser guns. Recently other protests were held at Michigan State and the University of North Carolina.²³

According to a recent report from The Delta Project, a Washington, D.C., based research organization tracking post-secondary education costs, the amount of state taxpayer funding of public colleges has fallen from an average of \$8,378 in 2002 to just over

\$7,000 in 2006, with the downward budget trend continuing because of the recession.²⁴

This means that students and their parents, instead of taxpayers, are now paying almost half of the total cost directly, up from one-third earlier. The Delta Project report also states that much of the remaining state spending has gone towards administration, facility maintenance, and student services (the country club aspects), not instruction.

Iowa Specific College Costs

In Iowa, costs reflect the national trends. According to the Iowa College Aid Commission (ICAC) “Your Course to College 2008-09” report, the average public four-year tuition and fees are \$6,427 at the three Regent schools, while private schools are three times as much at an average of \$21,294. Room and board are comparable for each at around \$7,000, and books and supplies average \$1,000.

Recognizing price concerns as a main driver in college choice, the Iowa Lakes Community College has a very nice table specifically showing that if you attend their school instead of a private college you will save over \$19,000 per year on your education.²⁵ The savings compared to a Regent school are just under \$5,000 per year.

According to the more detailed 2010 Iowa Community Colleges (ICC) Tuition and

Fees report, the average community college tuition is 38 percent lower than the average tuition at a Regent school, at \$3,566 annually.²⁶ This does not include fees, books, and room and board costs. Legally, Iowa community college tuition can not be higher than that of the lowest of the Regent schools.²⁷

However, the ICC report stated that Iowa’s community college full-time (15 credit hours) tuition in 2009 was the fourth highest of the region, behind Minnesota, South Dakota, and Wisconsin. This ranking dropped from third in 2008.

The 2009-2010 tuition increased 5.86 percent from 2008, with cumulative increases since 2000 resulting in an 84.4 percent total rise in prices. Though the national reports lag more, with 2007 data being the most current available, these increases pushed Iowa’s community college costs to 55.6 percent higher than the average national community college.²⁸

The National average was \$2,017, compared to \$3,139 for Iowa. Another component of college funding, besides tuition is the amount of tax money allocated to the schools. At this time the amount of funding coming directly from state tax dollars has decreased to only 37 percent of community college operating revenue as of 2008.²⁹

Within the system, the cost per credit hour ranges from a low of \$109.76 to a high of \$130.00, so even for community colleges it pays to shop

But At What Cost?

“These increases pushed Iowa’s community college costs to 55.6 percent higher than the average national community college.”

A College Education,

“Much of the costs today are driven by students and parents who want a ‘Bose experience.’”

around if price is a concern. Table 11 in the ICC report appendix gives specifics on tuition and fees the 15 community colleges.

It shows that Iowa Valley – ECC/MCC had the highest Fiscal Year 2010 tuition at \$4,590 for 15 credit hours, compared to \$3,330 for Kirkwood and \$3,360 for Eastern Iowa Community College.³⁰ In our earlier discussion of enrollment numbers, both Kirkwood and Eastern Iowa were reporting record enrollment, possibly due to their competitive tuition costs.

Recent actions by Governor Chet Culver in implementing an across-the-board state budget cut of 10 percent are expected to have a significant impact on future college tuition at all levels. For example, on December 10, the state Board of Regents approved a \$100 per student one-time “tuition surcharge” for the spring 2010 semester to make up \$6 million of the state budget cuts. This amounts to an \$8.33 per credit

hour temporary tuition increase. Additional, non-tuition actions the schools will be taking to deal with budget cuts include benefit reductions, unpaid time off, closing between semesters, offering early retirement, and leaving unfilled positions vacant.³¹

In a *Des Moines Register* guest column on November 7, Karen Martin-Schramm, assistant to the President of Luther College (Decorah), opined that much of the costs today are driven by students and parents who want a “Bose experience.”

Bose entertainment systems are known as being some of the best available, for a correspondingly high price. She, like the national blog commentator, referenced student and parent demands for state-of-the-art fitness centers, rock climbing walls, residence hall suites, and outstanding food service, compared to the basic dorm room, cafeteria food, and racquetball courts provided when she was in college, as cost drivers.

Iowa Specific College Cost Comparison

	Private Colleges	Public Universities	Community College
Average Tuition & Fees	\$21,294	\$6,427	\$4,396
On-Campus Room & Board	\$6,909	\$7,164	\$4,600
Books & Supplies	\$891	\$1009	\$850
Average Annual Total	\$29,094	\$14,600	\$9,846

Source: *Your Course to College 2008-09, Iowa College Aid Commission*

But Do Students Graduate? And When?

Now that we have lots of students in college, and a wide variety of cost options and programs available to them, what is the result? Parents send their children off for two or four years, pay the bills, and at the end are presented with a framed diploma for the wall and a young adult with a good job and career ahead of them. While this might have been the historic expectation, that is also changing in the twenty-first century.

According to a May 5, 2009, briefing by Stuart Kerachsky, Acting Commissioner of the National Center for Education Statistics, of those students starting college in 2000 only 36 percent graduated with a bachelor's degree in four years. That is one of three and is only considered outstanding as an average if you are talking about baseball hits. The rate at public institutions was a dismal 29 percent, compared to 50 percent at private not-for-profit schools.

Over six years, the average graduation rate increased to 58 percent, again remaining higher for private colleges, who managed to graduate 65 percent.³² It appears that four years and out is not the norm.

Graduation rates varied by gender (women graduated sooner), race (Asian/Pacific Islanders graduated sooner), documented ability (high ACT scorers graduated sooner), and economic status (poorer

students graduated less). In particular, according to a report by the Southern Regional Education Board, the national graduation rate of Black and Hispanic students at both four and six years is from 13 to 18 percent lower than that of the White students.³³

As one might expect, students at "highly selective" colleges are more likely to graduate in four years. According to an April 2009 report from ACT, 72 percent of these students graduated in the standard four years, with the six-year rates reaching almost 85 percent.

Highly selective colleges were defined as having the majority of their incoming freshmen in the top 10 percent of their high school graduating class with an ACT score of 27 or higher. Interestingly, students at Ph.D.-granting institutions, such as the University of Iowa and Iowa State, were "significantly" more likely to not graduate in four, or even five, years – but to finally complete their degree in a full six years.

According to the ACT analysis, as many as four in ten students entering four-year colleges never complete a bachelor's degree.³⁴ In contrast to these numbers, the retention rate is rising at two-year public colleges. ACT reports that as of 2007-2008, 54 percent of these students returned for their second year, increasing from 51 percent the previous year. This is an "all-time" high.³⁵

A telling comment on

But At What Cost?

“Of those students starting college in 2000 only 36 percent graduated with a bachelor's degree in four years.”

A College Education,

“He was in no hurry to graduate because, ‘College is fun. Why not enjoy it? I mean a part of it is, I don’t want to have to grow up and get a job in the real world.’”

graduation rates, and the entitlement focus of some students, was that issued by a second year senior photography major at Texas A&M. Texas A&M has a published 5-year average graduation rate for a bachelor’s degree. This student (already in his 5th year of college) said that he had, “another year or two left as an undergraduate,” (making his total program a full seven years!), but that he was in no hurry to graduate because, “College is fun. Why not enjoy it? I mean a part of it is, I don’t want to have to grow up and get a job in the real world.”³⁶

Iowa Specific Graduation Rates

The Iowa Board of Regents receives an annual report on college student retention and graduation rates. In contrast to the national numbers, 65-66 percent of the Regent university students graduate in six years. This has been consistently higher than the national rates for the past five years.

The second year return rate is also significantly higher, with 83 percent returning. The rates are not stagnant, however, and fluctuate between the three schools and from year to year.

For example, the lowest second year return rate for the 1988-2007 period was 79.8 percent at the University of Northern Iowa (1988) and high was 85.8 percent at Iowa State University (2004).³⁷

The Regent school four-year graduation rate was virtually identical to the national number at 37.8 percent. Interestingly enough, the four-year graduation rate was not addressed in the memo presented to the Regents in February 2009, but only found after delving into the 67 pages of addendum data tables.

The four-year graduation rate also varied between the three Regent schools, with the University of Iowa graduating 43 percent of the fall of 2004 class by spring of 2008. Iowa State had the lowest rate at 33 percent, with the University of Northern Iowa in the middle.

The four- and six-year graduation rates for minority students were significantly lower across all three schools than those of the majority white population. The numbers of minority students are generally gradually increasing at all three schools, but were still less than 10 percent of the 2004 entering class, and just over 6 percent of

Graduation and Retention Rates at 4-year Colleges - Freshman Class of 2004

	One-year retention	4-year graduation	6-year graduation
National	72.7%	36.0%	46.3%
Iowa	83.4%	37.8%	66.0%

Source: <<http://www.regents.iowa.gov/Meetings/DocketMemos/09Memos/feb09/2009gradtables.pdf>>

those graduating in 4 years.

In an *East Texan* article, a recent University of Iowa graduate who took five years to complete a music performance degree (now working on an advanced degree at Texas A&M) had a more pragmatic answer: “You need to have everything scheduled out before you start your degree coming in as a freshman” in order to finish in four years.³⁸

Based upon the factual record, the assumed norm of a four-year bachelor’s degree is simply not true today. Parents and students need to be aware of this as they make their decisions about college. The student needs to focus on completing their degree in four years by deciding on a major and sticking with it, taking a full load of course work (15 credit hours) and passing it, taking summer school classes, and possibly forgoing international experiences.

The student also needs to recognize the cost factors involved with extending their time on campus by one or two years. Parents need to be prepared for the extra costs of a

student being “in no hurry” to graduate, guide the student to a less expensive option because of the expected extra costs, or express their expectations for a different outcome.

While we may expect the college staff and guidance program to work to help students graduate in four years, in reality, because of the income generated from an extended time on campus, it is not likely that they will.

Another area of concern is the graduation rates of the community colleges, where a three-year time frame is viewed as the standard time for completing a two-year Associates degree. The national trend there is for only one-third of those students to complete this work in three years.

The Bill and Melinda Gates Foundation launched an initiative this fall to focus on improving those rates in several urban areas, where the community college and Associates degree programs are especially critical for minority and low-income students.³⁹

Specific factors affecting these graduation rates were

But At What Cost?

“Based upon the factual record, the assumed norm of a four-year bachelor’s degree is simply not true today. Parents and students need to be aware of this as they make their decisions about college.”

Four-year Graduation Rates at Iowa Regent Universities - Freshman Class of 2004

	University of Iowa	Iowa State University	University of Northern Iowa
Total Freshmen	3,982	3,674	1,652
4-Year Graduation	1,717	1,220	581
Percent Graduating	43.1%	33.2%	35.2%

Source: <<http://www.regents.iowa.gov/Meetings/DocketMemos/09Memos/feb09/2009gradtables.pdf>>

A College Education,

“Colleges must review their scheduling and ensure enough sections of important classes are offered so that students may actually take classes when they need them.”

identified as the need to work and raise a family while attending school, especially in urban areas.

Iowa community colleges have a significantly better three-year completion rate, reported as 52.7 percent for Fiscal Year 2008. This includes students who either complete a two-year Associates degree or transfer to a four-year school within the three years.⁴⁰ In this situation, as well, students must be focused on the courses and credits needed to complete their program in a timely manner.

Because of the significant growth in attendance, both four-schools and community colleges must review their scheduling and ensure enough sections of important classes are offered so that students may actually take classes when they need them.

How are students and parents paying for all these years in College?

Student Borrowing Trends – National

Much has been written about how college is paid for, or not paid for, today. The general consensus is that many students (and their parents) are borrowing too much money. The aggressive lending practices of some private lenders have also impacted the perception of the lending market.

According to the College Board, total educational borrowing increased by 5 percent between 2007-08 and 2008-09.

Factoring in the current low inflation rates, this is actually a slight decline. The increase in federal loans, such as the Stafford Loans, was approximately \$15 billion.

Following the private lending changes forced by the federal government and the disruptions in the credit markets in 2008, private loans declined almost as much as federal loans increased, by \$11 billion. Another part of the change was because the federal government increased the allowable limit on the unsubsidized Stafford loans. Unsubsidized loans accrue interest while the student is still in college, while subsidized loans do not.⁴¹ This allowed students who might have turned to the private lending market to remain in the federal program. The amount allowed under the low-income student Pell loans also increased this year.

Nationally, the majority of undergraduate students in 2007-08, 65 percent, did not take out federal loans. Of full-time students, half used loans. By graduation, whether in four or six years, the numbers had reversed with 65 percent having loan debt. The median amount was \$20,000.

At the ends of the bell curve, which is skewed to the higher end, federal loans owed by 10 percent of the graduates totaled \$40,000 or more, yet one-third had no education debt at all. As students moved into graduate schools, their debt level also increased, with 7 percent borrowing over \$80,000 by the time they

finished.⁴² The required reporting of student debt does not include the amount borrowed by the parents on the student's behalf, only that specifically attributable to the student.

One of the factors helping to make college costs affordable for many is that approximately half of the undergraduate financial aid is in the form of grants, which do not have to be paid back. According to the Trends Report, in 2008-09 this amount was an average of just over \$5,000 per full-time equivalent (FTE) student. Nationwide, the total financial aid was over \$168 billion. This includes grants – either federal, state, or institutional – work-study monies, and tax credits and deductions.

A widely publicized federal grant program is the Pell Grants, which over 6 million students received in 2008-09. The American Recovery and Reinvestment Act (ARRA) of 2009 increased the maximum Pell Grant to \$5,350 for the 2009-2010 school year.⁴³ This will cover approximately one-third of the average costs at a four-year college. At the two-year or community college level, 31 percent of students

received approximately 40 percent of the Pell Grant funds in 2007-08.⁴⁴

Institutional grants, or basically discounts on the published tuition prices to the parents and students paid to the schools by government tax dollars, currently average almost \$2,200 per FTE student. The majority of institutional grants (66 percent) are academically based or non-income driven. If you are a higher-income parent of a smart student, this is basically free money. A moderate- or low-income parent of an average student is not so lucky.

The Trends report also makes the subtle but important distinction that state-funded grants, versus the federally-funded grants, may be allocated to all students, across all income levels. Currently only 72 percent of state aid is based on financial need.

Again, if you have a smart student who has scored well on the ACT/SAT and has a high GPA, the state public colleges will reward you irrespective of income level. This is outlined in the table below. On a policy basis, this translates into the idea that state government wants to subsidize costs for

But At What Cost?

“One of the factors helping to make college costs affordable for many is that approximately half of the undergraduate financial aid is in the form of grants, which do not have to be paid back.”

Stafford Loan Use 2007-2008

	Percent of students taking out loans	Median Debt of Graduates
Public 4-year colleges	10%	\$17,700
Private 4-year colleges	55%	\$22,380
Public 2-year colleges	10%	\$7,130

Source: Trends in Student Aid 2009, p. 8 & 10

A College Education,

“As of 2009, 6.7 percent of student loans were in default, up from 5.2 percent as recently as 2006.”

everyone to go to college, not just help the most needy get the education they need to move up the socio-economic ladder.

In contrast, at private four-year colleges, lower income students (parents making less than \$32,500 per year) received a substantially greater amount of institutional-based aid, based on the proportion of tuition and fees covered. This aid covered from 79 percent of tuition and fees at lower priced private schools to 61 percent at higher priced schools.⁴⁵

As one might expect, this aid still left students and parents of limited means with a substantial bill to pay through other sources, such as loans. At the highest priced private colleges, the net tuition and fees were still over \$13,300 per year (not including room and board), \$7,000-10,000 at mid-priced colleges, and approximately \$2,000 at the lowest-priced private colleges.

The Trends report considers high-priced colleges to be those charging over \$31,000 for tuition and fees, mid-priced charging from \$18,000-

\$31,000, and the lowest-priced charging less than \$18,000.

This analysis leads to the conclusion that if you are a low-income, smart student you can probably acquire a bachelor’s degree from a lower-priced private school for about the same amount of money that you can from a public 4-year college.

Given other factors that private schools promote as being desirable for students, such as smaller classes, the peer effect, higher four-year graduation rates, and more personal attention, it might be worthwhile for a student who fits these criteria to seriously consider less expensive private colleges.

An important consideration is what happens after the student borrows all of this money and finally earns their degree. While everyone is well aware of the mortgage foreclosure and credit-card debt problems of the last few years, the college loan default situation is less visible, but no less critical. As of 2009, 6.7 percent of student loans were in default, up from 5.2 percent as recently as 2006.

Percentage of Full-Time, Dependent Students Receiving State Grants and Average Grant Levels, by Parent Income, 2007-2008

Parent Income	Percent Receiving State Grants	Average Grant per Recipient
Less than \$32,500	47%	\$3,400
\$32,500-\$59,999	39%	\$3,200
\$60,000-\$99,000	22%	\$2,700
\$100,000 or More	13%	\$3,000

Source: Trends in Student Aid 2009, p. 15

This amounts to almost 250,000 borrowers in default during the one year period of September 2007-2008, according to the U.S. Department of Education. That number is down from a high of over 22 percent in 1990, but still problematic. While lowering minimum payments and extending repayment time periods is one solution to making payments manageable, this is not a perfect solution. An example given in a recent article on student loan debt cited a 52-year-old man who was still paying off \$50,000 in college debt.

Iowa Specific Borrowing Trends

The most current Iowa specific loan and financial aid information is contained in the Annual Student Financial Aid Report submitted to the Board of Regents on March 11, 2008. Additionally, the main historical data source is a report by

the Iowa College Student Aid Commission, dated October 2007.

According to Dr. Keith Greiner, Research Director at the Iowa College Student Aid Commission (ICSAC), the primary source of student aid funding has switched back and forth between scholarships and loans between now and 1980, but generally loans have filled the primary role.

As of 2007, loans are at an all-time high of 55.1 percent, while scholarships continue to drop. Recently, employment has more than doubled from a low of 9.3 percent as a college aid funding method. The drop in employment as a financing method in 2005 was primarily because of the significant reductions in on-campus Work-Study programs, which received no funding during that time period.

The Regent’s report shows that as of 2005-06, the amount of financial aid statewide,

But At What Cost?

“As of 2007, loans are at an all-time high of 55.1 percent, while scholarships continue to drop.”

Student Aid Funding Sources, 1980-2005

Year	Scholarships/Grants	Loans/Debt	Employment	Primary source
1980	39.1%	41.9%	19.50%	Loans
1982	31.7%	54.8%	13.50%	Loans
1989	41.8%	37.5%	20.70%	Scholarships
2005	37.3%	53.6%	9.3%	Loans
2007	25.4%	55.1%	19.5%	Loans

Source: “Student Loan Debt Trends Affecting the American Dream,” October 2007, Iowa College Student Aid Commission, p.8. and Annual Student Financial Aid Report, Iowa Board of Regents, March 2008, p.1

A College Education,

“Although the cost has increased radically from 1983 (\$3,846) to 2008 (\$17,172), a total increase of over 120% after inflation, the median income of those same Iowans who have earned these degrees has only increased from \$25,800 to \$54,971.”

including both graduate and undergraduate students, was over \$715 million, with an average award of \$3,876. The award amounts continued to increase in 2006-07 to \$744 million and almost \$4,000 per student. The table on page one of that report shows the aid breakouts as Federal, State, Institutional, and Other. The true dollar amount of loans however seems buried as it is contained in both the “other” category and the state funds. The most current financial aid data from Iowa colleges was due to the ICSAC on November 1 and is not yet available. The historical annual reports may be found at the ICSAC website (<http://www.iowacollegeaid.gov>) with the 2009 report expected to be posted soon.

The ICSAC report summarizes, through the historical analysis of various interest rate changes (steadily downward for houses and cars), savings rates (continually downward), the Financial Obligation Ratio and Debt Service Ratio (continuing upward), bankruptcies (increasing), and perception of college graduation as critical for personal success (increasing), that the amount of loans and debt needed to attend college were destined to increase.

At the same time, the interest rate for federal student loans has not decreased along with collateralized rates and in 2008 was as high as 7.22 percent, compared to savings rates of 1 percent or less and 30-year mortgage rates of around 5 per-

cent. Though the Iowa student loan default rate has stabilized, Greiner attributes that mostly to changes designed to lower the default rate, not necessarily to increased ability to pay on the loans. At the national level, the Rev. Jesse Jackson’s RainbowPush Coalition is working to get student loan rates lowered to numbers reflecting the decline in collateralized loan interest rates.⁴⁶

Most troubling about the ICSAC report is that although the cost to attend a Regent university has increased radically from 1983 (\$3,846) to 2008 (\$17,172), a total increase of over 120% after inflation, the median income of those same Iowans who have, presumably, earned these degrees has only increased from \$25,800 to \$54,971. This is an increase of only 8.7 percent after inflation.⁴⁷

There seem to be several reasons for this poor growth in income. One of these is that many of those earning college degrees do not stay in Iowa and work in Iowa. The well-publicized rural “brain drain” means that those who earn degrees, and therefore earn more income, leave the state – earning that money elsewhere – while those without a college degree are those who stay.

As we look at Iowa specific loan and debt numbers, the National Center for Education Statistics (NCES) Iowa report for 2004-05 revealed that 79 percent of our private college freshmen used federal Stafford

Loans, compared to 56 percent of those at Regent universities and 50 percent at community colleges. These numbers do not include either private or parent loans.

The reported numbers of students with debt and their total amount of debt upon graduation with a four-year bachelor's degree at an Iowa college or university as of 2005-2006 varied wildly by private versus public and by college type and size.

The private or independent school with the highest percentage of bachelor's degree graduates with debt is Dordt College in Sioux Center, Iowa, at 97.7 percent. The lowest is Mercy College of Health Sciences, though the extremely low number of graduates, (six) skews this number. The same is true for Divine Word College, which only graduated seven students.

A more representative school might be Grinnell College, which has a very large endowment and accordingly funds many of its students from grants, not loans. As a result only 57.2 percent of graduates have loans. The highest dollar amount is the University of Dubuque, where the average loan debt on graduation is \$33,559, and the lowest, again, Mercy College of Health Services, followed by two Bible colleges, Emmaus and Faith Baptist, at just over \$14,000 and \$17,000 each.

In analyzing the three Regent schools, Iowa State Uni-

versity has one of the highest total debt figures, at \$32,130 average per student with debt. In contrast, the average debt for a University of Iowa student is only \$20,234.

The reason for this difference in debt, when both schools have basically similar tuition is not readily apparent, but may be attributable to the lower ISU four-year graduation rate.

"Inside Iowa State" is the newspaper for Iowa State faculty and staff, published by the Office of University Relations. A January 2009 article provides detailed information on the ISU loan and debt situation. It outlines the average need-based financial aid award amount in 2006-07 as almost \$5,800 – made up of the federal Pell grant, the Supplemental Educational Opportunity grant, the Iowa grant, and Federal and State Work-Study.

As noted before, Work-Study, a fundamental part of student aid in the 1970s and 1980s, has been drastically reduced in recent years. In 2006-07, there were only 1,633 total work-study awards. The number of students with private loans was reported as being 5,739, with an average amount of \$7,800 each. In contrast to the NCES report, total debt is listed as \$29,352 at graduation.

The Appendix of this report shows the complete listing of debt amounts for all Iowa Regent schools and private colleges. It does not provide information on the community college debt numbers.

But At What Cost?

“Work-Study, a fundamental part of student aid in the 1970s and 1980s, has been drastically reduced in recent years.”

A College Education,

In looking at the income redistribution role of state government, it should be noted that the “private” colleges in Iowa are not necessarily really “private.” State government provides need-based grants to these schools for their students as well. In the 2006-07 year, \$2.89 million, or 85 percent, of the total \$3.4 million in need-based state aid money went to students in private schools.⁴⁸

An interesting fact about the Regent school tuition situation which many may not be aware of is that 15 percent of all tuition collected is to be put into a tuition set-aside and given back to selected students in the form of scholarships. This is another example of government wealth redistribution.

All students are charged tuition at a published rate, then some students have their money, and that of their peers, basically refunded back to them in the form of scholarships to those who are considered deserving, based either on income or ability.

At Iowa State, they exceed that amount, setting aside as much as 22-23 percent of charged tuition for rebates. For the 06-07 year under discussion, over \$28 million was awarded as need-based scholarships at Iowa State alone.⁴⁹ One question which needs to be asked is whether or not this is an appropriate function of government, or should the tuition rates for all students be lowered to a net “real” amount, with none receiving what is

perceived as state “financial aid” or “scholarship” refunds. Then a school could focus on attracting and registering those students they deem desirable on the basis of education provided, not financial incentive to attend. All parents would be writing checks for the real tuition amount of \$4,822, instead of writing checks for \$6,427 or more, and then some getting “refunds” in the form of the tuition set-aside scholarships.

While this policy might or might not induce some students to attend the Regent schools, it would be a more transparent method of charging tuition. If polled, this author would guess that few, if any, of the parents considering sending their children to the Regent schools realize that 15 to 23 percent of the tuition they are expecting to pay is going to be either given “back” to them in the form of a scholarship or given instead to another student who is considered more deserving. This practice also has significant policy implications for the out-of-state students, who pay tuition at an even higher rate – and yet have 15-23 percent of that amount being set aside for others.

Much of the public dismay about college loans comes from the recently popular private loans programs. In contrast to the federal student loans, these loans do not require a FAFSA (Free Application for Federal Student Aid) application. They also do not require a parent co-signer.

“Fifteen percent of all tuition (at Regent schools) collected is to be put into a tuition set-aside and given back to selected students in the form of scholarships.”

While these facts made the process of getting loans easier, it also presented significant risk to students. They were often charged origination fees as high as nine percent and sold loans with variable interest rates. Many students apparently took these loans without truly understanding the implications, resulting in huge additional debt – not included in the official federal loan and debt reports.

In response to the private loan borrowing issues, a national organization demanding “justice” for student loans has been created by those who feel they were unfairly taken advantage of. The website “Student-LoanJustice.Org” is filled with horror stories of students who were loaned money at what they perceive as extreme rates and terms and without proper information. They are encouraging the “victims” to submit their stories, e-mail their Legislators, donate to the Political Action Committee, and contact the media.⁵⁰

Finally, another aspect of college borrowing and loans is the discussion of PLUS loans. These are Parent Loans for Undergraduate Students, which also might have a rate as high as 9 percent. According to reports presented to the Board of Regents, Iowa parents “underutilize” these loans. The growth in PLUS loan volume from 1995 to 2006 is reported at 175 percent for Iowa, while parents in neighboring states and competitor schools increased their PLUS borrow-

ing by as much as 901 percent (Missouri). Iowa had the second to lowest increase rate.⁵¹

While college administrators might view this as being “underutilized,” it would seem to this author to reflect a more conservative, Midwestern landowner, and work ethic approach to sending children to college. The parents seem to understand that this is not “free” money, and must be paid back – by themselves, not their children. This added debt might significantly affect the retirement and future financial stability of the parents, as well as their children.

State Response to Loan and Cost Concerns

The Iowa Board of Regents is aware of parent and student cost concerns and in 2008 requested a broad report and analysis of this situation. The full two-part report is on their website, in the minutes of the September 8-9 and December 8-12, 2008, meetings. It makes for interesting reading.

Recommendations of this report include:

- Increasing eligibility for the tuition set-aside program,
- Encouraging students to complete the FAFSA report annually so they are potentially eligible for aid and loans,
- Notify parents of their eligibility for the PLUS loans,
- Improve the private lending program,
- Staff the financial aid offices appropriately,

But At What Cost?

“According to reports presented to the Board of Regents, Iowa parents ‘underutilize’ these (Parent Loans for Undergraduate Students [PLUS]) loans.”

A College Education,

“The (Regent) report’s recommendations do not deal with how to actually reduce the amount of tuition charged to students or how to reduce either the fixed or variable costs of higher education.”

- Develop more extensive loan forgiveness programs including tax incentives for employers to provide loan forgiveness benefits,
- Find more funding for state grant aid and lobby for more federal aid,
- Award grant and scholarship aid before “awarding” loans,
- Partner with private institutions to provide more need-based scholarships,
- Encourage students to take a financial literacy course in their first year of college, and finally,
- Encourage students to graduate in four years.⁵²

The report’s recommendations do not deal with how to actually reduce the amount of tuition charged to students or how to reduce either the fixed or variable costs of higher education. Those issues are ignored completely. The recommendations all deal only with helping the students and parents more fully participate in the scholarship and loan process and with looking for more federal and state taxpayer support. These taxpayers are the same people and workers who are already paying their child’s tuition and paying the taxes that the schools want more of for scholarships and grants.

Further, the recommendations only deal with financial literacy and graduation rates in a minor way, when improving graduation rates could have significant cost impact and increased financial literacy

would enable students to better analyze their options and make better decisions. Based upon the minutes of the Regent meetings on college costs and financing and these recommendations, any changes in current pricing and procedures will have to be driven by individual families and students.

What to Expect after Graduation

Analysis from the College Board shows that the median family income for those with a bachelor’s degree was just over \$100,000, compared to \$49,400 for workers with only a high school diploma.⁵³ In 2006, the Bureau of Labor Statistics reported a median weekly income of just over \$1,400 for a person with a doctorate degree.

In comparison, a bachelor’s degree holder made just over \$900, and someone who did not graduate from high school only made \$409 per week. This is a median difference of over \$50,000 per year between the most and least educated workers. In addition, the Labor Department shows that unemployment of the college educated is approximately half of that for high school graduates. So a college degree does appear helpful to long-term financial success, but don’t whip out your checkbook just yet.

During the current recession recent graduates have been some of those most impacted by the employment downturn. In the third quarter of 2008 unemployment for college

graduates aged 20-24 was 7.6 percent, this fall it reached the highest ever, at 10.6 percent.⁵⁴

The current recession is significantly impacting both the immediate and long-term future of many recent graduates, especially those with large amounts of debt. Another recent report, in the NASFAA Journal of Student Financial Aid revealed that 19 percent of those receiving Pell loans delayed marriage because of their debt concerns, and 24 percent delayed having children.⁵⁵

This was in comparison to 11 percent and 19 percent respectively for students without Pell loans. While it might be expected that major purchases such as cars (36 percent) and homes (45 percent) might be delayed because of college loan debt levels, marriage and children are core building blocks of American society which are being negatively impacted by college debt and lack of employment opportunities.

The Iowa College Aid Commission has an Internet page full of various “calcula-

tors” to be used by parents and students in analyzing various college and cost decisions. Their program offerings are known by the acronym of “ICAN” – the Iowa College Assistance Network. One of the most useful calculators available is the “Value of College Calculator.”⁵⁶

You may fill in different numbers estimating the long-term benefit of a college education, compared to just completing high school. Interestingly enough, the initial numbers show that college in Iowa costs \$7,500 per year – while we have seen vastly different costs (\$14,600 for a Regent school) reported by various responsible agencies.

Presumably \$7,500 is an estimate of just tuition and fees at a public school and does not include room and board. It also shows a starting salary of almost \$38,000, annual raises of 4 percent, and a four-year completion period. The standard estimate is starting college at age 18 and working until you are 65. With these assump-

But At What Cost?

“In the third quarter of 2008 unemployment for college graduates aged 20-24 was 7.6 percent, this fall it reached the highest ever, at 10.6 percent.”

Earnings of Full-Time Workers, 25 and older, 2005

Education Level	Median Weekly Earnings
Doctorate	\$1421
Professional	\$1370
Master's	\$1129
Bachelor's	\$937
Associate's	\$699
Some College	\$653
High School Diploma	\$583
Less than High School	\$409
<i>Source: Bureau of Labor Statistics, 2006</i>	

A College Education,

“The numbers when you use a six-year graduation timeframe, at both the public and private college, are even more negative.”

tions, the calculator shows that the value of attending college is similar to being given \$516,000 in cash today and will result in almost \$2 million more (\$1,957,575) in earnings over your lifetime.

Alter those numbers just slightly, to reflect the full \$15,000 cost of attending an in-state public university, a graduation time of 5 years instead of 4, a more realistic 3 percent annual raise and the net present value drops significantly, to only \$169,000.

This is just \$100,000 more than the actual cost of attending college. If you can not find a position at your expected salary, and instead take a job paying only \$30,000 – still more than the high school graduate, the calculator tells you that the cash today (Net Present Value) would only be worth \$19,860, and you would only

make \$265,000 more than the high school graduate over your lifetime.

A more discouraging scenario for those parents paying for four years at an Iowa private college and paying some \$30,000 per year is that according to the calculator, “going to college will not have a positive impact on the present value of our lifetime earnings” unless their child graduates and makes more than \$30,000 a year from the very beginning.

The numbers when you use a six-year graduation timeframe, at both the public and private college, are even more negative. The interested parent, grandparent, or taxpayer can easily access the calculator at www.collegetoolkit.com/co/icsac/college-calculators/rescaleval.aspx to insert their own individual numbers and evaluate the results.

Affect of Cost/Time to Earn a Bachelor’s Degree in Net Present Value/Lifetime Earnings

	Starting Salary after College	Annual Raise Percent	1-year College Cost	Years to Earn Degree	Tuition Inflation	Net Present Value	Lifetime Earnings
High School Degree	\$21,850	3%	\$0				\$2,173,584
Bachelor’s Degree	\$37,850	4%	\$7,500*	4	6	\$516,654	\$4,113,159
Community College Price	\$37,850	4%	\$10,000	4	6	\$506,362	\$4,120,222
	\$37,850	3%	\$10,000	5	6	\$195,536	\$3,048,207
	\$30,000	3%	\$10,000	4	6	\$40,445	\$2,520,771
Public College Price	\$37,580	4%	\$15,000	4	6	\$485,778	\$4,098,349
	\$37,850	3%	\$15,000	5	6	\$169,556	\$3,020,022
	\$30,000	3%	\$15,000	5	6	\$19,860	\$2,498,898
Private School Price	\$37,850	4%	\$30,000	4	6	\$424,024	\$4,032,730
	\$37,850	3%	\$30,000	5	6	\$116,289	\$3,009,286
	\$30,000	3%	\$30,000	4	6	\$0	\$2,433,278

* Average Tuition only

Source: Value of College Calculator, Iowa College Student Aid Commission, <<http://www.collegetoolkit.com/co/icsac/college-calculators/rescaleval.aspx>>

In discussing the *Trends College Pricing 2009* Report, College Board President Gaston Caperton recently said, “While a college education is critical to long-term financial security, it feels out of reach to many students and families in today’s economy.”

He went on to say that “institutions must increase their efforts to reduce costs and to prevent tuition from rising as rapidly as it has in the past.”⁵⁷

Not only does that education “feel out of reach,” but also according to the Iowa College Assistance Network (ICAN) calculators, the price, length, and result of a college education may actually be financially negative.

The most important idea to take away after reviewing a variety of calculator scenarios is that for a college degree to be financially rewarding over a lifetime of work, a student must be aware of both the time frame needed to complete the degree, the cost of the degree, and the value of the job resulting from the degree.

Earning a degree that leaves you with a large debt, takes an extended period to acquire, and provides little workplace value is not economically wise.

Given that most people in the country did not receive any raise this year; that many 2009 graduates do not have any job, much less one paying \$39,000 a year; that many students are now graduating in five or six years, or never; and they are graduating with significant student loans, the legitimate

question must be asked, “Is a four-year degree financially appropriate for all students, in all fields?” Might not a two-year degree in a technical field be financially more rewarding to some students today? Or might a four-year degree be earned in less time? What about on-line programs?

Solutions to the Issues and Concerns Raised

The higher-education industry recognizes the issues raised in this report, and the discussion of options, opportunities, and solutions is ongoing. The primary discussions and solutions focus on efficiency, productivity, transparency, and accountability.

Iowa Two Plus Two Program

One of the solutions to the rapidly increasing costs of a four-year degree, at either a Regent University or a private college, is the unique Iowa 2+2 program. It is more fully discussed in the Public Interest Institute POLICY STUDY referenced earlier, *Iowa Higher-Education’s Third Way: Community Colleges’ 2 + 2 Programs*.

The 2+2 program is officially structured so that a student may go to their local community college – either living at home or in an apartment – and pay significantly less for their credit hours, complete the first two years of their degree, and then move on with a guarantee of transferability to an

But At What Cost?

“Earning a degree that leaves you with a large debt, takes an extended period to acquire, and provides little workplace value is not economically wise.”

A College Education,

“Kirkwood Community College, in Cedar Rapids, not only has the lowest tuition rates statewide, but also has the best women’s community college basketball team in the country.”

Iowa four-year Regent school or some four-year private colleges. There are several specific degree programs participating in this program and the cost savings are clear.

One objection to this idea by some students and parents is that they are “missing out” on the full, on-campus college experience. This experience includes activities such as supporting sports teams, participating in campus clubs, socializing with their peers, and living away from home for the first time. Many of the Iowa community colleges are actively addressing these concerns by increasing on-campus activities.

Kirkwood Community College, in Cedar Rapids, not only has the lowest tuition rates statewide, but also has the best women’s community college basketball team in the country. The “Eagles” have won the NJCAA Division II national championship five times, most recently in 2007, 2008, and 2009.⁵⁸ The men’s team is also competitive at the national level. This would seem to provide significant on-campus, “true” college feel social participation opportunities. All of the community colleges have a wide variety of campus organizations, from College Republicans to Foreign Language groups, intramural sports, and debate teams.

In addition, Kirkwood has on-campus housing in the form of apartments, and other schools are moving in the same direction.

A Bachelor’s Degree in Three-Years

Another solution, recently proposed by U.S. Senator Lamar Alexander, who was also a former U.S. Secretary of Education and President of the University of Tennessee, is to develop a three-year Bachelor’s degree option.

In this scenario, the course work and number of credits are specifically structured so that a student would graduate in only three years.⁵⁹ The student (and their parents) has less expense, and they enter the productive work force earlier.

It requires a dedicated student to accomplish the work. Summer school is required, and internships and international study might be eliminated. Some objectors also fear it will result in both burnout and an inability to experience the “full” range of college life. Others worry about the increased workload on instructors or needing to hire additional staff. For a research-based institution, where teaching duties for senior staff may be less, and “publish or perish” is often considered the focus, summer has often been dedicated research time.

Those who support this idea note that many college campuses, with their large and expensive buildings, are often almost empty during the summer, yet still require maintenance, energy, and debt-service expenses, which contribute to overhead costs. They argue that it would be more cost

effective if these buildings and facilities were fully utilized year-round, instead of sitting vacant.

It is also argued that the agrarian basis of our academic schedule is less critical in an industrialized world. Another version of a three-year degree could include a reduction in the number of credit hours required. Does a student need to pay a very high price for college level elective classes in hip-hop dance? Or painting for non-art majors? Or study of movies as culture? Or any number of creatively themed classes?

Waldorf College, located at Forest City, Iowa, was originally established as a three-year bachelor's degree program. It operated in this way for many years. Unfortunately, as the national discussion of a three-year approach is gaining traction, they are abandoning the program. Currently only the Communications program is three-year in nature, and that will end this year. According to administrators, their students and athletes have become less and less interested in approaching college in that way instead wanting the full, four-year, on-campus "student-life" experiences.⁶⁰

Colleges adding this option include Hartwick College in upstate New York and Lipscomb University in Nashville, Tennessee. They believe the programs are appropriate for "high-ability, highly-motivated students who wish to save money." At Hartwick, it involves

taking 40 credit hours a year instead of 30 and fully utilizing summer course options. These schools are estimating it will save their students over \$11,000 in tuition and fees alone, and possibly more. Judson College in Alabama, Bates in Maine, and Ball State University in Indiana all offer three-year programs. In Rhode Island, it is anticipated that the legislature will soon require all state schools to begin offering this option.⁶¹

Administrative Consolidation and Overhead Reductions

Another suggestion for controlling and reducing overhead costs is merging individually managed schools into fewer units. Recently, Mississippi Governor Haley Barbour proposed radically reforming their state university system, which currently has eight freestanding schools.

The Mississippi state budget is expected to be \$200 million short for FY 2010, the current fiscal year and over \$715 million short for FY 2011. As a result of this budget situation Barbour proposed finding a 35 percent cost savings in higher education by consolidating the eight freestanding colleges.

The Historically Black Colleges and Universities (HBCUs) would be merged into one unit, with separate campuses, but consolidated "back room" and administration functions. The general university system would also be reconfigured, merging the Mississippi

But At What Cost?

"[M]any college campuses, with their large and expensive buildings, are often almost empty during the summer, yet still require maintenance, energy, and debt-service expenses, which contribute to overhead costs. They argue that it would be more cost effective if these buildings and facilities were fully utilized year-round, instead of sitting vacant."

A College Education,

“Within the 15-region Iowa community college system, there could reasonably be a more extensive consolidation into possibly three to five districts, with only one President for each, and a multi-campus back-room organization.”

University for Women into Mississippi State, for example.⁶² Predictably, this proposal has generated significant discussion both for and against.

Consolidation in Iowa

When considering the three Regent schools in Iowa, consolidation at the global level, similar to the University of Wisconsin System, could not only reduce overhead costs, but merging of duplicated programs could improve academic performance. The schools unique identities, academic specialties, and athletics would stay separate, but there would not be three payroll offices.

This idea was recently proposed by Ed Failor, Jr., President of Iowans for Tax Relief, though the financial savings potential and formal structure need to be explored more completely.⁶³

Within the 15-region Iowa community college system, there could reasonably be a more extensive consolidation into possibly three to five districts, with only one President for each, and a multi-campus back-room organization. Currently there are stand-alone systems, Trustees and management boards, and Presidents for each of the 15. This might save significant overhead expenditures, and allow for increased efficiencies through specialization. The three districts could be east, west, and central. A five-district model might be configured with each of the

four corners of the state (north-east, southeast, northwest, and southwest) and central or Des Moines area. While specific cost considerations and savings are beyond the scope of this study, the idea is one that bears further evaluation. Governor Barbour is to be commended for his willingness to make innovative proposals in order to manage better state government and taxpayer money, though they may break with a hundred years of tradition.

On-Line Degrees and Classrooms

The development and use of on-line classes is also increasing, again with various pros and cons. The main “pro” is that a working student may better control their time and effort by reading and participating on-line, instead of being required to sit in a classroom. Costs are reduced significantly because expensive buildings and facilities are not required. Additionally, it saves commuting time and energy, and allows someone who can not attend full-time or live on campus to still earn their degree.

The former CEO of General Electric, Jack Welch, is the leading proponent of this approach, recently investing some \$2 million of his own money in starting a new completely on-line MBA program, the Jack Welch Management Institute at Chancellor University. While it’s not a new idea, 71 fully-accredited, campus-based schools

offer on-line MBA's, including Indiana University's Kelley School of Business and the Fox School at Temple University, this degree will be entirely on-line without the support of a campus program.⁶⁴

The costs will be significantly less than those of schools such as Indiana and Temple, only \$21,600 for the complete degree, and though a 2.8 GPA is required, the admission will not otherwise be competitive. The target audience is described as a 35-year-old husband or wife, with two or three children, working a full-time job and unable or unwilling to quit work, move the family, take significant loans, or otherwise participate in the traditional on-campus MBA program.

College In High School, a Year Off, or Military Experience Instead

At this time many high-achieving Iowa high school students are dual enrolled in introductory college classes while in high school. Students with specialized interests can make good use of these programs to explore their career options while still in high school at a very low cost.

The number of Iowa high school students who were dual-enrolled in community colleges as of 2008 was over 20,000. In addition, the use of Advanced Placement coursework prepares some for testing out of introductory level classes, poten-

tially saving tuition money for more advanced work. These programs need further evaluation and study to see if there can be wider implementation and use of the option for more students.

One of the trendy new solutions being proposed by some is the idea of taking a year off from formal education, allowing the student to work and save money toward a college degree, while experiencing the real-life issues and reality of working.

This may result in a more focused education effort by the student, including a clearer understanding of what they want to major in. Savings from work can be used to pay tuition instead of loans. The classroom time may be used more efficiently because the student has matured another year.

For others, signing up for U.S. military service may be the best option. Young people experience a different way of life away from high school and Mom and Dad. Discipline is enforced and the enlistee is provided the opportunity to travel and live in new places. They receive excellent physical training and are taught to follow rules.

At the same time, their basic living needs are provided for free and they earn a paycheck. Military service members earn money for college, and may also take college classes while enlisted. There are health care benefits, post-service support programs, and

But At What Cost?

“The number of Iowa high school students who were dual-enrolled in community colleges as of 2008 was over 20,000.”

A College Education, But At What Cost?

“At the Public Interest Institute, we encourage all parents and their students to read the fine print about the colleges they are applying to, have a plan, and work their plan carefully.”

college money provided. Even with several ongoing international conflicts, the number of those signing up for military service has remained steady.

Yet another important idea is that not all people need a four-year, liberal arts education. As Richard Vedder noted, a plumber often makes more money than a Ph.D. level English major does. Those who worked with their hands and were proud of it built the United States.

Today, qualified and prepared workers are needed in a variety of fields such as automotive or computer technician, electrician, plumber, and nursing assistants. Earning an Associates degree or licensure at a Community College in two years enables a person to enter the workforce quickly and productively, with little or no debt and almost guaranteed work.

What decision is right for your student?

As part of their support to students and families, the ICSAC in partnership with the Iowa Department of Education offers a program called “Iowa Choices.” This web-based system is offered free to all middle and high schools and helps students identify career goals and educational needs. It can also be used by anyone interested in career and college planning, at www.ihaveaplaniowa.gov. There are surveys and checklists for almost every aspect of life planning. The idea is that if

students think earlier and more logically about their needs and wants, they may make better choices when deciding upon their post-secondary direction.⁶⁵

Summary

These suggestions and many others are being actively discussed as parents, students, and taxpayers evaluate this information, and plan for the future. For some of us, and our children, decision time is rapidly approaching.

The future financial and personal implications of these decisions are significant, and not to be taken lightly. At the Public Interest Institute, we encourage all parents and their students to read the fine print about the colleges they are applying to, have a plan, and work their plan carefully.

In summary, we might all heed the words of folk-singer, songwriter, and radical Pete Seeger (1919-) who said,

Education
is when you read the fine print.

Experience
is what you get if you don't.

Endnotes:

¹ “Al McGuire Basketball Chronology,” Marquette University News Release, <<http://www.marquette.edu/news/articles/530.html>> (November 2, 2009).

² Report No. HS-3. Population by age: 1900 to 2002, U.S. Census Bureau, <<http://www.census.gov/statab/hist/HS-03.pdf>> (November 20, 2009). The

1947 figure indicates college attendance above age 14, as formal education ended for many students in the 8th grade

(age 14) and those students attending college began at varying ages after 14.

³ Richard Fry, “College Enrollment Hits All-Time High, Fueled by Community College Surge,” Pew Research Center, October 29, 2009, appendix tables A1 and A7.

⁴ Richard Wilner, “The Dead End Kids,” The New York Post, <http://www.nypost.com/p/news/business/the_dead_end_kids_AnwaWNOGqsXMullGONNX1K> (October 23, 2009).

⁵ Colleges, Community Colleges, and Universities in Iowa, <<http://www.univsource.com/ia.htm>> (October 3, 2009).

⁶ President’s Council Report, September 2009 pp. 5-6, 11, 13, <<http://www.ir.iastate.edu/PDFfiles/PCR/0909.pdf>> (November 09, 2009).

⁷ George McCrory, “Enrollment remains strong at UI for 2009 fall semester,” University of Iowa News Release, September 10, 2009.

⁸ 2008-2009 Fact Book, Office of Institutional Research, The University of Northern Iowa, pp. 18, 20, 28, 40, <<http://www.uni.edu/pubrel/08-09Factbook.pdf>>.

⁹ “Fall Enrollment at Many Private Colleges Exceeds Expectations,” National Association of Independent Colleges and Universities, <http://www.naicu.edu/news_room/fall-2009-private-college-enrollment-announcements>

(November 11, 2009).

¹⁰ Sheila Miller, “UIU enjoys record enrollment,” <<http://www.uiu.edu/general/news/aug09/Fall2009Enrollment.html>> (November 10, 2009).

¹¹ Fall Enrollment Reports - 2009 and 2008, Community Colleges and Workforce Preparation, Iowa Department of Education, p.3.

¹² Fall Enrollment Report 2009, p. 4.

¹³ Fall Enrollment Report 2008, p. 3.

¹⁴ Jon Keimig, “Kirkwood Community College Sets Enrollment Record,” <<http://www.easterniowanews.com/?p=7723>> (November 11, 2009).

¹⁵ “Unemployment prompts Iowa College enrollment jump,” *The Globe Gazette*, September 6, 2009, p.1.

¹⁶ “Iowa Western Community College Announces record enrollment figures; Clarinda Campus up 14 percent,” *South West Iowa News*, <<http://www.southwestiowanews.com/articles/2009/11/11/clarinda/news/doc4af3298532b69497671318.txt#small>> (November 5, 2009).

¹⁷ “Eastern Iowa Community College District enrollment increases nearly 22 percent,” *The Quad City Times*, <<http://educationbeat.qctimes.com/?p=134>> (November 12, 2009).

¹⁸ Richard Vedder, *The Real Costs of Federal Aid to Higher Education*, Heritage Lectures, No. 984, December 7, 2006, The Heritage Foundation, Washington, D.C., January 12, 2007.

¹⁹ “Public Four-Year Tuition continues to Rise at Faster Rate than Private Four-Year Tuition,” The College Board, <<http://www.collegeboard.com/press/releases/208962.html>> (October 21, 2009).

²⁰ Kevin Carey, “Spinning Trends in College Pricing,” *The Chronicle of Higher Education*, October 20, 2009.

²¹ Scott Carlson, “The \$50K Club: 58 Private Colleges Pass a Pricing Milestone,” *The Chronicle of Higher*

Education, November 1, 2009.

²² “Dozens More Colleges Pass the \$50,000 Mark This Year,” *The Chronicle of Higher Education*, comments section, bwgregory, <<http://chronicle.com/article/Table-Dozens-More-Colleges/49002/>> (November 3, 2009).

²³ Kevin O’Leary, “Tuition Hikes: Protests in California and Elsewhere,” *Time*, <www.time.com/time/printout/0,8816,1942041,00.html> (November 20, 2009).

²⁴ Ibid.

²⁵ Iowa College Cost Comparison, Iowa Lakes Community College, October 2008.

²⁶ Iowa Community Colleges Tuition and Fees Report, Fiscal Year 2010, August 2009, p. 3, <http://www.iowa.gov/educate/index.php?option=com_content&view=article&id=1790&catid=183#TuitionFeesReports> (November 3, 2009).

²⁷ Ibid.

²⁸ Ibid., p.10.

²⁹ Ibid.

³⁰ Ibid. Appendix, Table 12, Resident Tuition and Fees Based on 15 Credit Hours per Term: 2008-2010.

³¹ Staci Hupp, et. al., “Regents narrowly support \$100 tuition surcharge,” *The Des Moines Register*, October 29, 2009, p.1.

³² Commissioner’s Remarks – Briefing on the Condition of Education, National Center for Education Statistics, May 28, 2009, <http://nces.ed.gov/whatsnew/commissioner/remarks2009/5_28_2009.asp> (November 14, 2009).

³³ Michelle J. Nealy, “College Graduation Rates Could Dramatically Decline, If Minorities Don’t Improve College Completion, Report Says,” *Diverse Education*, June 9, 2009.

³⁴ “Students at Highly Selective Colleges Much More Likely Than Others to Graduate in Four Years,” ACT news

- releases, April 10, 2009, <www.act.org/news/releases/2009/4-10-09.html> (November 15, 2009).
- ³⁵ “Fewer Students Returning to Same School for Second Year of College,” ACT news releases, January 22, 2009, <www.act.org/news/releases/2009/1-22-09.html> (November 15, 2009).
- ³⁶ Jessica Rush, “College longer than four-year proposition,” *The East Texan*, November 29, 2009.
- ³⁷ Annual Report on Student Retention and Graduation Rates, February 3, 2009, <http://www.regents.iowa.gov/Meetings/DocketMemos/09Memos/feb09/0209_ITEM14.pdf> (November 14, 2009).
- ³⁸ Jessica Rush.
- ³⁹ “Seven Cities Launch Collaborative Efforts to Improve College Graduation Rates,” Bill & Melinda Gates Foundation, news release, November 5, 2009.
- ⁴⁰ Performance Indicators Report 2008, Community Colleges and Workforce Preparation, Iowa Department of Education, p.7.
- ⁴¹ Beckie Supiano, “Private Borrowing for College Drops Sharply, While College Costs Creep Up,” *The Chronicle of Higher Education*, October 20, 2009.
- ⁴² “Trends in Student Aid 2009” The College Board, <www.collegeboard.com/trends> (November 1, 2009) p.2.
- ⁴³ Pell Grant Amount, <<http://www.pellgrantamount.com>> (December 9, 2009).
- ⁴⁴ Trends, p. 7.
- ⁴⁵ Ibid. p. 17.
- ⁴⁶ Michelle Singletary, “The Color of Money: The Student Loan Sinkhole,” <www.Townhall.com> (September 20, 2009).
- ⁴⁷ Dr. Keith Greiner, “Student Loan Debt, Trends Affecting the American Dream,” Iowa College Student Aid Commission, October 2007, p. 19.
- ⁴⁸ Anne Krapft, “Why our students have so much school debt,” *Inside Iowa State*, January 30, 2009.
- ⁴⁹ Ibid.
- ⁵⁰ Tell your Story, Student Loan Justice Center, <www.studentloanjustice.org> (November 6, 2009).
- ⁵¹ Minutes, Board of Regents, State of Iowa, December 10-11, 2008, Agenda Item 13, Attachment C, pg. 14.
- ⁵² Access and Affordability – Part II, A Board of Regents Initiative, <http://www.regents.iowa.gov/Meetings/DocketMemos/08Memos/december08/1208_ITEM13.pdf> (November 1, 2009).
- ⁵³ “Trends in College Pricing 2009,” The College Board, p. X, <www.collegeboard.com/trends> (October 31, 2009).
- ⁵⁴ “Student Debt and the Class of 2008,” The Project on Student Debt, December 1, 2009, p. 1.
- ⁵⁵ Sandy Baum and Marie O’Malley, “College on Credit: How Borrowers Perceive Their Education Debt,” the *NASFAA Journal of Student Financial Aid*, p. 15.
- ⁵⁶ Value of College Calculator, Iowa College Student Aid Commission, <<http://www.collegetoolkit.com/co/is-cac/college-calculators/rescalecval.aspx>> (November 8, 2009).
- ⁵⁷ “Cost of Attending College Rose Faster Than Inflation, Reports Find,” <pdnapps.fdnctner.org/link/20013175/story> October 22, 2009.
- ⁵⁸ Kirkwood Community College, Athletics home page, <<http://webmail.aol.com/29202/aol-1/en-us/Suite.aspx>> (November 23, 2009).
- ⁵⁹ Lamar Alexander, “The Three-Year Solution,” *Newsweek*, October 17, 2009.
- ⁶⁰ Waldorf College, History of the School and November newsletter, <<http://www.waldorf.edu/about/history.asp>> (November 10, 2009).
- ⁶¹ Lamar Alexander.
- ⁶² 2011 Executive Budget, State of Mississippi, Office of the Governor, <<http://www.governorbarbour.com/news/2009/nov/2011ExecutiveBudget.pdf>> (November 17, 2009).
- ⁶³ Ed Failor, Jr., “Opinion: Combine Iowa Regent Universities,” Iowans for Tax Relief, November 17, 2009, <<http://www.taxrelief.org/articles/show/41>> (November 17, 2009).
- ⁶⁴ Marc Perry, “With Typical Vigor, Jack Welch Sets Out to Upend Online Business Education,” *The Chronicle of Higher Education*, November 1, 2009.
- ⁶⁵ Commission Central Overview, The Iowa College Student Aid Commission, <www.iowacollegeaid.gov> (November 10, 2009).

Appendix: Iowa Colleges – Student Debt Upon Graduation, 2005-2006, Four-Year Baccalaureate Degree

	Number With Debt	Total Graduates	Percent with Debt	Ranking	Total Debt	Average Debt	Debt Ranking
Iowa State University	2,226	3,230	68.9%	30	\$71,521,532	\$32,130	4
University of Iowa	2,467	4,025	61.3%	32	\$49,917,510	\$20,234	31
University of Northern Iowa	1,080	1,399	77.2%	24	\$24,099,273	\$22,314	27
REGENTS' UNIVERSITIES TOTAL	5,773	8,654	66.7%	Average	\$145,538,315	\$25,210	Average
Allen College	22	29	75.9%	27	\$667,784	\$30,354	6
Briar Cliff University	222	263	84.4%	16	\$5,772,480	\$26,002	17
Buena Vista University	208	222	93.7%	4	\$6,566,356	\$31,569	5
Central College	250	288	86.8%	13	\$6,898,932	\$27,596	10
Clarke College	110	137	80.3%	22	\$2,449,529	\$22,268	28
Coe College	224	291	77.0%	25	\$5,964,025	\$26,625	15
Cornell College	159	232	68.5%	31	\$3,967,829	\$24,955	19
Divine Word College	4	7	57.1%	34	\$73,285	\$18,321	34
Dordt College	170	174	97.7%	2	\$3,060,000	\$18,000	36
Drake University	330	430	76.7%	26	\$8,811,085	\$26,700	14
Emmaus Bible College	13	16	81.3%	21	\$193,182	\$14,860	39
Faith Baptist Bible College	38	45	84.4%	16	\$656,006	\$17,263	38
Graceland University	135	163	82.8%	19	\$2,929,101	\$21,697	29
Grand View College	329	396	83.1%	18	\$7,941,123	\$24,137	22
Grinnell College	195	341	57.2%	33	\$3,505,051	\$17,975	37
Hamilton College	49	56	87.5%	12	\$1,162,180	\$23,718	24
Iowa Wesleyan College	40	47	85.1%	15	\$1,102,446	\$27,561	11
Loras College	153	222	68.9%	30	\$4,252,934	\$27,797	9
Luther College	427	519	82.3%	20	\$7,801,700	\$18,271	35
Maharishi University of Management	18	19	94.7%	3	\$601,340	\$33,408	2
Mercy College of Health Sciences	3	6	50.0%	35	\$41,725	\$13,908	40
Morningside College	98	112	87.5%	12	\$3,213,724	\$32,793	3
Mount Mercy College	93	104	89.4%	9	\$2,518,708	\$27,083	13
Northwestern College	169	224	75.4%	28	\$4,401,954	\$26,047	16
Saint Ambrose University	175	219	79.9%	23	\$3,231,675	\$18,467	33
Simpson College	228	257	88.7%	10	\$6,230,740	\$27,328	12
University of Dubuque	82	90	91.1%	7	\$2,751,811	\$33,559	1
Upper Iowa University	88	100	88.0%	11	\$1,784,984	\$20,284	30
Waldorf College	58	81	71.6%	29	\$1,335,974	\$23,034	25
Wartburg College	296	345	85.8%	14	\$8,524,143	\$28,798	7
William Penn University	21	25	84.0%	17	\$518,643	\$24,697	20
4-YEAR INDEPENDENT TOTAL	4,358	5,404	80.6%	Average	\$107,768,269	\$24,729	Average
Ashford University	46	60	76.7%	26	\$1,027,906	\$22,346	26
Hamilton College	25	27	92.6%	6	\$636,003	\$25,440	18
Hamilton College-Main Campus	54	58	93.1%	5	\$1,299,290	\$24,061	23
Hamilton College-Mason City Branch	29	32	90.6%	8	\$573,614	\$19,780	32
Kaplan University	80	81	98.8%	1	\$2,237,902	\$27,974	8
PROPRIETARY TOTAL	283	314	90.1%	Average	\$6,936,895	\$24,512	21
STATEWIDE TOTAL	10,414	14,372	72.5%	Average	\$260,243,479	\$24,990	Average

Source: Iowa College Student Aid commission, based on data provided by colleges & universities. Includes institutions that reported debt for 4-year completion at the institution. Preliminary Data Subject to change, 9/11/2007.

**Public Interest Institute
at Iowa Wesleyan College
600 North Jackson Street
Mount Pleasant, IA 52641-1328**

NONPROFIT ORGANIZATION
U.S. POSTAGE PAID
MAILED FROM ZIP CODE 52761
PERMIT NO. 338

This policy study is brought to you in the interest of a better-informed citizenry, because IDEAS DO MATTER. You can write Public Interest Institute at:

Public Interest Institute
600 North Jackson Street
Mount Pleasant, IA 52641-1328