



MINUTES

Administrative Costs in Higher Education Study Committee

November 5, 2013

MEMBERS PRESENT:

Senator Rita Hart, Co-chairperson
Senator Daryl Beall
Senator Nancy J. Boettger
Senator Robert E. Dvorsky
Senator Amy Sinclair

Representative Greg Forristall, Co-chairperson
Representative Joshua Byrnes
Representative Ron Jorgensen
Representative Patti Ruff
Representative Beth Wessel-Kroeschell

MEETING IN BRIEF

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- I. Procedural Business
- II. Community Colleges
- III. Iowa Association of Independent Colleges and Universities
- IV. For-Profit Postsecondary Institutions
- V. Regents Institutions
- VI. Discussion
- VII. Materials Filed With the Legislative Services Agency



Administrative Costs in Higher Education Study Committee

I. Procedural Business

Call to Order. The first and only meeting of the Administrative Costs in Higher Education Study Committee was called to order at 10:00 a.m. on Tuesday, November 5, 2013, in Room 116 of the State Capitol Building in Des Moines, Iowa, by temporary Co-chairperson Forristall. The meeting was adjourned at 3:40 p.m.

Election of Permanent Co-chairpersons. Members of the committee unanimously elected temporary Co-chairperson Hart and temporary Co-chairperson Forristall as permanent co-chairpersons.

Adoption of Rules and Agenda. Members of the committee adopted procedural rules and a committee agenda, which are posted on the committee's Internet site.

Welcome. Co-chairperson Hart and Co-chairperson Forristall welcomed members of the committee and reviewed the charge of the committee.

II. Community Colleges

Dr. Mick Starcevich, President of Kirkwood Community College, expressed thanks for the increase in funding for community colleges in the form of general state aid and worker training funds appropriated in the 2013 Session of the General Assembly.

Dr. Daniel Kinney, President of Iowa Central Community College, expressed a commitment to keeping college affordable and providing a skilled workforce for Iowa. He opined that community colleges are particularly attuned to the workforce needs of their local communities and are well equipped to meet those needs.

Mr. Kent Farver, Chief of the Bureau of Community College Education of the Iowa Department of Education, stated that community colleges have an open-door policy, with nearly every applicant accepted. He explained that community colleges receive federal, state, and local funding and are under the control of local community college boards, with the state Department of Education providing statewide oversight and coordination. He discussed various forms of oversight over the community colleges, including required annual reports for various funds and annual audits that are submitted to the State Auditor and reviewed by the department. Mr. Farver described how various data on the community colleges is reported by the community colleges and collected by the department and he reviewed the most recent data. He noted that the department prepares an annual report on the community colleges and provided a handout summarizing the information. He stated that a college-by-college breakdown of the data collected is available.

Discussion then focused on the various kinds of fees charged by community colleges and how they are determined; nationwide trends toward keeping tuition steady while fees are increased; the direct relationship between funding levels and staffing levels; nationwide increases in the number of administrative personnel and the availability of relevant data for Iowa; differing trends in instructional costs versus administrative costs; whether there are unnecessary requirements imposed on community colleges that could be eased legislatively; the average debt of community college graduates; the availability of data on how many community college graduates go on to four-year institutions; the affordability of textbooks; the practicality and cost of a tuition freeze; the



percent of nontraditional students; the implementation of veterans tuition assistance; suggestions for other legislative changes that could be pursued to reduce administrative costs; the use of online textbooks; integration with secondary schools and concurrent enrollment; how community colleges are pursuing increasing fundraising, decreasing costs, and efficiency efforts; coordinated purchasing among community colleges; coordination with regents institutions; efforts to encourage on-time graduation; credit transfer agreements between community colleges and regents institutions; remedial education; how graduation rates can be more accurately defined; career counseling for students, including high school students; career-technical preparation; increases in the number of counselors; coordination among community colleges; and administrator job duties and salary levels.

In response to a question, Dr. Starceвич discussed the “three-legged stool” concept of funding for community colleges from when the community college system was first created. Originally, funding for community colleges was intended to be 50 percent from state funds, 25 percent from property taxes, and 25 percent from tuition. Now, Dr. Starceвич stated that Kirkwood receives 64 percent of its funding from tuition and fees, 28 percent from state aid, 3 percent from local property taxes, and the rest from grants. He stated that nationwide, community colleges typically receive 50 percent of their funding from property taxes. He explained that these shifts in costs over the years have caused problems for community colleges, including cutting full-time faculty to reduce costs. Dr. Kinney stated that Iowa Central Community College receives 66 percent of its support from tuition and fees. Dr. Starceвич stated that raising property tax funding for community colleges by five cents a year would provide significant help to community colleges.

Committee members encouraged the community colleges to provide suggestions for legislation that could help reduce administrative costs and otherwise assist the community colleges in their mission.

III. Iowa Association of Independent Colleges and Universities

Mr. Gary Steinke, President of the Iowa Association of Independent Colleges and Universities, explained that there is no central repository for the independent colleges and universities containing the information requested by the committee. The information was gathered manually. He noted there is much information about the independent colleges and universities that is publicly available, including financial statements and member institution data from the National Center for Education Statistics’ Integrated Postsecondary Education Data System (IPEDS). Mr. Steinke also noted that some information in IPEDS is incorrect and IPEDS was inaccessible during the recent federal government shutdown, which slowed the gathering of information. He said he would provide at a later date any information desired by the committee that was not available at the time of the meeting.

Mr. Kent Henning, President of Grand View University, referring to previously reported information, stated that his institution’s expenses are 35 percent for instruction and research, 8 percent for academic support, 20 percent for student support, 19.5 percent for institutional support, and 17.4 percent for auxiliary expenses. He noted that Grand View has only two fees, an activity fee and a technology fee. Grand View has seven vice presidents and 258 total employees, including 96 full-time faculty. Mr. Henning explained Grand View’s affordability index, whereby the institution’s net



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price is benchmarked against the prices of the regents institutions. He stated that 64 percent of Grand View students pay less than the published price for attendance at Iowa State University, which has the lowest published price for attendance at the regents institutions. He explained that while some costs cannot be reduced, Grand View has pursued many cost-control measures, including declining invitations for the institution to pay to sponsor events and implementing a more efficient interlibrary loan system. He stated that Grand View uses a sophisticated financial model to examine expenses and that he is mindful that the university is ultimately spending the students' money.

Dr. Mark Putnam, President of Central College, stated that he views his job as running a business. Central has 107 full-time faculty and is a \$63 million enterprise. He emphasized Central's focus on affordability and noted that he spends considerable time raising money for the institution. He explained that Central is open for business and regularly serves as a paid venue for weddings, conferences, and other events. Dr. Putnam stated that 99 percent of students receive some form of financial aid and that Central just had its lowest increase in tuition in 40 years. He noted that operational costs have increased, but those costs have not been passed on to students. He described other efficiencies sought such as a managed printing program with fewer printers. He emphasized the importance of Iowa tuition grants to Central's students, stating it is a good return on investment for the state.

Discussion then focused on in-state retention rates for graduates (90-92 percent for Grand View and 65-70 percent for Central); articulation agreements between the independent colleges and universities and community colleges; student debt; remediation efforts; debt counseling for students; the cost of degrees outside of the fields of science, technology, engineering, and mathematics (STEM); and how student debt is calculated.

In response to a question on Iowa tuition grants, Mr. Henning stated just over 50 percent of students at Grand View receive the grants, and Dr. Putnam stated the rate for Central is around 40 percent. Mr. Steinke stated that \$49 million in Iowa tuition grants were awarded to students at independent colleges and universities in the previous year.

IV. For-Profit Postsecondary Institutions

Mr. Doug Struyk of the Carney & Appleby law firm, the designee for Dr. Richard Pattenau, the President of Ashford University, expressed Dr. Pattenau's regrets that he was unable to attend the meeting. He provided the committee with handouts containing data responding to the committee's questions on mandatory fees and how they are calculated, information on numbers of employees from IPEDS data, and administrative costs as a percentage of total spending. He explained that students can start classes at Ashford 52 weeks out of the year, which requires the employment of many part-time employees. He noted that Ashford's tuition increase in 2013 was the lowest it has ever had.

Discussion then centered on increases in noninstructional spending, financial aid, dropout rates, and accreditation. In response to a request, Mr. Struyk stated that he would try to provide the committee with the university's retention and graduation rates.



Ms. Susan Spivey, Campus President of the Cedar Falls Campus of Kaplan University, described the history of Kaplan, noting that it has five campuses in Iowa as well as online course offerings and that it is one of the largest employers in the state. She described seven risk factors students face when going to college and noted that Kaplan's graduation rate is above the national average for students with two or more risk factors. She stated that 90 percent of graduates stay in Iowa. Ms. Spivey described the Kaplan Commitment, whereby a student may withdraw from Kaplan at any time within the first three weeks for any reason without penalty. She provided the committee with a handout detailing Kaplan's fees, which she stated are minimal. She stated that Kaplan provides institutional scholarships and that students receiving the Iowa tuition grant are eligible for an institutional match. She explained that some of the information requested by the committee does not apply to Kaplan.

Discussion then centered on the Kaplan Commitment, Kaplan's ownership, and the percentage of profits that goes toward scholarships.

Dr. Bob Alsop, President of Waldorf College, discussed the history of Waldorf, noting that it recently had its 110th anniversary. He provided handouts to the committee in response to the committee's questions. He noted that fees are only charged to residential students. Dr. Alsop explained that Waldorf is a laptop campus; one is given to each residential student. He explained that Waldorf is a faith-based institution and noted that 2010 was Waldorf's first year as the legal entity it is today.

Discussion then centered on rates of scholarship awards and Waldorf's unique status as a faith-based for-profit institution.

V. Regents Institutions

Ms. Patrice M. Sayre, Chief Business Officer of the Iowa Board of Regents, discussed the regents institutions' long history of seeking efficiencies and having internal and external reviews conducted. She also noted the various auditing requirements to which the institutions are subject. She provided the committee a handout on the institutions' fees and described the history of fees at the institutions, noting that mandatory fees began in the 1990s. Ms. Sayre explained that the institutions use the Higher Education Price Index to track inflation, and fees are not increased higher than the rate of inflation. She provided information on the institutions' employees from IPEDS, noting that the numbers for 2013 are not yet available due to a technical change. She explained that staff ratios are governed by state law regarding span of control. She also provided a report on faculty activities that she felt would be responsive to the committee's questions. A lengthy report on efficiency efforts by the regents institutions she offered to the committee was subsequently provided to the committee electronically.

Discussion then focused on fee increases, whether good value is received for such increases, and whether imposing fees by vote of the student body is a good approach.

Dr. Barry Butler, Executive Vice President and Provost of the University of Iowa; Mr. Warren Madden, Senior Vice President for Business and Finance at Iowa State University; and Mr. Michael Hager, Vice President of Administration and Financial Services at the University of Northern Iowa, then briefly discussed various efficiency measures pursued by their respective institutions, such as



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streamlined procurement and inventory management and resource sharing among the institutions. Handouts were provided to the committee describing efficiency measures in greater depth.

Discussion then centered on the scope of a comprehensive efficiency review to be conducted over 12 to 18 months on the institutions, fee increases, the effect of the recent tuition freeze on fees, and possible legislative measures to reduce student debt.

VI. Discussion

Co-chairperson Hart thanked all the presenters for coming and expressed appreciation for the many institutions represented and the diversity of their missions and approaches. Co-chairperson Forristall thanked the presenters as well and expressed appreciation for the institutions' focus on graduating students on time, reducing student debt, and controlling administrative costs.

VII. Materials Filed With the Legislative Services Agency

The materials listed were distributed at or in connection with the meeting and are filed with the Legislative Services Agency. The materials may be accessed from the "Committee Documents" link on the committee's Internet site:

<https://www.legis.iowa.gov/Schedules/committeeDocs.aspx?GA=85&CID=927>

1. Final Agenda
2. Background Statement with Attachments
3. Prepared Remarks by Mr. Farver, Bureau Chief, Iowa Department of Education
4. Community College Revenue – Three-Legged Stool Graph, prepared and submitted by Ms. Robin Madison, Senior Legislative Analyst, Fiscal Division, LSA
5. Letter to the Study Committee Co-Chairpersons from Dr. Richard Pattenau, President, Ashford University
6. Testimony of Ms. Spivey, Campus President, Cedar Falls Campus, Kaplan University
7. Responses to Study Committee Queries, distributed by Dr. Alsop, President, Waldorf College
8. Remarks for Administrative Costs in Higher Education Legislative Study Committee Ms. Patrice M. Sayre
9. Presentation Documents Submitted by Ms. Sayre, Chief Business Officer, Iowa Board of Regents
10. Regent Institutional Efficiency Efforts, a document offered by Ms. Sayre, Chief Business Officer, Iowa Board of Regents
11. University of Iowa PowerPoint Document provided by Dr. Butler, Executive Vice President and Provost, UI
12. Iowa State University PowerPoint Document provided by Mr. Madden, Senior Vice President for Business & Finance, ISU

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13. University of Northern Iowa PowerPoint Document provided by Mr. Hager, Vice President of Administration and Financial Services, UNI
14. Comparisons of FTE Staffing Levels for Iowa's Public Universities and Community Colleges by Ms. Robin Madison, Fiscal Services, LSA
15. Briefing on Administrative Costs in Higher Education Study Committee – Revised

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