Fiscal Note

Fiscal Services Division

HF 2362 – Regents Universities, Tuition Guarantee (LSB5835HV)
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Fiscal Note Version – New

Description

House File 2362 requires the State Board of Regents (BOR) to direct each Regents institution to establish a tuition policy for resident undergraduate students under which the tuition rate charged in a student's first academic year of enrollment is guaranteed and will not increase during the student's subsequent academic years of undergraduate enrollment.

The tuition guarantee applies to resident undergraduate students whose first academic year of enrollment begins in or after academic year 2027-2028 (FY 2028) and is limited to up to three consecutive academic years following the first year of enrollment. The Bill does not alter tuition rates for nonresident, graduate, or professional students. If a resident undergraduate student transfers to another Regents institution after their first academic year, the receiving institution may charge the higher first-year tuition rate for that institution.

The Bill includes limitations on the duration of the tuition guarantee, particularly for students who enter with advanced standing through transfer credits and does not extend the guarantee beyond three consecutive academic years following a student's first year of enrollment.

Background

Iowa's three public universities governed by the BOR — the University of Iowa (SUI), Iowa State University (ISU), and the University of Northern Iowa (UNI) — establish undergraduate tuition rates pursuant to policies approved by the BOR. The BOR maintains a policy that limits the annual increase to the base undergraduate resident tuition to an amount that does not exceed the average of the three most recently established Higher Education Price Index values. Tuition increases are typically reviewed and approved in June of the preceding academic year. Over the last 10 years, SUI has raised tuition by an average of 3.7% per year, ISU 3.4%, and UNI 2.6%.

The BOR also released a Tuition Guarantee Impact Study in November 2025 that examined the cost and feasibility of a tuition guarantee program.

Assumptions

- The program applies only to resident undergraduate students enrolled at Regents institutions.
- Resident undergraduate enrollment is modeled using a cohort-based approach. Entering first-year cohorts and additional upper-division students are tracked separately to reflect differences in entry timing and remaining eligibility under the tuition guarantee.
- Students entering with advanced standing, including transfer students and students with prior-earned college credit, are incorporated into the model as additional upper-division entrants. These students are assumed to have fewer remaining years of eligibility under the tuition guarantee.
- The calculations assume that all students pay the full tuition rate, which does not account for any tuition discounts that may be eligible to students.

- Under current law, resident undergraduate tuition is assumed to increase by 3.7% at SUI, 3.4% at ISU, and 2.6% at UNI for all future years. **Figure 1** shows the estimated cost of tuition for undergraduate students through FY 2031.

Figure 1 — Estimated Cost of Tuition

	SUI	ISU	UNI
Actual FY 2026	$ 9,565	$ 9,530	$ 8,792
10-Year Average Increase	3.7%	3.4%	2.6%
Est. FY 2027	$ 9,917	$ 9,853	$ 9,017
Est. FY 2028	10,282	10,215	9,248
Est. FY 2029	10,660	10,591	9,485
Est. FY 2030	11,052	10,980	9,728
Est. FY 2031	11,458	11,384	9,977

- The calculations use the estimated tuition in FY 2028 as the base tuition for the first year of enrollment.
- This estimate does not consider the tuition differential charged for high-cost programs such as engineering, business, nursing, or health sciences, which could result in additional lost revenues.
- One-time technology and programming costs will be incurred in the first year of the implementation of the tuition guarantee program (FY 2028).
- The calculations model overlapping entering cohorts beginning in fall 2027 (FY 2028), including first-year entrants and additional upper-division students, with revenue impacts beginning in FY 2029. New cohorts are added annually through fall 2030 (FY 2031), after which the program will include all overlapping eligible cohorts.
- No adjustments are made for student attrition, dropout, delayed completion, or transfers among Regents institutions; students who would otherwise extend enrollment beyond the guarantee period are assumed to revert to the current-year tuition rate.

Fiscal Impact

House File 2362 will require one-time technology and programming costs to modify tuition billing and receivable systems. This includes $250,000 for SUI, $315,000 for ISU, and $85,000 for UNI incurred in FY 2028. **Figure 2** illustrates the revenue impact of the tuition guarantee program across a four-year degree program beginning as a freshman in fall 2027 (FY 2028) by university. Fiscal year 2031 represents the cost of all students eligible for the program after full implementation.

Figure 2 — Tuition Revenue Reduction (in Millions)

Regents Institution	FY 2029	FY 2030	FY 2031
University of Iowa	$ 1.4	$ 3.9	$ 7.2
Iowa State University	1.2	3.3	6.0
University of Northern Iowa	0.4	2.1	2.1
Total	$ 3.0	$ 8.3	$ 15.3

Totals may not sum due to rounding.

Sources
Board of Regents
Legislative Services Agency calculations

/s/ Jennifer Acton

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The fiscal note for this Bill was prepared pursuant to Joint Rule 17 and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.