

# FINAL REPORT

## FINANCIAL ACCESS TO HIGHER EDUCATION STUDY COMMITTEE

January 1991

### AUTHORIZATION AND APPOINTMENT

The Financial Access to Higher Education Study Committee was established by the Legislative Council to study the financial needs of Iowa students, the effectiveness of current financial aid programs in Iowa, what is being done in other states, and how Iowa programs could be modified to ensure access to Iowa's institutions of higher education.

The members of the Study Committee were:

Senator John Kibbie, Co-chairperson  
Representative Linda Beatty, Co-chairperson  
Senator Wally Horn  
Senator Wilmer Rensink  
Senator Dale Tieden  
Senator Richard Varn  
Representative Russell Eddie  
Representative Raymond Lageschulte  
Representative Mary Neuhauser  
Representative Don Shoultz

### BACKGROUND INFORMATION

The Committee received background information prior to the first meeting which included an outline of current Iowa student financial aid programs, excerpts from pending federal legislation, and excerpts from several studies which had previously been conducted on Iowa's higher education institutions and system. During the course of the three meetings of the Committee, the Committee received copies of information about available student financial aid and student debt load in Iowa, information on financial aid programs in other states, and proposed changes to Iowa's current student financial aid system. Copies of all materials distributed are on file with the Legislative Service Bureau.

## COMMITTEE PROCEEDINGS

The Study Committee was authorized to hold three meetings which were held on July 30, September 19, and November 29, 1990.

### July 30, 1990, Meeting

At its first meeting, the Committee heard presentations from persons from the various institutional sections in Iowa's higher education system and the College Student Aid Commission. A summary of the testimony received at the first meeting is as follows:

Mr. Gary Nichols, Executive Director, College Student Aid Commission, addressed the issue of student financial aid needs as compared to current funding levels, as well as the types and amounts of available funding for student aid. He reported on the financial difficulties of the Higher Education Assistance Foundation, the largest national guarantor of Guaranteed Student Loans (GSL), which does not, however, act as the guarantor for the Iowa Guaranteed Student Loan Program. Mr. Nichols discussed Iowa's student loan default rate, as it compares nationally, the Commission's volume of student loan business, and the status of the federal Department of Education concerns regarding GSL reserves.

Dr. Patricia Swan, Dean of the Graduate College and Vice Provost for Research and Advanced Studies, Iowa State University, discussed the financial aid needs of graduate students in light of workforce shortages of scientists, engineers, and college teachers and national competition to attract graduate students in these areas.

The following representatives of the University of Iowa provided testimony: Dr. Leodis Davis, Associate Vice President of Academic Affairs; Mr. Mark Warner, Financial Aid Office; and Dr. Steve Collins, Professor of Electrical and Computer Engineering. Dr. Davis discussed the financial needs of graduate students and the disadvantage that the Regents' universities have, as compared to other states' public higher education institutions, in that they must still charge graduate students tuition. He also discussed the composition of current student financial assistance available to graduate students and recruitment of faculty members by the Regents' universities within the state. Mr. Warner discussed methods to calculate student aid needs, in light of tuition increases, using certain arithmetical factors. Dr. Collins discussed the issue of foreign-born professors and teaching assistants.

Ms. Sue Follon, Vice President for Educational and Student Services, University of Northern Iowa, discussed the lack of tuition assistance for graduate students. She indicated that many U.N.I. graduate students receive stipends, but are not eligible for tuition scholarships, and said that most of their graduate students are enrolled in education counseling and administration.

Mr. Earl Dowling, Director of Student Financial Aid, Iowa State University, discussed the issue of professors for whom English is a second language and the problem of students understanding these lecturers. He also informed the Committee that 44.5 percent of Iowa's undergraduate students are served by the three Regents' university financial aid offices and institutions. Mr. Dowling presented several testimonials from students who have experienced problems with the financial aid system and the efforts made by the Regents' financial aid offices to simplify the financial aid application process.

Dr. John Hartung, Iowa Association of Independent Colleges and Universities, discussed the independent colleges' and universities' role in the provision of undergraduate education in Iowa and the changes and sources of financial aid for students at those institutions. He noted that increases in the Iowa Tuition Grant Program are a priority concern of the independent colleges and universities and that the addition of the Iowa Grant/Iowa Minority Grants for Economic Success funding has helped to ensure that students with the greatest financial need receive assistance. Dr. Hartung noted that independent institutions such as Drake University have access concerns for graduate students which are similar to those of the Regents' universities.

Mr. John Parker, Director of Student Financial Planning, Drake University, discussed historical and future funding for student financial aid at both the state and federal levels, noting that federal funding is not likely to increase given the current federal budget deficit. He noted that the levels of federal financial aid funding have caused and will continue to cause increased demands on state and institutional financial aid. Mr. Parker discussed the role of the Tuition Grant Program as providing a leveling effect for students of varying economic backgrounds and also discussed other financial aid opportunities which will or could assist students to gain access to higher education, such as IMAGES, the Iowa Grant Program, or a nonsubsidized loan program.

Mr. David Buettner, President of North Iowa Community College, discussed the role of the community colleges in providing geographic and financial access to higher education and complimented the work of the General Assembly to correct the previous lack of support for arts and sciences students at the community colleges. He discussed the community colleges' role in providing educational access to Iowa's most needy and nontraditional students and highlighted the efforts that many employers are assuming in providing their employees with enhancement of their education. Mr. Buettner also asked the Committee to consider proposing the addition of a direct community college representative on the College Student Aid Commission board.

A summary of the testimony provided during the September 19 meeting is as follows:

Mr. Richard Blacker, President of Iowa Lakes Community College, discussed the efforts that the community colleges have made to obtain both physical and financial access for their students. He recommended the development of a voucher system to provide financial assistance to part-time students, increases in the award amounts for the vocational-technical tuition grants, and direct representation of the community colleges on the College Student Aid Commission board. He discussed the potential effect of an elimination of tuition at the community colleges and the difficulties encountered by at-risk and part-time students in the higher education system.

Presentations were made by the following students who were representing United Students of Iowa: Mr. Ben Stone, Executive Director of United Students of Iowa; Ms. Julie Henderson, a student at the University of Iowa; Mr. Rick Willard, a student at the University of Iowa; Mr. Dean Wilson, a student at the University of Northern Iowa; Mr. Chris Vaughn, a student at the University of Northern Iowa; Ms. Laurie Johnston, a student at the University of Northern Iowa; and Ms. Diane Humke, Campus Director for United Students of Iowa at the University of Northern Iowa. Mr. Stone discussed two recent studies relating to the impact of cost of attendance on student financial access and the changes in types of aid available on student access to education. Ms. Henderson discussed the other costs that students assume, besides tuition, when they enter higher education institutions. Mr. Stone also discussed the impact of debt financing on students' career choices. Mr. Willard discussed the effect of increased costs on the societal level of education and the debilitating effects of debt problems on a student's ability to concentrate. Mr. Wilson described the problem of class ranking affecting eligibility for financial aid as well as a student's parents' status as a small business owner with a large, but heavily leveraged, inventory. Mr. Vaughn described the problems which can occur if a student transfers from one institution to another and sufficient time elapses between transfers for a student loan to come due, and some of the delays in receipt of financial aid which he has experienced. He also noted the problems and potential for inequality and abuse that the rules relating to declaration of independent status cause. Ms. Johnston recounted some of the problems experienced by students whose parents have little or no income and questioned whether or not the expectations that all of a student's earned income be used for tuition are realistic. She also commented on the financial hardship effects of delays in receipt of financial aid by nontraditional students with families. Ms. Humke stated that the changes in the eligibility guidelines for financial aid and increased tuition costs have had a negative impact on student access to higher education. She also noted the eligibility problem that children of farmers face as well as the impact of independent status on the amount of student financial aid awards. Ms. Humke added that receipt of scholarships tends to reduce a student's financial aid eligibility.

Mr. James Grove, President of the Spencer School of Business, discussed the role of the proprietary schools in providing postsecondary educational opportunities to Iowa students, the eligibility of those institutions to participate in Iowa student financial aid programs, and the steps that the various proprietary schools have taken to obtain North Central Association (NCA) accreditation. He asked that the Committee consider including the proprietary schools, which currently qualify under the Tuition Grant Program due to their NCA candidacy, in the Iowa Grant Program.

Mr. Gary Nichols, Executive Director of the College Student Aid Commission, reviewed the status of the Higher Education Assistance Foundation and presented a report which outlines student financial aid sources, debt loads, numbers of loan recipients, and the results of a survey of recent graduates relating to debt load. Mr. Nichols also discussed the data available on outward migration of Iowa postsecondary education institution graduates and commented on some of the financial aid problems reported by the students who testified before the Committee.

The Honorable Edward Sullivan, New York State Assemblyman, outlined the New York system for student financial assistance. He described the various higher education sectors in the state, the Tuition Assistance Program, the Liberty Scholarship and Liberty Partnership Programs, the Regents' and Empire State Scholarships, the Aid for Part-Time Study Program, as well as the financial implications of those financial assistance programs and some of the problems that New York students encounter when seeking financial assistance. He also described New York's participation in the Guaranteed Student Loan Program as well as the various costs which students incur attending certain of New York's higher education institutions.

#### November 29, 1990, Meeting

At its third and final meeting, the Committee again heard presentations from the College Student Aid Commission and from representatives from the community colleges. Upon conclusion of the presentations, the Committee discussed the information which they received and adopted various recommendations. Summaries of the presenters' testimony are as follows:

Mr. Gary Nichols, Executive Director of the College Student Aid Commission, gave a final update on the status of the Higher Education Assistance Foundation and distributed a document which further details the Foundation's status. He then described the recent federal changes made in the Guaranteed Student Loan Program and estimated the effects of those changes on student access to higher education in Iowa. Mr. Nichols also presented the Committee with publications, which indicate Commission efforts to inform students of higher education and financial assistance opportunities that are available and how to access those opportunities. Mr. Nichols

informed the Committee that follow-up information from the student loan survey, addressing the weaknesses noted by the Committee, will be available in 1991, and that information pertaining to migration of out-of-state graduates into Iowa is not currently being collected by any state agency. He also noted that a nonsubsidized loan program is to be created through the Iowa Student Loan Liquidity Corporation, which will attempt to raise approximately \$10,000,000 through issuance of tax-exempt bonds. He also presented an update of the report which he had presented at the last Committee meeting.

Mr. Richard Blacker, President of Iowa Lakes Community College, reiterated previous meeting requests for additional funds for student financial aid for community college students, the appropriation of funds to permit the community colleges to participate in the IMAGES Program, and the request for direct representation of the community colleges on the College Student Aid Commission board. He again also recommended the creation of a voucher system to assist part-time students attending community colleges. Mr. David Buettner, President of North Iowa Community College, presented the Committee with a chart describing minority participation at higher education institutions as evidence of the need to provide funding for community college participation in the IMAGES Program. He also distributed a handout describing the various types of student financial aid available to part-time students attending higher education institutions in Iowa and some model tuition set-aside programs currently in operation for students who are enrolled for less than six credit hours.

### COMMITTEE RECOMMENDATIONS

A consensus of the members present was obtained on two motions made during the course of Committee discussion, although an insufficient number of members were present to pass the motions as recommendations. The favorable consensus of members present was obtained for the following:

1. That the Committee recommend that a direct representative of the community colleges be included as an additional member on the College Student Aid Commission board.
2. That the Committee recommend that language be added to the physician loan repayment program to permit physicians who are practicing in a federally approved community health center in an urban area to be eligible for funds under the program.

The following motions were adopted as Committee recommendations to the Legislative Council and the General Assembly:

1. That increases in funding be implemented for the Community College Excellence 2000 Account, the community college formula foundation level, and for student services as was recommended in Senate File 2410, as amended by Senate File 2430, from the 1990 Legislative Session.
2. That efforts be made to accommodate the needs of students who are enrolled in higher education institutions on less than a half-time basis.
3. That tax credits be given to students who attend postsecondary educational institutions in Iowa, accumulate loans for their education, and remain and work in certain targeted occupations in Iowa.
4. That funding for the graduate student program be continued and expanded beyond its current scope.

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