

Tuition at Iowa Regents Universities

ISSUE

Examination of the growth in tuition at Iowa Regents universities with comparisons to inflation, funding sources, peer institutions, and relative to household income.

AFFECTED AGENCIES

University of Iowa (U of I), Iowa State University (ISU), and University of Northern Iowa (UNI)

CODE AUTHORITY

Section 261.9

BACKGROUND

Tuition Policies Across the Nation

Tuition and fees, state appropriations, and financial aid are the three major components of the higher education finance system. The combined revenues from tuition, fees, appropriations, contributions, and other sources that pay for instruction cover the “cost” of an education, that is, the amount the institution spends per student for instruction. Tuition and fees, the “price” paid by students, covers only a portion of those total costs. Resident tuition and fees do not cover 100.0% of the cost of instruction, and the share paid by students varies widely across states. All states set nonresident tuition rates higher than resident tuition rates and require out-of-state students to pay a greater proportion of the cost of education except where neighboring states have established reciprocity agreements to allow those students resident rates (Badolato, 2008:3-4).

The tuition and fees paid by the students are a major issue both for their effect on the ability of students to afford an education and as a source of revenue for the universities. Generally, there are three philosophies for setting tuition at public institutions (Badolato, 2008:1-2):

- **High tuition/High aid** – States adopting this philosophy set relatively high tuition rates but use comparatively large appropriations for need-based financial aid to balance the price. The higher income families that can afford the higher tuition pay comparatively more of the cost of a college education, thus freeing up state funds for those that cannot afford the high tuition to receive assistance. Proponents of this philosophy argue that access is enhanced by aiding those that cannot afford college. Examples of states with this philosophy are Minnesota, Pennsylvania, and Ohio.
- **Low tuition/Low aid** – States adhering to this philosophy provide large subsidies for higher education to keep tuition low and provide access to everyone. Modest financial aid is provided for those still in need of assistance. Proponents argue this keeps tuition low and

encourages broad participation. Examples of states with this philosophy are Arizona, Tennessee, and Maine.

- Moderate tuition/Moderate aid – States taking this approach set tuition and financial aid at levels close to the national average and adjust tuition policies to be competitive with other states. The notion is to strike a balance between the state's and the student's share of educational costs. Tuition is set at a level high enough to support quality but still low enough to support student access. Examples of states with this approach are Connecticut, Iowa, and Oregon.

Authority to set tuition

The authority to set tuition and fees varies across the states. A 2007 survey conducted by the State Higher Education Executive Officers (SHEEO) examined higher education budgeting practices (Permlay et al., 2009: 8). Forty-three states participated. When asked what entity had the legal authority to set tuition levels, the respondents stated:

- Institutions – 16 (32%)
- Systems or State Boards – 30 (70%)
- Executive (Governor or State Treasury) – 1 (3%)
- Legislature – 8 (19%)

When asked what entity has the legal authority to set fee levels, the respondents stated:

- Institutions – 23 (53%)
- Systems or State Boards – 30 (70%)
- Executive (Governor or State Treasury) – 0 (0%)
- Legislature – 5 (12%)

Respondents were allowed multiple responses, and these percentages reflect the percent of total responses.

In Iowa, the State Board of Regents has the authority to set tuition and fees and typically does so in the middle of the school year before implementation. Consideration is given to anticipated inflationary growth as indicated by the Higher Education Price Index (HEPI), budgetary needs, tuition rates at peer institutions, and other relevant factors.

National Comparison

The Midwest Higher Education Compact (MHEC) published a report examining annual tuition and fees with information on public flagship universities. (See **Table 1** and **Attachment B**) The examination by MHEC showed the three Iowa universities had consistently lower annual tuition and fees than the Midwest and national averages.

Table 1

Resident Undergraduate Tuition and Fees at Public Research Universities									
	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	Increase FY 06 to FY 07	Increase FY 07 to FY 08	Increase FY 03 to FY 08
University of Iowa	\$ 4,191	\$ 4,993	\$ 5,396	\$ 5,612	\$ 6,115	\$ 6,273	8.96%	2.58%	49.68%
Iowa State University	4,110	5,028	5,426	5,634	5,860	6,161	4.01%	5.14%	49.90%
University of Northern Iowa	4,118	4,916	5,387	5,602	5,912	6,190	5.53%	4.70%	50.32%
Average for Comparable Midwest Universities	5,095	5,783	6,383	6,891	7,389	7,892	7.23%	6.81%	54.90%
National Public Flagship Average	4,694	5,221	5,701	6,172	6,618	7,029	7.23%	6.21%	49.74%

Sources: Midwest Higher Education Compact and Chronicle of Higher Education

Note: The Iowa Board of Regents provided a correction for the University of Iowa 2006-07 and 2007-08 tuition and fee amounts.

CURRENT SITUATION

Data

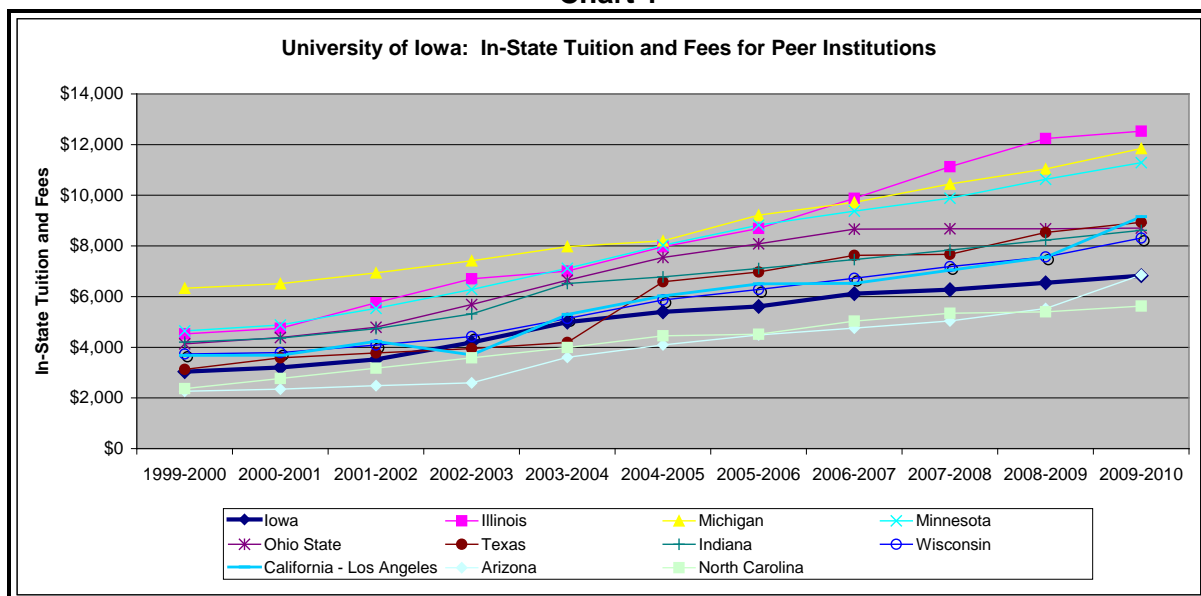
Annual base undergraduate tuition and fees for the academic year are used for the comparisons and analysis throughout this report. Revenues are for the entire fiscal year, and enrollments are for fall semesters.

Peer Institutions

In the mid-1990s, the universities and the State Board of Regents Office conducted a study to determine a group of 10 peer institutions for each Iowa public university based on a comparison of selected quality components. The examination included factors such as type of institution, national status and rankings, research category, taxonomy (classification) of programs, enrollments, program mixes, grant awards, distinguished faculty, and ownership or governance style. The State Board of Regents uses data from these established peer groups on a routine basis in analyses of faculty salaries and benefits, tuitions and fees, room and board rates, tenure, and graduation rates.

University of Iowa. **Chart 1** shows tuition and fees for the U of I compared to peer institutions. At the beginning of the decade, only the Universities of Arizona and North Carolina had lower resident tuition and fees than the U of I. By the 2009-2010 academic year, the U of I had inched past Arizona to hold the second lowest resident tuition and fees among peer institutions. The University of North Carolina continued to be the least expensive of the peer institutions. During the decade, the University of North Carolina's tuition and fees increased by \$3,260 (137.8%) to \$5,625 while the U of I tuition and fees increased by \$3,786 (124.6%) to reach \$6,824. The University of Illinois had the largest tuition and fees increase for resident students (\$8,002 or 176.8%) to become the most expensive of the peer institutions at \$12,528 for the 2009-2010 academic year.

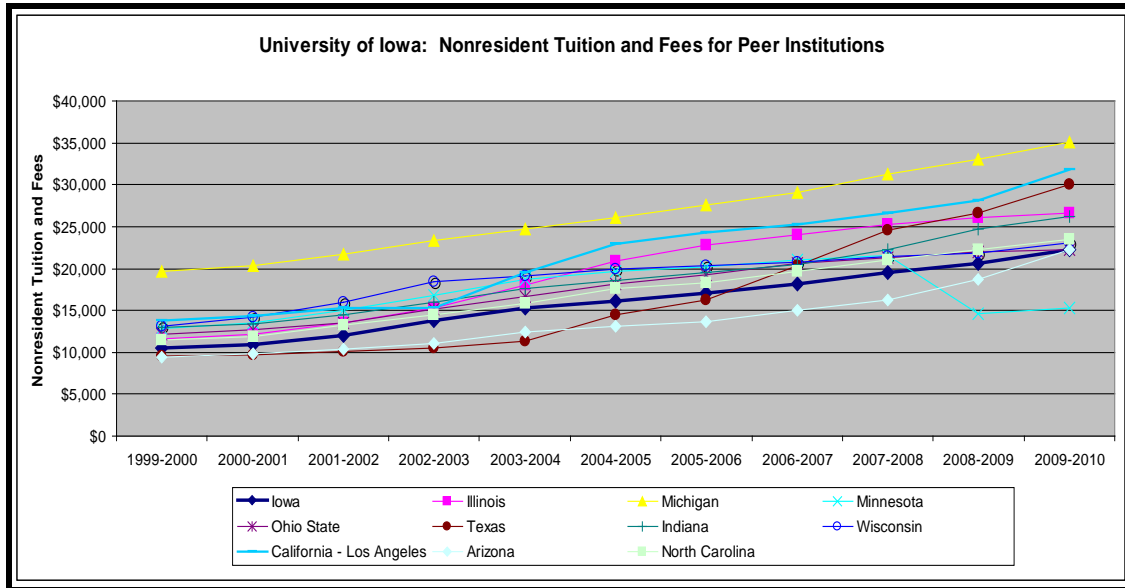
Chart 1



In regard to nonresident tuition and fees (**Chart 2**), the U of I began the decade with the third lowest tuition and fees (\$10,480) among peer institutions ranking behind the Universities of Arizona (\$9,416) and Texas (\$9,595). At the end of the decade, only the University of Minnesota had lower tuition and fees of \$15,287 for nonresident students compared to the U of I at \$22,198. Due to a significant drop in nonresident tuition and fees in 2008-2009, the

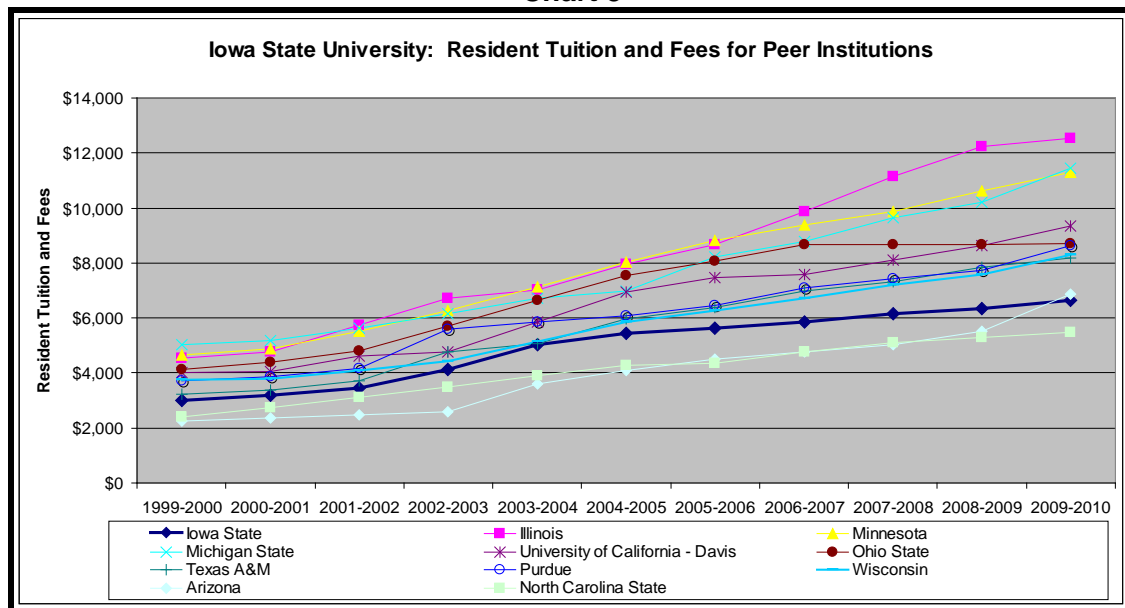
University of Minnesota had an increase of only 19.5%. The U of I's nonresident tuition and fees increase for the decade was 111.8%. Michigan University has the highest nonresident tuition and fees charging \$35,126 in the 2009-2010 academic year.

Chart 2



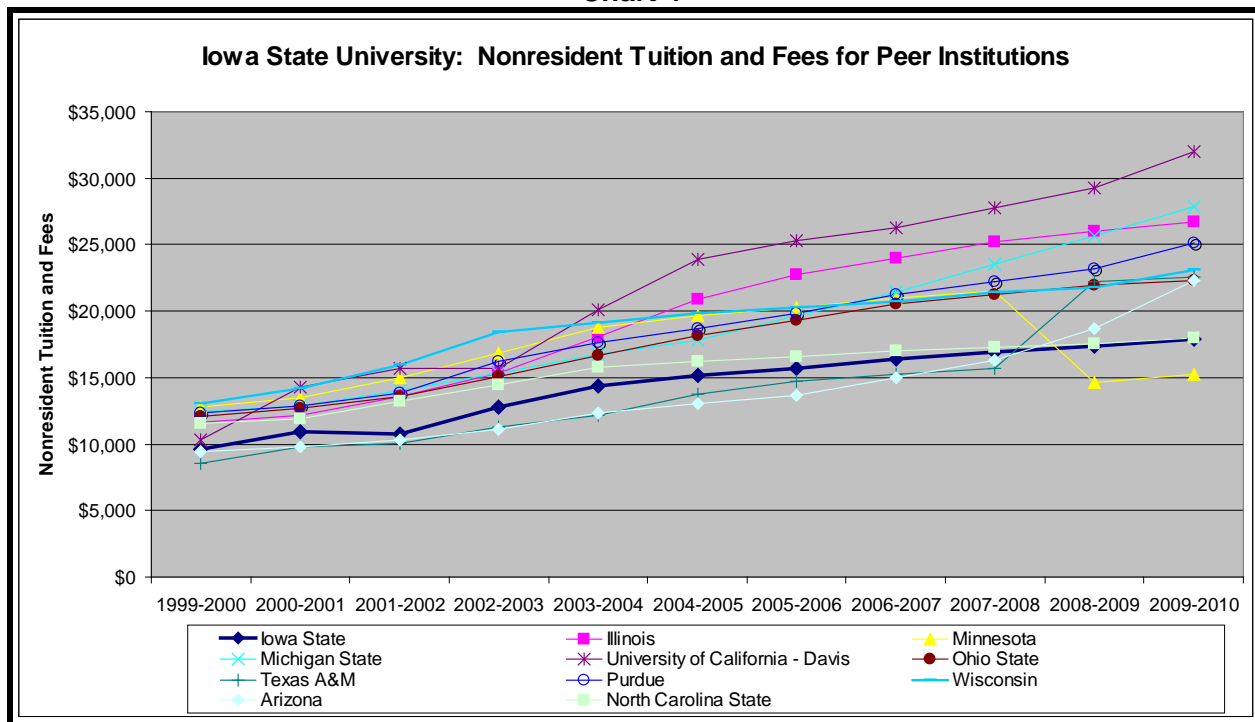
Iowa State University. At the beginning of the decade, North Carolina State University and the University of Arizona had lower resident tuition and fees than ISU (**Chart 3**). By the FY 2009-2010 academic year, ISU had inched below the University of Arizona to hold the second lowest resident tuition and fees among peer institutions. North Carolina State University continued to be the least expensive of the peer institutions. During the decade, North Carolina State's tuition and fees increased by \$3,060 (126.8%) to \$5,474 while ISU's tuition and fees increased by \$3,647 (121.4%) to reach \$6,651. The University of Illinois had the largest tuition and fee increase for resident students (\$8,002) to become the most expensive of the peer institutions at \$12,528 in the 2009-2010 academic year.

Chart 3



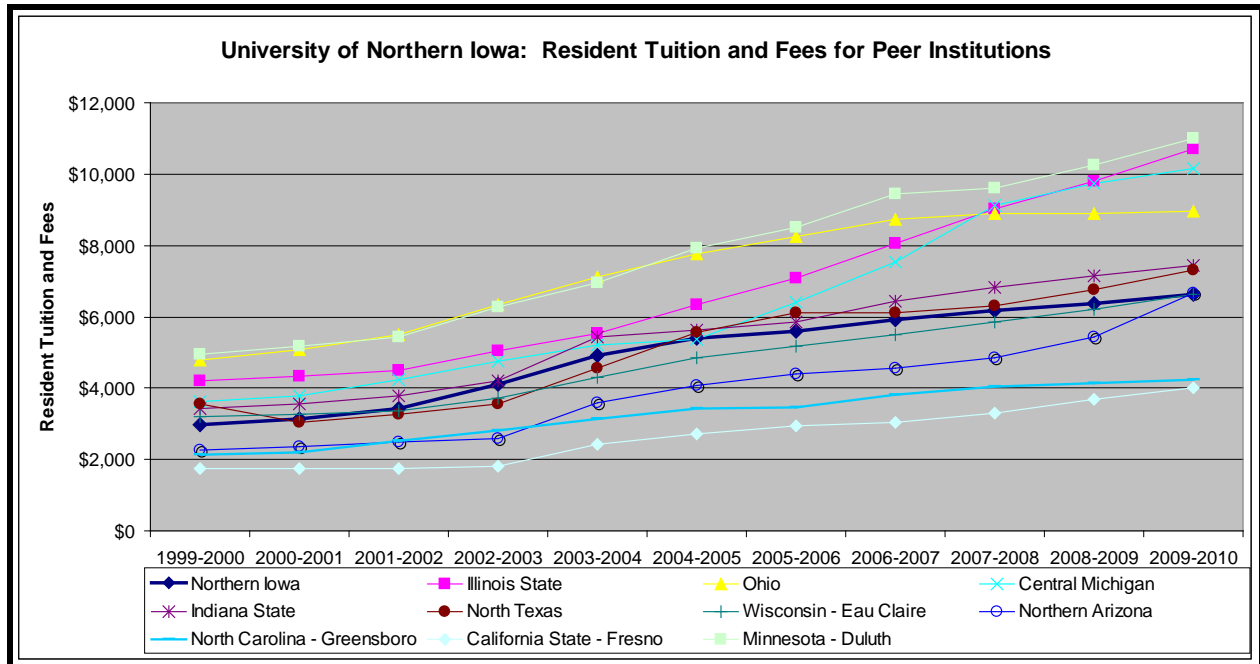
In regard to nonresident tuition and fees (**Chart 4**), ISU began the decade with the third lowest tuition and fees (\$9,609) among peer institutions ranking behind the University of Arizona (\$9,416) and Texas A&M University (\$8,581). At the end of the decade, only the University of Minnesota had lower tuition and fees charging \$15,287 for nonresident students compared to ISU at \$17,871. Due to a significant drop in nonresident tuition and fees in 2008-2009, the University of Minnesota had an increase of 19.5%. ISU's nonresident tuition and fees decade increase was \$8,262 (86.0%). The University of California – Davis has the highest nonresident tuition and fees charging \$21,711 in the 2009-2010 academic year.

Chart 4



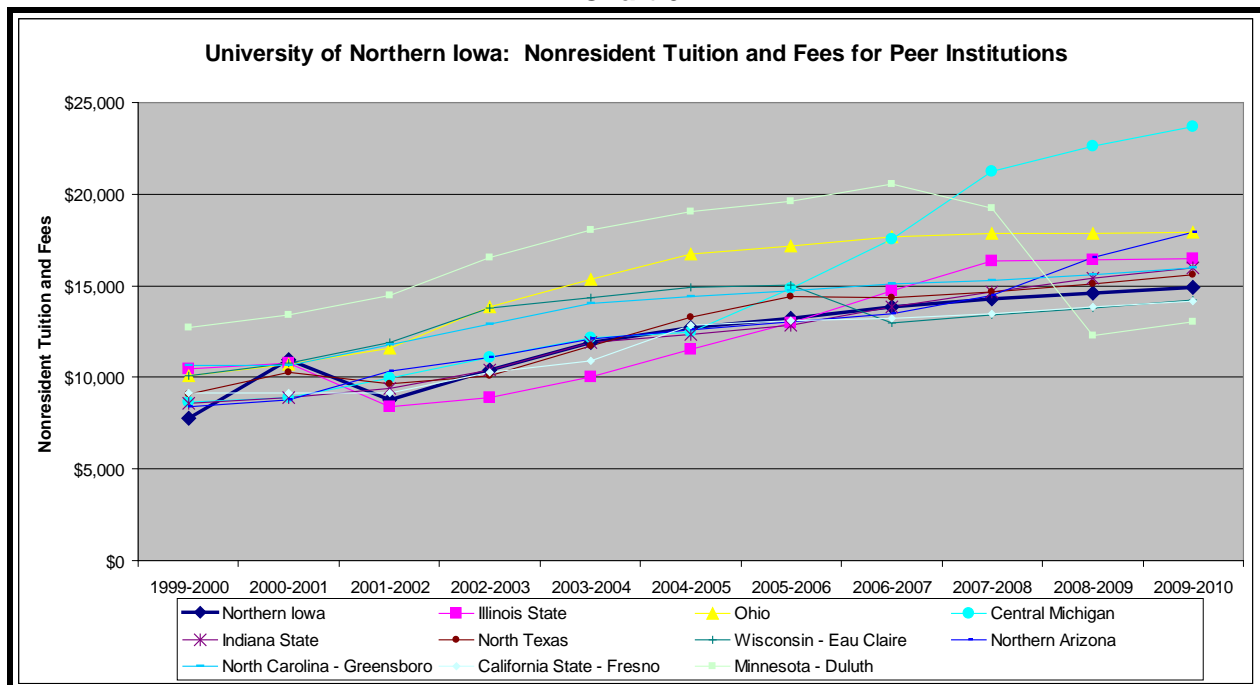
University of Northern Iowa. At the beginning of the decade, California State University – Fresno, the University of North Carolina – Greensboro, and the University of Northern Arizona had lower resident tuition and fees than UNI as illustrated in **Chart 5**. Over this period, UNI continued to have the fourth lowest resident tuition and fees among peer institutions. The Universities of North Carolina – Greensboro and Northern Arizona continued to be less expensive than UNI and were joined by the University of Wisconsin – Eau Claire. During the decade, UNI's tuition and fees increased by \$3,648 (122.1%) to \$6,636, less than the average increase of \$4,260 (128.9%) for UNI's peer institutions. The University of Minnesota – Duluth maintained its position with the most expensive resident tuition and fees throughout the decade ending with tuition and fees of \$11,004 in the 2009-2010 academic year. California State University – Fresno remained the least expensive university for resident students throughout the decade with resident tuition and fees of \$1,746 in 1999-2000 and \$4,001 in 2009-2010.

Chart 5



In regard to nonresident tuition and fees, UNI began the decade with the lowest tuition and fees (\$7,748) among peer institutions (**Chart 6**). At the end of the decade, UNI had moved up to the fourth lowest for nonresident tuition and fees and had become more expensive than the Universities of Wisconsin – Eau Claire, Minnesota – Duluth, and California State – Fresno. UNI’s nonresident tuition and fees grew by \$7,152 (92.3%) compared to the \$6,755 (74.7%) average for UNI’s peer institutions.

Chart 6



Affordability

A measure of affordability is the ratio of resident tuition and fees to the median household income of a state. Using only tuition and fees does not take into account other factors in the cost of attendance, such as room and board or books, or the offset of tuition by grants and scholarships. Still, it is an indication of how much a typical family must spend from their household budget to send someone to college.

University of Iowa. **Table 2** shows the ratios of resident tuition and fees and median household income for the U of I and its peer institutions for academic years 1999-2000 and 2008-2009, that is, tuition and fees as a percentage of median household income. The U of I is comparatively affordable with only two universities, Arizona and North Carolina, requiring a smaller percentage of the median household income to pay resident tuition and fees in the 1999-2000 academic year. The percentage of the household budget required to pay tuition and fees at the U of I and its peer institutions increased steadily between 1999 and 2009. At the end of the period, the three least expensive universities held their positions of requiring the smallest proportion of the median household income to pay tuition and fees, but the ratio almost doubled. By academic year 2008-2009, the U of I ratio increased ratio from 7.4% to 13.1%, so comparatively, it cost almost twice as much of the household budget to pay tuition and fees at the U of I. This pattern was typical across this set of peer institutions with most not quite doubling the percentage and some more than doubling it.

Table 2

Resident Tuition and Fees Compared to Median Household Income A Measure of Affordability for the University of Iowa										
	1999 Median Household Income	1999-2000 Tuition and Fees	Tuition as Percent of Median Inc.	1999-2000 Rank	2008 Median Household Income	2008-2009 Tuition and Fees	Tuition as Percent of Median Inc.	2008-2009 Rank	Increase in Ratio	Increase Rank
University of Iowa	\$ 41,098	\$ 3,038	7.39%	9	\$ 50,142	\$ 6,544	13.05%	9	5.66%	10
University of Arizona	36,995	2,264	6.12%	11	46,914	5,531	11.79%	11	5.67%	9
University of North Carolina	37,254	2,365	6.35%	10	42,930	5,397	12.57%	10	6.22%	8
University of Texas	38,688	3,128	8.09%	8	46,490	8,532	18.35%	5	10.27%	2
University of Wisconsin	45,667	3,738	8.19%	7	51,200	7,568	14.78%	7	6.60%	7
University of California - LA	43,629	3,678	8.43%	6	57,014	7,551	13.24%	8	4.81%	11
University of Illinois	46,330	4,526	9.77%	5	53,254	12,240	22.98%	1	13.22%	1
Minnesota	47,038	4,649	9.88%	4	54,925	10,634	19.36%	3	9.48%	3
Indiana University	40,838	4,202	10.29%	3	46,520	8,231	17.69%	6	7.40%	6
Ohio State University	39,489	4,134	10.47%	2	46,934	8,679	18.49%	4	8.02%	5
University of Michigan	46,089	6,332	13.74%	1	49,788	11,037	22.17%	2	8.43%	4
Average	42,101	3,823	9.08%		49,646	8,359	16.84%		7.76%	

Sources:
U.S. Census Bureau, Chronical of Higher Education
LA = Los Angeles

Iowa State University. **Table 3** shows the ratios of resident tuition and fees and median household income for ISU and its peer institutions. This illustrates that ISU is comparatively affordable with the same two universities, Arizona and North Carolina State, requiring a smaller percentage of the median family income to pay resident tuition and fees in the 1999-2000 academic year. As with the U of I, the percentage of the household budget required to pay tuition and fees at ISU and its peer institutions increased steadily between 1999 and 2009. At the end of the decade, the same three universities continued to require the smallest proportion of the median household income to pay tuition and fees, but the ratio had almost doubled. By academic year 2008-2009, the ISU ratio had increased from 7.3% to 12.7%, costing almost twice as much of the household budget to pay tuition and fees. This pattern was typical across this set of peer institutions with tuition and fees typically costing a little less than twice the median household budget of a decade earlier.

Table 3

Resident Tuition and Fees Compared to Median Household Income A Measure of Affordability for Iowa State University										
	1999 Median Household Income	1999-2000 Tuition and Fees	Tuition as Percent of Median Inc.	1999-2000 Rank	2008 Median Household Income	2008-2009 Tuition and Fees	Tuition as Percent of Median Inc.	2008-2009 Rank	Increase in Ratio	Increase Rank
Iowa State University	\$ 41,098	\$ 3,004	7.31%	9	\$ 50,142	\$ 6,360	12.68%	9	5.37%	11
University of Arizona	36,995	2,264	6.12%	11	46,914	5,531	11.79%	11	5.67%	10
North Carolina State University	37,254	2,414	6.48%	10	42,930	5,274	12.29%	10	5.81%	9
University of Wisconsin	45,667	3,738	8.19%	8	51,200	7,568	14.78%	8	6.60%	7
Texas A&M University	38,688	3,233	8.36%	7	46,490	7,844	16.87%	5	8.52%	4
Purdue University	40,838	3,724	9.12%	6	46,520	7,750	16.66%	6	7.54%	6
University of California - Davis	43,629	4,034	9.25%	5	57,014	8,635	15.15%	7	5.90%	8
University of Illinois	46,330	4,526	9.77%	4	53,254	12,240	22.98%	1	13.22%	1
Minnesota	47,038	4,649	9.88%	3	54,925	10,634	19.36%	3	9.48%	3
Ohio State University	39,489	4,134	10.47%	2	46,934	8,679	18.49%	4	8.02%	5
Michigan State University	46,089	5,036	10.93%	1	49,788	10,214	20.51%	2	9.59%	2
Average	42,101	3,705	8.80%		49,646	8,248	16.61%		7.81%	

Sources:
U.S. Census Bureau, Chronical of Higher Education

University of Northern Iowa. **Table 4** shows the ratios of resident tuition and fees to median household income for UNI and its peer institutions. This illustrates that UNI ranks near the middle of its peer institutions but required less than the average percentage of the median family income to pay resident tuition and fees in the 1999-2000 academic year. As with the other two Iowa public universities, the percentage of the household budget required to pay tuition and fees at UNI and its peer institutions increased steadily between 1999 and 2009. At the end of the decade, UNI remained near the middle of the group with its ratio almost doubling. By the academic year 2008-2009, the UNI ratio increased from 7.3% to 12.7%. The UNI and its peers showed the same pattern as the other two sets of peer institutions. The decade ended with tuition and fees costing approximately twice as much of the median household budget.

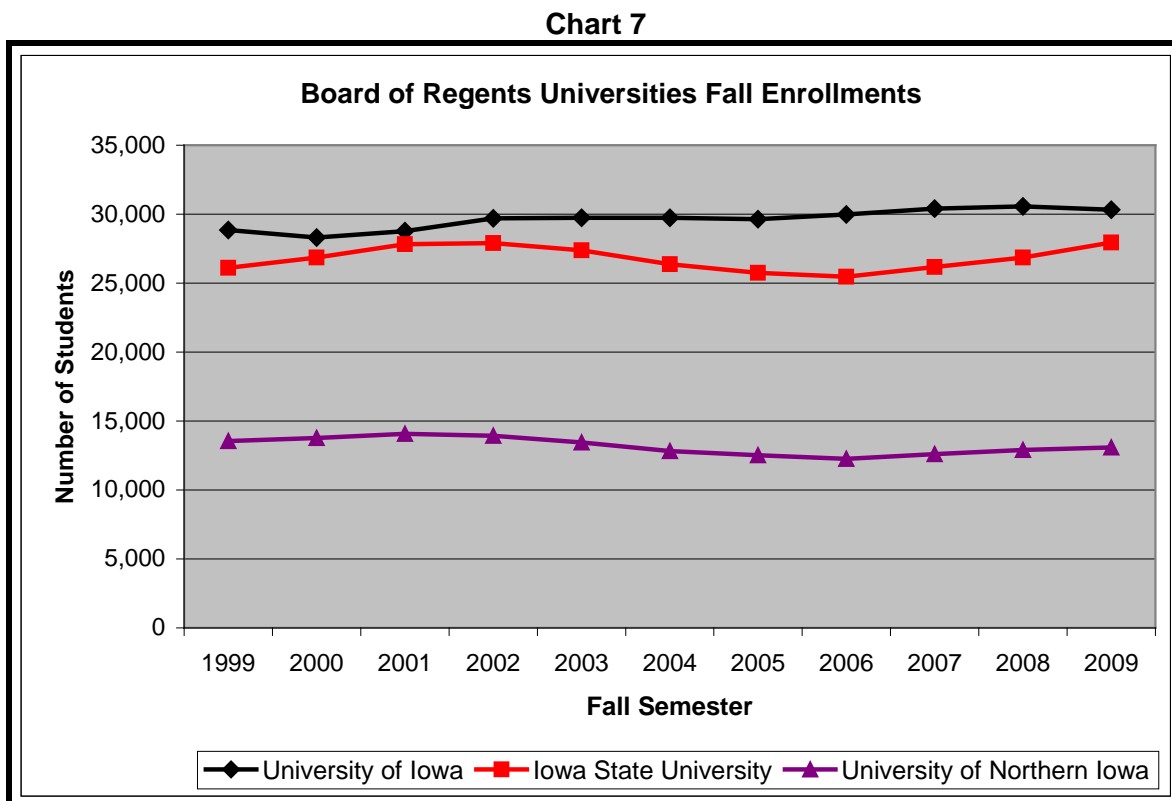
Table 4

Resident Tuition and Fees Compared to Median Household Income A Measure of Affordability for the University of Northern Iowa										
	1999 Median Household Income	1999-2000 Tuition and Fees	Tuition as Percent of Median Inc.	1999-2000 Rank	2008 Median Household Income	2008-2009 Tuition and Fees	Tuition as Percent of Median Inc.	2008-2009 Rank	Increase in Ratio	Increase Rank
Northern Iowa	\$ 41,098	\$ 2,988	7.27%	7	\$ 50,142	\$ 6,376	12.72%	7	5.45%	7
California State - Fresno	43,629	1,746	4.00%	11	57,014	3,687	6.47%	11	2.46%	11
North Carolina - Greensboro	37,254	2,136	5.73%	10	42,930	4,135	9.63%	10	3.90%	10
Northern Arizona	36,995	2,262	6.11%	9	46,914	5,446	11.61%	9	5.49%	6
Wisconsin - Eau Claire	45,667	3,210	7.03%	8	51,200	6,203	12.12%	8	5.09%	9
Central Michigan	46,089	3,630	7.88%	6	49,788	9,720	19.52%	1	11.65%	1
Indiana State	40,838	3,426	8.39%	5	46,520	7,148	15.37%	5	6.98%	4
Illinois State	46,330	4,210	9.09%	4	53,254	9,814	18.43%	4	9.34%	2
North Texas	38,688	3,555	9.19%	3	46,490	6,767	14.56%	6	5.37%	8
Minnesota - Duluth	47,038	4,935	10.49%	2	54,925	10,261	18.68%	3	8.19%	3
Ohio	39,489	4,800	12.16%	1	46,934	8,907	18.98%	2	6.82%	5
Average	42,101	3,354	7.97%		49,646	7,133	14.37%		6.40%	

Sources:
U.S. Census Bureau, Chronical of Higher Education

Regents Universities

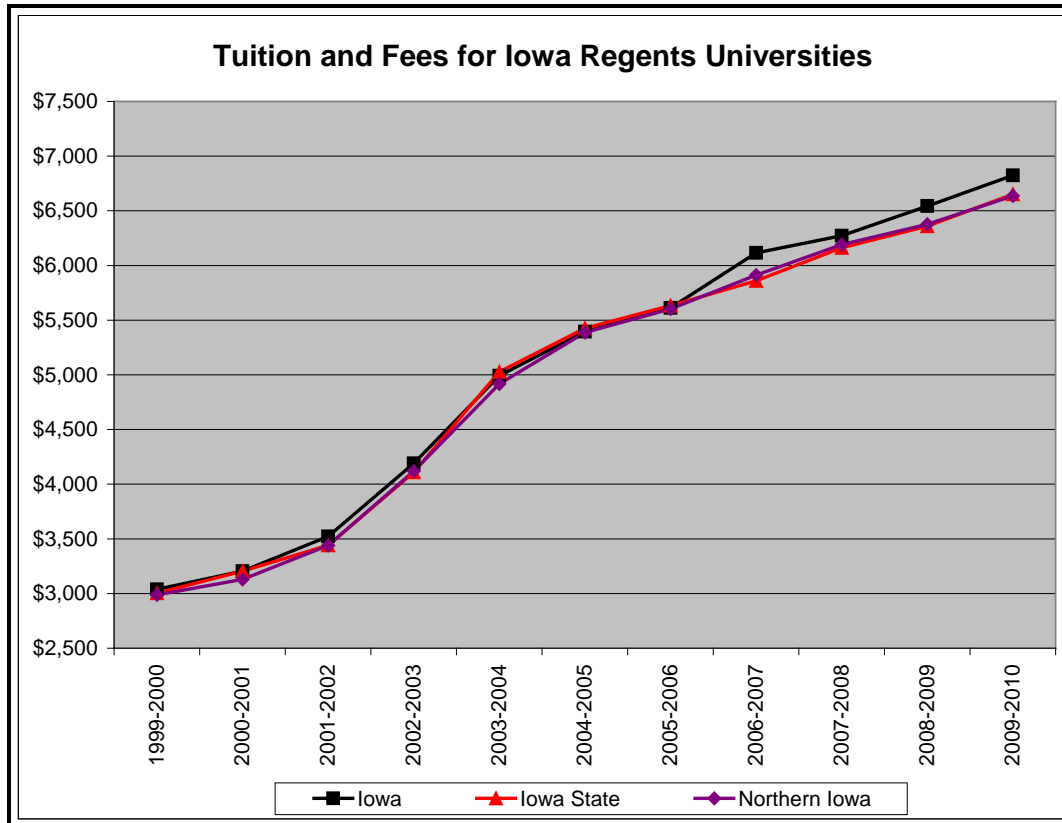
Iowa's three Regents universities have served over 70,000 students annually for the past decade (**Chart 7**). Enrollments have shown fluctuating growth ending the decade with a total 71,353 students, an increase of 2,844 (4.2%) students compared to 1999.



The U of I has shown slow steady growth with a peak enrollment of 30,561 students in the fall of 2008. Iowa State University has consistently been the second largest university having growth in the first few years of the decade, decline during the middle third, followed by growth during the last third of the decade with enrollment peaking at 27,945 students in the fall of 2009. The UNI followed essentially the same pattern as ISU, peaking in the fall of 2001 with 14,070 students and ending the decade with an enrollment of 13,080 students.

Iowa's three Regents universities have very similar tuition and fees with no more than \$255 difference in any examined year (**Chart 8**). Over the past decade, tuition and fees have grown in parallel from approximately \$3,000 in the 1999-2000 academic year to approximately \$6,700 in 2009-2010. This is an increase of just over 120.0%

Chart 8



Inflation

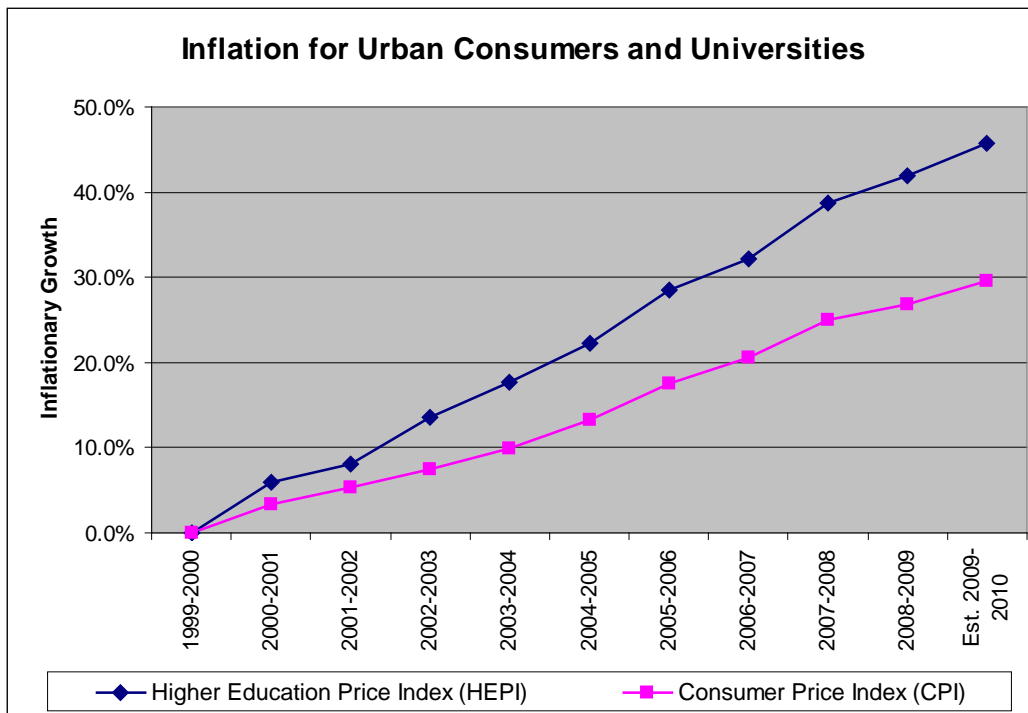
Costs increase over time, a phenomenon commonly referred to as inflation. If money is examined in terms of what it can purchase, then its value changes over time. Inflation indices have been developed to allow for the comparison of purchasing power at different times by adjusting for inflationary changes. Indices are created by selecting a market basket of goods and services and examining how the price of those same items change. Once inflation has been identified, statistical adjustments can be made to determine how the consumer's ability to purchase goods and services has changed.

The Consumer Price Index (CPI) is a commonly used index. It is based on prices paid by urban consumers for food and beverages, housing, apparel, transportation, medical care, recreation, education and communication, and other goods and services. This index is useful to examine the change in tuition and fees from the student's perspective and compare those costs to a family's household budget available to make purchases.

The HEPI "measures the average relative level of prices in a fixed basket of goods and services typically purchased by colleges and universities each year through current-fund educational and general expenditures, excluding research. The index is organized around eight categories that cover most campuses' current operational costs. These include faculty, administrative, clerical, and service employees' salaries and fringe benefits; miscellaneous services (such as computer programmers and auditors); supplies and materials (such as office supplies); and utilities (such as fuel and electricity)." (Commonfund Institute) This index is useful for higher education budgeting, including setting tuition, and reflects inflationary changes specific to colleges and universities.

Chart 9 shows the inflationary growth in the CPI and HEPI since the 1999-2000 academic year. Prices paid by consumers for everyday household items and services increased by 29.5% while the costs of higher education goods and services increased by 45.7%. That is, the cost of higher education grew more rapidly than the costs of regular household goods and services.

Chart 9



These indices will be used in this report to examine how tuition has changed when the effects of inflation are removed. Dollar amounts are stated in terms of 1999-2000 constant dollars.

Chart 10 shows the resident or resident tuition and fees and the nonresident tuition and fees for the U of I. Without correcting for inflation, resident tuition and fees grew by \$3,786 (124.6%) and nonresident tuition and fees grew by \$11,718 (111.8%). Making the comparison from the student’s household budget perspective using the CPI, resident tuition and fees grew by \$2,232 (73.5%) and nonresident tuition and fees grew by \$6,662 (63.6%). From the University’s perspective and using the higher education market basket, i.e., HEPI, resident tuition and fees grew by \$1,646 (54.2%) and nonresident tuition and fees grew by \$4,758 (45.4%). Even after correcting for inflation, tuition and fees show a sizeable growth from both the student’s and University’s perspective.

Chart 10

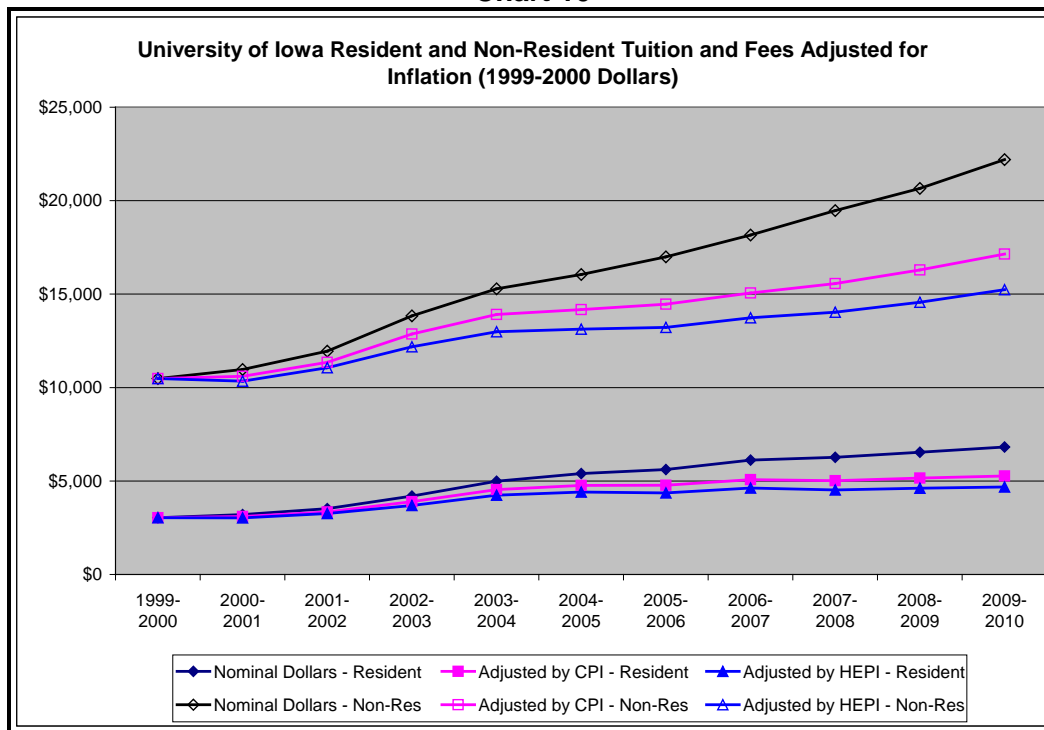


Chart 11 describes ISU. The University and its resident students saw changes in tuition and fees similar to those at the U of I. Resident tuition and fees increased by 121.4% in nominal dollars, 71.0% when adjusted by the CPI, and 52.0% when adjusted by HEPI. The ISU nonresident tuition and fees changes varied somewhat from those at the U of I. The nonresident ISU tuition and fees increased by 86.0% in nominal dollars, 43.6% when adjusted by the CPI, and 27.7% when adjusted by HEPI.

Chart 11

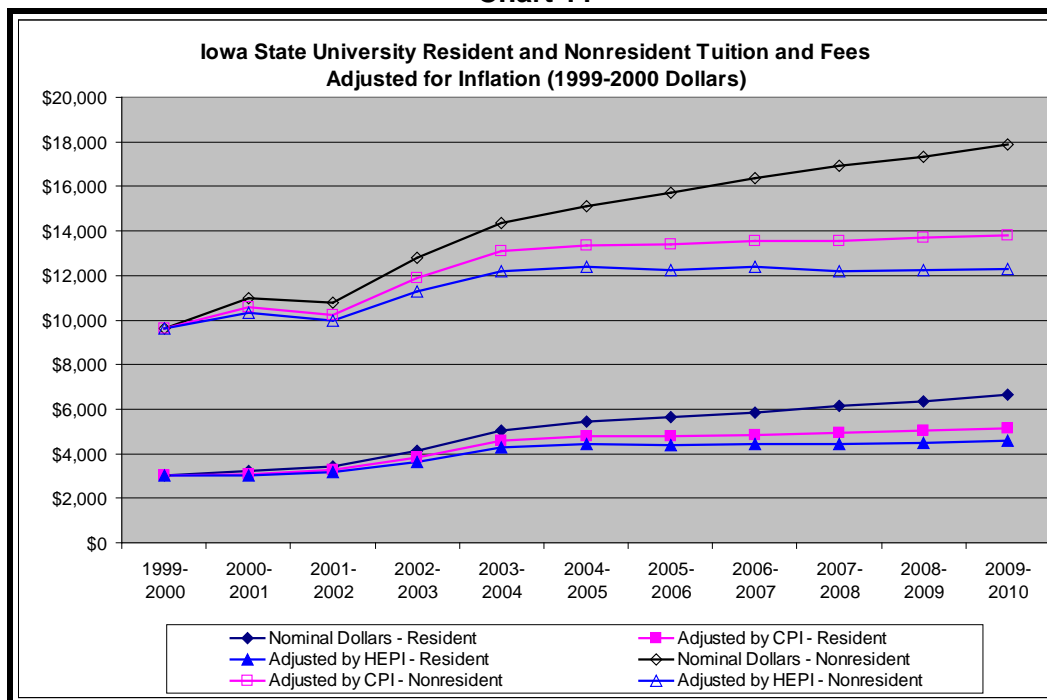
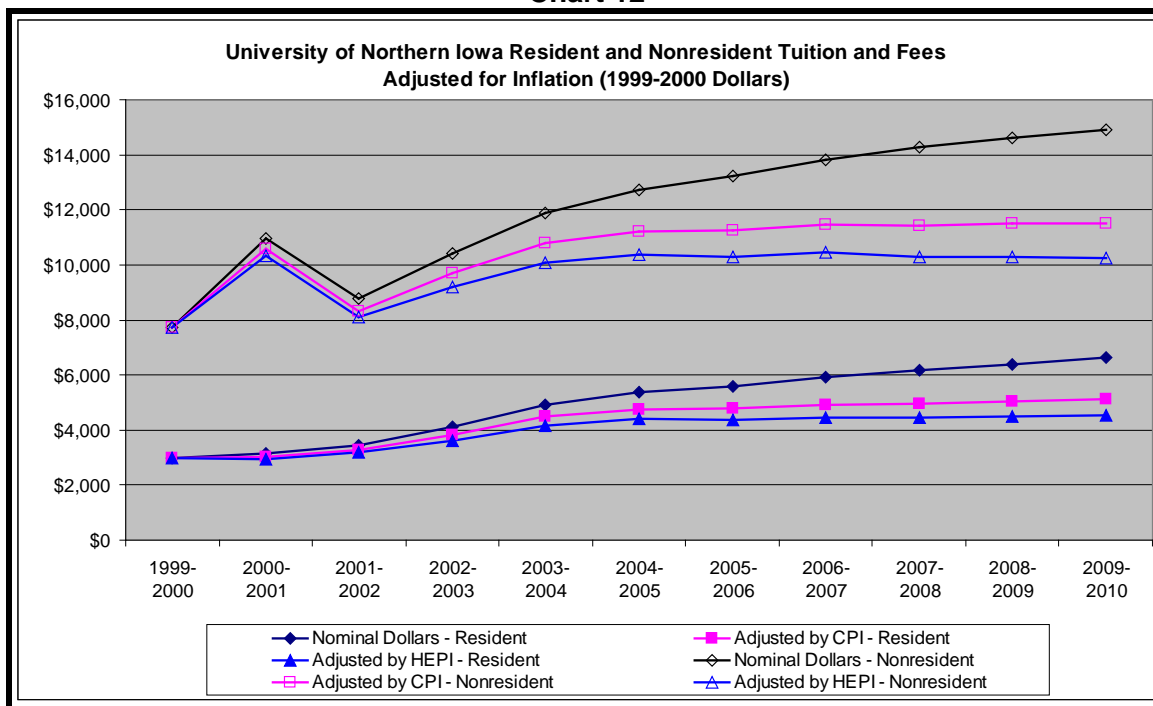


Chart 12 for UNI shows a similar pattern as the U of I and ISU. Resident tuition and fees increased by 122.1% in nominal dollars, 71.5% when adjusted by the CPI, and 52.5% when adjusted by HEPI. Nonresident tuition and fees at the UNI increased less than those at the other two universities. The nonresident UNI tuition and fees increased by 92.3% in nominal dollars, 48.5% when adjusted by the CPI, and 32.0% when adjusted by HEPI.

Chart 12

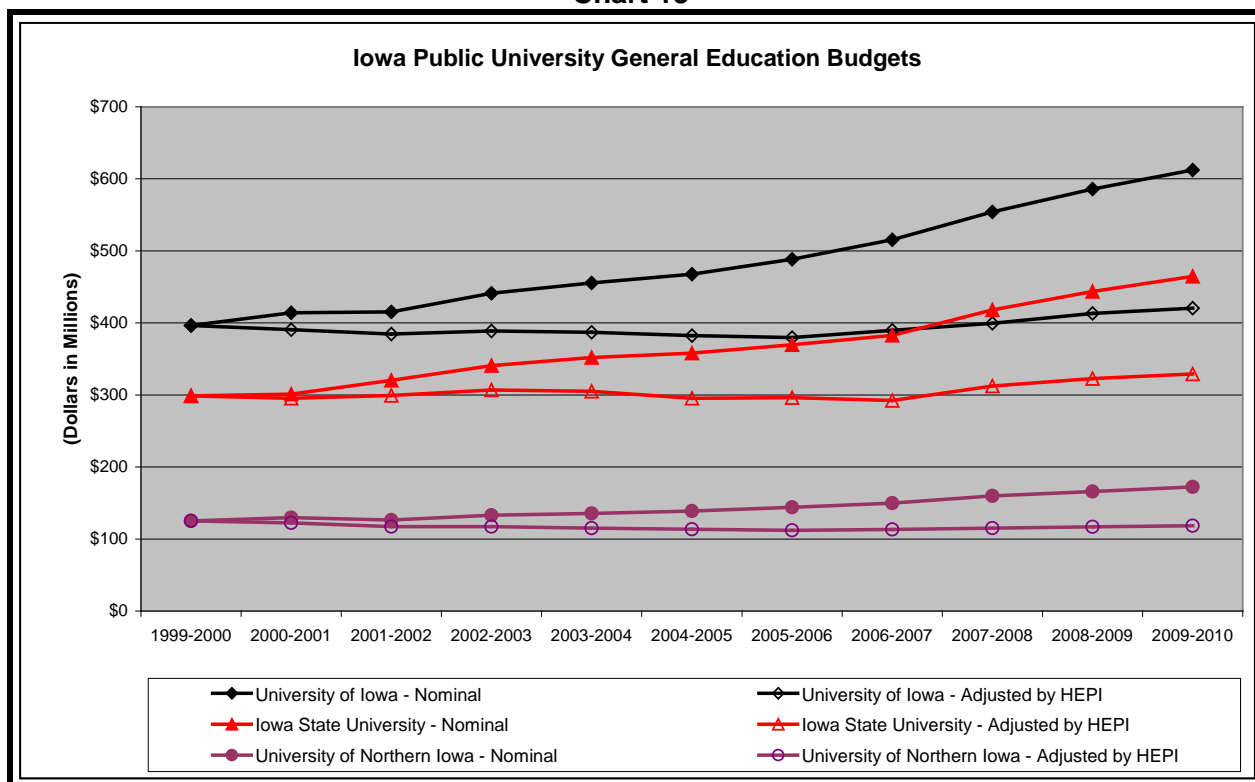


University Revenues

The above discussion has shown a decade of continuous growth in tuition and fees both in terms of nominal dollars and after removing the effects of inflation. The next question is whether the overall universities’ budgets have grown at the same rate.

Chart 13 shows the general education budgets for the three Iowa public universities. Ignoring inflation, all three universities show growing educational budgets. The increases for each are as follows: U of I – \$216.0 million (54.5%); ISU – \$165.8 million (55.5%); and UNI – \$47.4 million (37.9%). After adjusting for inflation using HEPI with 1999-2000 dollars as the base year, the U of I had an increase of \$24.0 million (6.1%), ISU increased by \$30.3 million (10.1%), and UNI decreased by \$6.7 million (5.3%).

Chart 13

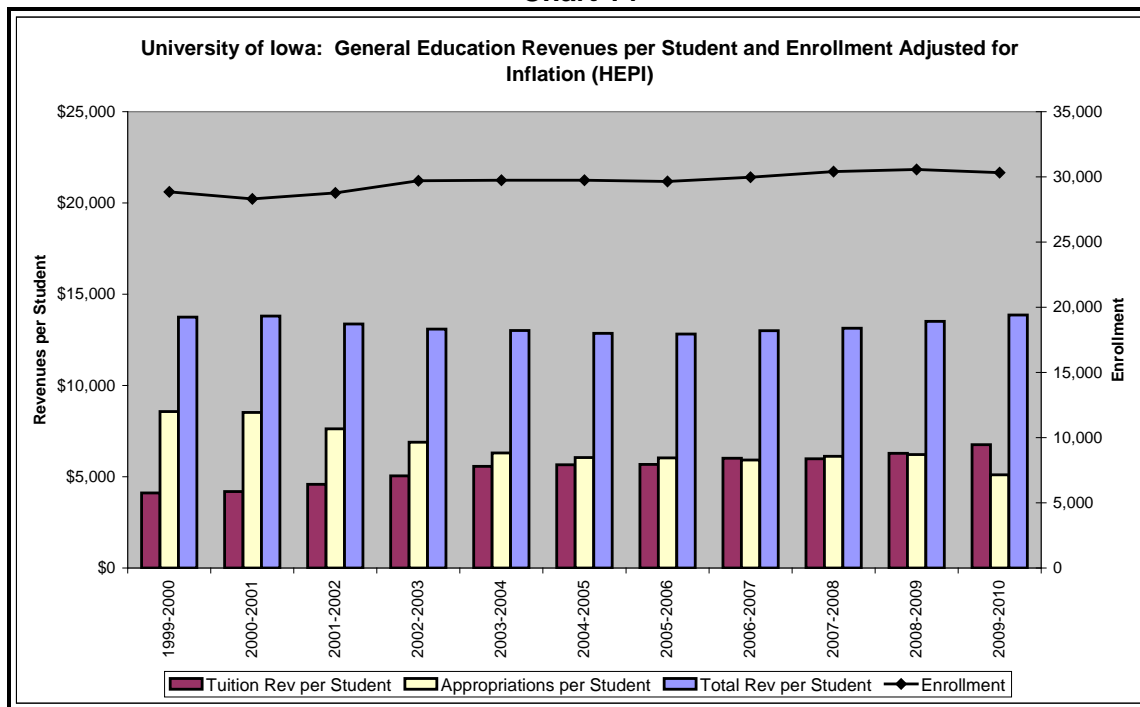


Tuition and fees for all three universities grew at a much more rapid rate than the general education budgets even after correcting for inflation. This suggests the universities have become more reliant on tuition and fees to meet their expenses. (See **Attachment A** for charts depicting the components of the general education budgets.)

Since there have been some changes in enrollments over the 10-year period, it can be informative to examine the revenues per pupil for the general education budgets. The following set of charts shows the general education revenues per pupil adjusted for inflation with HEPI and stated in 1999-2000 dollars. The total general education revenues include federal and other funds and sum to more than the tuition and fees and the State appropriation.

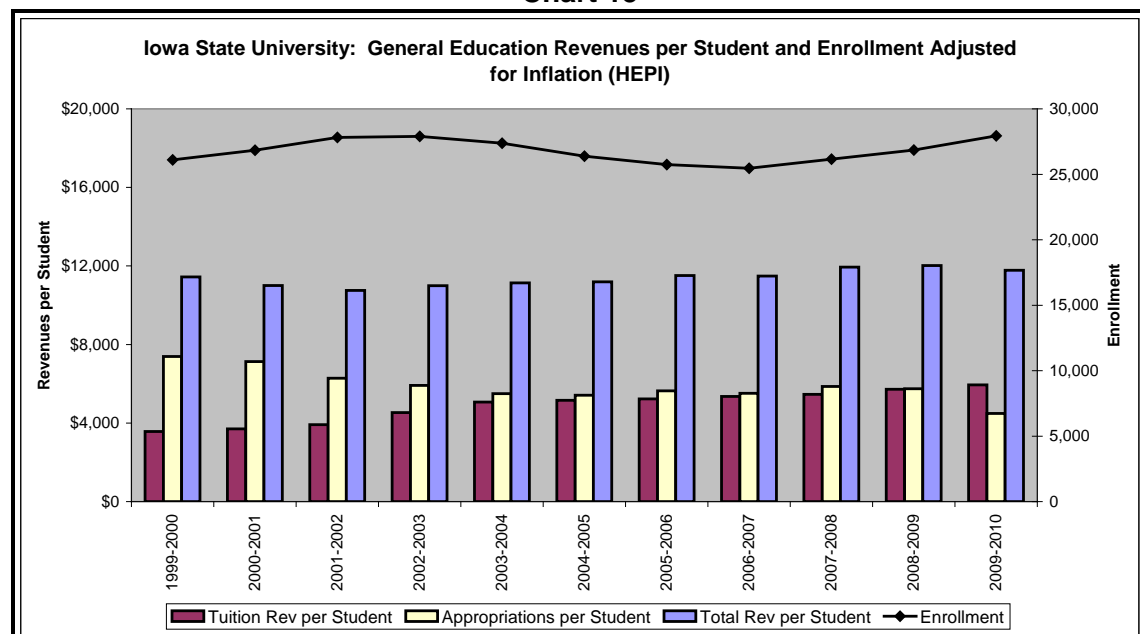
University of Iowa. Total revenues per student began the decade at \$13,742, dropped to \$12,814 in the 2005-2006 academic year, and increased to \$13,861 in 2009-2010, for an increase in revenues per student of \$199 (0.9%). Per-student funding from State appropriations decreased in terms of constant 1999-2000 dollars from \$8,574 to \$5,105 per student. This is a decrease of \$3,469 (40.5%). Tuition and fees had an offsetting increase from \$4,115 to \$6,757, an increase of \$2,642 (64.2%). The balance of State appropriations compared to tuition and fees shifted from a two-to-one ratio to approximately a five-to-six ratio from those two sources.

Chart 14



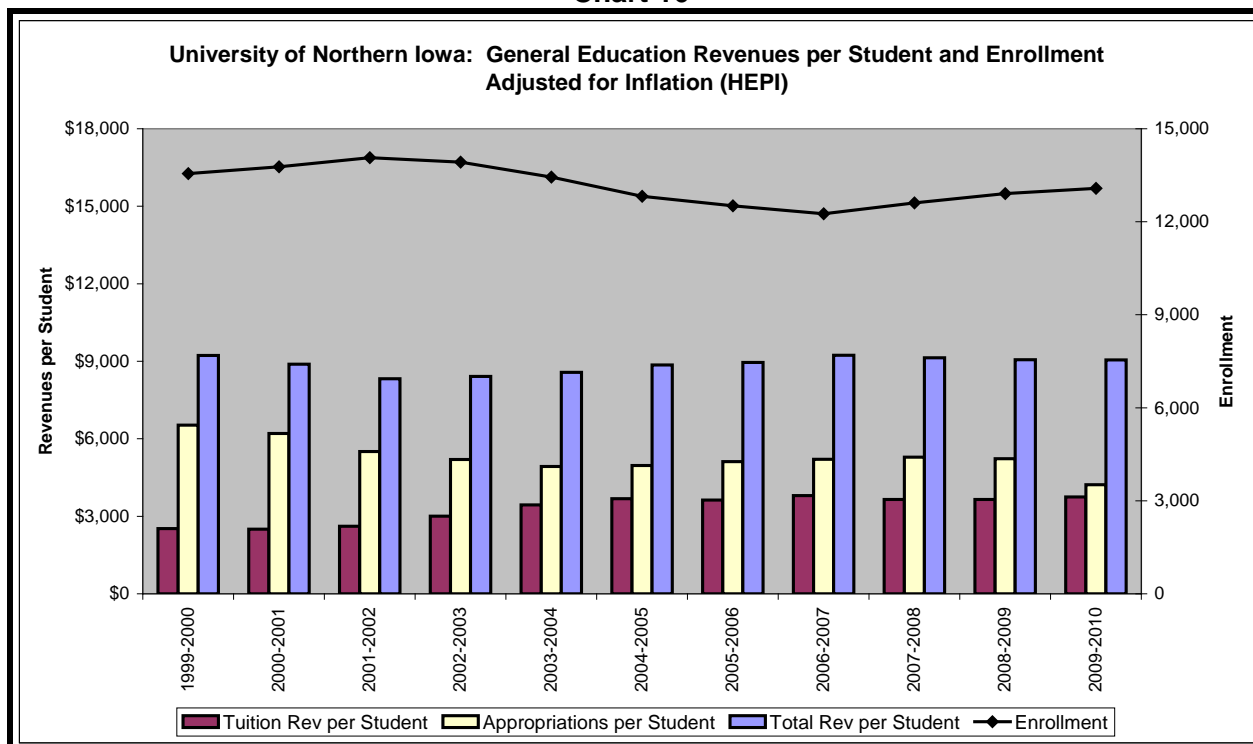
Iowa State University. Total revenues per student started at \$11,446 in the 1999-2000 academic year, dropped to \$10,999 in 2002-2003, and ended the decade at \$11,799 for an increase in revenues per student of \$333 (2.9%) as illustrated in **Chart 15**. Per-student funding from State appropriations decreased in terms of constant 1999-2000 dollars from \$7,391 to \$4,487 per student. This is a decrease of \$2,904 (39.3%). Tuition and fees had an offsetting increase from \$3,571 to \$5,948, an increase of \$2,376 (66.5%). The balance of State appropriations compared to tuition and fees shifted from a two-to-one ratio to an approximate two-to-three ratio for funding from those two sources.

Chart 15



University of Northern Iowa. Total revenues per student started at \$9,226 in the 1999-2000 academic year, dropped to \$8,321 in 2001-2002, and ended the decade at \$9,051 for a decrease in revenues per student of \$175 (1.9%) as illustrated in **Chart 16**. Per-student funding from State appropriations decreased in terms of constant 1999-2000 dollars from \$6,530 to \$4,219 per student. This is a decrease of \$2,311 (35.4%). Tuition and fees had an offsetting increase from \$2,521 to \$3,747, an increase of \$1,225 (66.5%). The balance of State appropriations compared to tuition and fees shifted from a five-to-two ratio to one approaching equality for funding from those two sources.

Chart 16



Summary of Trends

The patterns are fairly consistent for the Iowa public universities:

- The U of I and ISU have consistently offered lower tuition and fees than most of their peer institutions. Resident tuition and fees for UNI have remained in the mid-range among peers while nonresident tuition and fees have been somewhat lower than average.
- All public universities examined have had significant tuition and fee increases in the past decade.
- Affordability has declined significantly since the 1999-2000 academic year. By the end of the decade, the average percentage of the median household budget to pay resident tuition and fees for all Iowa and peer institutions had increased from 8.6% to 16.0% of the median household budget.
- The inflation rate for the higher education sector has been approximately one-and-one-half times the inflation rate for general urban consumers.
- After adjusting for inflation, the U of I and ISU general education budgets grew by 6.1% and 10.1% respectively. The inflation-adjusted general education budget at UNI decreased by 5.3%.

- There has been significant decline in the proportion of funding for the universities' general education budget by State appropriations and a corresponding increase in the proportion funded by tuition and fees.

BUDGET IMPACT

In the last 10 years, states have faced more limited resources exacerbated by the recession beginning in 2007. A common pattern has been to curtail expenditures on higher education knowing universities and colleges have an alternative resource in tuition and fees. Accordingly, tuition and fees have increased nationwide over this decade and this has shifted the cost of higher education from State revenues to students and their families.

There are several perspectives to estimate the shift from State funding to tuition and fees for Iowa's public universities. The following bullets provide estimates for FY 2010 if tuition had been tied to the state's median household income, the ratio of tuition and fee revenues to State appropriations, and the ratio of tuition and fees to appropriations on a per-student basis.

- If tuition and fees were held to the 1999-2000 academic year percentage of the Iowa median household income, the FY 2010 State appropriations would have needed to increase by \$259.4 million and distributed as follows:
 - U of I - \$129.4 million
 - ISU - \$99.4 million
 - UNI - \$30.6 million
- For the 1999-2000 academic year, the ratio of State appropriations to tuition and fee revenues was approximately two to one. If this proportion had been maintained through the decade, then the FY 2010 State appropriations for the universities would have needed to increase by \$258.2 million and distributed as follows:
 - U of I - \$128.6 million
 - ISU - \$100.5 million
 - UNI - \$29.1 million
- If the focus were on the revenues per student and the 1999-2000 academic year proportions of appropriations compared to tuition and fee revenues were maintained, the FY 2010 State appropriations for the universities would have needed to increase by \$229.0 million and distributed as follows:
 - U of I - \$115.2 million
 - ISU - \$89.6 million
 - UNI - \$24.3 million

These estimates are intended to put trends in higher education in perspective for Iowa's public universities and are not intended to recommend any of the above comparisons as a funding policy. The estimated amounts are for FY 2010 only and do not reflect the cumulative shift from State appropriations to tuition and fees.

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Table 1A

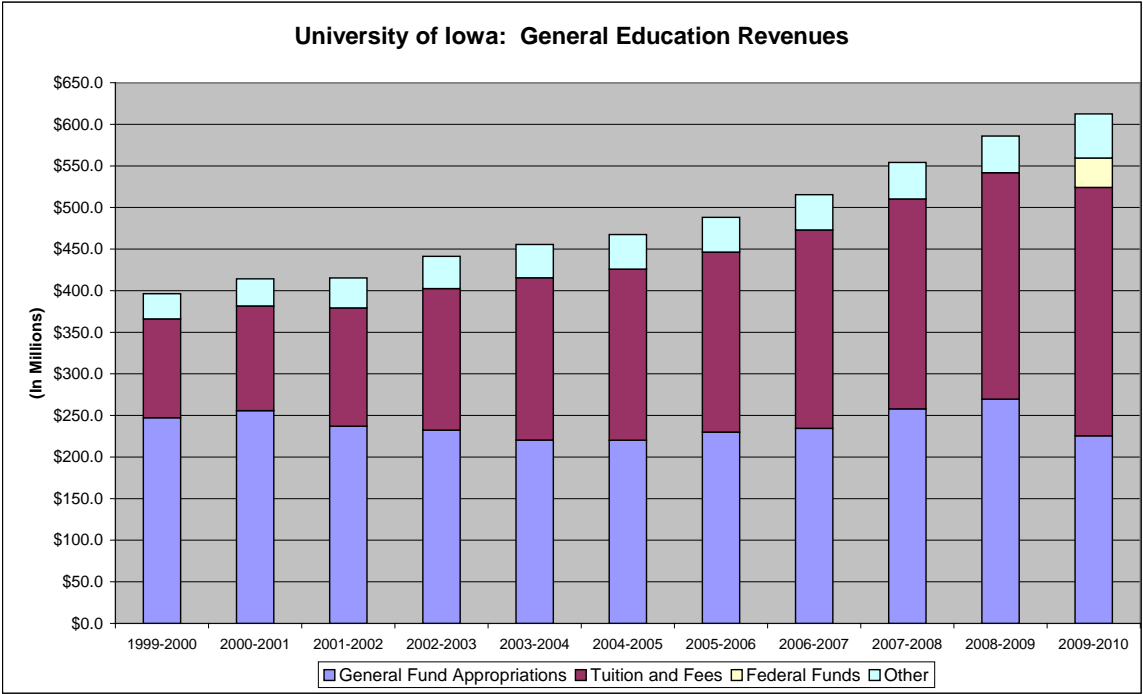


Table 2A

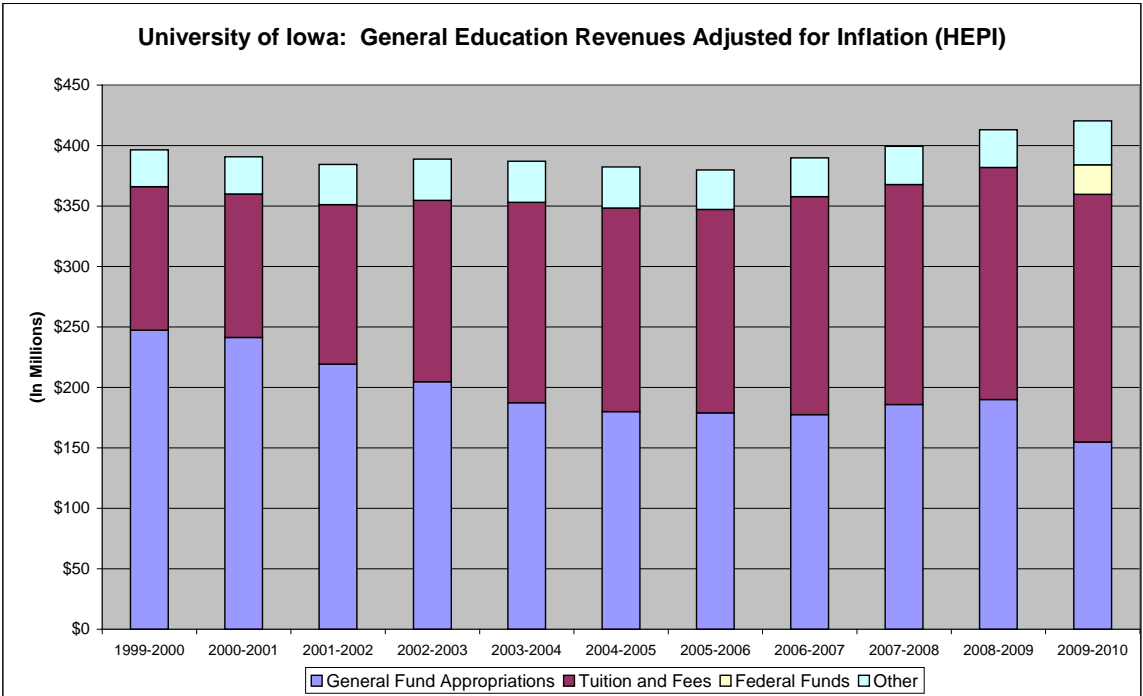


Table 3A

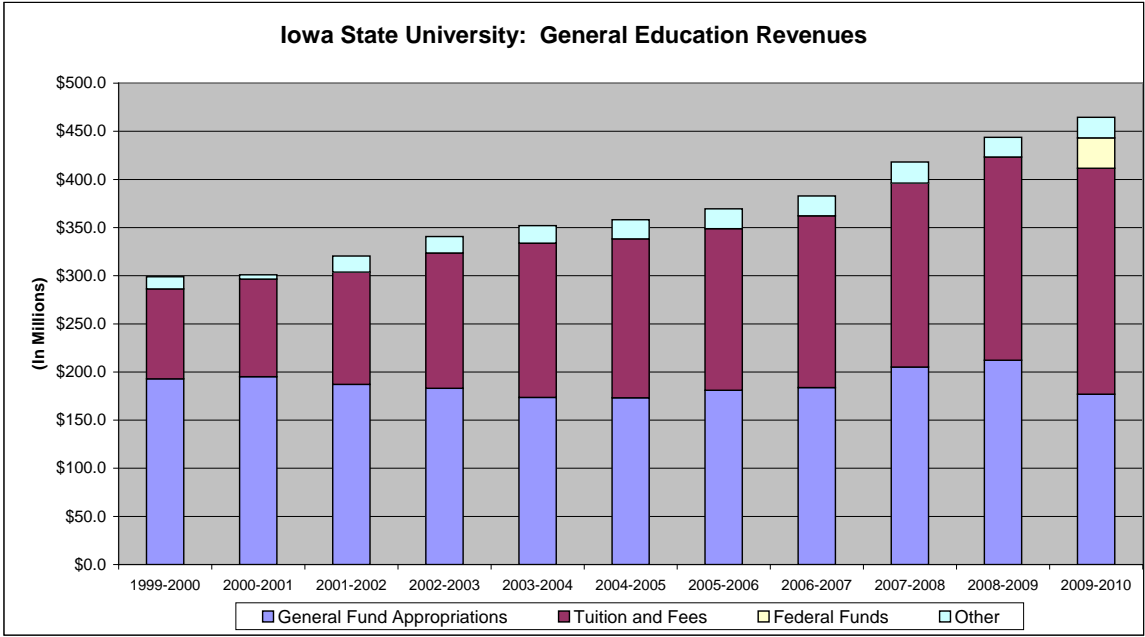


Table 4A

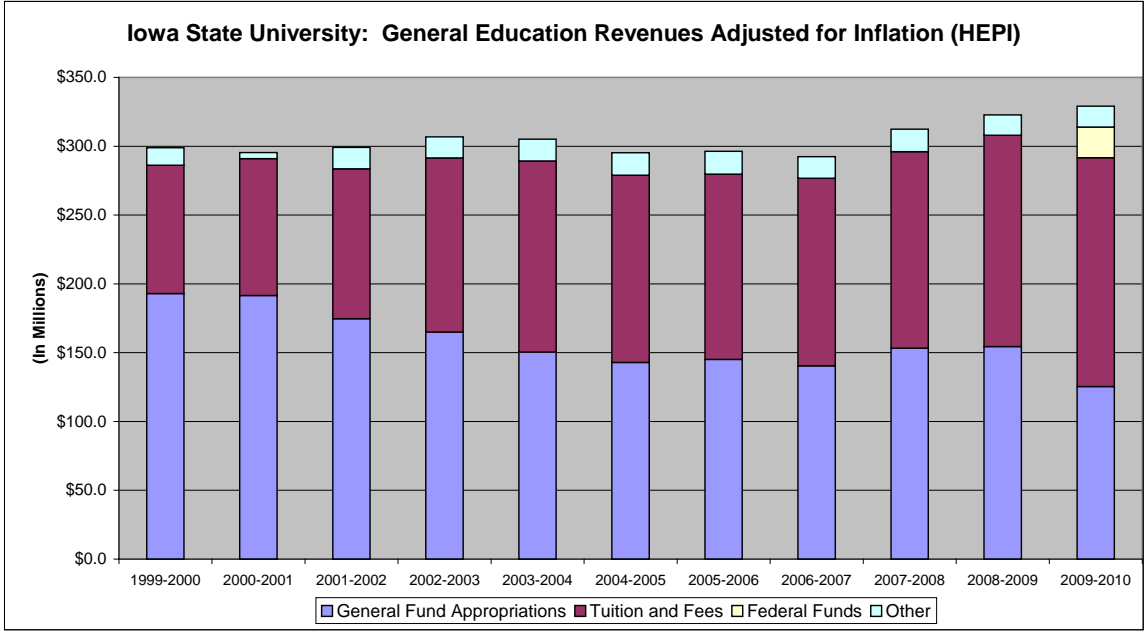


Table 5A

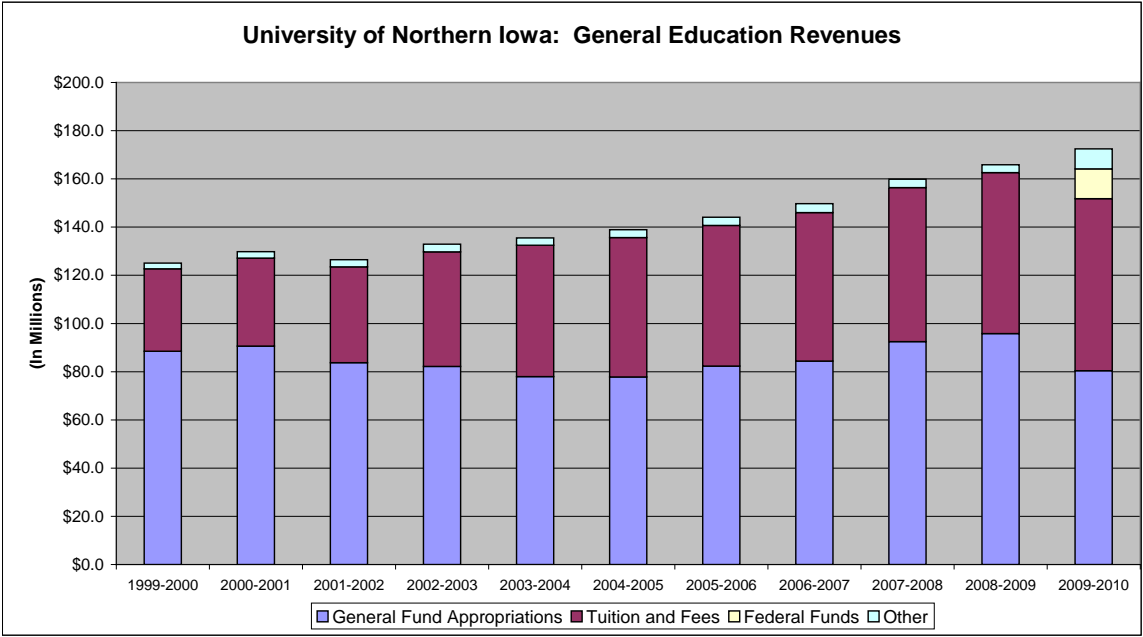


Table 6A

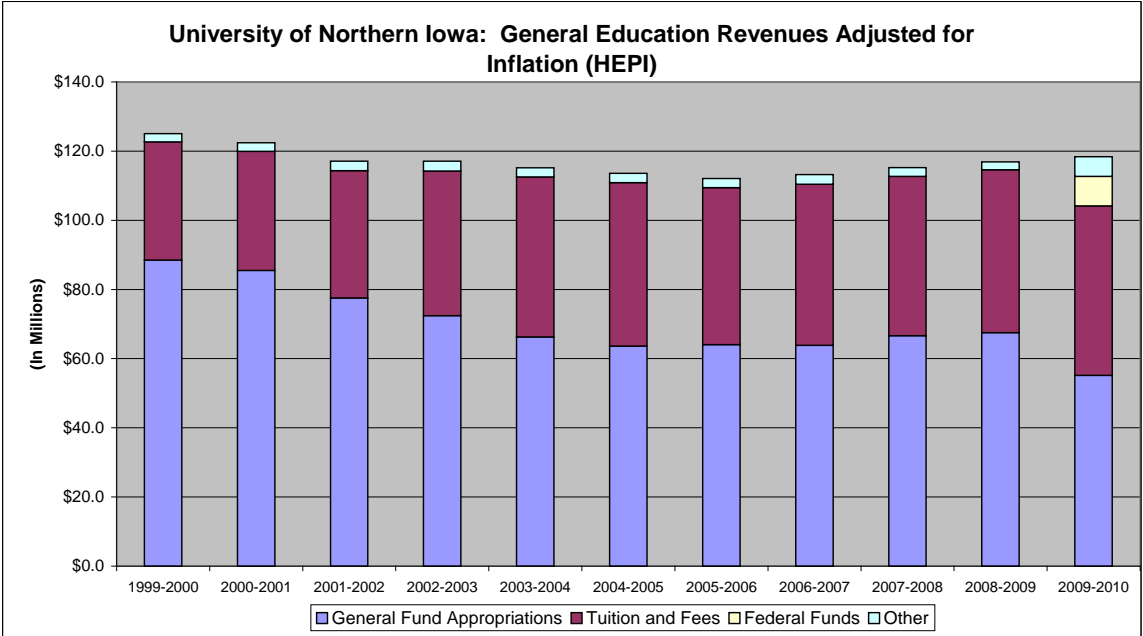


Table 1: Resident Undergraduate Tuition and Fees at Selected Public Research Universities in the Midwest, 2002-03 to 2007-08

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	Increase FY 06 to FY 07	Increase FY 07 to FY 08	Increase FY 03 to FY 08
University of Illinois, Chicago	\$6,592	\$6,964	\$7,652	\$8,492	\$8,992	\$9,744	5.90%	8.40%	47.80%
University of Illinois, Urbana-Champaign	6,704	7,010	7,966	8,688	9,882	11,130	13.70%	12.60%	66.00%
Indiana University, Bloomington	5,315	6,515	6,777	7,112	7,460	7,837	4.90%	5.10%	47.50%
Iowa State University, Ames	4,110	5,028	5,426	5,634	5,860	6,161	4.00%	5.10%	49.90%
Kansas State University, Manhattan	3,436	4,060	4,665	5,124	5,779	6,235	12.80%	7.90%	81.50%
Michigan State University, East Lansing	n/a	6,703	7,000	8,237	8,793	9,640	6.80%	9.60%	n/a
Ohio State University, Columbus	5,691	6,651	7,542	8,082	8,667	8,676	7.20%	0.10%	52.50%
Purdue University, West Lafayette	5,580	5,860	6,092	6,458	7,096	7,416	9.90%	4.50%	32.90%
University of Cincinnati	6,939	7,623	8,379	8,883	9,381	9,399	5.60%	0.20%	35.50%
University of Iowa, Iowa City	4,191	4,993	5,396	5,612	6,115	6,273	8.96%	2.58%	49.68%
University of Kansas, Lawrence	3,484	4,101	4,737	5,413	6,153	7,146	13.70%	16.10%	105.10%
University of Michigan, Ann Arbor	7,411	7,975	8,202	9,213	9,723	10,447	5.50%	7.40%	41.00%
University of Minnesota, Twin Cities	6,280	7,116	8,029	8,822	9,373	9,885	6.20%	5.50%	57.40%
University of Missouri, Columbia	5,552	6,558	7,100	7,415	7,784	8,099	5.00%	4.00%	45.90%
University of Nebraska, Lincoln	4,125	4,711	5,341	5,540	5,867	6,216	5.90%	5.90%	50.70%
University of North Dakota, Grand Forks	3,646	4,156	4,828	5,327	5,792	6,130	8.70%	5.80%	68.10%
University of South Dakota, Vermillion	3,872	4,205	4,452	4,829	5,072	5,393	5.00%	6.30%	39.30%
University of Wisconsin, Madison	4,423	5,136	5,866	6,280	6,726	7,188	7.10%	6.90%	62.50%
University of Wisconsin, Milwaukee	4,353	5,104	5,831	6,220	6,626	6,958	6.50%	5.00%	59.80%
Wayne State University, Detroit	n/a	5,190	n/a	6,439	6,812	7,844	5.80%	15.10%	n/a
Average	5,095	5,783	6,383	6,891	7,389	7,892	7.20%	6.80%	54.90%
National Public Flagship Average	4,694	5,221	5,701	6,172	6,618	7,029	7.20%	6.20%	49.70%

Source: "Average Tuition and Required Fees: A Comparison of Public Colleges and Universities in the Midwest and Beyond," Midwest Higher Education Compact, September 2008

Note: The Iowa Board of Regents provided a correction for the University of Iowa 2006-07 and 2007-08 tuition and fee amounts.