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INSTITUTE *for* RESEARCH *on* HIGHER EDUCATION



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HIGHER EDUCATION
POLICY INSTITUTE

2016 COLLEGE AFFORDABILITY DIAGNOSIS

IOWA



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IOWA

College has become increasingly less affordable in Iowa, and the state's commitment to providing need-based financial aid to attend public institutions has remained well below the national average. The percent of family income needed to pay for college expenses has increased at nearly all of the state's institutions, with the exception of a slight decrease at Iowa's public research universities.

Iowa's public two-year institutions are among the least affordable in the nation. Students would have to work 28 hours a week, on average, to cover the annual costs of attending a two-year public college full time. These institutions are even less affordable for those earning less than \$30,000 a year. These low-income families would need to spend nearly half of their family income to pay for the costs associated with attending public two-year colleges full time.

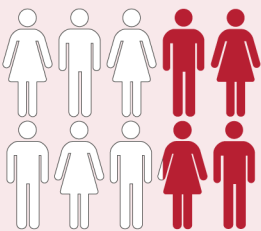
Iowa's two public research universities achieve a high national affordability ranking but students would have to work, on average, nearly full time, 36 hours a week, to cover the annual costs of attending these institutions full time.

By 2020, 9 percent of Iowa's high school population will be Hispanic, constituting Iowa's largest minority population. Because substantial

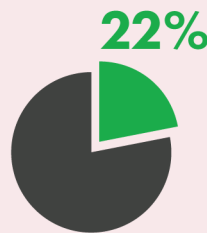
gaps in college attainment exist between Whites and Hispanics (44 percent vs. 18 percent) as of 2014, Iowa will need to develop a comprehensive strategy in which college affordability is a central policy.

- ▶ Iowa educates 39 percent of its students in its public two-year colleges, which are among the least affordable in the nation. Students would have to work 28 hours per week, on average, to cover the annual costs of attending a two-year public college full time.
- ▶ The state has lost ground on college affordability at its public four-year nondoctoral institution, the University of Northern Iowa.
- ▶ Students must work nearly 40 hours a week, on average, to pay for the annual costs of attending public nondoctoral and public research institutions full time.
- ▶ Iowa provides \$39 per student in need-based financial aid to students attending public institutions, compared to the national average of \$474.
- ▶ Iowa provides \$1,103 per student in need-based financial aid to students who attend private institutions; these institutions enroll 26 percent of students who attend college in Iowa.

More Iowa students attend **public two-year institutions** than any other kind of institution, with **39 percent enrolled**. Families would spend, on average, **22 percent of annual income** to pay for full-time attendance.

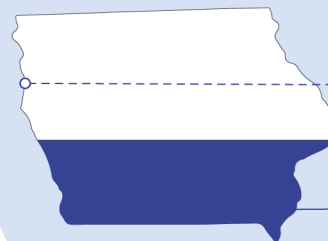


Percentage of students attending public two-year institutions



Percentage of family income required to pay for full-time attendance

On average, **43 percent** of working-age Iowa state residents (age 25-64) have an associate's degree or higher. By 2020, **68 percent of jobs will require an associate's degree or higher**.



68%
Jobs requiring associate's degree or higher by 2020

43%
Workforce with associate's degree or higher, as of 2014

WHAT PERCENT OF FAMILY INCOME would be needed to attend college full time?

	Percent of Income 2008	Percent of Income 2013	Ranking*
Public Two-Year (39 percent of enrollment) **	20	22	43
Public Four-Year Nondoctoral (6 percent of enrollment)	27	28	27
Public Research (29 percent of enrollment)	26	25	10
Private Four-Year Nondoctoral (26 percent of enrollment)	35	43	21
Private Research (NA percent of enrollment)	NA	NA	NA

* This measure ranked states 1-50. The lower the ranking on this measure, the better a state performed on overall college affordability.

** Enrollment may not add up to 100% due to rounding.

NOTE: The "net price" reported in the following tables for each sector of higher education includes tuition, mandatory fees, room/board and books *minus* all financial aid (federal, state and institutional).

For information on how these measures were calculated or which institutions were included, please see the technical report, available at www2.gse.upenn.edu/irhe/affordability-diagnosis.

STATE INCOME PROFILE

Income

\$0—30,000

Average Income in Group

\$17,803

Families in Group

18%

Income

\$30,000 —48,000

Average Income in Group

\$39,301

Families in Group

16%

Income

\$48,000—75,000

Average Income in Group

\$61,269

Families in Group

25%

Income

\$75,000—110,000

Average Income in Group

\$90,924

Families in Group

21%

Income

\$110,000 and above

Average Income in Group

\$177,240

Families in Group

19%

PERCENT OF FAMILY INCOME needed to attend full time:

PUBLIC TWO-YEAR INSTITUTION

	Net Price	% of Income Needed to Pay Net Price
\$0—30,000	8,505	48
\$30,000—48,000	9,210	23
\$48,000—75,000	11,365	19
\$75,000—110,000	13,164	14
\$110,000 and above	13,372	8

Students would have to work 28 hours a week, on average, at federal minimum wage to pay for college expenses to attend a public two-year institution full time.

PUBLIC FOUR-YEAR NONDOCTORAL INSTITUTION

	Net Price	% of Income Needed to Pay Net Price
\$0—30,000	10,283	58
\$30,000—48,000	12,340	31
\$48,000—75,000	14,655	24
\$75,000—110,000	16,481	18
\$110,000 and above	16,350	9

Students would have to work 37 hours a week, on average, at federal minimum wage to pay for college expenses to attend a public four-year nondoctoral institution full time.

PUBLIC RESEARCH INSTITUTION

	Net Price	% of Income Needed to Pay Net Price
\$0—30,000	8,662	49
\$30,000—48,000	10,357	26
\$48,000—75,000	13,877	23
\$75,000—110,000	16,677	18
\$110,000 and above	17,843	10

Students would have to work 36 hours a week, on average, at federal minimum wage to pay for college expenses to attend a public research institution full time.

Source: Income data: U.S. Census Bureau; Net price data: U.S. Department of Education.

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STATE INCOME PROFILE

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\$110,000 and above

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\$177,240

Families in Group

19%

PERCENT OF FAMILY INCOME needed to attend full time:

PRIVATE FOUR-YEAR NONDOCTORAL INSTITUTION

	Net Price	% of Income Needed to Pay Net Price
\$0–30,000	17,460	98
\$30,000–48,000	17,984	46
\$48,000–75,000	19,593	32
\$75,000–110,000	22,035	24
\$110,000 and above	23,798	13

Students would have to work 51 hours a week, on average, at federal minimum wage to pay for college expenses to attend a private four-year nondoctoral institution full time.

Source: Income data: U.S. Census Bureau; Net price data: U.S. Department of Education.

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WHAT INVESTMENT DOES THE STATE MAKE to financial aid programs to make college more affordable?

TOTAL STATE FINANCIAL AID DOLLARS PER STUDENT AT PUBLIC TWO- AND FOUR-YEAR INSTITUTIONS

	2004	2007	2013	National Average, 2013
Need-Based Aid	27	28	39	474
Other Aid	5	0	69	210

TOTAL STATE FINANCIAL AID DOLLARS PER STUDENT AT PRIVATE INSTITUTIONS

	2004	2007	2013	National Average, 2013
Need-Based Aid	1061	1215	1103	644
Other Aid	3	0	28	221

Data Source: National Association of State Student Grant and Aid Programs and the U.S. Department of Education.

HOW MUCH IS ANNUAL UNDERGRADUATE BORROWING for students who earn and do not earn degrees?

- ▶ Students who enroll in public research institutions typically borrow \$3,336 annually.
- ▶ Students who enroll at public four-year nondoctoral institutions typically borrow \$4,082 annually.
- ▶ Students who enroll at private four-year nondoctoral institutions typically borrow \$5,533 annually.
- ▶ In contrast, students who enroll at public two-year institutions borrow \$3,121 annually.

Data Source: U.S. Department of Education.

For information on how these measures were calculated or which institutions were included, please see the technical report, available at www2.gse.upenn.edu/irhe/affordability-diagnosis.

WHAT CONSIDERATIONS SHOULD STATES take into account in establishing policies on college affordability?

Workforce Needs

- ▶ By 2020, 68 percent of jobs in Iowa will require a postsecondary credential.
- ▶ Iowa is 19th in terms of states with the highest percentage of jobs that will require a postsecondary credential in the future.

Educational Attainment

- ▶ As of 2014, 49 percent of young adults in Iowa (ages 25-34) had an associate's degree or higher compared to 42 percent nationally.
- ▶ As of 2014, 41 percent of working age adults in Iowa (ages 35-64) had an associate's degree or higher, compared to 40 percent nationally.

Educational Attainment by Race/Ethnicity

- ▶ As of 2014, on average 43 percent of working age Iowa state residents (age 25-64) have an associate's degree or higher. However, attainment varies by race: 44 percent of Whites have an associate's degree or higher but the other two most populous racial groups (Hispanics and Blacks) have attainment of only 18 percent and 30 percent respectively.

Educational Pipeline in Iowa

- ▶ In 2020, Iowa's public high school graduates are projected to be 9 percent Hispanic and 5 percent Black.
- ▶ The total number of high school graduates at public institutions in Iowa are projected to grow by 2 percent between 2020 and 2028.
- ▶ However, the percent of graduates that are Hispanic will grow by 2 percent and the percent that are Black is projected to increase by 2 percent. White high school graduates are projected to decline by 3 percent over the same time period.
- ▶ The decline in White graduates is similar but slightly less pronounced than projections for the nation (4 percent decline in White graduates between 2020 and 2028), the growth in Hispanic graduates is similar to national patterns and the growth in Black graduates in Iowa is slightly above national patterns (nationally Blacks are projected to increase by only 1 percent and Hispanics are projected to increase by 2 percent between 2020 and 2028).

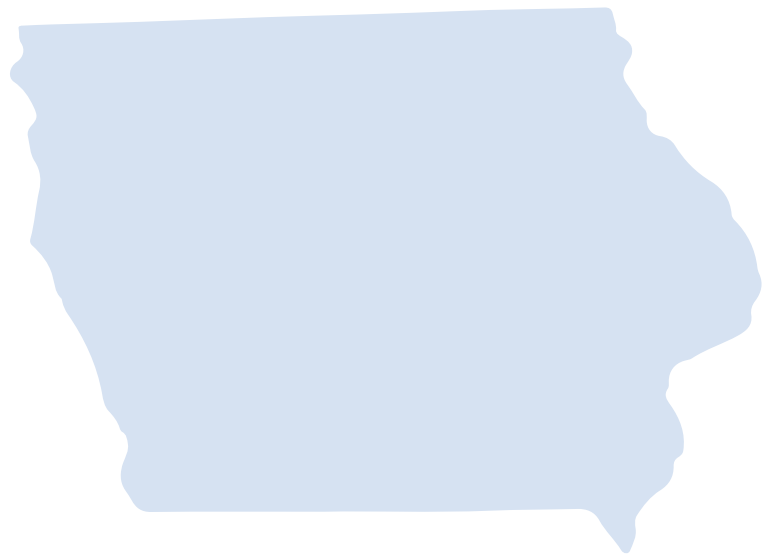
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Children in Poverty

- ▶ The percent of children living in poverty in Iowa increased between 2005 and 2013, from 14 percent to 16 percent.
- ▶ In 2013 Iowa was ranked 11th in terms of percent of children living in poverty. Rank order is from lowest to highest percentages of poverty.

Student Share of Total State and Tuition Revenues for Public Higher Education

- ▶ In Iowa, total student share of state and net tuition revenues per full time student was 32 percent in 1989, 35 percent in 2000, and 60 percent in 2014, adjusted for inflation. This pattern shows that net tuition revenues were increasing as a share of higher education funding from 1989 to 2000 but after the 2007-08 recession net tuition revenues increased even more rapidly.



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POLICY QUESTIONS FOR STATE LEADERS

- ▶ In what types of higher education institutions (sectors) has the state lost ground in college affordability?
- ▶ What are the economic circumstances of families in the state (by income quintiles, by different regions of the state, etc.)? What are the implications for college affordability?
- ▶ What is the projected demand for an educated workforce in the state? How far is your state from addressing this demand? To what extent is college affordability one of the barriers in educating more state residents?
- ▶ What are the gaps in college attainment between Whites and minority groups in your state? How can state policies on college affordability help to narrow these gaps?
- ▶ How is tuition policy related, if at all, to the income of the students and families that the state must educate?
- ▶ If tuition policy is delegated to public institutions, how does the state provide oversight to ensure that tuition and other educational costs are affordable for students and families?
- ▶ In what ways can state policies related to tuition be more tightly coupled with state policies on institutional appropriations and financial aid to address college affordability?
- ▶ To what extent do tuition policies encourage access to higher education and completion of certificates and degrees? How do financial aid policies address the needs of both young and working-age students?
- ▶ In what ways has the state provided incentives for institutions to improve efficiency and productivity in order to reduce the overall costs to students?
- ▶ Research shows that students who work more than 20 hours a week are less likely to make progress toward or complete their certificate or degree programs. How is the state alleviating the need for students to work more than 20 hours a week so that they can focus more on earning their certificates and degrees?
- ▶ How much are students borrowing relative to the percent of family income needed to pay for postsecondary education?
- ▶ Are all state policies that influence college affordability inadvertently stratifying higher education by income or race?

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