

Iowa Students: Increasingly on Their Own

Funding for Iowa College Student Tuition Grant Programs Continues to Fall

By Andrew Cannon

The decade-long downward trend in state funding for higher education is not limited to Iowa's public institutions of higher learning. Previous Iowa Fiscal Partnership reports found dwindling state funding for Iowa's three public universities and 15 community colleges.¹ State-funded tuition assistance to Iowa private school students has declined, too.

This report examines state funding for College Aid Commission tuition grants, which provide higher education students (at private and public four-year institutions and vocational-technical students at community colleges) with tuition assistance.

Iowa Tuition Grant

Established in 1969, the Iowa Tuition Grant (ITG) program provides tuition assistance to Iowa students enrolled at one of 31 private colleges and universities in the state.² In 2004, the Iowa General Assembly began separating ITG funding for students at private for-profit institutions from ITG funding for students at private nonprofit institutions.

Since the 1999-2000 school year, an average of 14,810 Iowa students per year have received an average Iowa Tuition Grant of \$3,109 to assist them in attending schools such as Cornell, Central and Luther.³

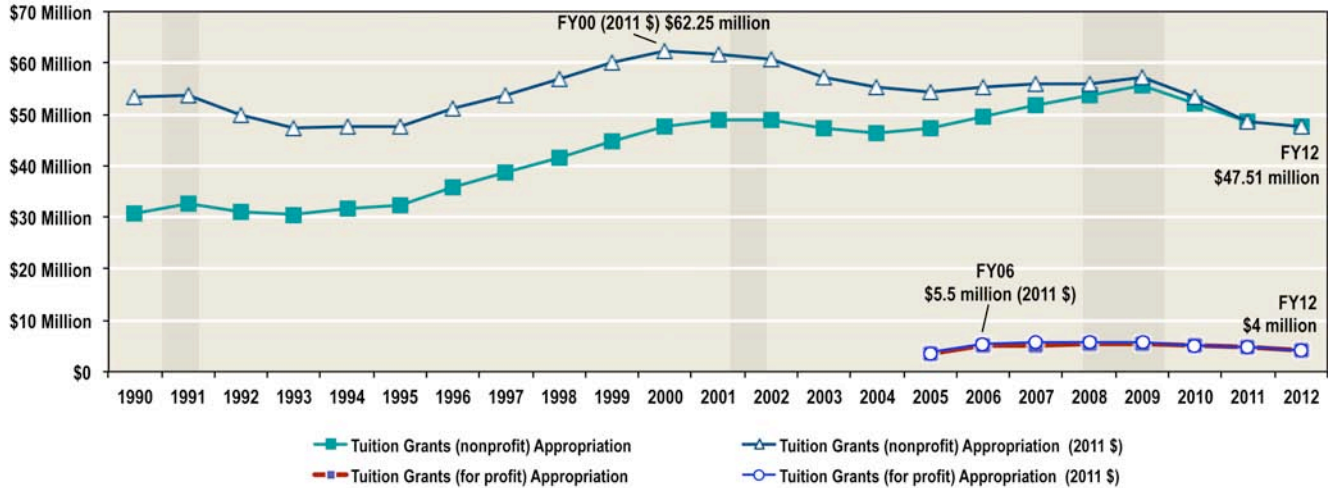
Previous IFP reports noted that the state's funding for its higher education institutions was responsive to broader economic trends. That appears true for state funding for tuition assistance as well. State funds dipped following the 1991 and 2001 recessions, and increased as the broader economy recovered. As with regents and community college funding, ITG funding has not recovered with the economy after the most recent recession, beginning in 2007 and ending in 2009. Even as the broader economy has entered recovery, state funding for tuition assistance has continued to drop.

The picture changes slightly — and not for the better — when state funding figures are adjusted for inflation. In 2011 dollars, ITG funding peaked in state Fiscal Year 2000 at \$62.25 million, and has slid ever since, with the slide accelerating following the Great Recession. Figure 1 displays trends over 20 years in state funding for both ITG program in nominal and real (inflation-adjusted) dollars.

Perhaps even worse, the value of an average Iowa Tuition Grant has declined dramatically over the past 20 years. The maximum tuition grant for an individual student is dictated by statute — set by the General Assembly. Between the 1989-90 and the 1999-00 school years, the statutory maximum ITG award increased by 56 percent, to \$3,900. From 1999-00 to the 2010-11 school year, the statutory maximum ITG increased by only 3 percent, to \$4,000.⁴ It has been stuck at this amount for the last 10 years.⁵

Few students receive the maximum grant, the average ITG grant has held steady, hovering between \$3,244 (1999-00) and \$2,823 (2003-04). Over the same period, of course, the cost of a college education has risen dramatically. Since the 2000-01 school year, the average tuition at Iowa's private nonprofit colleges and universities has increased by 40 percent.

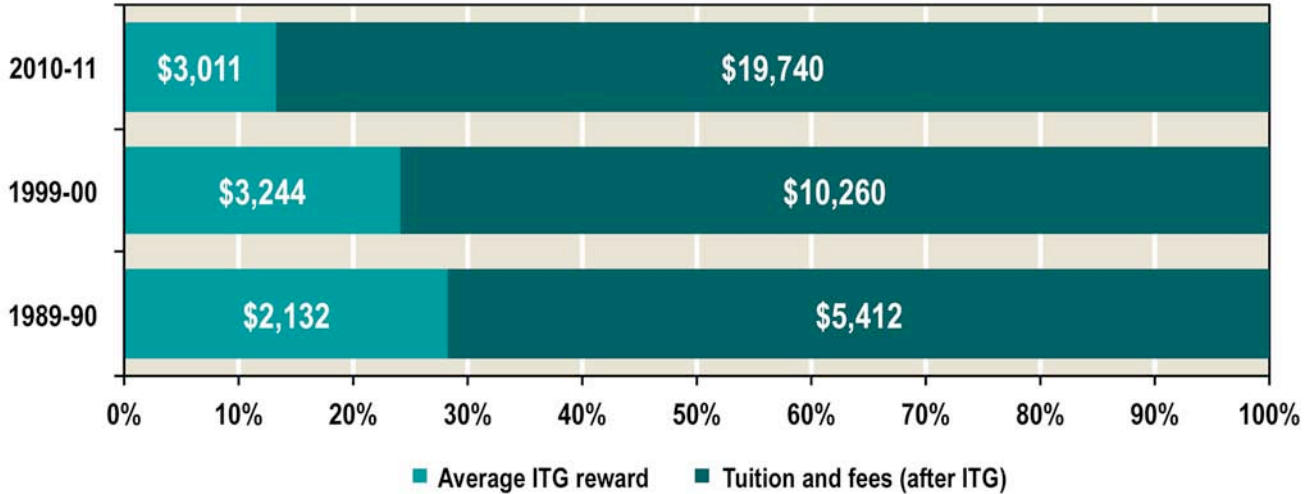
Figure 1. In 2011 Dollars, Steady Decline in Iowa Tuition Grant Funding



Note: Shaded areas represent recessions. Dollars adjusted for inflation using the Consumer Price Index for all Urban consumers (CPI-U). Sources: Iowa College Student Aid Commission and U.S. Bureau of Labor Statistics.

While the size of the annual average award has not changed much over the past 20 years, the dent the average ITG award has made in a student’s tuition and fee load has decreased significantly. Figure 2 displays the value of the annual average Iowa Tuition Grant relative to the average cost of tuition and fees at Iowa’s private nonprofit colleges and institutions.

Figure 2. Average Iowa Tuition Grant Award as a Percent of Total Tuition and Fee Costs Declines from 28 Percent to 13 Percent



Note: Tuition and fees for a full-time student for an entire academic year. Source: Iowa College Student Aid Commission.

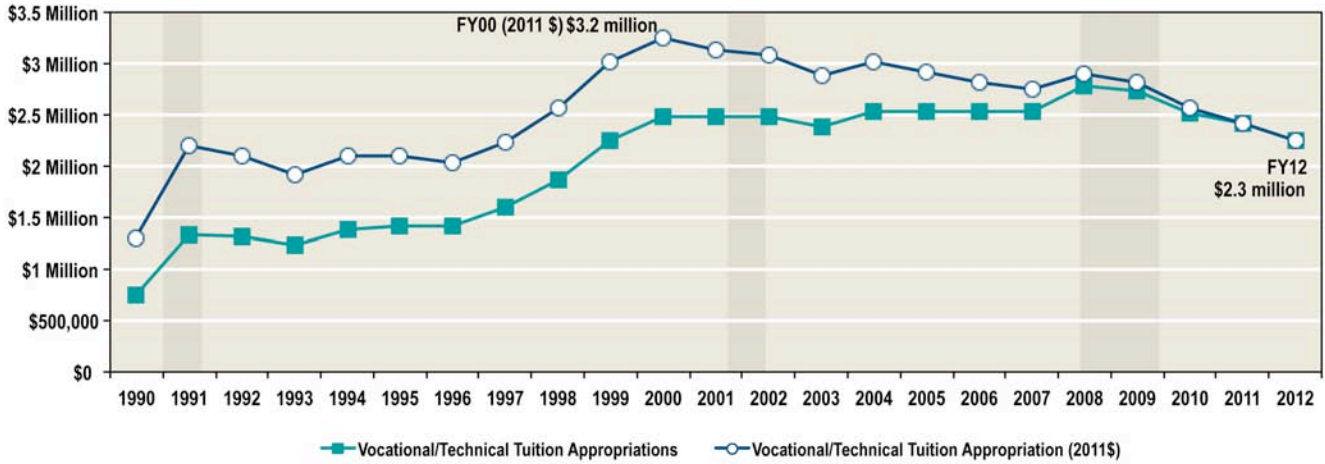
Iowa Vocational-Technical Tuition Grant

The General Assembly created the Iowa Vocational-Technical Tuition Grant Program (IVTTG) in 1973 to provide tuition assistance to students enrolled in career education at one of Iowa’s 15 community colleges.⁶

For the past 22 school years, the Iowa Vocational-Technical Tuition Grant has gone to an average of 3,513 Iowa students per year, with grants averaging \$775.⁷

Like one of its sister programs, the Iowa Tuition Grant, IVTTG funding has been vulnerable to broader economic trends, with funding falling in the wake of previous recessions and increasing as the economy recovers. Also like its sister program, funding for the IVTTG has yet to rebound from the 2007-2009 recession, continuing its rapid decline well into the economic recovery. Adjusting funding figures for inflation shows that in real terms, IVTTG funding has declined steadily since FY2000, when IVTTG funding peaked. Figure 3 displays IVTTG funding trends in nominal and real dollars from FY90 through FY12.

Figure 3. Iowa Vocational-Technical Tuition Grant Funding Slides Since FY2000

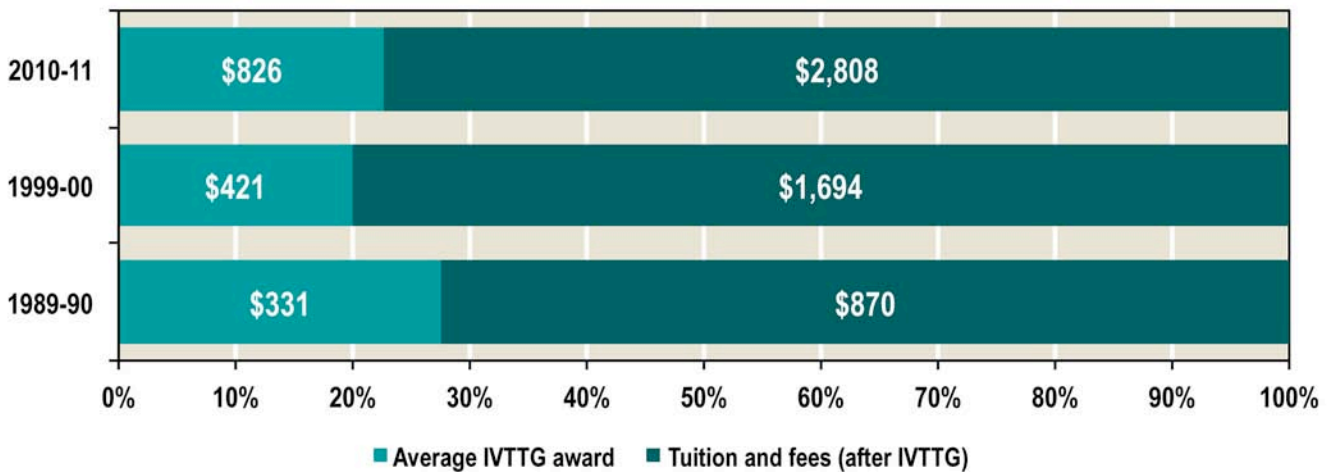


Note: Shaded areas represent recessions. Dollars adjusted for inflation using the Consumer Price Index for all Urban consumers (CPI-U). Sources: Iowa College Student Aid Commission and U.S. Bureau of Labor Statistics.

Thanks to increased statutory individual maximum awards, the value of the IVTTG has not decreased relative to community college tuition and fees costs nearly as much as the ITG. Community college tuition and fees have increased even more rapidly than at Iowa’s private nonprofit institutions (41.8 percent vs. 40.1 percent, respectively).⁸ However, up until the 2002-03 school year, the Iowa Legislature regularly increased the statutory individual maximum IVTTG award. For the 2002-03 school year, the Iowa Legislature increased the statutory individual maximum award from \$650 to \$1,200 (where it still stands).

As a result of the increased statutory individual maximum IVTTG award, average IVTTG awards have increased, too. Figure 4 illustrates how the IVTTG has maintained its value relative to community college tuition and fees.

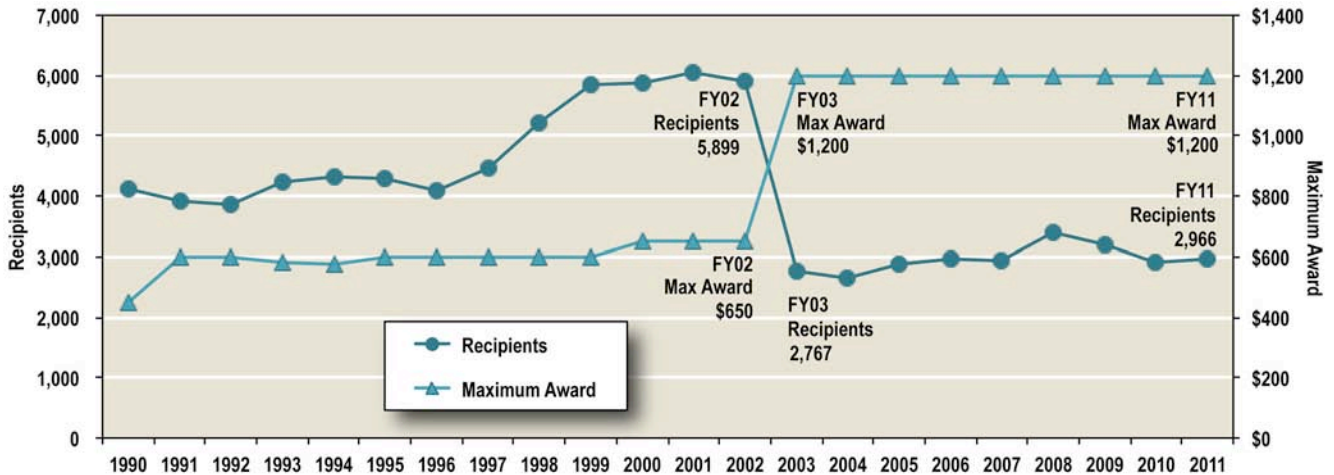
Figure 4. Average IVTTG Award as Percent of Community College Tuition and Fees Declines



Note: Tuition and fees for a full-time student for an entire academic year. Source: Iowa College Student Aid Commission.

Figure 5 illustrates how declining state funding for IVTTG compounded by increased statutory individual maximum awards has increased average awards but limited the number of students getting them. While the increase in award amounts was certainly warranted, the Legislature’s failure to also increase overall funding levels resulted in far fewer students receiving awards. At the same time, applications for the IVTTG increased over the past decade, from 21,581 applicants in FY00 to more than 25,700 applicants in FY11.

Figure 5. Larger Individual Awards and Stagnant or Declining Overall Funding Means Fewer Awards



Source: Iowa College Student Aid Commission

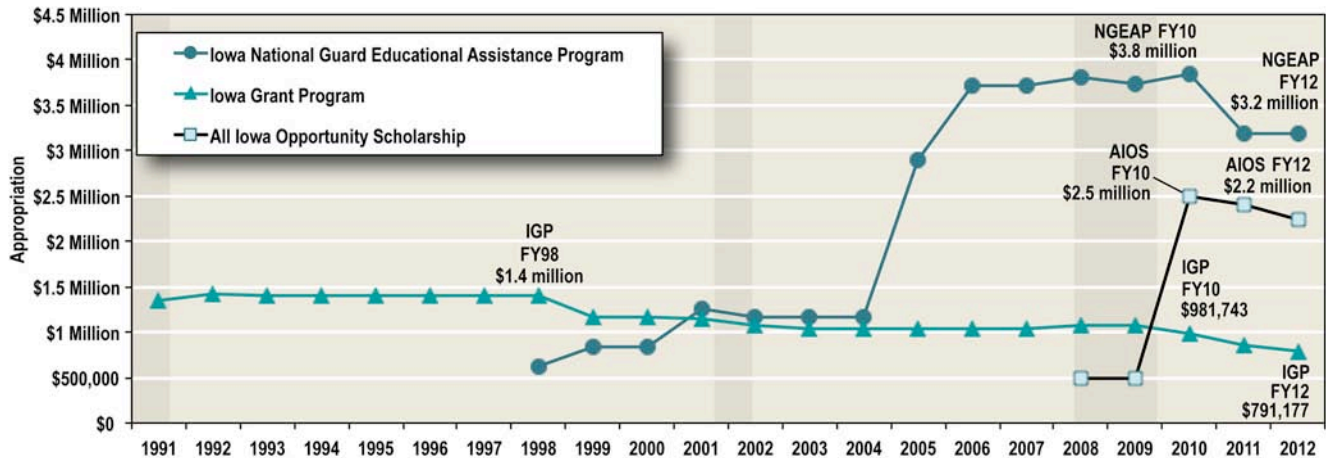
Other Programs

In addition to the ITG and IVTTG programs, Iowa offers several other grant programs to help Iowa students pay for the cost of higher education. A brief description of some of the largest programs follows:

- *The Iowa National Guard Educational Assistance Program (NGEAP)* was created in 1997 by the General Assembly to help Iowa servicemen and women attend one of Iowa’s community colleges, public universities or private colleges.⁹ FY12 NGEAP funding levels proved too low to provide full awards in the second semester of the 2011-12 school year. In January, Governor Branstad signed a supplemental appropriation bill (SF 2007) which will allow for full awards.¹⁰ For FY13, the Senate proposes funding the NGEAP at \$5.7 million, a \$1.2 million increase over FY12.¹¹ The House proposal for FY13 would maintain funding at FY12 levels.¹²
- *The Iowa Grant Program (IGP)* was created in 1990, and is awarded to Iowa students at public and private institutions who demonstrate “a high level of financial need.”¹³ Money is distributed to the higher education institutions, which award the grant based on statutory and institutional criteria. Awards range between \$100 and \$1,000 per student. A proposal in the Iowa House (SF2321 amended by S-5145) would eliminate the IGP in FY13.¹⁴ The Senate proposal for FY13 would maintain funding at FY12 levels.¹⁵
- *The All Iowa Opportunity Scholarship (AIOS)* is a more recent addition, created by the Legislature in 2007. AIOS is targeted at high-need Iowa residents. Awards may equal the average tuition and fees at Iowa’s Regent universities.¹⁶ Both the Senate and House proposals for FY13 would hold AIOS funding at FY12 levels.¹⁷

In contrast with the funding for the ITG and IVTTG, which decreased during the recession, funding for the AIOS and NGEAP actually increased in the wake of the recession. Since then, however, as shown in Figure 6 below, AIOS, NGEAP and IGP have suffered the same fate as the ITG and IVTTG programs: decreases in funding and in some cases, severe cuts.

Figure 6. Funding for Other Iowa Grants and Scholarships Rose During Recession — Falling Since



Note: Figure does not reflect the January 2012 supplemental NGEAP appropriation.
Source: Iowa College Student Aid Commission.

Conclusion

Data presented here and in two previous reports raise serious questions about lawmakers' commitment to higher education. State-funded tuition grant and scholarship programs and state funding to public colleges and universities have been subject to seemingly very significant budget-cutting at the Statehouse.

These cuts have real consequences. Even with huge tuition increases, Iowa's public universities have been forced to make painful cuts, as evidenced at the University of Northern Iowa. The combination of increased tuition and decreased state tuition grants and scholarships threatens to put higher education out of reach for many Iowans. Denying funding ensures many students' lives will not be transformed by earning a college degree.

But the losses of such budget cuts extend far beyond the individual student to the economy as a whole. Inadequate funding for higher education will negatively impact the Iowa economy, as Iowa will not have the well-trained and well-educated workforce needed to produce economic growth. Previous Iowa Policy Project research has found that investing in higher education has large returns — in the form of increased personal income and sales tax revenues and decreased reliance on public assistance programs — to the state itself.¹⁸

Iowa lawmakers should not lose sight of those benefits.

¹ Andrew Cannon, "Up and Down: Regents' Costs Rise, Funding Drops in Iowa" and "Lost Momentum for Iowa's Community Colleges," Iowa Fiscal Partnership March 8 and 22, 2012. <<http://www.iowafiscal.org/2012docs/120308-IFP-regents.pdf>>. <<http://www.iowafiscal.org/2012docs/120322-IFP-commcoll.pdf>>.

² Chapter 4: Iowa Tuition Grant — Not-for-Profit and Chapter 5: Iowa Tuition Grant — Proprietary, 2011-12 Iowa Student Financial Aid Guide, Iowa College Student Aid Commission, Accessed April 4, 2012. <<http://www.iowacollegeaid.gov/ToolsForSchools/studentfinancialaidguide1112.html>>.

³ Author's calculations, data courtesy of the Iowa College Student Aid Commission.

⁴ Author's calculations, data courtesy of the Iowa College Student Aid Commission.

⁵ Iowa College Student Aid Commission.

⁶ Chapter 6: Iowa Vocational-Technical Tuition Grant, 2011-12 Iowa Student Financial Aid Guide.

⁷ Author's calculations, data courtesy of the Iowa College Student Aid Commission.

⁸ Author's calculations, data courtesy of the Iowa College Student Aid Commission.

⁹ Chapter 11: Iowa National Guard Educational Assistance Program. 2011-12 Iowa Student Financial Aid Guide.

¹⁰ National Guard Education Assistance Supplemental Appropriation Senate File 2007, Notes on Bills and Amendments. Iowa Legislative Services Agency (LSA), Fiscal Services Division. January 24, 2012. <https://www.legis.iowa.gov/DOCS/NOBA/84_SF2007_SF.pdf>.

¹¹ Education Appropriations Senate File 2321, Notes on Bills and Amendments. LSA, Fiscal Services Division. March 20, 2012. <https://www.legis.iowa.gov/DOCS/NOBA/84_SF2321_SF.pdf>.

¹² Education Appropriations Bill Senate File 2321: As amended by S-5145 (House Amendment). Notes on Bills and Amendments. LSA, Fiscal Services Division. April 3, 2012. <https://www.legis.iowa.gov/DOCS/NOBA/84_S5145_HF.pdf>.

¹³ Chapter 8: Iowa Grant Program, 2011-12 Iowa Student Financial Aid Guide.

¹⁴ Education Appropriations Bill Senate File 2321: As amended by S-5145 (House Amendment).

¹⁵ Education Appropriations Senate File 2321, Notes on Bills and Amendments.

¹⁶ Chapter 7: All Iowa Scholarship Program. 2011-12 Iowa Student Financial Aid Guide.

¹⁷ Education Appropriations Bill Senate File 2321: As amended by S-5145 (House Amendment) and Education Appropriations Senate File 2321, Notes on Bills and Amendments.

¹⁸ For Iowa impacts, see Lily French and Peter S. Fisher, "Education Pays in Iowa: The State's Return on Investment in Workforce Education," Iowa Policy Project, May 2009. <<http://www.iowapolicyproject.org/2009docs/090528-ROI-educ.pdf>>.

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Iowa Fiscal Partnership

The Iowa Fiscal Partnership is a joint initiative of the Iowa Policy Project and the Child & Family Policy Center, two nonprofit, nonpartisan Iowa-based organizations that cooperate in analysis of tax policy and budget issues facing Iowans. IFP reports are available at <http://www.iowafiscal.org>.

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