



## The Regents Don't have Solutions

By Deborah D. Thornton

The Iowa Board of Regents, aware of college cost concerns, in 2008 requested a report and analysis of the current situation in Iowa. The two-part report makes for interesting reading.

Recommendations include:

- Encouraging students to complete the Free Application for Federal Student Aid (FAFSA) so they are potentially eligible for aid and loans. Notify parents of their eligibility for Parent Loans for Undergraduate Students (PLUS) loans.
- Improve the private lending program. Develop more extensive loan forgiveness programs including tax incentives for employers to provide loan forgiveness benefits.
- Find more funding for state grant aid and lobby for more federal aid.
- Increase eligibility for tuition set-aside. Staff the financial aid offices appropriately.
- Award grant and scholarship aid before “awarding” loans. Partner with private institutions to provide more need-based scholarships.
- Encourage students to take a financial literacy course in their first year of college. Encourage students to graduate in four years.<sup>1</sup>

The report's recommendations do not deal with actually reducing the amount of tuition charged or reducing either the fixed or variable costs of higher education. Those issues are ignored completely. The recommendations deal only with helping consumers more fully participate in the loan process and with more taxpayer support. These taxpayers are the same workers who are already paying their child's tuition and paying the taxes that become the state grant and federal aid. Better solutions to the high cost of a college education include increased efficiency, productivity, transparency, and accountability.

One solution is the 2+2 program, which is fully discussed in the Public Interest Institute POLICY STUDY, *Iowa Higher-Education's Third Way: Community Colleges' 2 + 2 Programs*. A student goes to community college, pays significantly less for credit hours, completes the first two years of a degree, and then moves on – with a guarantee of transferability, to an Iowa four-year Regent school or private college. The cost savings are clear. One objection is that students are “missing out” on the full college experience. Community colleges are addressing these concerns by increasing on-campus activities and hosting a wide variety of organizations.

Another option is to develop a three-year Bachelor's degree. The course work and number of credits are structured so that a student would graduate in only three years. Accordingly there is less expense and graduates enter the work force earlier. Summer school is generally required, and internships and international study might be skipped. Proponents note that many college campuses have large and expensive buildings, which are almost empty during the summer, yet still require maintenance, energy, and debt-service expenses. They argue that it would be more cost effective if these facilities were fully utilized year-round. Colleges adding this option include Hartwick College in New York. At Hartwick, students take 40 credit hours a year instead of 30, including summer courses. They estimate it will save their students over \$11,000 in tuition and fees, possibly more.<sup>2</sup> Another version of a three-year degree could include reducing the number of credit hours. Does a student need to pay a very high price for elective classes in hip-hop dance?

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A Publication of: **Public Interest Institute at Iowa Wesleyan College**

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Overhead costs might be controlled and reduced by merging individual schools into fewer units. Predictably, this proposal generates significant discussion. The unique identities, academic specialties, and athletics would stay separate, but there would not be individual payroll offices. Within the 15-region Iowa community college system, there could be an extensive consolidation into five districts, with only one President for each, and a multi-campus back-room organization. This model might be configured into the four-corners of the state (northeast, southeast, northwest, and southwest) and Des Moines area.

The development and use of on-line classes is increasing. The main “pro” is that a working student may better control their time by reading and participating on-line, instead of being required to sit in a classroom. Costs are reduced because expensive facilities are not used. It saves commuting time and energy, and allows someone who can not attend full-time or live on campus to earn a degree. The former CEO of General Electric, Jack Welch, the leading proponent of this approach, recently invested \$2 million in a new on-line MBA program, the Jack Welch Management Institute at Chancellor University. The Chancellor University cost is significantly less than a campus-based program, around \$22,000. The target audience is a 35-year-old person, with children, working a full-time job and unable to quit work, move the family, take significant loans, or participate in an on-campus program. Currently 71 fully accredited schools offer on-line MBAs including Indiana University’s Kelley School of Business.<sup>3</sup>

Many Iowa high school students, over 20,000 in 2008, are dual enrolled in introductory college classes. Students use these programs to begin college early at a very low cost. In addition, Advanced Placement courses allow testing out of introductory level classes, potentially saving tuition money for more advanced work. Yet another solution is taking a year off from formal education, while working and saving money toward college. This may result in a more focused classroom effort, including a clearer understanding of goals, because the student matures. Savings from work can be used to pay tuition, instead of loans. For others, signing up for U.S. military service may be an option. Young people experience life away from Mom and Dad. The enlistee has the opportunity to travel and live in new places. Their basic living needs are provided and they earn a paycheck. Military members earn money for college and may take classes while enlisted.

Another idea is that not everyone needs a four-year, liberal arts education. A plumber or electrician often makes more money than a Ph.D. Qualified workers are needed as automotive or computer technicians, electricians, plumbers, and nursing assistants. Earning an Associates degree or licensure in two years enables a person to enter the workforce quickly and productively, with little or no debt and almost guaranteed work.

As college acceptance letters come in for 2010 high school seniors they, and their parents, need to seriously study their options. Clearly the Board of Regents is not aggressively exploring ways to cut the costs of a college degree, only how to make loans easier to get. Surprisingly, none of the Regents have yet volunteered to pay those loans for my student. Let me know if they offer to pay your student’s.

For additional information on this topic, see the 09-10 Public Interest Institute POLICY STUDY, *“A College Education, But At What Cost?”*

#### (Endnotes)

1 Access and Affordability – Part II, A Board of Regents Initiative, <[http://www.regents.iowa.gov/Meetings/DocketMemos/08Memos/december08/1208\\_ITEM13.pdf](http://www.regents.iowa.gov/Meetings/DocketMemos/08Memos/december08/1208_ITEM13.pdf)> (November 1, 2009).

2 Lamar Alexander, “The Three-Year Solution,” *Newsweek*, October 17, 2009.

3 Marc Perry, “With Typical Vigor, Jack Welch Sets Out to Upend Online Business Education,” *The Chronicle of Higher Education*, November 1, 2009.

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