

IOWA ECONOMIC SCORECARD

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Everyone's in College, but Where?

By Deborah D. Thornton

The *Chronicle of Higher Education* started, or maybe continued, an important national policy discussion on November 8 of 2009, asking a forum panel of nine higher education experts the question, “Are too many students going to college?” Answers, and reasons for those answers, were many and varied.

Historically a college education was the prerogative of only a select few. Sixty years ago, in 1947, only 2.3 million people over the age of 14 were in college, representing 9.6 percent of the United States population. In 1967, just over 40 years ago, there were 5.1 million students (24 percent) between the ages of 18-24 in college, and the estimated cost of all four years was just over \$2,600.¹ Then, as our economy changed, college became the required path to personal and economic success. Today there are almost 11.5 million students between 18-24, or 39.6 percent of that age group, in college, an all-time high.² This record enrollment is attributed to a significant increase in community college registrations, which increased by 280,000 students from 2007-2008, while four-year colleges showed a slight drop. The total number in two-year colleges has increased to one-third since 1970.

The recession and lack of employment opportunities have apparently affected enrollment. Current United States Labor Department data show that only 46.1 percent of young adults aged 18-24 had jobs in September 2009, the lowest level since data collection began in 1948. Additionally, the high school dropout rate has fallen by 6.4 percent since 1973, with the result that more young people are eligible for college, especially open-enrollment community colleges. The economic issues, both positive and negative, are reflected in the increasing number of full-time students, currently over 13.2 million. Either they could afford to go full-time in the strong economy, or they are forced to attend full-time during this recession because they can't find work. Or they may support the telling comment that was issued by a second-year senior photography major at Texas A&M. This student (in his 5th year of college) said that he had, “another year or two left as an undergraduate,” but that he was in no hurry to graduate because, “College is fun. Why not enjoy it? I mean a part of it is, I don't want to have to grow up and get a job in the real world.”³

In Iowa we have over 40 private four-year colleges, 15 two-year community colleges, and only three major government (Regent) four-year universities (the University of Iowa, Iowa State University, and the University of Northern Iowa).⁴ Enrollment changes in each group vary widely. The September 2009 Iowa State University “President's Report” showed a slight continuing upward enrollment trend. The 2008 fall-semester undergraduates numbered 21,607; this year it increased to 22,521, or by 4 percent.⁵ Fall 2009 enrollment at the University of Iowa was generally flat, at 30,300 students, with a drop of 250 in undergraduates.⁶ Enrollment at the University of Northern Iowa has remained flat for the past 10 years. In 1998 there were 3,400 new freshmen enrolled, in 2008 slightly more at 3,470. Likewise the total enrollment has been around 13,000, fluctuating from 13,329 in 1998 to 12,908 in 2008.⁷

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In contrast, many private colleges in Iowa reported either record or near record enrollment this year, or their largest freshmen classes in decades, including Iowa Wesleyan College (host school of the Public Interest Institute), Morningside College, St. Ambrose University, and Upper Iowa University.⁸ Iowa Wesleyan, the oldest private, co-educational, liberal-arts college west of the Mississippi River, reported total enrollment of 863, expanding an off-campus program in Iowa City/Coralville. Upper Iowa University (Fayette, Iowa) reported an 11 percent increase, with over 900 students, and a 40 percent total increase over the past four years. Their President likened it to the early 1970s when male students entered college to avoid the draft.⁹ Morningside College reported eight consecutive years of increased enrollment. St. Ambrose University, with 3,800 students, reported the largest freshmen class ever.











Another important idea is that not all people need a four-year, liberal-arts education. Dr. Richard Vedder, Director of the Center for College Affordability and Productivity, recently noted that, "There is becoming a critical shortage of people skilled in occupations that do not require a college education – mechanics, electricians, and construction people. Plumbers make more than Ph.D.'s in history."¹⁰ Today, qualified workers are needed in fields such as automotive or computer technician, electrician, plumber, and nursing assistants. Earning an Associates degree or licensure at a Community College in two years enables a person to enter the workforce quickly and productively, with little or no debt and almost guaranteed work.

The dramatically increased enrollment at community colleges across Iowa might support this idea. In contrast to flat enrollment at the Regent schools, community colleges statewide all reported record enrollments this fall. There are 15 Community College districts in Iowa (some districts have more than one freestanding campus but report as one), with a total reported fall 2009 enrollment of 100,736 up from the then record 88,104 in fall of 2008.¹¹ For the first time since 1975 the majority of students are enrolled full-time, with an average of 9.5 credit hours. Reflecting the current economic situation, the number of men and working-aged students (25-64 years old) showed a disproportionate increase.¹²

Specifically, Kirkwood Community College "marked the highest official enrollment in the colleges' history" at 17,841 students in fall of 2009, according to President Mick Starcevich. This is over 17 percent above the fall 2008 count. Starcevich attributed this increase to the economy, citing downsizing and layoffs. He also referenced their high school dual credit program, which enrolled 2,632 students this fall from seven counties.¹³ Statewide in 2008, almost 23,000 high school students were dual enrolled in community college classes.

Iowa Statewide Economic Indicators

Data source: <<http://www.iowaworkforce.org/trends>> February 15, 2010

Latest Economic Indicators	Updated as of:	Actual Number	Amount of Change	Time Period Reported
 New Vehicle Registrations	2/1/2010	-19,475	-16.5%	YTD December 2008-December 2009
 Housing Permits	1/29/2010	7,085	-8.2%	YTD December 2008-December 2009
 Existing Home Sales	2/12/2010	58,000	4.1%	January-December 2009
 Total Resident Jobs	1/22/2010	1,573,000	-29,900	December 2008-December 2009
 Non-Farm Employment	1/22/2010	1,468,800	-40,100	December 2008-December 2009
 Factory Jobs	1/22/2010	202,400	-19,900	December 2008-December 2009
 Unemployment Claims	1/22/2010	71,263	6.6%	December 2008-December 2009
 Jobless Rate	1/22/2010	110,800	50.3%	December 2008-December 2009
 Personal Income	12/17/2009	\$111,885 million	0.0%	2nd. Quarter 2009-3rd Quarter 2009
Exports of Goods	1/1/2010	\$12,160 million	NA	January - December 2008
 Farmland Values	12/4/2009	NA	-7.0%	October 2008-October 2009

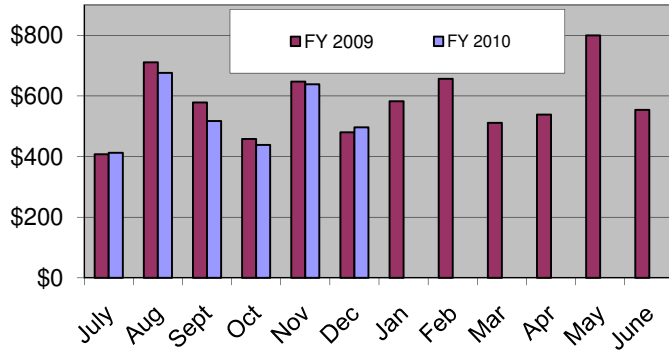
At the Des Moines Area Community College (DMACC), enrollment jumped 17 percent to almost 21,800 students, the fifth year of record enrollment. The school added 11 academic programs and 74 individual classes, yet still had waiting lists for heating and air conditioning, dental hygiene (three years), nursing, culinary arts, auto mechanics, and mortuary science. DMACC is seeing many older students, who have either been laid off from their current jobs, are returning military members, or those who are looking for new opportunities.¹⁴ Iowa Western Community College reported over 6,100 students, a 25 percent increase over the last five years. They reported large gains at all five campuses and a large increase in on-line learners.¹⁵ In the three Eastern Iowa Community College District campuses, Scott, Muscatine, and Clinton, enrollment was up by nearly 22 percent, to over 8,000 students for the first time ever.¹⁶ Clearly there is a need and a strong demand for community college based education.

In discussing the *Trends College Pricing 2009* Report, College Board President Gaston Caperton said, “While a college education is critical to long-term financial security, it feels out of reach to many students and families in today’s economy.” He went on to say that “institutions must increase their efforts to reduce costs and to prevent tuition from rising as rapidly as it has in the past.”¹⁷ The primary discussions and solutions to rapidly increasing tuition focus on efficiency, productivity, transparency, and accountability. Yet given the recent actions of Governor Chet Culver in managing government funds and the Regents

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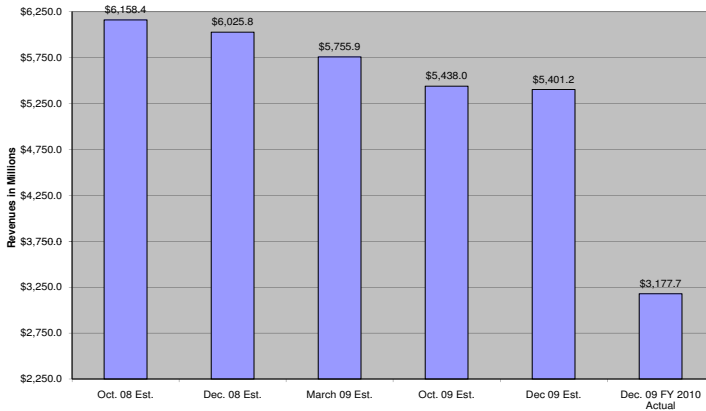
Iowa's Monthly State Revenue and Estimated Net Yearly Revenue (in millions)



Iowa's Monthly State Revenue:

Monthly FY 2010 state revenue was \$496.4 million in December 2009. This is \$16.4 million more than the same month in FY 2009. This is the first time since July that collections have risen year over year. The major increase was in Personal Income Taxes collected.

REC Estimated Receipts FY 2010

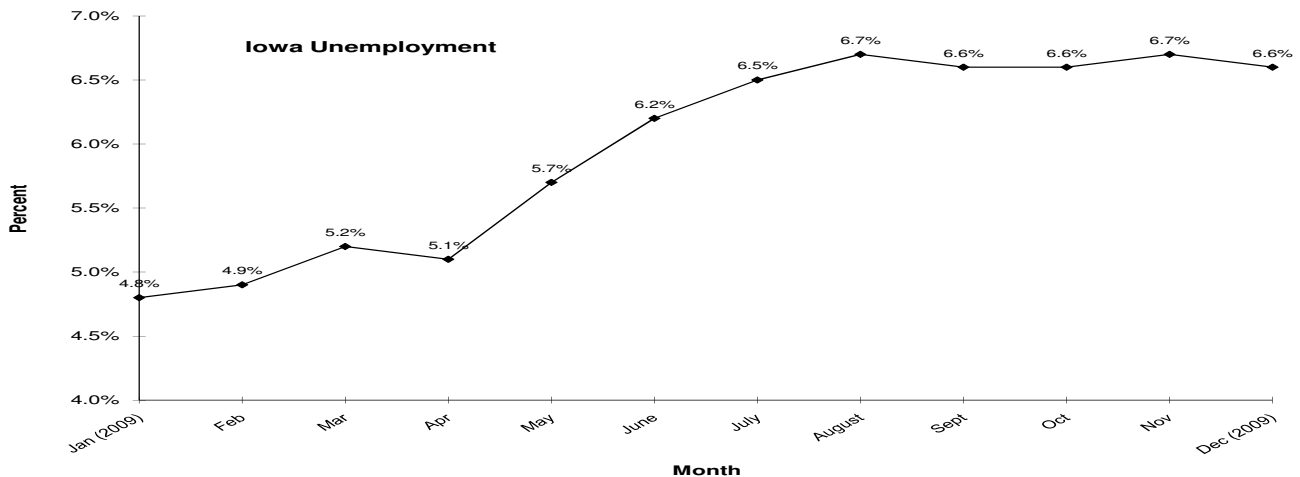


Iowa's Estimated Net Yearly Revenue:

The revised Revenue Estimating Conference December number for FY 2010 Net General Fund receipts is now \$5,401.2 million. This is down \$757.2 million from the original October 2008 estimate. As of December actual tax revenue collected was \$3,177.7 million.

Source: Legislative Services Agency "Monthly General Fund Revenue Memo," and Revenue Estimating Conference Report

Iowa's Unemployment, January 2009 - Current

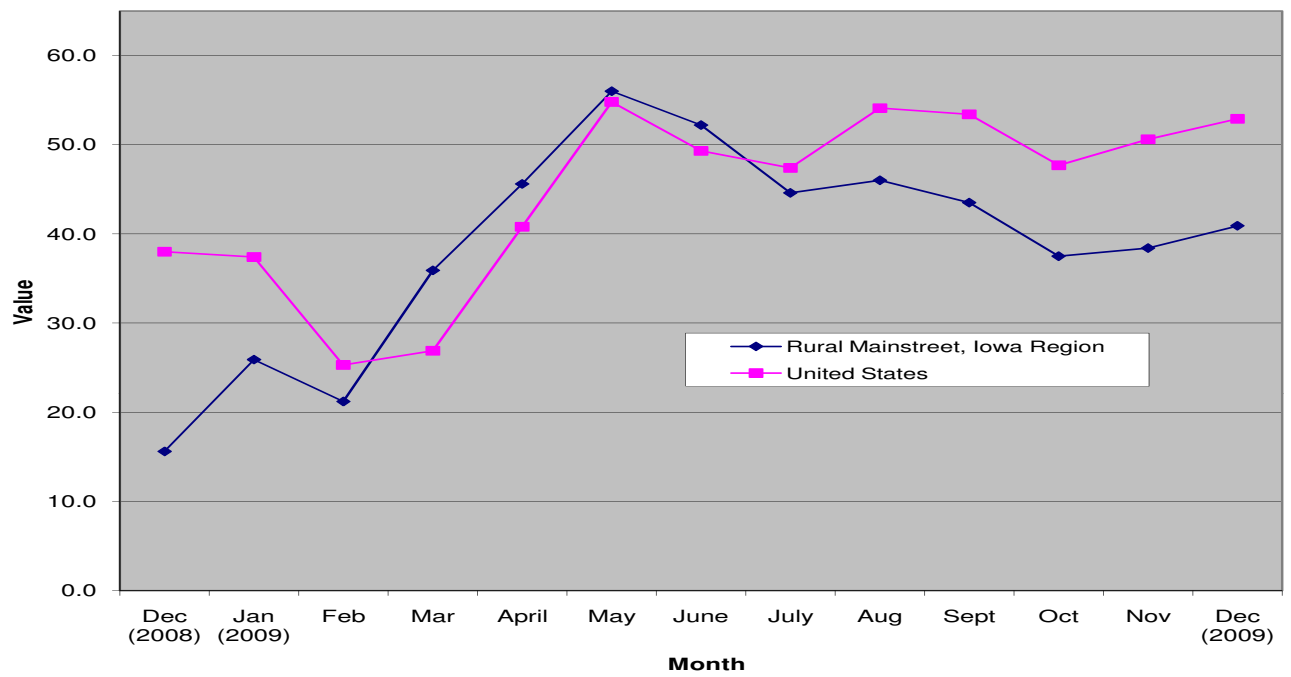


The U.S. unemployment rate in December 2009 was 10.0%, up from 5.0% in December 2007, the start of the recession. The Iowa rate has remained in the 6.6-6.7% range throughout the fall. This is up from 3.8% in December 2007. Total employment in December was 1,573,000, down 29,900 from last December. The number of unemployed persons was 110,800, over 37,000 more than a year ago. The general consensus is that unemployment is likely to remain high into 2010.

Source: Iowa Workforce Development, Labor Market Information Bureau, "Monthly Unemployment Rate News"

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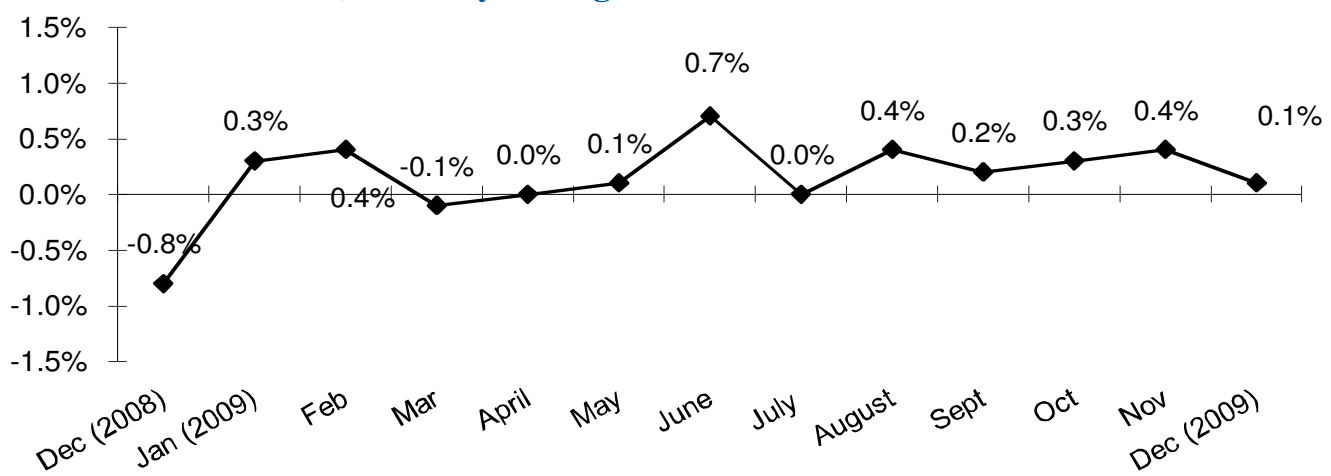
Consumer Confidence Index



As of December 2009, the Consumer Confidence Index (CCI) continued a slight upward trend, in both Iowa and the U.S. as a whole. According to the Conference Board, “consumers remain rather pessimistic about their short-term prospects and this will likely continue to play a key role in spending decisions in early 2010.” The Creighton University Rural Mainstreet Index, reported by bankers in our 11-state region, is influenced by uncertainties concerning national legislative actions and local business weakness. The all-time national low is still February 2009, at 25.3.

Source: Conference Board, “Consumer Confidence Survey” and Creighton University

Consumer Price Index, Monthly Change



The seasonally adjusted Consumer Price Index for urban consumers increased 0.1% in December 2009, driven by a sharp increase in the prices of used cars and trucks. In contrast the new car index declined. Additional increases were seen in airline fares, apparel, and lodging away from home. Grocery store food increased 0.2%, the largest one-month advance in over a year.

Source: U.S. Department of Labor, Bureau of Labor Statistics

REVENUE ESTIMATING CONFERENCE ESTIMATE OF GENERAL FUND RECEIPTS (in millions)

	FY 07 <u>ACTUAL</u>	FY 08 <u>ACTUAL</u>	FY 09 <u>ACTUAL</u>	% Change FY 09 Act vs. FY 08 Act
TAX RECEIPTS				
Personal Inc. Tax	3,085.9	3,359.7	3,330.7	-0.9%
Sales/Use Tax	1,910.1	2,000.2	2,327.4	16.4%
Corporate Income Tax	424.6	483.8	416.5	-13.9%
Inheritance Tax	76.0	78.4	75.4	-3.8%
Insurance Premium Tax	105.2	111.7	90.0	-19.4%
Cigarette Tax	122.0	229.5	215.8	-6.0%
Tobacco Tax	12.1	21.2	23.0	8.5%
Beer Tax	14.3	14.5	14.7	1.4%
Franchise Tax	33.3	37.6	33.7	-10.4%
Miscellaneous Tax	1.0	1.0	2.4	140.0%
Total Tax Receipts	5,784.5	6,337.6	6,529.6	3.0%
OTHER RECEIPTS				
Institutional Payments	12.9	14.9	15.5	4.0%
Liquor Profits	64.8	72.4	85.5	18.1%
Interest	28.7	25.3	14.6	-42.3%
Fees	84.7	82.1	77.7	-5.4%
Judicial Revenue	66.9	90.0	98.8	9.8%
Miscellaneous Receipts	35.7	36.1	39.8	10.2%
Racing & Gaming	60.0	60.0	60.0	0.0%
Total Other Receipts	353.7	380.8	391.9	2.9%
Total Gross Receipts	6,138.2	6,718.4	6,921.5	3.0%
Accruals (net)	37.4	(24.0)	16.9	-170.4%
Refunds	(597.9)	(674.8)	(803.9)	19.1%
School Infrastructure Transfer			(385.5)	
Total Accrual General Fund Receipts	5,577.7	6,019.6	5,749.0	-4.5%
Transfers*				
Lottery	59.3	55.3	56.5	2.2%
Other Transfers	9.3	9.6	128.5	1238.5%
Total Transfers	68.6	64.9	185.0	185.1%
Net General Fund Revenues	5,646.3	6,084.5	5,934.0	-2.5%
Estimated Gambling Revenues Transferred To Other Funds	208.7	220.7	216.2	-2.0%

* Transfers estimated on an accrual basis starting FY2009, October 2009 Estimate

Source: Iowa Department of Management, December 11, 2009 Revenue Estimating Conference

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in setting tuition and fees, students in Iowa should anticipate additional price increases. Change will not come from the higher education establishment leadership. We might all heed the words of folk-singer, songwriter, and radical Pete Seeger (1919-) who said,

*Education is when you read the fine print.
Experience is what you get if you don't.*

For additional information on this topic, *Public Interest Institute's POLICY STUDY, "A College Education, But At What Cost?,"* can be viewed at www.limitedgovernment.org.

Endnotes:

¹Report No. HS-3. Population by age: 1900 to 2002, U.S. Census Bureau, <<http://www.census.gov/statab/hist/HS-03.pdf>> (November 20, 2009).

²Richard Fry, "College Enrollment Hits All-Time High, Fueled by Community College Surge," Pew Research Center, October 29, 2009, appendix tables A1 and A7.

³Jessica Rush, "College longer than four-year proposition," *The East Texan*, November 29, 2009.

⁴Colleges, Community Colleges, and Universities in Iowa, <<http://www.univsource.com/ia.htm>> (October 3, 2009).

⁵President's Council Report, September 2009 pp. 5-6, 11, 13, <<http://www.ir.iastate.edu/PDFfiles/PCR/0909.pdf>> (November 09, 2009).

REVENUE ESTIMATING CONFERENCE ESTIMATE OF GENERAL FUND RECEIPTS (in millions)

10/09 REC FY 10 ESTIMATE	% Change FY 10 Est vs. FY 09 Act	10/09 REC FY 11 ESTIMATE	% Change FY 11 Est vs. FY 10 Est	12/09 REC FY 10 ESTIMATE	% Change FY 10 Est vs. FY 09 Act	12/09 REC FY 11 ESTIMATE	% Change FY 11 Est vs. FY 10 Est
3,208.0	-3.7%	3,188.3	-4.3%	3,210.6	-3.6%	3,225.6	0.5%
2,255.1	-3.1%	2,279.3	-2.1%	2,205.2	-5.3%	2,228.2	1.0%
316.2	-24.1%	281.4	-32.4%	341.2	-18.1%	341.1	0.0%
67.9	-9.9%	71.3	-5.4%	65.0	-13.8%	69.6	7.1%
88.6	-1.6%	88.6	-1.6%	82.0	-8.9%	89.4	9.0%
213.6	-1.0%	212.3	-1.6%	201.1	-6.8%	197.0	-2.0%
23.7	3.0%	23.4	1.7%	24.5	6.5%	24.5	0.0%
14.9	1.4%	15.0	2.0%	14.4	-2.0%	14.4	0.0%
34.0	0.9%	36.0	6.8%	30.3	-10.1%	33.0	8.9%
1.0	-58.3%	1.0	-58.3%	1.3	-45.8%	1.4	7.7%
6,223.0	-4.7%	6,196.6	-5.1%	6,175.6	-5.4%	6,224.2	0.8%
14.7	-5.2%	14.7	-5.2%	14.7	-5.2%	14.7	0.0%
83.2	-2.7%	88.1	3.0%	81.0	-5.3%	82.6	2.0%
5.0	-65.8%	5.0	-65.8%	5.0	-65.8%	5.0	0.0%
50.6	-34.9%	49.1	-36.8%	50.5	-35.0%	49.0	-3.0%
114.0	15.4%	114.0	15.4%	114.0	15.4%	114.0	0.0%
36.9	-7.3%	35.1	-11.8%	36.3	-8.8%	34.5	-5.0%
66.0	10.0%	66.0	10.0%	66.0	10.0%	66.0	0.0%
370.4	-5.5%	372.0	-5.1%	367.5	-6.2%	365.8	-0.5%
6,593.4	-4.7%	6,568.6	-5.1%	6,543.1	-5.5%	6,590.0	0.7%
(26.4)	-256.2%	(3.0)	-117.8%	(13.9)	-182.2%	18.2	100.0%
(891.3)	10.9%	(830.0)	3.2%	(901.0)	12.1%	(898.0)	-0.3%
(379.0)		(383.5)	-0.5%	(369.3)	-4.2%	(374.2)	1.3%
5,296.7	-7.9%	5,352.1	-6.9%	5,258.9	-8.5%	5,336.0	1.5%
57.0	0.9%	59.0	4.4%	58.0	2.7%	62.0	6.9%
84.3	-34.4%	5.2	-96.0%	84.3	-34.4%	5.2	-93.8%
141.3	-23.6%	64.2	-65.3%	142.3	-23.1%	67.2	-52.8%
5,438.0	-8.4%	5,416.3	-1.3%	5,401.2	-9.0%	5,403.2	0.0%
214.6	-0.7%	214.6	-0.7%	206.7	-4.4%	201.3	-2.6%

Source: Iowa Department of Management, December 11, 2009 Revenue Estimating Conference

⁶George McCrory, "Enrollment remains strong at UI for 2009 fall semester," University of Iowa News Release, September 10, 2009.
⁷2008-2009 Fact Book, Office of Institutional Research, The University of Northern Iowa, pp. 18, 20, 28, 40, <<http://www.uni.edu/pubrel/08-09Factbook.pdf>>.

⁸"Fall Enrollment at Many Private Colleges Exceeds Expectations," National Association of Independent Colleges and Universities, <http://www.naicu.edu/news_room/fall-2009-private-college-enrollment-announcements> (November 11, 2009).

⁹Sheila Miller, "UIU enjoys record enrollment," <<http://www.uiu.edu/general/news/aug09/Fall2009Enrollment.html>> (November 10, 2009).

¹⁰Richard Vedder, The Real Costs of Federal Aid to Higher Education, Heritage Lectures, No. 984, December 7, 2006, The Heritage Foundation, Washington, D.C., January 12, 2007.

¹¹Fall Enrollment Reports - 2009 and 2008, Community Colleges and Workforce Preparation, Iowa Department of Education, p. 3.

¹²Fall Enrollment Report 2009, p. 4.

¹³Jon Keimig, "Kirkwood Community College Sets Enrollment Record," <<http://www.easterniowanews.com/?p=7723>> (November 11, 2009).

¹⁴"Unemployment prompts Iowa College enrollment jump, *The Globe Gazette*, September 6, 2009, p. 1.

¹⁵"Iowa Western Community College Announces record enrollment figures; Clarinda Campus up 14 percent," *South West Iowa News*, November 5, 2009. <<http://www.southwestiowanews.com/articles/2009/11/11/clarinda/news/doc4af3298532b69497671318.txt#small>>.

¹⁶"Eastern Iowa Community College District enrollment increases nearly 22 percent," *The Quad City Times*, <<http://educationbeat.qctimes.com/?p=134>> (November 12, 2009).

¹⁷"Cost of Attending College Rose Faster Than Inflation, Reports Find," <pdnapps.fdnctner.org/link/20013175/story> (October 22, 2009).

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Question of the Quarter:

Is your child (children) planning to attend college? Where?

At a government Regent School? Private School? or Community College?

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