

February 2008

*Iowa  
Higher-Education's  
Third Way:  
Community Colleges'  
2 + 2 Programs\**

***POLICY***  

---

***STUDY***

---

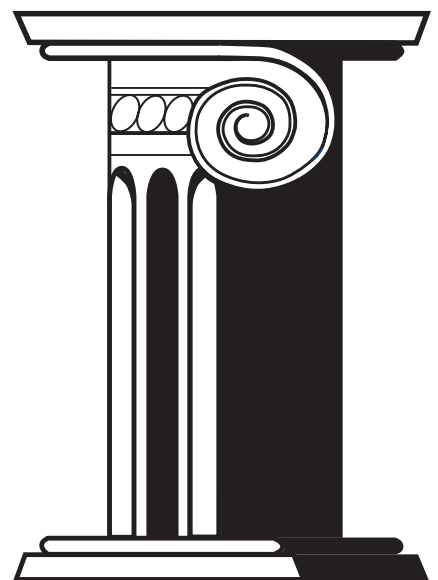
No. 08-1

by

**John Hendrickson  
Public Interest Institute  
Mt. Pleasant, IA**

\*With grateful appreciation for monetary support  
from the Center for Excellence in Higher Education.  
CEHE is not responsible for the views  
contained in this study.

**PUBLIC INTEREST**



**I N S T I T U T E**

**POLICY STUDY**

February 2008

No. 08-1

**Public Interest Institute**

**Dr. Don Racheter,  
President**

POLICY STUDIES are published as needed. They are longer, analytical articles on important public issues.

POLICY STUDIES are published by Public Interest Institute at Iowa Wesleyan College, a nonpartisan, nonprofit, research and educational institute whose activities are supported by contributions from private individuals, corporations, companies, and foundations. The Institute does **not** accept government grants.

Contributions are tax-deductible under sections 501(c)(3) and 170 of the Internal Revenue Code.

Permission to reprint or copy in whole or part is granted, provided a version of this credit line is used: "Reprinted by permission from POLICY STUDY, a publication of Public Interest Institute."

The views expressed in this publication are those of the authors and not necessarily those of Public Interest Institute.

If you have an article you believe is worth sharing, please send it to us. All or a portion of your article may be used. This publication is brought to you in the interest of a better-informed citizenry, because IDEAS DO MATTER.

We invite you to:  
CALL us at 319-385-3462  
FAX to 319-385-3799  
E-MAIL to public.interest.institute@limitedgovernment.org  
VISIT our Website at www.limitedgovernment.org  
WRITE us at our address on the back cover

Copyright 2008

# *Iowa Higher-Education's Third Way: Community Colleges' 2 + 2 Programs*

## **Contents**

---

<b>Executive Summary</b>	<b>3</b>
<b>Introduction</b>	<b>4</b>
<b>Iowa's Community College System</b>	<b>5</b>
<b>Costs in Iowa</b>	<b>9</b>
<b>An Affordable Route?</b>	<b>12</b>
<b>Impact of Iowa's Community Colleges</b>	<b>15</b>
<b>Taxpayer Friendly?</b>	<b>16</b>
<b>Solutions</b>	<b>17</b>
<b>Endnotes</b>	<b>22</b>
<b>Appendix I: ACT Scores &amp; Benchmarks</b>	<b>25</b>
<b>Appendix II: U.S. Budget Comparisons</b>	<b>25</b>
<b>Appendix III: Tuition Increase Comparison</b>	<b>26</b>
<b>Appendix IV: Community College Resident Tuition</b>	<b>26</b>
<b>Appendix V: Community College Expenditures</b>	<b>27</b>
<b>Appendix VI: Community College Expenditures</b>	<b>28</b>
<b>Appendix VII: Tuition &amp; Fee Comparison</b>	<b>28</b>
<b>Appendix VIII: Iowa Tuition vs. National</b>	<b>29</b>
<b>Appendix IX: Costs Per Student</b>	<b>29</b>
<b>Appendix X: FY 2006 Budgets &amp; Enrollments</b>	<b>30</b>
<b>Appendix XI: Costs Per Credit Hour</b>	<b>31</b>
<b>Appendix XII: Student Awards</b>	<b>31</b>
<b>Appendix XIII: Comparative Data on Expenditures</b>	<b>32</b>
<b>Appendix XIV: Taxpayer Funding</b>	<b>32</b>
<b>Appendix XV: Community College Revenues</b>	<b>33</b>

# Executive Summary

This Policy Study will examine the current state of the quality of higher education in Iowa, specifically in relation to community colleges. The Study examines both academic and financial quality. Although this Study does not address every problem or every solution in regard to higher education, it does illuminate several issues that confront the student seeking an excellent education at a reasonable cost.

Paradoxically, putting more taxpayer dollars into higher education has resulted in increasing costs at all levels. Iowa students are relying more and more on student loans to pay for their college education. Enrollments, costs, and budgets have all increased at Iowa's community colleges. Iowa has the second highest tuition and fee rate, second only to Minnesota in comparison to its Midwest and Plains states neighbors, and tuition has increased higher than the national average.

The quality of education in Iowa's higher education system also needs to be improved. It is difficult to measure the percentage of students who enroll in remedial courses at Iowa's community colleges, but ACT examination results from

Iowa demonstrate that 72% of seniors in the class of 2007 failed to meet the readiness benchmark in the subject areas of English, Math, Reading, and Writing.

Iowa's community colleges have been a benefit to the state and they are on the right track. The most current example is the University of Iowa's 2 Plus 2 program. This program is designed to help community college students who earn an associates degree transfer to the University of Iowa and complete their baccalaureate degree. The program not only puts students on a path to graduate in four years, but also provides them with a \$1,000 scholarship. Community colleges in Iowa provide a no-hassle approach to the transferability of credits to four-year institutions.

Students who transfer to a four-year institution from a community college have a high graduation rate. Community college graduates do quite well economically with their earned degrees, and graduates are more likely to remain in the state. The efficient process of the transferability of credits is perhaps one of the great benefits of Iowa's community colleges.

Community colleges in Iowa do suffer many of the common symptoms confronting higher education nationwide, and although the system is still heavily subsidized and not taxpayer friendly, it provides

access to affordable education that benefits students and the workforce. Higher education also needs to become more transparent and more competitive. A great disadvantage to higher education reform is that colleges, like governments, are heavily bureaucratic structures that take enormous amounts of time and effort to change. College administrations should be encouraged to be more transparent in the availability of financial information, curriculum, and student graduation and achievement rates.

Higher education is in need of serious reform, not just in Iowa, but across the nation. Iowa, through its community college system and through programs such as the 2 Plus 2 program and the 529 college savings program, is on the right track, but more improvements need to be addressed in both the quality of academics and the cost of education.

*“The efficient process of the transferability of credits is perhaps one of the great benefits of Iowa's community colleges.”*

# *Iowa Higher- Education's Third Way*

*“Although Iowa’s  
community college  
system is not  
problem free, it  
provides for a  
cost-effective  
educational  
opportunity for  
Iowans.”*

“While it is easy to waste money on education, it is the one thing which we cannot afford to curtail. The true ideal would seem to be a system that supplies those in the lower grades with certain basic information and those in the upper grades with the power to think...”

Calvin Coolidge, 1930<sup>1</sup>

## **Introduction**

The current problem in higher education rests on two fundamental issues—the cost and quality of education that students receive. This policy study will examine Iowa’s community college system in relation to these fundamental issues.

The State of Iowa has a community and technical college system in fifteen geographic regions that provides a variety of educational opportunities that support the higher educational system in Iowa. The Iowa community college system offers a variety of affordable educational opportunities to a diverse student body.

The Iowa community college system follows an open enrollment system, which allows students to enroll regardless of past academic performance. The fifteen community colleges offer “three main areas of instruction—adult education, career programs of vocational

and technical education, and college parallel.”<sup>2</sup> “The college parallel program provides arts and science courses that may be transferred to other colleges and universities as the equivalent of the first two years of a four-year baccalaureate program.”<sup>3</sup>

This Policy Study will examine Iowa’s community college system in terms of tuition rates—both current and historic, the transferability of credits to four-year institutions through programs such as the 2 Plus 2 program, and the financial reliability of the system. It is clear that the community college system is a vital part of Iowa’s educational and economic framework.

The community college system is still heavily subsidized and in comparison with surrounding Midwest and Plains states, Iowa ranks second, only behind Minnesota, in terms of highest tuition and fees.<sup>4</sup> Although Iowa’s community college system is not problem free, it provides for a cost-effective educational opportunity for Iowans. In addition, as the study will show, the quality of education has a mixed record in terms of students prepared for college, which of course opens up another large policy problem—the quality of secondary education.

This Policy Study will not address every issue and concern with the higher educational

system in Iowa. More work and research will have to be initiated in examining all aspects of Iowa's higher education system from finance to the status of traditional liberal arts education at Iowa's numerous centers for higher learning, but this Study will shed light on fundamental issues confronting both taxpayers and higher education in Iowa.

### **Iowa's Community College System**

All Iowa community colleges require a basic skills test for admission such as the ACT, Compass, or Asset examinations. Although colleges do not have a cutoff score for admission, some programs such as health-related programs require certain scores on examinations.<sup>5</sup> The Iowa Department of Education does not collect data, or the data is unavailable, on the number of students that are enrolled in remedial courses, but a survey of the community college system suggests that the majority of schools require developmental courses if students do not achieve an appropriate score on an ACT or related exam.

Iowa's northern neighbor, Minnesota, does keep track of college students in remedial courses, and a 2005 report demonstrated that 46% of high school students who graduated from high school in 2002 and who enrolled in a community/

technical college participated in developmental courses within two years of graduation.<sup>6</sup> The Study demonstrated the majority took only one remedial course, while 8% enrolled in three or more.<sup>7</sup>

A survey of Iowa's ACT results will provide some insight as to how prepared Iowa high school graduates are for college study (See Appendix 1). In the graduating class of 2007, 23,016 Iowa high school seniors took the ACT exam.<sup>8</sup> Using the benchmark score (18 for English, 22 for Math, 21 for Reading, and 24 for Science), which is the "minimum score needed on an ACT subject-area test to indicate a 50% chance of obtaining a B or higher or about a 75% chance of obtaining a C or higher in the corresponding credit-bearing college course," Iowa's seniors demonstrated a mixed capability for college study.<sup>9</sup>

Seventy-two percent of all Iowa seniors who took the ACT exam in 2007 did not meet the readiness benchmark in all four subject areas.<sup>10</sup> On a national level, Iowa's seniors did better with 28 percent of students meeting the benchmark score in all four subject areas, while nationally only 23 percent met the readiness benchmark.<sup>11</sup> Breaking down Iowa's averages based on subject matter the scores are troublesome:

- English: 78% (Ready) and 22% (Not Ready)

## *Community Colleges' 2 + 2 Programs*

*"Seventy-two percent of all Iowa seniors who took the ACT exam in 2007 did not meet the readiness benchmark in all four subject areas."*

# Iowa Higher- Education's Third Way

*“If ACT scores report a mixed readiness for college study, evidence is growing that college students are losing ground on traditional liberal-arts education.”*

- Math: 50% (Ready) and 50% (Not Ready)
- Reading: 61% (Ready) and 39% (Not Ready)
- Science: 36% (Ready) and 64% (Not Ready)<sup>12</sup>

In addition, 1, 216 students were reported to have “aspirations” to attend a two-year college, and those students averaged 18.7 on the ACT exam, just barely above the benchmark score, while the 9,413 who “aspired” to attend a four-year institution, achieved a higher average score of 21.5.<sup>13</sup>

For those students who selected the possibility of attending Kirkwood Community College 9% scored an average from 1-15, 36 % scored an average of 16-19, 38% scored an average of 20-23, 14% scored an average of 24-27, and 2% scored an average of 28-32.<sup>14</sup> Kirkwood College requires students to enroll in remedial courses if ACT test scores are low (ACT scores: Reading, 19, Writing, 18, Math, 22).<sup>15</sup>

Southeastern Community College requires student to take remedial courses if students score below: Reading, 14 ACT, Writing, “a composite of test scores and a writing sample score,” and Math, 18 ACT.<sup>16</sup>

If ACT scores report a mixed readiness for college study, evidence is growing that college students are losing ground on traditional liberal-arts education. The Intercollegiate Studies

Institute (ISI) recently issued a report titled: *The Coming Crisis in Citizenship: Higher Education's Failure to Teach America's History and Institutions*. The report on civic education is the “first-ever scientific survey aimed at measuring knowledge of America’s history and institutions among college students.”<sup>17</sup> The results of the survey proved to be discouraging and they demonstrate a crisis in civic education in the liberal arts curriculum.

“The average senior score was a failing 53.2%; the average freshman score was 51.7%. After nearly four years in college, the gain in knowledge was trivial. Not one college could claim its seniors averaged even 70%.”<sup>18</sup> Iowa State University (ISU), which was one of the randomly selected schools and the only Iowa institution to participate, scored 27 out of 50 with a senior average score of 52.69%.<sup>19</sup> ISU “ranked ninth (out of fifty) for increasing civic knowledge—measured by the difference in average scores between freshman respondents and seniors. It also ranked eighth (out of fifty) for the quality of its civic courses.”<sup>20</sup>

Josiah Bunting III, who serves as Chairman of ISI’s National Civic Literacy Board and Superintendent emeritus of the Virginia Military Institute, wrote:

Generally, the colleges that did best at



increasing civic knowledge tended to pay their presidents and charge their students less than the colleges that did worst at increasing civic knowledge. The best-performing colleges also tended to enjoy smaller tax-exempt endowments and smaller subsidies in the form of government grants to students than the worst-performing colleges did.<sup>21</sup>

Although ISU was the only Iowa college to participate in the ISI study—it can be assumed that the decline in civic education is widespread as the study suggests. This is proof that traditional liberal arts education is in decline, while college costs are increasing.

The U.S. Department of Education reveals the same disturbing trend that students are not improving academically. The Department recently released, *A Test of Leadership: Charting the Future of U.S. Higher Education*, a report that is just as alarming as ISI's study on the decline of civic education. The study stated:

- We are losing some students in our high schools, which do not yet see preparing all pupils for postsecondary education and training as their responsibility.

- Among high school graduates who do make it on to postsecondary education, a troubling number waste time—and taxpayer dollars—mastering English and math skills that they should have learned in high school. And some never complete their degrees at all, at least in part because most colleges and universities don't accept responsibility for making sure that those they admit actually succeed.

- As if this weren't bad enough, there are also disturbing signs that many students who do earn degrees have not actually mastered the reading, writing, and thinking skills we expect of college graduates. Over the past decade, literacy rates among college graduates have actually declined. Unacceptable numbers of college graduates enter the workforce without the skills employers say they need in an economy where, as the truism holds correctly, knowledge matters more than ever.<sup>22</sup>

The crisis in the downturn in the academic quality of education places a direct threat to American society and our standing in the global economy.

## *Community Colleges' 2+2 Programs*

*“Over the past decade, literacy rates among college graduates have actually declined.”*

# *Iowa Higher- Education's Third Way*

*“In addition to the decline in the quality of education, the costs of higher education are increasing at alarming rates.”*

The decline in civic education, for example, leads to an undermining of civic virtue. The nation cannot afford to continue down a path of historical and constitutional ignorance. Education factors into every element of society including building stronger character and families.

In addition to the decline in the quality of education, the costs of higher education are increasing at alarming rates. However, private colleges that do not accept government funding, Hillsdale College, for example, do well economically and are top-rated liberal-arts colleges. The Hillsdale success story has proven that a commitment to the traditional liberal-arts curriculum produces well-educated graduates and in turn this creates a groundswell of investment and reinvestment into the College.

Critics often claim that national defense spending takes too much of the budget, but numbers from the United States budget demonstrate that higher education spending has actually increased at a higher rate from 2002 to 2006 (See Appendix II).<sup>23</sup> This is ironic from a constitutional standpoint, because the federal government is responsible for providing for the common defense of the nation against foreign and domestic threats, while nothing in the Constitution addresses funding higher education.

As a whole colleges and universities have been increasing tuition and fees for students. “Colleges blame big tuition hikes on rising bills for fuel, health care benefits, and salaries,” among other reasons.<sup>24</sup> Colleges and Universities are also showing good returns on their investments. The Associated Press reported that “colleges and universities raked in money by the billions last year.”<sup>25</sup> In fact Yale, an Ivy League institution, “earned 28 percent over the year ending June 30, increasing the school’s endowment to \$22.5 billion overall.”<sup>26</sup>

Although this return is quite impressive, not every college and university experiences this kind of return. Leading economist Dr. Richard Vedder, Professor of Economics at Ohio University and Director of the Center on College Affordability and Productivity, wrote that the “gap between ‘rich and poor’ schools is growing.”<sup>27</sup>

Josiah Bunting alluded to the fact that although Yale is wealthier, pays its President a high wage of at least \$600,000, and freshman receive \$11,102 in grants from the government, it ranked 49<sup>th</sup> in the ISI civic literacy survey and did worse than Concordia University, a small school in Nebraska that finished fourth in the survey, and is much poorer than Yale.<sup>28</sup> Bunting’s point is that wealthier schools are not academically better than poor schools, which



means that money is not the basis of a sound education.

Financial assistance to students is also increasing, “by 82 percent over the past decade.”<sup>29</sup> “More than \$130 billion in grants, federal loans, Federal-Work Study Program funds, and education tax credits and deductions was distributed to undergraduate and graduate students in the 2006-7 academic year.”<sup>30</sup> In addition students have “borrowed an additional \$18 billion from state and private lenders to pay for their educations.”<sup>31</sup>

It is often argued in regard to both secondary and higher education that more government spending and more resources will bring about a more efficient product, but the opposite is found to be true. Colleges and Universities lobby both state and federal governments in order to get additional funding to help with restraining higher tuition rates and costs, capital projects, and other funding reasons. The argument is familiar—taxpayers are investing not only in education and the future, but also in helping the respective state’s economy, which is all true.

Paradoxically, more taxpayer dollars into higher education has resulted in increasing costs at all levels. Politicians are “encouraged” to follow through on supporting funding or look as if they do not support education. President George W. Bush this

past fall “signed a bill to boost financial aid by \$20 billion over the next five years. The measure—the biggest jump in college aid since the GI Bill—raises the maximum value of a Pell Grant by \$1,090 over five years, to \$5,400 in 2012.”<sup>32</sup>

The financial and academic crisis that is facing higher education has caught the attention of public officials in all levels of government and among the non-profit sector. Iowa Senator Charles Grassley, who is the ranking Republican member of the Senate Finance Committee, described the rates of increase as “eye-popping.”<sup>33</sup> “Consider paying \$15 for a gallon of milk or shelling out \$9.15 per gallon of gas. That’s what those items would cost today if their prices climbed at the pace of college tuition since 1980,” wrote Sen. Grassley.<sup>34</sup>

#### Costs in Iowa

In Iowa, college students are “relying more on student loans and less on grants” to pay for higher education, and in the “2005-06 school year, loans to Iowa students represented 53 percent of all aid, compared with 40 percent of aid in 1990,” according to a report by the Iowa College Student Aid Commission.<sup>35</sup> “Financial aid to Iowa undergraduates increased \$1,044.6 million (231.0%)”, between academic years 1995-1996 and 2006-2007.<sup>36</sup> Any parent with a current college

## *Community Colleges’ 2 + 2 Programs*

*“Paradoxically,  
more taxpayer  
dollars into higher  
education has  
resulted in  
increasing costs at  
all levels.”*

# Iowa Higher- Education's Third Way

*“The report ranked Iowa sixth nationally for average student debt (\$22,926) and second for the percentage of graduates with student loan debt (74.0%).”*

student, or a recently graduated college student, understands fully the nature of the problem of student debt.

Budget costs for colleges and universities have also increased, not only for operations, but student fees, room and board, textbook allowances, transportation, and other personal expenses.<sup>37</sup> “Community college budget costs increased 18.9%, Regent universities budget costs increased 48.9%, and private colleges increased 22.6%.” In Iowa “average tuition increased \$3,403 (132.6%) for public universities, \$1,429 (79.1%) for community colleges, and \$8,278 (73.5%) at private colleges,” between the academic years 1995-1996 and 2006-2007 (See Appendix III).<sup>38</sup>

The Iowa Legislative Services Agency, Fiscal Services Division, recently issued an *Issue Review* on Iowa college student debt. The *Issue Review* analyzed and reported on a recent report issued by the Iowa College Student Aid Commission. The report ranked Iowa “sixth nationally for average student debt (\$22,926) and second for the percentage of graduates with student loan debt (74.0%).”<sup>39</sup> For the 2005-2006 academic year Iowa’s Regent Universities averaged \$25,210 per student debt, Private and Independent colleges and universities averaged \$24,729 per student debt, and Proprietary schools averaged about \$24,512

per student in debt after graduation.<sup>40</sup>

From fiscal years 2006-2007, about 3,758 community college students who earned an Associates degree left college with an average debt of \$9,027.<sup>41</sup> The total amount of debt for those with an Associates degree is about \$33,924,714.<sup>42</sup>

The demand for higher education is increasing enrollments. “Between academic years 1995-1996 and 2006-2007, Iowa higher education institutions’ enrollment has grown by 33,319 students (19.7%).”<sup>43</sup> In Fiscal Year 2005, Iowa community colleges had an estimated enrollment of 86,614.2 students.<sup>44</sup>

Although community colleges have seen an increase in enrollments, it has not brought about lower costs (See Appendix IV). In Fiscal Year 2006 Iowa’s community colleges received a total of about \$410,686,618 in revenues.<sup>45</sup> The revenue sources come from tuition and fees, local sources, State General Aid, Federal Aid, and other income sources.<sup>46</sup> For Fiscal Year 2006 community colleges received:

- \$197,923,928 in tuition and fees (48.19%)
- \$20,386,296 in local aid (4.96%)
- \$149,580,895 in State General Aid (36.42%)
- \$12,310,925 in Federal Aid (3.00%)
- \$30,484,574 in other incomes (7.43%)<sup>47</sup>

Taxpayer spending on Iowa's Regents Universities is also impacting taxpayers. Iowa State University in Fiscal Year 2006 received: \$14,135,558 in federal appropriations, \$131,934,811 in federal grants and contracts, \$15,954,563 in state and local government grants and contracts, and \$156,244,465 in tuition and fee payments.<sup>48</sup> The University of Iowa in 2006 received: \$271,891,000 in federal grants and contracts, \$6,308,000 in state and other governmental grants and contracts, and \$203,039,000 in tuition and fee payments.<sup>49</sup>

In terms of expenditures, during FY 2006, community colleges spent about \$409,580,494.<sup>50</sup> More specifically the expenditures were:

- Arts & Sciences (22.79%)
- Vocational Technical (24.99%)
- Adult Education (9.73%)
- Cooperative Programs and Services (1.86%)
- Administration (5.41%)
- Student Services (8.52%)
- Learning Resources (3.02%)
- Physical Plant (11.05%)
- General Institution (12.63%)<sup>51</sup>

Using the examples of Kirkwood and Southeastern Community Colleges, total expenditures for both Colleges have increased from fiscal years

2002-2006 (See Appendix V and VI). In fiscal year 2006 vocational and technical expenditures took the largest part of Southeastern Community College's budget—\$3,793,920, while funding for arts and sciences dominated Kirkwood's budget at \$17,657,552. The numbers demonstrate spending has increased in most categories, including administration.<sup>52</sup>

Full-time faculty salaries at Iowa's community colleges are slightly lower than the national average. In 2005 the national average for full-time salary was \$53,932, while Iowa's average was \$43,675 or 80.98% of the national average.<sup>53</sup>

In FY 2006, community colleges expenditures also included:

- \$305,726,950 (74.64%) on salaries
- \$53,436,642 (13.05%) on services
- \$27,977,290 (6.83%) on materials, support, and travel
- \$19,436,664 (4.75%) on current expenses
- \$3,002,948 (0.73%) on capital outlay<sup>54</sup>

Iowa has the second highest tuition compared with surrounding states (See Appendix VII).<sup>55</sup> Iowa is also above the national tuition average among community colleges (See Appendix VIII). "From fiscal year 1999 to fiscal year 2005, Iowa Community College average tuition increased 45.62% while the national average increased 39.08%."<sup>56</sup>

## *Community Colleges' 2 + 2 Programs*

*"Iowa is also above  
the national tuition  
average among  
community  
colleges."*

# Iowa Higher- Education's Third Way

*“Many students take advantage of reducing the cost of their education by obtaining an associates degree and transferring to a four-year institution.”*

Iowa Community College average tuition of \$2,876 in fiscal year 2005 is \$1,029 or 55.1% above the national average of \$1,847.”<sup>57</sup> Iowa’s community college system, compared to the state’s Regent institutions, has a slightly lower rate of tuition increase for full-time students. In 2008, for example, community colleges saw a 4.78% increase, while the Regent universities saw a 5.22% increase.<sup>58</sup>

## **An Affordable Route?**

As enrollment continues to grow in Iowa’s community colleges (for “Fall 2006 unduplicated credit headcount enrollment of 84,961 demonstrates an increase of 2,462 [2.98%]” over the previous year<sup>59</sup>), many students take advantage of reducing the cost of their education by obtaining an associates degree and transferring to a four-year institution. The majority of those enrolled, 58 percent are in arts and sciences programs.<sup>60</sup>

The transferability of credits from Iowa’s community colleges to four-year institutions—both private and public—is fairly efficient and most four-year institutions have arrangements and agreements to welcome those credits from community college courses.<sup>61</sup> The University of Iowa has initiated a program—the 2 Plus 2 Program—which allows students to earn an associate of arts degree at one of Iowa’s

community colleges, and then enroll at the University to finish a baccalaureate program.

Under the University of Iowa 2 Plus 2 Program, if students complete the associate of arts degree in liberal arts or business majors (over twelve to choose from), they will receive academic advising and \$1,000 upon enrollment.<sup>62</sup> For example, a student who plans to study History and earn a Bachelor’s of Arts in History from the University of Iowa would be able to take both History 151 and History 152 at Southeastern Community College as well as completing all the requirements for the associates degree and then transfer to the University of Iowa to complete the History major.

The average full-time tuition rate for the academic year 2007-2008 at Iowa’s community colleges is about \$3,199, the average per credit hour fee is about \$132.48, and the average for total fees is about \$438.56.<sup>63</sup> A full-time student at Southeastern Community College, for example, taking twelve credit hours, will pay \$1,284 per semester, which does not include other expenses.<sup>64</sup> Many community college students save on such other expenses by continuing to live at home.

The estimated cost for a full-time student at the University of Iowa for the 2007-2008 academic year is about \$17,863, which includes tuition, fees,

room and board, books, personal and transportation expenses. Incentive is also given to students to do well because of the \$1,000 scholarship—which the University is estimating granting twenty-five students in the spring 2008 academic term.<sup>65</sup> The 2 Plus 2 Program is cost effective and it places students on a track to graduate in four years, instead of the increasing number of fifth or sixth year college seniors.

Comparing the cost per student at Iowa's community colleges versus the three Regent institutions demonstrates that community colleges are more affordable (See Appendix IX and X). The average cost per student at the Regent institutions is estimated at \$42,921, while the average is only \$3,829 for community colleges.<sup>66</sup> Community colleges have smaller total operating budgets, because they are smaller schools. For example community colleges do not have graduate, medicine, law, or other professional schools as the Regent institutions, but it illustrates that community colleges provide a cost-friendly source for education and applying programs, such as the 2 Plus 2 Program, provide a more affordable route.<sup>67</sup> More specifically, in terms of state only funding, in fiscal year 2006, community colleges cost \$1,935 per student, while private colleges cost \$2,991 and state colleges \$10,039 per student<sup>68</sup>

Overall Community Colleges represent the greatest affordability for college students, not only for those who are interested in perusing a technical or associates degree, but also for those who plan to transfer to a four-year institution (See Appendix XI). For example, for students who enroll in a basic Introduction to American Government class, which is a transferable three credits for Arts & Sciences, community colleges offer a more affordable price. Students at Iowa Lakes Community College would pay \$113.00 per credit hour (\$339.00), compared to \$696.00 for three credit hours at the University of Iowa and \$2,403 at Buena Vista College, a private college.<sup>69</sup>

The total number of freshman and sophomores at the University of Iowa in 2007 was about 9,701 students. If those 9,701 students had enrolled at a community college and took a three credit course, such as Intro to American Government, it would have saved \$3,463,257 in additional costs. In the fall of 2006, Buena Vista College had about 2,527 undergraduate students enrolled, and if those students would have taken Intro to American Government at a community college it would have saved \$5,215,728 in additional costs.

“The bottom line is that state funding for higher education will not grow enough to support enrollment demand

## *Community Colleges’ 2 + 2 Programs*

*“Overall Community Colleges represent the greatest affordability for college students, not only for those who are interested in persuing a technical or associates degree, but also for those who plan to transfer to a four-year institution.”*



# *Iowa Higher- Education's Third Way*

*“Although it may be more affordable for students to earn an associates degree before enrolling in a four-year institution, students do not always consider financial reasons for attending a college.”*

without higher education addressing issues of efficiency, productivity, transparency, and accountability clearly and successfully,” noted the U.S. Department of Education.<sup>70</sup> In addition, community colleges may be more affordable than private or public colleges and universities, but it still does not solve the problem of protecting taxpayers and students from the increasing financial costs of higher education.

Although the 2 Plus 2 system may be more cost-effective for students it still does not alleviate the cost to taxpayers. The vast majority, about ninety percent, of all University of Iowa students receive some form of financial assistance.<sup>71</sup> Even with the \$1,000 scholarship mentioned above for 2 Plus 2 Program graduates, most students would still have to take-out subsidized loans. The good news is that students under the program would finish their degree in two years (plus the two years at the community college) and receive their baccalaureate degree on time.

The 2 Plus 2 Program is bringing more affordability to higher education as well as coordinating a more efficient system by allowing community colleges and the University of Iowa to work on a close basis. The 2 Plus 2 Program is not the only option for Iowa's community college students in transferring credits to a four-year institution. Many private and public

four-year institutions have either agreements or compatible arrangements with community colleges to make credit transfer a painless process, and thus save students money in the long term by not having to repeat an already passed course.

For example, Iowa Wesleyan College, a private four-year college, and Southeastern Community College, both of which are located in Southeastern Iowa have a working relationship in terms of transfer students. Iowa Wesleyan welcomed an estimated 234 transfer students for the 2007 academic year.<sup>72</sup> Iowa Wesleyan received the majority of those transfer students from Southeastern Community College, but the College also received students from industry, Kirkwood Community College, Indian Hills Community College, and the University of Iowa.<sup>73</sup> Specifically, for the Fall Semester of 2007, Iowa Wesleyan received “forty-six students who transferred with a degree from a two-year college, one transfer with a degree from a four-year college, nineteen who transferred from a two-year college without a degree, seventeen students transferred from other four-year institutions, and fourteen students came from the workforce.”<sup>74</sup>

Although it may be more affordable for students to earn an associates degree before enrolling in a four-year institution, students do not always consider financial reasons for



attending a college. At Iowa Wesleyan some of the top reasons for transfer students include: athletic scholarships and other sources of financial aid, proximity to home, academic programs, friends, and size of the College (IWC).<sup>75</sup>

### **Impact of Iowa's Community Colleges**

Iowa's community college system has a deep impact on the higher educational system and workforce development of the state. The community college system is continually adding new programs to benefit both students and businesses. From 2005-2006 fifty-one new programs were introduced to the community college system.<sup>76</sup>

The community college system tends to be successful in graduating students in preparation for the workforce or as transfer students to four-year institutions (See Appendix XII). From fiscal year 2000 to 2004 the total number of students earned degrees out of the "full-time fiscal year enrollees at Iowa's community colleges is approximately 39% to 42%".<sup>77</sup> In fiscal year 2006 about 14,433 awards were given to community college graduates, which did include those students who completed non-graduate programs and courses.<sup>78</sup> In addition, a significant number of students awarded the associates degree transfer to four-year institutions, for example, "67.09% of

the 2002 AA awardees transferred to a four-year institution within three years."<sup>79</sup>

The Iowa Department of Education reports that students who "transfer to regents institutions with an AA degree have a four-year graduation rate of 64% (University of Iowa), 71% (Iowa State University), and 75% (University of Northern Iowa)."<sup>80</sup> "In comparison, those who transfer to regents institutions without an AA degree (from a community college) have a four-year graduation rate of approximately 52% (University of Iowa); 51% (Iowa State University); and 48% (University of Northern Iowa)."<sup>81</sup> Retention rates for one-year tend to be more equal between community college transfer students and those individuals who do not have an AA degree.<sup>82</sup>

It can be assumed that under the new 2 Plus 2 Program that more transfer students from community colleges to the University of Iowa will increase the four-year graduation rate. This in turn will be more cost effective for students as well as the institutions involved. The objective is to get students the best quality of higher education, while at the same time sticking to a strict graduation schedule. Fifth and sixth year seniors utilizing aid resources only make the financial problems worse.

It is often argued that a community or technical college

## *Community Colleges' 2 + 2 Programs*

*"The community college system is continually adding new programs to benefit both students and businesses."*

# *Iowa Higher- Education's Third Way*

*“There is becoming a critical shortage of people skilled in occupations that do not require a college education—mechanics, electricians, and construction people.”*

education is valued and thought of as less than a four-year degree. Technical trades are looked upon as “dirty” work, which in all honesty many are, but many electricians, mechanics, plumbers, and computer technicians perform invaluable services to the economy. Without “blue-collar” trades our economy would grind to a halt and the middle class, which is the basis of the American society, would crumble. It can be argued that too many people are in college, especially, at four-year institutions.

Economically speaking, many community college graduates do quite well. The Iowa Department of Education reported that “students who completed programs of study offered by two-year colleges doubled their earnings between 2002 and 2005.”<sup>83</sup> In addition, those who completed a degree at a community college had “higher median annual earnings (\$23, 594) after FY 03 and FY 05 (\$28, 217)” than those who did not complete their respective programs.<sup>84</sup>

Dr. Vedder, in a recent lecture to The Heritage Foundation, stated: “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 PhDs in history. And frankly, they should, if you read the typical new book published

in history these days. Fixing a toilet is socially useful.”<sup>85</sup>

Community college graduates are also more likely to reside within the state. “Approximately 82% of community college alumni, during Fiscal Year 2005, resided in Iowa, as compared with approximately 40% of alumni for all Iowa colleges and universities.”<sup>86</sup>

## **Taxpayer Friendly?**

The fact remains that Iowa taxpayers still provide a vast amount of money for higher education. In 2002, taxpayers in Iowa paid \$2.3 billion in state and local expenditures for higher education purposes, which nationally ranked Iowa 26<sup>th</sup> and the Hawkeye state third in terms of per capita expenditures of \$793 dollars (See Appendix XIII).<sup>87</sup>

Programs, such as the 2 Plus 2 Program, offer affordable options for students who want to pursue and earn a baccalaureate degree. The Iowa college and university system at large should continue to work with the community college system to provide additional opportunities for more affordable education. The 2 Plus 2 program may reduce costs for students, but it does not solve the problem of college costs.

The State of Iowa “spends a total of \$50,847,000 on student aid for need-based students,

\$405,000 on aid for non-need-based students, and \$5,362,000 on non-grant student aid.”<sup>88</sup> Although non-need assistance is significantly lower than “need-based” student aid, government assistance should only be given to those who can prove that they actually need the resources.

Taxpayers, in FY 2007, for the 79,381 students in Iowa’s community colleges provided about \$259 in property taxes per student.<sup>89</sup> Property taxes that are collected for community colleges have a special levy and the proceeds collected are from a 20.25 cent operating levy.<sup>90</sup> Overall in FY 2007, \$20,528,558 was collected in property taxes for community colleges, and \$159,579,244 was provided in state funding, which equals \$2,010 per pupil.<sup>91</sup> Total taxpayer funding per student is about \$2,269, which includes those who were provided tuition grants (See Appendix XIV).<sup>92</sup>

Total taxpayer spending per student in 2002 was about \$2,426. Spending per student actually decreased slightly from fiscal years 2003 to 2005, and then in FY years 2006 and 2007 total spending increased slightly.<sup>93</sup> In terms of federal student aid, community college students receive 20.80% of “all student federal aid funds granted to Iowa’s postsecondary institutions, which was about \$196,422,467 in taxpayer supported aid.”<sup>94</sup> In FY 2005 the federal govern-

ment was the largest source for community college student aid, which comprised about 44.50% (\$71,269,523), compared to 9.60% (\$5,944,242) on the state level.<sup>95</sup>

Iowa’s community colleges are not alone in the national trend of receiving increases in federal and state support, while tuition and costs keep exploding (See Appendix XV). Taxpayer funding for K-12 education still places more pressure on the wallets of taxpayers than community colleges. In FY 2007 \$1,090,369,003 was collected in property taxes alone for K-12 education, which costs about \$2,257 per student. Total per student funding in K-12 education, which includes property tax revenue plus state and federal funding, cost the taxpayers \$6,497 per student compared with \$2,269 (total) funding per community college student.<sup>96</sup>

The current system is not taxpayer friendly. Taxpayers in the next decade will be faced with numerous challenges, not only with paying for education, but paying for needed transportation and infrastructure improvements. If the status quo continues, taxpayers will be forced to continue to provide more money to colleges that continue to increase their costs.

### Solutions

The fact remains that higher education is expensive. It is not

## *Community Colleges’ 2 + 2 Programs*

*“The current system is not taxpayer friendly.”*

# *Iowa Higher- Education's Third Way*

*“The more cash the government pumps into parents’ pockets, the more the schools siphon from them.”*

unusual for textbooks to cost one hundred dollars or more, but certain avenues can be taken for both students and parents to bring down the costs and attempt to leave college with as little debt as possible or better yet, debt free. Most Americans need some sort of financial aid, but financial aid should be targeted to those who actually need the resource. Students should not receive financial aid just for the extra money.

Russell Kirk, the American scholar of conservatism and letters, wrote that “it is good for a student to be poor. Getting and spending, the typical American college student lays waste his powers. Work and contemplation don’t mix, and university days ought to be days of contemplation.”<sup>97</sup> Dr. Kirk is correct that students should place their focus on contemplation and study during college, but not everyone can afford to be a full-time student or not work during college. Some students may need to work part-time in order to pay college expenses and leave higher education with less debt. Financing a college education is different for each individual, but it also comes down to proper planning and responsibility.

Government is also helping and encouraging families to start saving for their children’s college education at a much earlier time. Many states, including Iowa, have a college savings plan known as “529” plans,

which allow parents or even grandparents to contribute tax-free money into a 529, which is then saved for the purposes of paying college expenses. As more families have become aware of the 529 plans more actually participate. “Assets in 529 college savings plans rose to an estimated \$104.9 billion at the end of the second quarter of 2007, up 8.3% from an estimated \$96.8 billion at the end of the first quarter of 2007...”<sup>98</sup>

In terms of public policy, the government, on the state or federal level, should not increase financial aid, and although progressives will label this as “harsh” the fact remains that when government shells out more in financial aid—college tuition also increases. “Colleges, like businesses, charge as much as their customers are able to pay. So when student aid increases, colleges raise tuition accordingly to capture additional aid.”<sup>99</sup> The question remains—who benefits when the government increases student aid—the students or the colleges? The answer is clear—the colleges and universities benefit.<sup>100</sup> “The more cash the government pumps into parents’ pockets, the more the schools siphon from them.”<sup>101</sup>

Financial aid should also be targeted to those who actually need the assistance. With any government program, whether local, state, or federal, assistance should be provided for those who actually need the

help. Originally, the Higher Education Act of 1965 was only supposed to support individuals who could not afford higher education, and the program has expanded “eligibility to middle and upper income students, and increased institutional aid.”<sup>102</sup> “The rising usage of federal higher education programs by middle-class and wealthy students is costly to taxpayers, contributes to student indebtedness, and fosters greater dependency on the federal government by individuals and institutions.”<sup>103</sup> Also, students should be encouraged to finish their degree in four-years, rather than five or six years, because each additional year will require more financial aid, which does not help the student nor the rising costs of tuition.

Fraud is another factor that is hurting the financial aid system. The Pell Grant program, for example, “cost \$600 million from fiscal year 2001 to fiscal year 2002. Funds were given to students who were not eligible and submitted incorrect information on their applications.”<sup>104</sup> It is clear that although more financial aid from the government sounds good, it is actually causing more problems than solutions. In fact, a recent report issued by the U.S. Department of Education, found that “the current financial aid system is confusing, complex and inefficient, and therefore frequently unable to direct aid to students who need it most.”<sup>105</sup>

Higher education institutions should also consider becoming more transparent, that is, allowing the public to see how resources are being spent—such as how much money is being spent on teaching and administration. Colleges and universities are the same as any government bureaucracy, that is, they are institutions that need periodic reform. Opening the system to more competition will also drive down costs. Many online universities are offering degrees that can be obtained from home working through the internet, which reduces costs.

The U.S. Department of Education even calls for more transparency in its program to reform higher education. The Department states: “A ‘robust culture of accountability and transparency’ should be cultivated throughout the higher education system, aided by new systems of data management and a publicly available information database with comparable college information. There should also be a greater focus on student learning and development of a more outcome-focused accreditation system.”<sup>106</sup>

Overall reforming higher education and making it more responsive will be a difficult endeavor. More market-forces need to be introduced into the college and university administration and less government support. This should also

## *Community Colleges’ 2 + 2 Programs*

*“Overall reforming higher education and making it more responsive will be a difficult endeavor.”*



# *Iowa Higher- Education's Third Way*

*“Colleges and universities need to have incentives to meet efficiency, productivity, and quality standards in order to receive taxpayer funding.”*

include reducing government regulations. “Federal and state policymakers should relieve the regulatory burden on colleges and universities by undertaking a review of the hundreds of regulations with which institutions must comply and recommend how they might be streamlined or eliminated.”<sup>107</sup>

Improving college education in and of itself is not so much a financial problem, but a philosophical and intellectual problem. Colleges need to revise curriculums and focus on the traditional liberal arts education. Several colleges have done this successfully such as Hillsdale College and Grove City College. The importance of a traditional liberal arts education should take precedent for the first two years of education. Students, regardless of occupation, need to master the liberal arts skills not only in the workplace, but also for their families. Education is also a two-way street. Colleges should promote a traditional curriculum and make sure that teachers are actually teaching to the best of their ability, but students have to be responsible in the learning process. Colleges need to develop a system of both instructor and student accountability to make sure that the best learning environment is being created with taxpayer dollars.

The United States must continue to pursue a path of excellence in higher education, while

at the same time providing education at an affordable rate and thus emancipating parents, students, and taxpayers from further government spending that does not accomplish its intended purpose. Iowa is partially on the right track to making college more affordable through the strengthening of its community college system through programs such as the 2 Plus 2 Program. These programs bring the costs down and allow students to graduate on time, thus saving money for everyone, but the fact remains that Iowa's community colleges still are increasing costs. The 529 plan will also contribute to lowering the costs for families by starting a savings program as early as possible.

“Businesses, though, face the same escalating costs and the same pressure to upgrade their products, but they don't raise their prices at anything like the same pace.”<sup>108</sup> Professor Vedder, in *Going Broke By Degree: Why College Costs Too Much*, wrote that “universities operate in a radically different environment than most business enterprises, and that there are four major reasons for rising costs: third-party providers, the lack of market discipline, ineffective price competition, and government regulation.”<sup>109</sup>

Colleges and Universities, with the exception of those that operate independently of public resources, are similar to government bureaucracies. Both



are built on an administrative hierarchy with a complex system of chain of command and committee structure and often change and results are slow and inefficient. The famous question that haunts public administrators can also haunt administrators in higher education, “can government and higher education institutions run like a business, or should they even be treated as the same?” Colleges and universities need to have incentives to meet efficiency, productivity, and quality standards in order to receive taxpayer funding, because public resources should not be provided to any program or agency that is failing in its mission.<sup>110</sup>

Private businesses have to be accountable to market and consumer forces. They have to produce and maintain a quality product or service to stay ahead of the competition. Higher education also has to face market competition among competing institutions (both in and out of state), competing for research grants, endowments, students, among others. In addition, schools also have to compete for public resources and revenues against other public interests competing for more tax dollars. Many schools face the dilemma of placing an emphasis on research or on teaching, and more often than not, research gets preference because it provides more financial incentive for administration—the idea of publish or perish.

The problem of higher education reform is complex both in terms of the financial crisis and the intellectual problems facing the academy today. Policy-makers should not follow the traditional “more government funding approach.” “Just as raising taxes is not the solution to controlling the federal deficit, more government aid is not the answer to tuition control. Counting on federally-subsidized and private loans to pay the bills only puts students deeper into debt and encourages tuition increases year after year,” wrote Sen. Grassley.<sup>111</sup>

“History is littered with examples of industries that, at their peril, failed to respond to—or even to notice—changes in the world around them, from railroads to steel manufacturers. Without serious self-examination and reform, institutions of higher education risk falling into the same trap, seeing their market share substantially reduced and their services increasingly characterized by obsolescence,” warned the U.S. Department of Education.<sup>112</sup>

## *Community Colleges’ 2 + 2 Programs*

*“Just as raising taxes is not the solution to controlling the federal deficit, more government aid is not the answer to tuition control.”*

## Endnotes

<sup>1</sup>*The Quotable Coolidge: Sensible Words for a New Century*, edited by Peter Hannaford, Images from The Past, Bennington, Vermont, 2001, 63.

<sup>2</sup>“About Community Colleges,” *Iowa Department of Education*, <<http://www.iowa.gov/educate/content/Blogcategory/183/942/>> (November 5, 2007).

<sup>3</sup>*Ibid.*

<sup>4</sup>*2006-2007 Academic Year Iowa Community Colleges Tuition and Fees Report*, Iowa Department of Education, July 2006, 8.

<sup>5</sup>*Basic Skill Assessment Requirements for Placement into Courses and Programs at Iowa Community Colleges*, Iowa Department of Education: Division of Community Colleges and Workforce Preparation, September 26, 2007.

<sup>6</sup>*Getting Prepared: A 2005 report on recent high school graduates who took developmental/remedial Courses*, Minnesota State Colleges and Universities, University of Minnesota, August 2005, iii.

<sup>7</sup>*Ibid.*, iv.

<sup>8</sup>*ACT High School Profile Report: The Graduating Class of 2007, Iowa*. The ACT, <<http://www.act.org>> (November 28, 2007).

<sup>9</sup>*Ibid.*, 6.

<sup>10</sup>*Ibid.*, 19.

<sup>11</sup>*Ibid.*, 6.

<sup>12</sup>*Ibid.*, 15-18.

<sup>13</sup>*Ibid.*, 24.

<sup>14</sup>*Ibid.*, 25.

<sup>15</sup>*Ibid.*

<sup>16</sup>*Basic Skill Assessment*, 9.

<sup>17</sup>*Failing our Students, Failing America: Holding Colleges Accountable for Teaching America's History And Institutions, 2007-2008 Test Scores and Rankings*, Intercollegiate Studies Institute National Civic Literacy Board, September 18, 2007, 2.

<sup>18</sup>*Ibid.*

<sup>19</sup>*Ibid.*

<sup>20</sup>Josiah Bunting III, “A Challenge to higher education: Increase civic literacy,” *The Des Moines Register*, October 13, 2007, <<http://www.desmoinesregister.com/apps/pbcs.dll/article?AID=200710130311&template=printart>> (October 16, 2007).

<sup>21</sup>*Ibid.*

<sup>22</sup>*A Test of Leadership: Charting the Future of U.S. Higher Education*, A report of the Commission Appointed by Secretary of Education Margaret Spellings, Pre-Publication Copy, September 2006, U.S. Department of Education, vii.

<sup>23</sup>Budget of the United States Government, “Historical Tables,” Office of Management and Budget, <<http://www.whitehouse.gov/omb/budget/fy2008/hist.html>> (November 16, 2007).

<sup>24</sup>Alex Davidson, “Economics 101: Colleges aren't good at getting costs under control. Why bother, when Uncle Sam's checkbook is always open,” *Forbes*, November 12, 2007, 144.

<sup>25</sup>Justin Pope, “College investments net good returns: Some suggest money should be used to help reduce Student tuition expenses,” *Globe Gazette*, October 15, 2007, A1.

<sup>26</sup>*Ibid.*

<sup>27</sup>Richard Vedder and Thomas G. Rucht, “Inequality between Universities: Endowments,” Center for College Affordability and Productivity, <<http://collegeaffordability.blogspot.com/2007/11/inequality-between-universities.html>> (November 16, 2007).

<sup>28</sup>Bunting.

<sup>29</sup>Libby Sander, “Student Aid is up, but College costs have risen faster, survey finds,” *Chronicles of Higher Education*, November 2, 2007 <<http://chronicle.com/weekly/v54/i10/10a02601.htm>> (November 17, 2007).

<sup>30</sup>*Ibid.*

<sup>31</sup>*Ibid.*

<sup>32</sup>Davidson, 148.

<sup>33</sup>Senator Chuck Grassley, “Endowments may help rein in tuition hikes,” *Weekly Column*, October 29, 2007, <<http://grassley.senate.gov/public/>> (October 29, 2007).

<sup>34</sup>*Ibid.*

<sup>35</sup>“Study: Students rely more on loans,” *The Ames Tribune*, October 14, 2007, B1.

<sup>36</sup>*Iowa College Student Debt*, Iowa College Student Debt, Iowa Legislative Services Agency, Fiscal Services, October 30, 2007, 3.

<sup>37</sup>*Ibid.*, 4.

<sup>38</sup>*Ibid.*, 3.

<sup>39</sup>*Ibid.*, 1.

<sup>40</sup>*Debt Upon Graduation: Less than Four-Year Degree Graduates, 2006-2007*, Iowa College Student Aid Commission Annual Survey of Financial Aid.

<sup>41</sup>*Ibid.*

<sup>42</sup>*Iowa College Student Debt*, 3.

<sup>43</sup>*Ibid.*

<sup>44</sup>Iowa Department of Education, *Condition of Iowa Community Colleges and Workforce Preparation 2006*, February 2007, Appendix J,-3.

<sup>45</sup>*Ibid.*

<sup>46</sup>*Ibid.*

<sup>47</sup>*Ibid.*

<sup>48</sup>Iowa State University, *Financial Report For the Year Ended June 30, 2007*, 13.

<sup>49</sup>The University of Iowa, *Financial Report: July 1, 2005 to June 30, 2006*, 13.

<sup>50</sup>*Condition of Iowa Community Colleges and Workforce Preparation*, J-9.

<sup>51</sup>*Ibid.*

<sup>52</sup>*Iowa Community Colleges: Performance Indicators, Alignment with Five-Year Plan, June 2007*, Iowa Department of Education, June 2007, 22.

<sup>53</sup>*Condition of Iowa Community Colleges and Workforce Preparation*, J-6.

<sup>54</sup>Iowa Department of Education, *2007-2008 Academic Year Iowa Community Colleges Tuition and Fees Report*, July 2007, i.

<sup>55</sup>*Ibid.*

<sup>56</sup>*Ibid.*, 7.

<sup>57</sup>*Ibid.*

<sup>58</sup>*Ibid.*, 11.

<sup>59</sup>Iowa Department of Education, *Iowa Community Colleges Fall 2006 Credit Student Enrollment Report*, October 2006, p. 3.

<sup>60</sup>*Ibid.*, 8.

<sup>61</sup>Some requirements will have to be met, for example, to make sure that the course offered at one Community college fills the requirement for the related course at a four-year institution.

<sup>62</sup>Stephanie Wu, “UI provides new path for transfer students: 2 Plus 2 plan to offer \$1K, advising for community college transfers,” *Iowa City Press Citizen*, July 31, 2007, 3A.

<sup>63</sup>Iowa Department of Education, *2007-2008 Academic Year Iowa Community Colleges Tuition and Fees Report*, July 2007, i.

<sup>64</sup>Southeastern Community College, <<http://www.scciowa.edu/prospectivestudents/>> (November 17, 2007).

<sup>65</sup>Wu, 4A.

<sup>66</sup>Data was calculated based on total enrollments and total operating budgets for fiscal year 2006.

<sup>67</sup>Data for the total operating budgets of Iowa’s private colleges and universities is not available.

<sup>68</sup>*Condition of Iowa Community Colleges and Workforce Preparation*, 57.

<sup>69</sup>Tuition cost per credit was obtained from the respective college/university website.

<sup>70</sup>*A Test of Leadership: Charting the Future of U.S. Higher Education*, 9.

<sup>71</sup>The University of Iowa’s 2 Plus 2 Program, “Cost and Financial Aid,” <[http://www.uiowa.edu/2plus2/how\\_plan\\_works/costs.htm](http://www.uiowa.edu/2plus2/how_plan_works/costs.htm)> (November 17, 2007).

<sup>72</sup>“Iowa Wesleyan College Enrollment History, Transfer Students,” from meeting with Dean of Admissions, Mark Petty, November 14, 2007.

<sup>73</sup>John Hendrickson meeting with Dean Mark Petty on November 14, 2007.

<sup>74</sup>E-mail exchange with David File, Director of Extended Learning and Julie Fopma, Associate Director of Admissions and Transfer Counselor, October 1, 2007.

<sup>75</sup>John Hendrickson meeting with Dean Mark Petty on November 14, 2007.

- <sup>76</sup>*Iowa Community Colleges: Performance Indicators, Alignment with Five-Year Plan*, 9.
- <sup>77</sup>*Community College Fact Sheet: Condition of Community Colleges 2006 Highlights*, Iowa Department of Education, February 7, 2007, 3.
- <sup>78</sup>*Condition of Iowa Community Colleges and Workforce Preparation*, Appendix E-3.
- <sup>79</sup>*Iowa Community Colleges: Performance Indicators, Alignment with Five-Year Plan*, 10.
- <sup>80</sup>*Community College Fact Sheet: Condition of Community Colleges 2006 Highlights*, 3.
- <sup>81</sup>*Ibid.*
- <sup>82</sup>*Ibid.*
- <sup>83</sup>*Iowa Community Colleges: Performance Indicators, Alignment with Five-Year Plan*, 13.
- <sup>84</sup>*Ibid.*
- <sup>85</sup>Richard 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.
- <sup>86</sup>*Community College Fact Sheet: Condition of Community Colleges 2006 Highlights*, 3.
- <sup>87</sup>*Iowa FactBook 2006*, Legislative Services Agency, Fiscal Services Division, 132
- <sup>88</sup>*Condition of Iowa Community Colleges and Workforce Preparation*, 63.
- <sup>89</sup>*Ibid.*, J-19.
- <sup>90</sup>*Ibid.*
- <sup>91</sup>*Ibid.*
- <sup>92</sup>*Ibid.*
- <sup>93</sup>*Ibid.*
- <sup>94</sup>*Ibid.*, 63.
- <sup>95</sup>*Ibid.*
- <sup>96</sup>*Ibid.*, J-19.
- <sup>97</sup>Russell Kirk, Quoted in, *The Life and Legacy of Russell Kirk*, by Dr. George H. Nash, *Heritage Lectures*, No. 1035, June 22, 2007, The Heritage Foundation, Washington, D.C.
- <sup>98</sup>Lynthia Romney, *Assets in 529 College Savings Plans Reach Record of Nearly \$105 Billion in 2Q 2007*, College Savings Foundation, August 17, 2007, 1.
- <sup>99</sup>Brian M. Riedl, *Having Student Loan Interest Rates Is Unaffordable and Ineffective*, *WebMemo No.1308*, The Heritage Foundation, Washington, D.C., January 16, 2007, 3.
- <sup>100</sup>*Ibid.*
- <sup>101</sup>Krista Kafer, *Refocusing Higher Education Aid on Those Who Need It*, *Backgrounder No. 1753*, The Heritage Foundation, Washington, D.C., April 26, 2004, 2.
- <sup>102</sup>*Ibid.*
- <sup>103</sup>*Ibid.*
- <sup>104</sup>*Ibid.*
- <sup>105</sup>*Highlights of the Final Report of the Secretary of Education's Commission on the Future of Higher Education, A Test of Leadership—Charting the Future of U.S. Higher Education*, U.S. Department of Education, September 19, 2006, <[http://www.ed.gov/about/bdscommny/niedfuture/pre-pub-report-high Light.htm](http://www.ed.gov/about/bdscommny/niedfuture/pre-pub-report-high%20Light.htm)> (December 7, 2007).
- <sup>106</sup>*Ibid.*
- <sup>107</sup>*Ibid.*, 20.
- <sup>108</sup>Davidson, 144.
- <sup>109</sup>Richard Vedder, *Going Broke by Degree: Why College Costs Too Much*, Washington, D.C., American Enterprise Institute, The AEI Press, 2004, 24.
- <sup>110</sup>*A Test of Leadership: Charting the Future of U.S. Higher Education*, 2.
- <sup>111</sup>Grassley.
- <sup>112</sup>*A Test of Leadership: Charting the Future of U.S. Higher Education*, ix.

## Appendix I: Iowa vs. the Nation — ACT Scores and Benchmarks

Percent of Students Meeting College Readiness Benchmarks (2007)

	Number of Students Tested (2007)	English	Mathematics	Reading	Science	Meeting All Four
<b>Iowa</b>	<b>23,016</b>	<b>78</b>	<b>50</b>	<b>61</b>	<b>36</b>	<b>28</b>
Nation	1,300,599	69	43	53	28	23

Source: ACT High School Profile Report: The Graduating Class of 2007, Iowa

Average ACT Scores (2007)

	Number of Students Tested (2007)	English	Mathematics	Reading	Science	Composite
<b>Iowa</b>	<b>23,016</b>	<b>21.6</b>	<b>21.9</b>	<b>22.6</b>	<b>22.3</b>	<b>22.3</b>
National	1,300,599	20.7	21	21.5	21	21.2

Source: ACT High School Profile Report: The Graduating Class of 2007, Iowa

## Appendix II: United States Federal Budget — Defense vs. Higher Education Spending

United States Budget for National Defense and Higher Education (Fiscal Years: 2002-2006)

Total Amounts in Millions

Fiscal Year	Defense	Higher-Education
2002	\$362,106	\$19,543
2003	\$456,185	\$23,573
2004	\$490,621	\$25,602
2005	\$505,796	\$32,294
2006	\$561,815	\$46,011

Source: Department of Management and Budget  
(2006 budget figures are estimates)

Rate of Increase for Federal Spending on National Defense vs. Higher Education (FY 2002-2006)

Fiscal Year	Defense	Higher-Education
2002-2003	20.6%	17.1%
2003-2004	7.0%	8.0%
2004-2005	3.0%	20.7%
2005-2006	10.0%	29.8%

Source: Based on data from Department of Management and Budget

### Appendix III: Iowa Community College and Regent University Tuition Increases

Annual Full-Time Average Tuition Increase: Community College vs. Regent Institutions

Fiscal Year	1999	2000	2001	2002	2003	2004	2005	2006
Iowa Community Colleges	3.77%	5.33%	4.36%	11.62%	10.01%	8.11%	7.12%	5.89%
Iowa Regent Institutions	3.90%	4.50%	4.31%	7.23%	18.49%	17.61%	8.29%	4.00%

Source: 2007-2008 Academic Year Iowa Community College Tuition and Fees Report  
Iowa Department of Education

### Appendix IV: Iowa Community College Resident Tuition

Iowa Community College Resident Tuition

Community College	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Northeast Iowa	\$2,340	\$2,580	\$2,790	\$2,970	\$3,150	\$3,300
North Iowa	\$2,153	\$2,340	\$2,490	\$2,655	\$2,790	\$2,880
Iowa Lakes	\$2,190	\$2,460	\$2,700	\$2,880	\$3,090	\$3,240
Northwest Iowa	\$1,980	\$2,400	\$2,520	\$2,760	\$2,970	\$3,090
Iowa Central	\$2,070	\$2,250	\$2,430	\$2,610	\$2,790	\$2,940
Iowa Valley	\$2,220	\$2,430	\$2,670	\$2,850	\$3,030	\$3,180
Hawkeye	\$2,280	\$2,430	\$2,610	\$2,790	\$2,940	\$3,090
Eastern Iowa	\$2,160	\$2,250	\$2,400	\$2,550	\$2,700	\$2,910
Kirkwood	\$2,190	\$2,340	\$2,490	\$2,670	\$2,850	\$2,970
Des Moines Area	\$2,010	\$2,160	\$2,502	\$2,712	\$2,850	\$2,910
Western Iowa Technical	\$2,220	\$2,370	\$2,520	\$2,700	\$2,790	\$2,910
Iowa Western	\$2,310	\$2,580	\$2,730	\$2,910	\$3,000	\$3,150
Southwestern	\$2,010	\$2,310	\$2,550	\$2,730	\$2,910	\$3,015
Indian Hills	\$2,070	\$2,370	\$2,610	\$2,730	\$2,970	\$3,150
Southeastern	\$2,220	\$2,400	\$2,550	\$2,790	\$2,910	\$3,060

Source: 2006 Iowa FactBook, Legislative Services Agency, Fiscal Services Division



## Appendix V: Iowa Community College, Expenditures — Southeastern Community College

Southeastern Community College

(Figures rounded to the nearest dollar)

<b>Fiscal Year</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
<b>Arts &amp; Sciences</b>	\$3,030,141	\$3,150,226	\$3,328,977	\$3,407,914	\$3,569,338
<b>Vocational Technical</b>	\$3,203,984	\$3,500,548	\$3,569,143	\$3,603,976	\$3,793,920
<b>Adult Education</b>	\$530,465	\$494,845	\$488,053	\$1,230,256	\$1,262,492
<b>Cooperative Pgms/Svcs</b>	\$760,872	\$724,910	\$738,550	\$765,433	\$702,001
<b>Administration</b>	\$1,230,141	\$1,429,569	\$1,357,301	\$1,219,966	\$1,181,583
<b>Student Services</b>	\$1,374,965	\$1,447,649	\$1,464,735	\$1,560,873	\$1,753,107
<b>Learning Resources</b>	\$599,342	\$580,176	\$582,183	\$586,740	\$632,368
<b>Physical Plant</b>	\$1,029,926	\$1,053,810	\$1,204,565	\$1,354,599	\$1,412,642
<b>General Institution</b>	\$1,911,266	\$2,043,596	\$2,093,970	\$2,365,359	\$2,303,666
<b>Total Expenditures</b>	\$13,671,102	\$14,425,329	\$14,827,477	\$16,095,116	\$16,611,117

Source: Condition of Iowa Community Colleges and Workforce Preparation 2006, Iowa Department of Education, February 2007, Appendix J

## Appendix VI: Iowa Community College, Expenditures — Kirkwood Community College

Kirkwood Community College  
(Figures rounded to the nearest dollar)

Fiscal Year	2002	2003	2004	2005	2006
<b>Arts &amp; Sciences</b>	\$11,889,879	\$12,816,881	\$14,775,758	\$16,153,177	\$17,657,552
<b>Vocational Technical</b>	\$12,427,803	\$13,978,316	\$15,216,616	\$15,069,171	\$16,710,423
<b>Adult Education</b>	\$6,687,799	\$6,567,841	\$6,692,856	\$6,936,011	\$7,359,685
<b>Cooperative Pgms/Svcs</b>	\$317,672	\$315,119	\$101,576	\$447,369	\$431,946
<b>Administration</b>	\$2,537,348	\$2,900,476	\$3,380,569	\$4,025,404	\$3,503,281
<b>Student Services</b>	\$2,970,701	\$3,533,774	\$3,300,820	\$3,601,992	\$4,187,672
<b>Learning Resources</b>	\$2,140,193	\$2,237,741	\$1,934,307	\$2,382,491	\$2,922,721
<b>Physical Plant</b>	\$9,112,521	\$9,171,784	\$9,324,976	\$9,126,716	\$8,965,803
<b>General Institution</b>	\$4,348,882	\$4,485,015	\$4,736,915	\$4,655,334	\$4,563,847
<b>Total Expenditures</b>	\$52,432,798	\$56,006,947	\$59,464,393	\$62,397,665	\$66,302,930

Source: Condition of Iowa Community Colleges and Workforce Preparation, 2006  
Iowa Department of Education, February 2007

## Appendix VII: Iowa Community College Tuition & Fees Compared to Surrounding States

Comparison of Average Tuition and Fees with Surrounding States (Dollars)

State	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Minnesota	2,365	2,359	2,512	2,746	2,880	2,812	3,839
<b>Iowa</b>	<b>1,975</b>	<b>2,060</b>	<b>2,149</b>	<b>2,362</b>	<b>2,559</b>	<b>2,686</b>	<b>2,876</b>
South Dakota	2,634	2,747	2,861	2,964	3,167	3,414	2,840
Wisconsin	2,120	2,118	2,262	2,310	2,555	2,583	2,796
Missouri	1,411	1,443	1,482	1,498	1,792	1,940	2,128
Illinois	1,423	1,502	1,534	1,569	1,662	1,792	1,952
Kansas	1,344	1,310	1,379	1,441	1,640	1,783	1,882
Nebraska	1,354	1,372	1,425	1,498	1,567	1,678	1,772

Source: 2007-2008 Academic Year Iowa Community Colleges Tuition & Fees  
Report, Iowa Department of Education

## Appendix VIII: Iowa vs. the Nation on Tuition & Fees

National Average Community College Tuition and Fees (Dollars)

<b>Fiscal Year</b>	<b>National</b>	<b>Iowa</b>
1999	1,328	1,975
2000	1,336	2,060
2001	1,359	2,149
2002	1,379	2,362
2003	1,479	2,559
2004	1,670	2,686
2005	1,847	2,876

Source: 2007-2008 Academic Year Iowa Community College Tuition & Fees Report, Iowa Department of Education

## Appendix IX: Costs Per Student

State Funding Per Iowa Student

<b>Fiscal Year</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
<b>Community College</b>	<b>\$2,391</b>	<b>\$2,136</b>	<b>\$1,992</b>	<b>\$1,858</b>	<b>\$1,809</b>	<b>\$1,935</b>	<b>\$2,010</b>
State Universities	\$11,403	\$10,392	\$9,816	\$9,898	\$10,039	\$10,499	\$10,826
Private Colleges	\$3,347	\$3,107	\$2,898	\$2,829	\$2,936	\$2,991	\$3,113

Source: Iowa Department of Education, Condition of Iowa Community Colleges and Workforce Preparation, 2006, February 2007.

**Appendix X: Fiscal Year 2006 Budgets and Enrollments  
for Regent Universities and Community Colleges**

Regent Universities	Budget (FY 2006)	Enrollment (FY 2006)	Cost Per Student	Average
SUI	\$1,986,706,025	29,979	\$66,270	
ISU	\$949,321,969	25,462	\$37,284	<b>\$42,921</b>
UNI	\$309,073,372	12,260	\$25,210	
<b>Community Colleges</b>				
NICC-01	\$22,395,031	7,033	\$3,184	
NIACC-02	\$20,189,212	4,366	\$4,624	
IICC-03	\$18,974,819	4,558	\$4,163	
NCC-04	\$9,064,900	1,766	\$5,133	
ICCC-05	\$23,106,341	6,919	\$3,339	
IVCCD-06	\$19,089,324	3,869	\$4,934	
HCC-07	\$26,891,234	7,837	\$3,431	<b>\$3,829</b>
EICCD-09	\$33,315,813	11,355	\$2,934	
KCC-10	\$66,291,811	20,418	\$3,247	
DMACC-11	\$70,135,372	26,801	\$2,617	
WITCC-12	\$24,017,806	7,802	\$3,078	
IWCC-13	\$25,002,346	6,610	\$3,782	
SWCC-14	\$8,855,799	1,810	\$4,893	
IHCC-15	\$26,553,740	6,068	\$4,376	
SCC-16	\$16,803,070	4,541	\$3,700	
				<b>\$10,345 (Total Average)</b>

Source: Board of Regents, State of Iowa, Final FY 2006 University Budgets, August 3-4, 2005, Agenda Item 4 and Iowa Department of Education, Condition of Iowa's Community Colleges and Workforce Preparation 2006, February 2007, Appendix J.

## Appendix XI: Costs Per Credit Hour

Cost Per Credit Hour (Introduction to American Government)

	Cost Per 3 credit hours	Estimated Enrollment Freshman & Sophomores	Excess of cost from not taking a community college course
Iowa Lakes Community College	\$339.00	3,213	
University of Iowa	\$696.00	9,701	\$3,463,257
Buena Vista College	\$2,403	2,527	\$5,215,728

Source: Cost per credit hour taken from respective institution website and estimated enrollment data received from Iowa Department of Education, Iowa Board of Regents reports, and NCES

Note: Excess of cost was figured by subtracting the Iowa Lakes Community College credit cost from the other institutions' cost, and then multiplying that number with the estimated number of freshman & sophomore students. Based on the estimated enrollment at Iowa Lakes Community College students would have paid \$1,089,207 for a three credit course, while the table demonstrates higher costs for those attending either a Regents University or a private college.

## Appendix XII: Iowa Community College Student Awards

Iowa Community Colleges (Total Percentage of Credit Student Awards)

Award	FY 2002	FY 2003	FY 2004	FY2005	FY 2006
AA	3,916	4,120	4,164	4,722	4,661
AS	936	947	1,021	1,076	1,106
AGS	53	52	67	63	60
AAA	64	68	83	76	92
AAS	3,838	3,949	4,075	4,343	4,259
Diploma	2,891	3,183	3,247	3,307	3,039
Certificate	982	1,155	1,221	1,348	1,165
Other	90	102	66	88	51

Source: Condition of Iowa Community Colleges and Workforce Preparation 2006, Iowa Department of Education

## Appendix XIII: 2002 Comparative Data on State and Local Government Expenditures

2002 Comparative Data on State and Local Government Expenditures for Higher Education

State	Expenditures (in billions)	Rank	Expenditures (Per Capita)	Rank
Illinois	\$6.50	5	\$517	32
<b>Iowa</b>	<b>\$2.30</b>	<b>26</b>	<b>\$793</b>	<b>3</b>
Kansas	\$1.80	32	\$653	14
Minnesota	\$2.90	18	\$586	24
Missouri	\$2.60	22	\$466	41
South Dakota	\$0.40	49	\$476	37
Wisconsin	\$3.70	14	\$682	12

Source: 2006 Iowa FactBook, Legislative Services Agency, Fiscal Services Division

## Appendix XIV: Taxpayer Funding for Iowa Community College Students

Education Funding for Iowa Community College Students (FY2002-2007)

Fiscal Year	Iowa Students	Property Tax	Property Tax Per Student	State Funding	State Funding Per Student	Total Funding Per Student
FY 2002	64,404	\$18,644,240	\$289	\$137,585,680	\$2,136	\$2,426
FY 2003	69,564	\$19,164,847	\$275	\$138,585,680	\$1,992	\$2,268
FY 2004	73,263	\$19,610,211	\$268	\$136,127,396	\$1,858	\$2,126
FY 2005	77,288	\$19,079,634	\$247	\$139,779,244	\$1,809	\$2,055
FY 2006	77,288	\$19,548,820	\$253	\$149,579,244	\$1,935	\$2,188
FY 2007	79,381	\$20,528,558	\$259	\$159,579,244	\$2,010	\$2,269

Source: Iowa Department of Education, Condition of Iowa Community Colleges and Workforce Preparation, 2006, February 2007



## Appendix XV: Community College Revenues by Source

Iowa Community Colleges: Revenues by Source for Fiscal Years 2002-2006

Totals Include all Fifteen Community Colleges (Figures rounded to the nearest whole dollar)

<b>FY Year</b>	<b>Local</b>	<b>%</b>	<b>State General</b>	<b>%</b>	<b>Federal</b>	<b>%</b>
FY 2002	\$19,633,548	5.92	\$137,585,680	41.51	\$11,533,176	3.48
FY 2003	\$20,212,798	5.79	\$138,585,680	39.69	\$12,217,820	3.5
FY 2004	\$20,572,952	5.5	\$136,890,098	36.58	\$12,849,913	3.43
FY 2005	\$19,973,009	5.12	\$139,779,246	35.87	\$12,396,138	3.18
FY 2006	\$20,386,296	4.96	\$149,580,895	36.42	\$12,310,925	3

Source: Condition of Iowa Community Colleges and Workforce Preparation, February 2007

**Public Interest Institute  
at Iowa Wesleyan College  
600 North Jackson Street  
Mount Pleasant, IA 52641-1328**

NONPROFIT ORGANIZATION  
U.S. POSTAGE PAID  
MAILED FROM ZIP CODE 52761  
PERMIT NO. 338

This policy study is brought to you in the interest of a better-informed citizenry, because IDEAS DO MATTER. You can write Public Interest Institute at:

Public Interest Institute  
600 North Jackson Street  
Mount Pleasant, IA 52641-1328