

CONDITION OF HIGHER EDUCATION IN IOWA

2018



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MESSAGE FROM THE EXECUTIVE DIRECTOR

Iowa College Aid advocates for and supports Iowans as they explore, finance and complete postsecondary education. We are the only Iowa state agency with that sole focus. This is our fifth “Condition of Higher Education in Iowa” report, and I hope it will provide a snapshot of where Iowa’s successes have been and what the future holds for higher education in our state.

Unfortunately, since the release of our most recent report in 2016, Iowa has made only modest gains across higher education indicators. While we still lead the nation in high school graduation rates, the share of Iowa high school students who meet college readiness benchmarks remains unchanged. The share of Iowans attending college increased less than 1 percentage point, to 61 percent. Compared to white and higher-income students, minority and low-income students continue to lag in college readiness, enrollment and completion. This is especially troubling because black and Hispanic individuals are the fastest-growing demographic groups in our state.

Overall, small increases in attainment and growing gaps in achievement suggest little progress toward our state’s goal that 70 percent of Iowans have education or training beyond high school by 2025. It is imperative that we continue to empower Iowa students and their families to pursue higher education, or we will slip farther from that goal.

We do not believe, however, that the picture is entirely bleak. Since our 2016 report, Iowa College Aid has expanded its reach through community engagement programs and communication campaigns that stress college awareness, access and success. We are also noticing improvements at the local level. Early research has found that GEAR UP Iowa helps close the college enrollment and persistence gaps for low-income students. Additionally, the state of Iowa has begun implementing its Future Ready Iowa initiative, which is designed to prepare our workforce for the jobs of the 21st century. The impact of these programs might not be immediate but will become apparent over time. We continue to believe in our vision: “All Iowans can achieve an education beyond high school.”

No matter your role—educator, parent, student, policymaker or higher education stakeholder—we hope this report will help you identify the steps and resources necessary to make higher education possible for every Iowan.

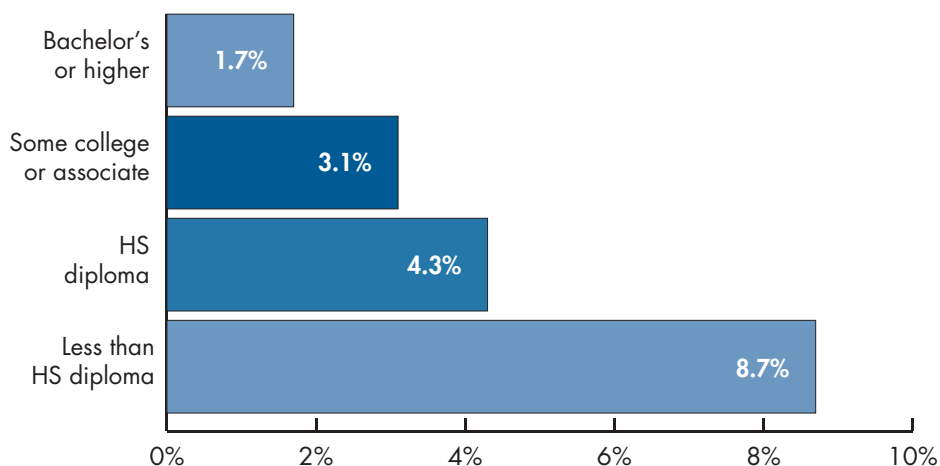
Karen Misjak
Executive Director, Iowa College Aid

1. BENEFITS OF A COLLEGE DEGREE

The social and economic advantages of postsecondary education have long been recognized. In this chapter, we demonstrate how Iowa benefits from a highly educated citizenry.



Unemployment rates in Iowa



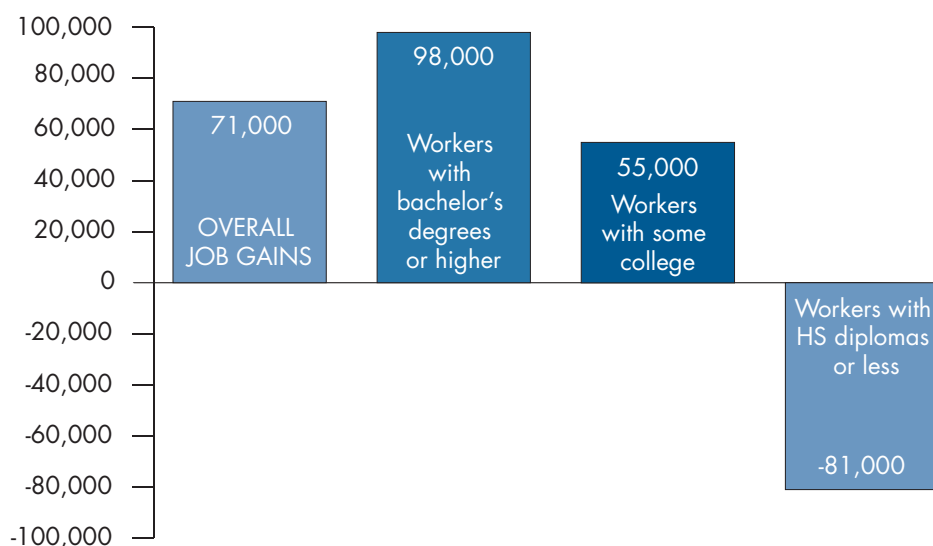
Source: U.S. Census Bureau, 2016 American Community Survey 1-Year Estimates

FOR THE INDIVIDUAL

The professional and financial benefits of a college education for individual Iowans are clear: College graduates are more likely to be employed and earn higher wages than individuals with no postsecondary experience. In 2016, Iowa's unemployment rate was 3.3 percent, lower than the national average of 4.7 percent. But the employment rate varies according to one's educational attainment level. For example, the unemployment rate for individuals with less than a high school diploma was 8.7 percent, and 4.3 percent for individuals with only a high school diploma. With every step in educational attainment, the unemployment rate drops. The unemployment rate for those who hold at least a bachelor's degree was less than one-fifth the rate for those who stopped short of a high school diploma.

While Iowa saw a net gain in jobs between 2011 and 2016—and while the population held steady during that time—the number of jobs held by workers with a high school diploma or less fell, offsetting the gains made by workers with education beyond high school.

Job growth in Iowa, 2011–16



Source: U.S. Census Bureau Current Population Survey, Annual Social And Economic Supplement, 2011–2016

In 2016, Iowa Workforce Development created a “hot jobs” list for occupations that were in the highest demand in the state. For example, between 2014 and 2024, there will be an estimated 41 percent growth in operations research analyst jobs. Most of these “hot jobs” occupations require at least a bachelor’s degree, which indicates the need for an educated workforce. Many of these occupations are in the STEM (Science, Technology, Engineering and Math) careers.

College graduates are not only more likely to be employed, they also earn more. Just as unemployment rates decrease at each education level, median earnings increase. Iowa workers with bachelor’s degrees, for example, earn almost twice as much as workers with less than a high school diploma. (See charts at right and on page 4.) Over a lifetime, that difference adds up to nearly \$1 million, even taking into account the fact that a high school graduate probably spends more time in the workforce.

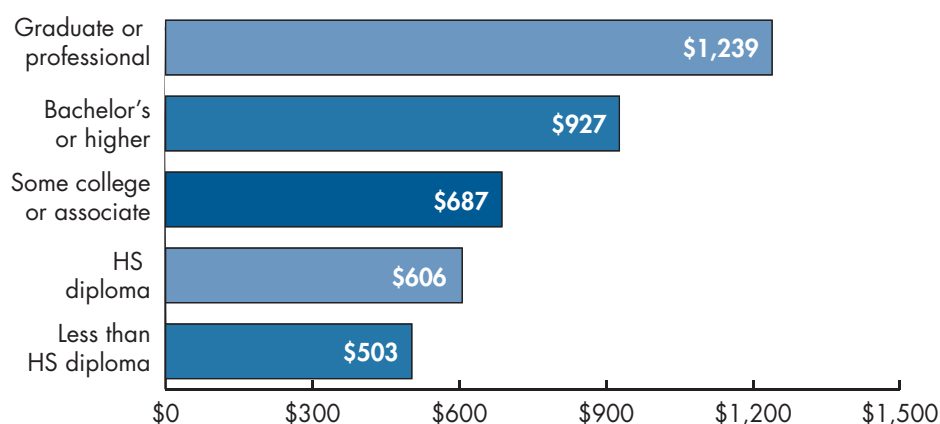
The benefits associated with a postsecondary degree also extend beyond employment and earnings to include a multitude of nonmonetary benefits. For instance: College graduates are more likely to exercise¹, live longer², are less likely to smoke³ and are more likely to self-report a higher satisfaction with life.⁴

Iowa’s top 10 “hot jobs”

Job title	Typical degree required	Projected 10-year job growth rate	Projected growth in actual jobs
Operations research analysts	Bachelor's	41%	295
Information security analysts	Bachelor's	39%	705
Actuaries	Bachelor's	30%	155
Physical therapists	Doctoral/professional	29%	500
Nurse practitioners	Master's	28%	235
Computer systems analysts	Bachelor's	28%	1,485
Occupational therapists	Master's	28%	255
Personal financial advisors	Bachelor's	27%	420
Optometrists	Doctoral/professional	25%	125
Physician assistants	Master's	24%	185

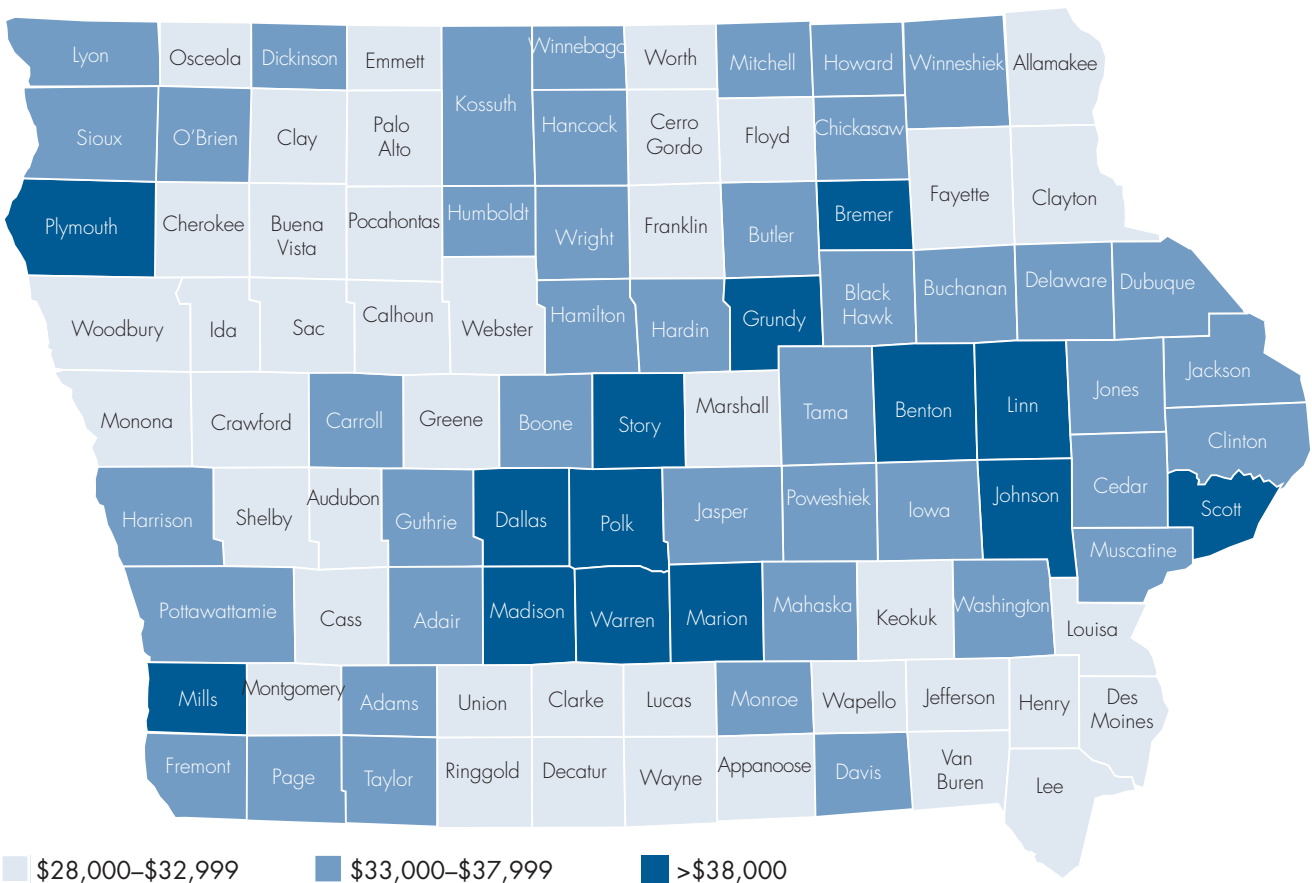
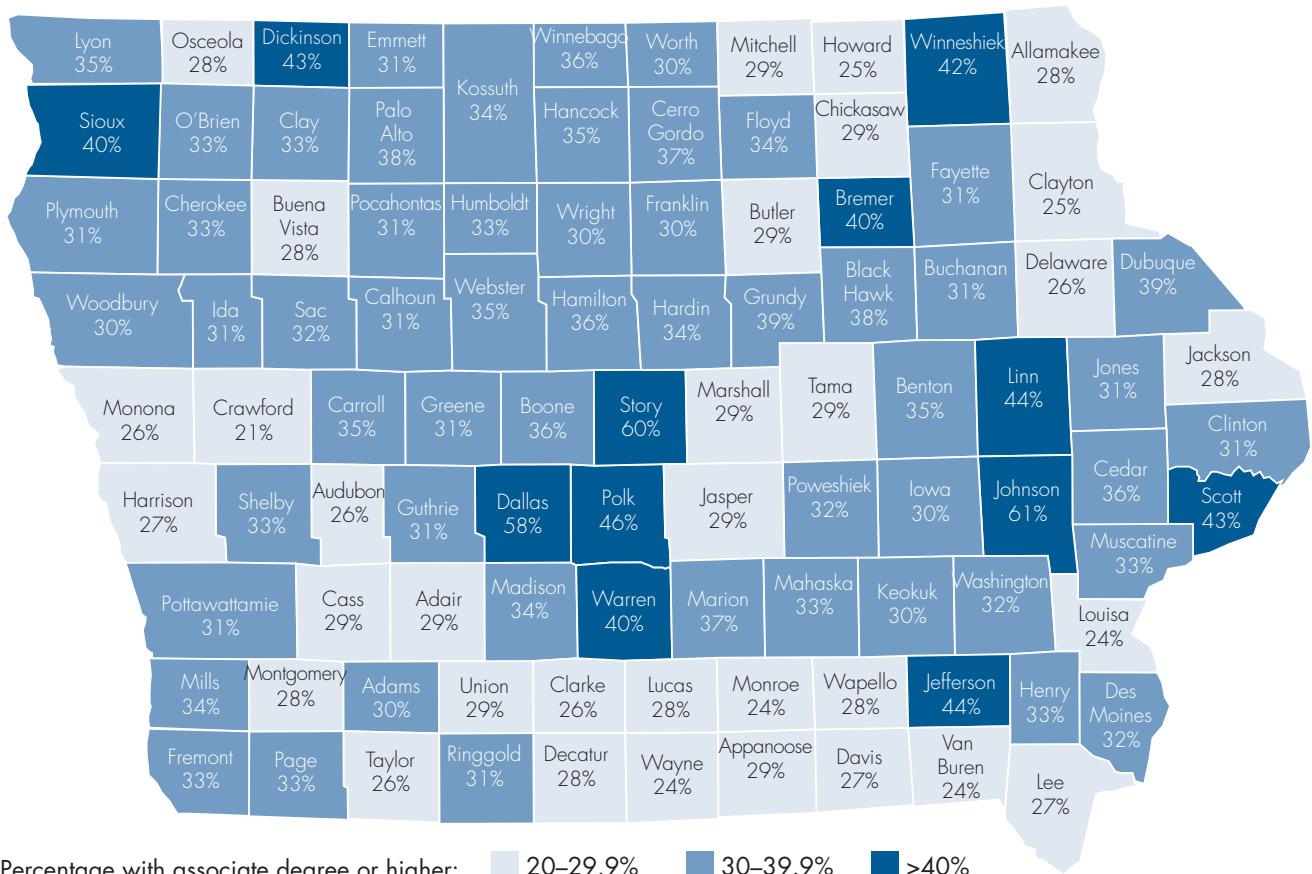
Source: “Iowa’s Hot 50 Jobs,” October 2016, Iowa Workforce Development

Median weekly earnings in Iowa



Sources: U.S. Census Bureau, 2016 American Community Survey 1-Year Estimates

Education levels and median earnings in Iowa by county



Source: U.S. Census Bureau, 2012–2016 American Community Survey 5-Year Estimates

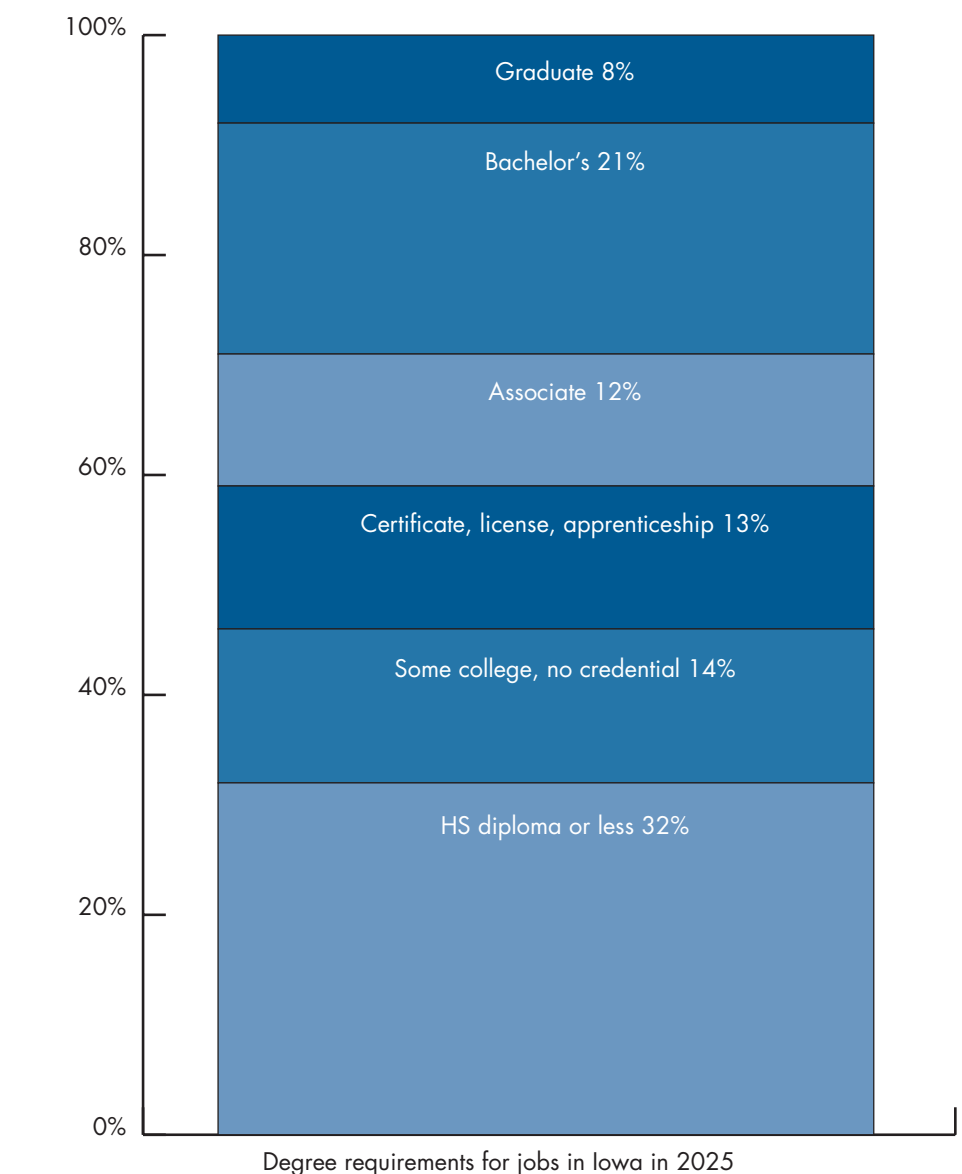
FOR IOWA

Higher levels of education will promote economic health in Iowa, its communities and the nation. In order to meet projected workforce demands and attract or retain businesses, Iowa will need to increase the number of residents who continue education beyond high school. By 2025, 68 percent of jobs in Iowa will require some postsecondary credential.⁵ Currently, 61 percent of Iowans have at least some college education.⁶

That projection prompted the Future Ready Iowa goal—that 70 percent of Iowans have some education or training beyond high school by 2025. This goal translates to 150,000 more Iowans with education beyond high school.

Reaching this goal will not only require an increase in Iowa's educational attainment rates, but will also require keeping college graduates in Iowa and attracting highly educated non-Iowans to live in the state. Retaining and attracting educated individuals could be a daunting task. Almost 20 percent of resident Iowans attending Iowa's four-year colleges and universities say they intend to leave Iowa after earning their degrees, and 30 percent are unsure whether they will stay in Iowa. Of nonresident Iowans attending four-year Iowa colleges and universities, less than 10 percent say they intend to stay.⁷ However, the rate of community college graduates who stay in Iowa is much higher: 84 percent.⁸

In addition to helping their communities stay economically competitive, highly educated workers contribute more to state and federal taxes as a result of higher earnings. For example, bachelor's and doctoral degree recipients pay nearly two and three times more, respectively, than high school graduates.¹ Communities



Source: "Iowa: Education and Workforce Trends through 2025,"
Georgetown University Center on Education and the Workforce

where individuals have higher levels of education also benefit through diminished reliance on public assistance programs.

Of Iowans who are over 25:⁶

- 39% have never attended college.
- 21% completed some college but have not earned at least an associate degree

If this population earned associate degrees, the estimated outcomes would be:^{6, 9 *}

- 34,000 fewer Iowans living in poverty

- 34,000 fewer Iowans participating in Medicaid
- 29,000 fewer Iowans requiring SNAP (Supplemental Nutrition Assistance Program)
- 18,500 more Iowans with employer-provided health insurance coverage

Additional benefits to the community include reduced crime rates, higher rates of volunteerism and increased political participation such as voting.¹

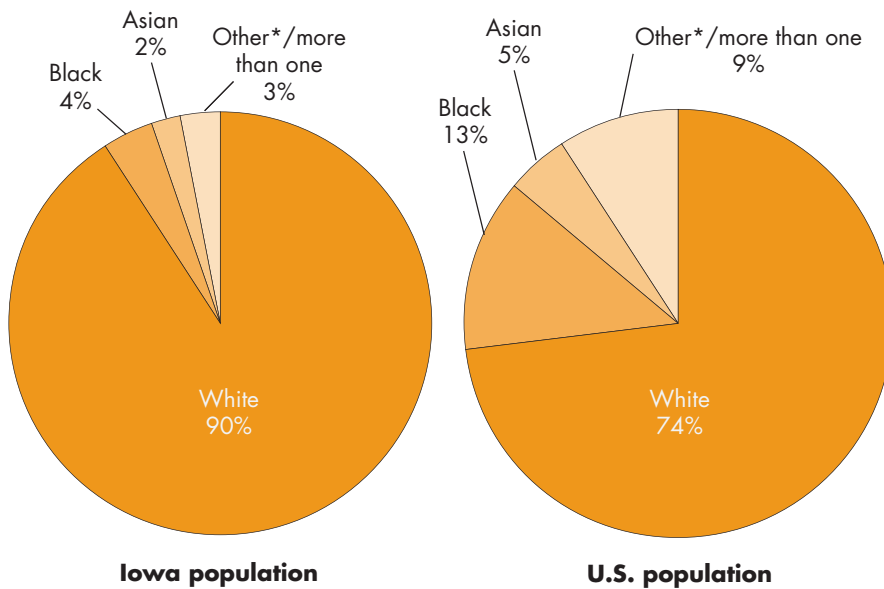
*Estimates were calculated using data from the Census Bureau and derived from previous research by the American Council on Education.

2. IOWA'S DEMOGRAPHICS

In this chapter, we discuss Iowa's overall composition to understand the supply of potential college students and to highlight which groups are under- and over-represented in higher education.



Population by race



Iowa population

U.S. population

*Includes American Indian/Alaska Native and Native Hawaiian/Pacific Islander

Source: U.S. Census Bureau American FactFinder (2016 data)

RACE/ETHNICITY

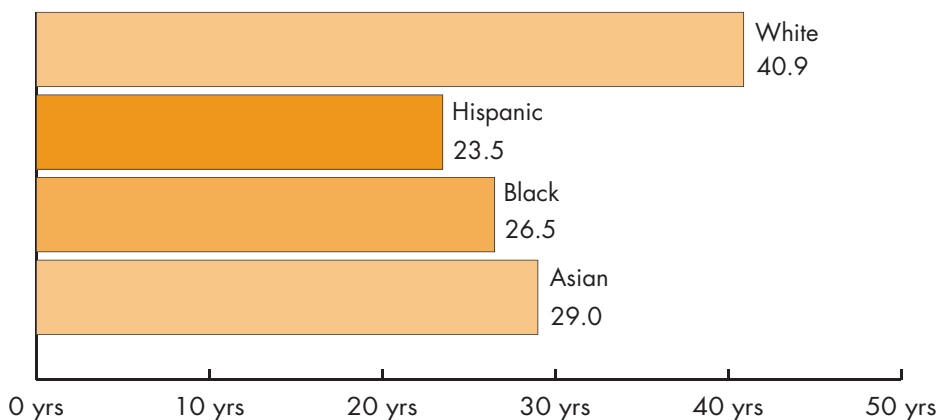
Iowa's population is considerably less diverse than the United States as a whole. While minorities account for 27 percent of the U.S. population, they make up only 9 percent of Iowa's population.

The percentage of young Iowans identifying as white only (not Hispanic or Latino) is dropping. While the change is not dramatic, it has been steady year over year. In 2005, about 87 percent of Iowa children under 18 identified as white only. In 2016, that number was 79 percent.¹

Iowa's minority population is young and growing. While the median age for white Iowans is nearly 41, the median ages for Hispanic, black and Asian Iowans are all under 30.

These trends have fueled a change in the makeup of Iowa's K–12 schools. The number of minority students in Iowa's public school districts reached an all-time high of 113,076—or 24 percent of the student body—in the 2016–17 school year. That percentage was even higher, at 40 percent, in the state's largest public school districts.² As a result, Iowa now has more minority students than ever in the pool of potential college graduates.

Iowa's median age by race/ethnicity



Source: U.S. Census Bureau American FactFinder (2016 data)

AGE

Iowa has a slightly smaller percentage of residents in the 18–64 working age range (60 percent) than the United States as a whole (62 percent). From 1970 to 2010, the number of Iowans 65 and older grew by almost 30 percent, while the number of Iowans under 18 fell by 16 percent. While the population of young Iowans is rebounding, projections show that the growth in the number of Iowans 65 and older is expected to outpace other age groups at least through 2020.³

EDUCATION

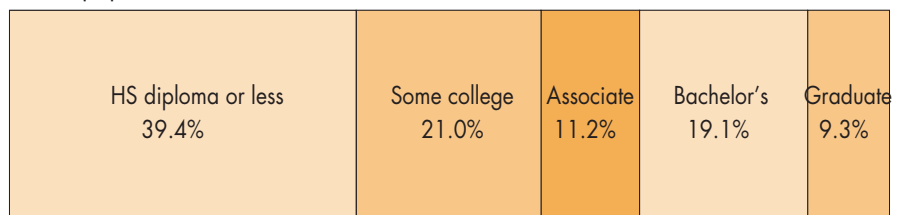
Currently, 60.6 percent of Iowans have some postsecondary education, which is comparable to the national rate of 60.2 percent—but Iowa is still almost 10 percentage points short of the Future Ready Iowa goal for 2025.

Despite similar rates of high school completion across all age groups in Iowa, the rate of college completion drops among older Iowans. Iowans aged 45–64 are 9 percentage points less likely to have a bachelor's degree than Iowans aged 35–44, and Iowans aged 65 and older are 14 percentage points less likely to have a bachelor's degree than Iowans aged 35–44.

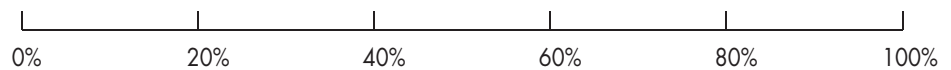
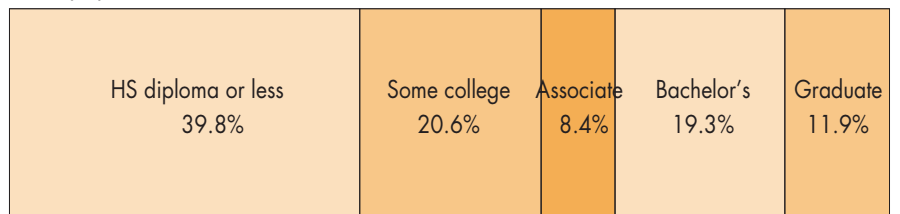
These numbers are on track with a national trend that shows college education levels increasing steadily from the Baby Boomers (born 1946–1964) through Gen X (1965–1981) through Millennials (1982–2000). Women in Gen X were the first generation to be more likely than their male counterparts to have bachelor's degrees (2 percentage points ahead), and the difference is even more pronounced for Millennial women (6 percentage points more likely to have bachelor's degrees than Millennial men).⁴

Highest level of academic achievement

Iowa population 25 and older

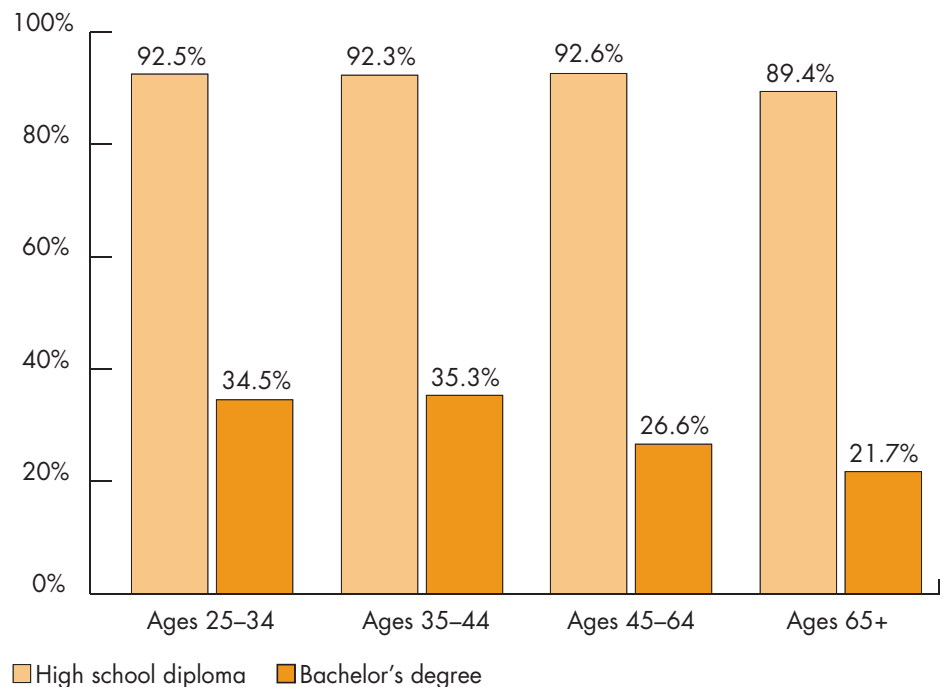


U.S. population 25 and older



Source: U.S. Census Bureau American FactFinder (2016 data)

Academic achievement by age in Iowa



Source: U.S. Census Bureau American FactFinder (2016 data)

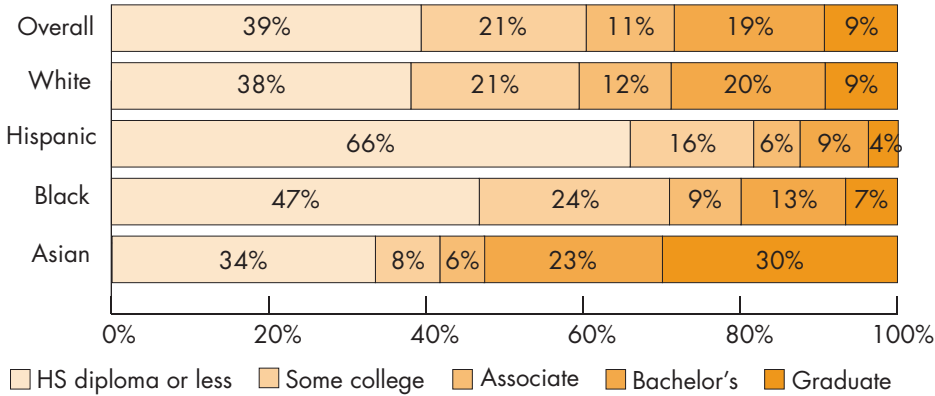
Iowa’s educational attainment levels vary greatly by race/ethnicity. Despite their differences in college degree attainment and completion, Iowans who are white or Asian attend college at a rate similar to the state average. Hispanic Iowans, however, are by far the least likely to have attended any college, with 66 percent earning a high school diploma or less. That figure has serious implications for Iowa’s educational goals because Hispanic Iowans are the fastest-growing segment of the population.⁵

INCOME

More than half of Iowans earn less than \$50,000 a year, which is comparable to the nation overall. The proportion of low-income students in Iowa public schools has trended upward since 2000. In the 2016–17 school year, 41 percent of public K–12 students qualified for free or reduced-price lunches. In 2000–01, only 27 percent of K–12 students were eligible. The highest percentages of students who qualified were in Iowa’s largest districts (53 percent) and smallest districts (49 percent).²

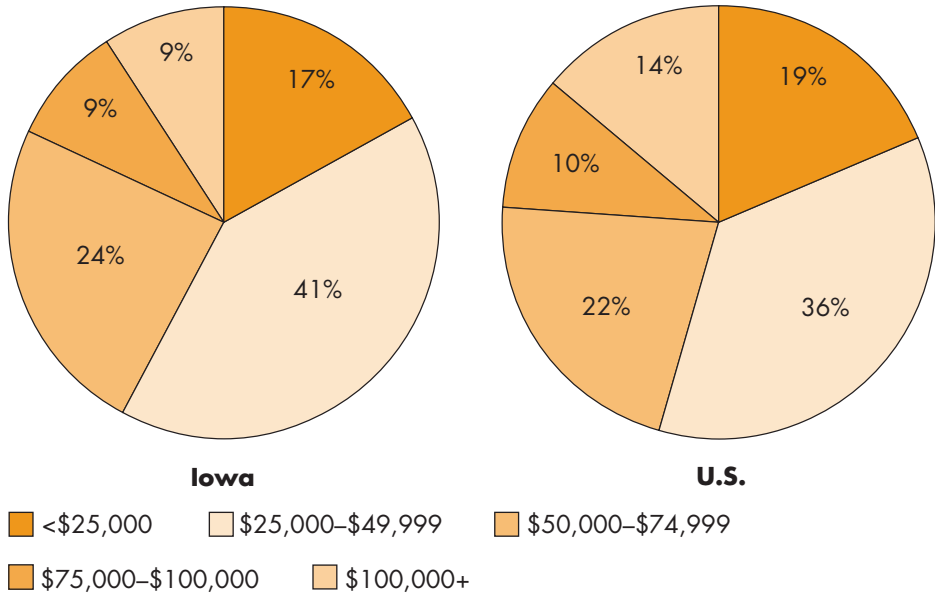
Poverty is far more prevalent among racial minorities in Iowa than among white residents. The poverty rates for Hispanic and black Iowans are more than twice and three times the rate for white Iowans, respectively.

Education levels in Iowa by race/ethnicity



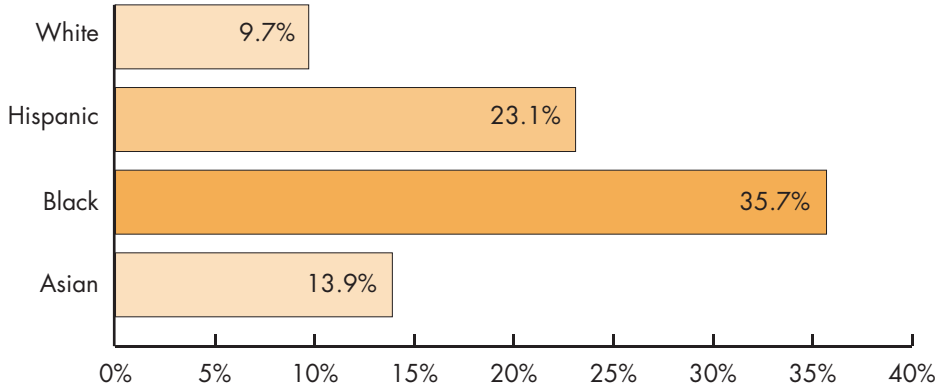
Source: U.S. Census American FactFinder

Individual earnings in the past 12 months



Source: U.S. Census Bureau American FactFinder (2016 data)

Iowa poverty rates by race/ethnicity



Source: U.S. Census Bureau American FactFinder (2016 data)

3. COLLEGE READINESS

In this chapter, we discuss Iowa’s gains and struggles in preparing students for college. These indicators provide insight into readiness and are helpful in tracking year-to-year changes.



HIGH SCHOOL GRADUATION RATES

In 2014–15, Iowa was first in the nation in high school graduation rates, which is a measure based on the proportion of ninth-graders who earn a high school diploma within four years. However, the graduation rankings change when examining the shares of graduates by race. While white and Asian students in Iowa graduated at rates slightly above the state average, Hispanic and black students fell considerably behind at 83 percent and 79 percent, respectively. Socioeconomic status (SES) is also a factor in high school graduation rates. Only 84.8 percent of low-SES students in Iowa graduated from high school, 6 percentage points below the state average.¹ Despite the rates being below the state average, Iowa was in the top five across the nation in rates for low-SES students and for students who had limited English proficiency or disabilities.

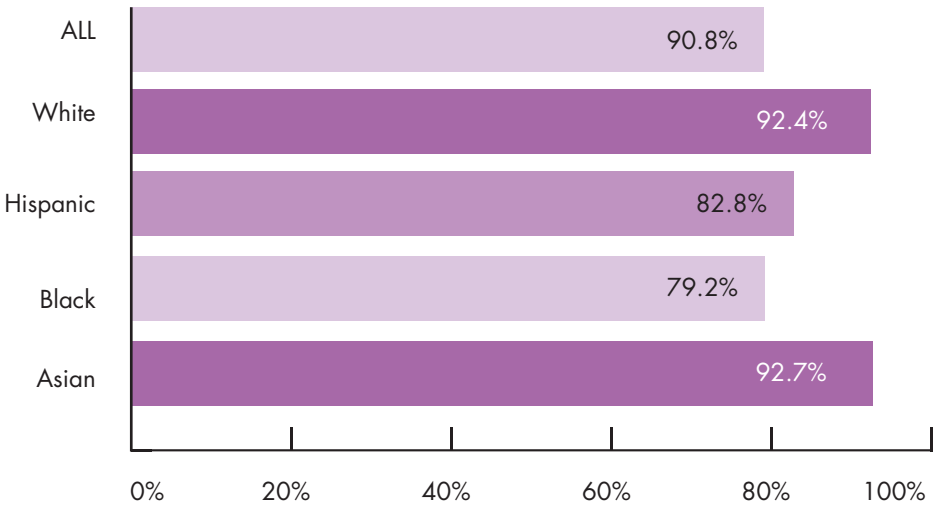
Complete chart of state-by-state rankings: IowaCollegeAid.gov/Condition18

Iowa HS graduation national rankings

Student group	Rank ¹
IOWA OVERALL	1st
White	6th (tie)
Hispanic	6th (tie)
Black	14th (tie)
Asian/Pacific Islander	15th (tie)
American Indian/Alaska Native	7th (tie)
Low socioeconomic status	2nd
Limited English proficiency	3rd
Students with disabilities	5th

Source: Common Core of Data, National Center for Education Statistics

Iowa HS graduation rates by race/ethnicity



Source: National Center for Education Statistics, 2014–15 data

THREE METHODS TO MEASURE COLLEGE READINESS

ACT test

College admissions exam
taken by about 2/3 of
high school seniors
in Iowa

Iowa Assessments

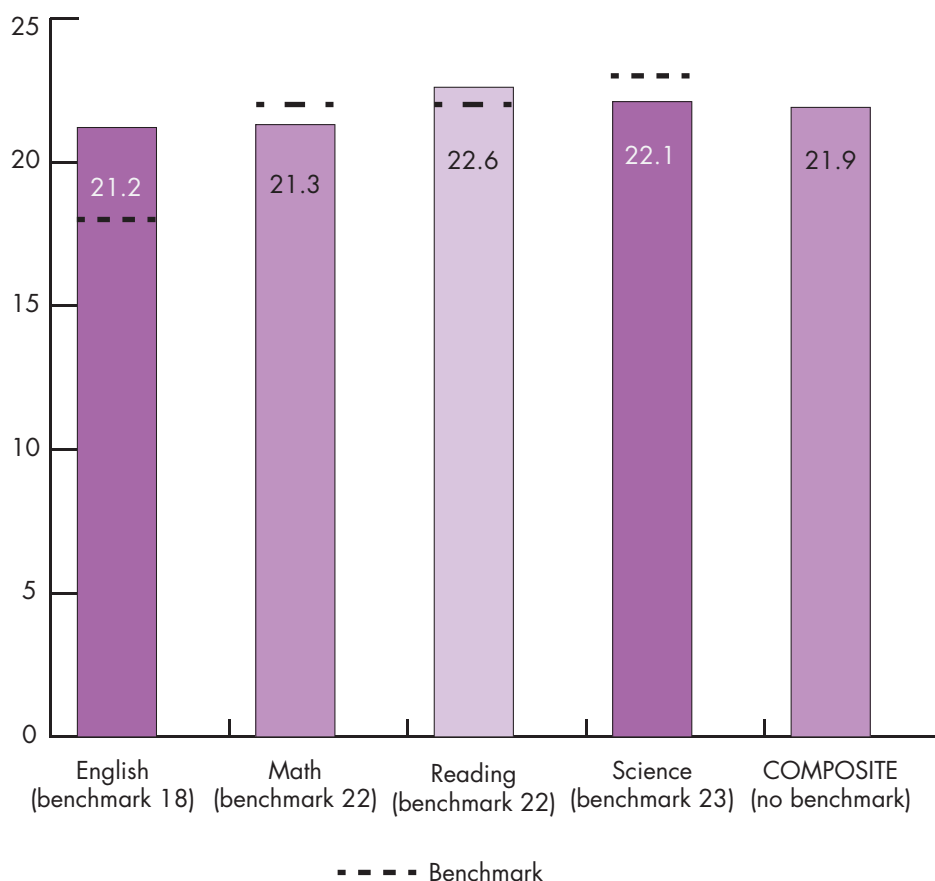
Achievement tests taken
by all K–12 students
in Iowa

Remedial education

Preparatory education
required before enrollment
in college-level
courses

These academic indicators alone are not sufficient to assess a student's readiness for college. Other indicators include high school coursework and harder-to-define social and emotional factors such as attitude.

Iowans' average ACT scores



Source: ACT, "Average ACT Scores by State Graduating Class 2017"

ACT BENCHMARKS

In 2017, 67 percent of Iowa's high school seniors took the ACT. That rate has remained constant over the past five years. Iowans' average composite ACT score in 2017 was 21.9, also consistent with recent years.²

An ACT benchmark score determines a student's probability of college success in a given subject. Being at or above the threshold also indicates an increased likelihood of a student completing a college degree.³ While Iowans' scores in individual subject areas rank about 1 point above national average scores, Iowa averages fall below ACT's benchmarks in math and science. It is worth noting that Iowa, unlike some states, does not require high school juniors to take the ACT.

In examining ACT subject benchmarks, Iowa excels in English as 71 percent of students met the threshold. The percentage of students meeting math and science benchmarks was roughly 45 percent. The percentage of Iowa students meeting all four benchmarks for English, reading, math and science

was roughly 31 percent, a measure that has remained fairly constant over the past 5 years.²

Like high school graduation rates, performance on ACT benchmarks varies significantly with race/ethnicity. White and Asian students are most likely to meet all four subject benchmarks, and Asian students are the most likely to meet the STEM benchmark.

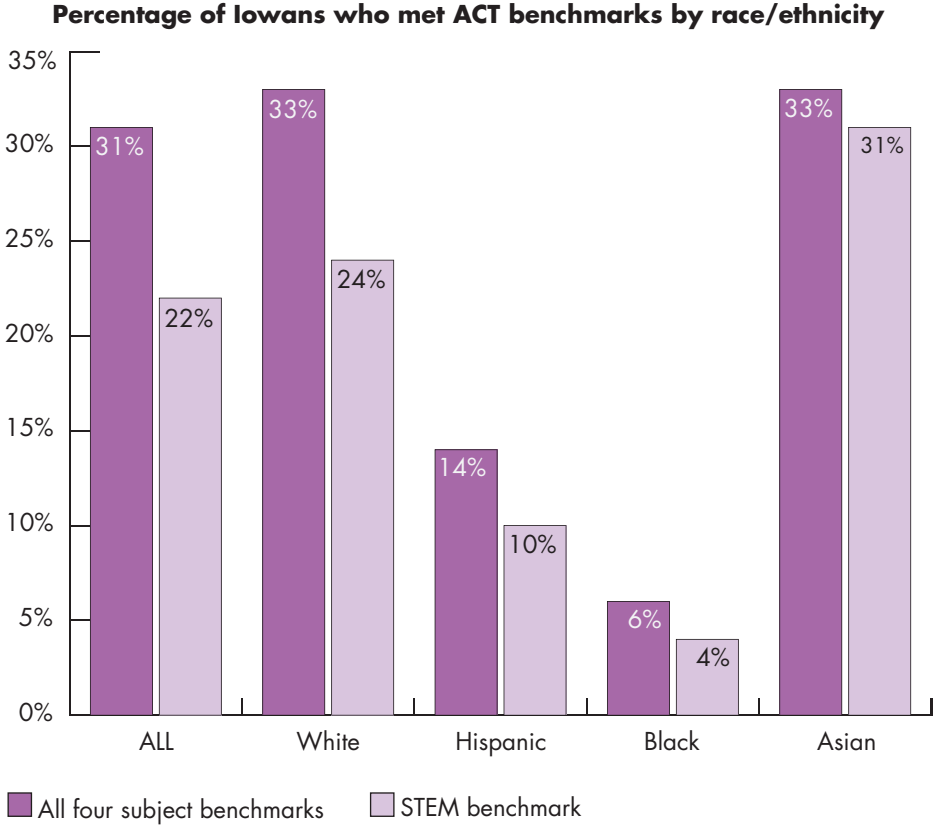
Income can also be correlated to ACT performance, and the gap is growing slightly every year. Since 2013, scores for wealthier students have been rising slightly, while scores for less wealthy students have been slipping.⁴

IOWA ASSESSMENTS

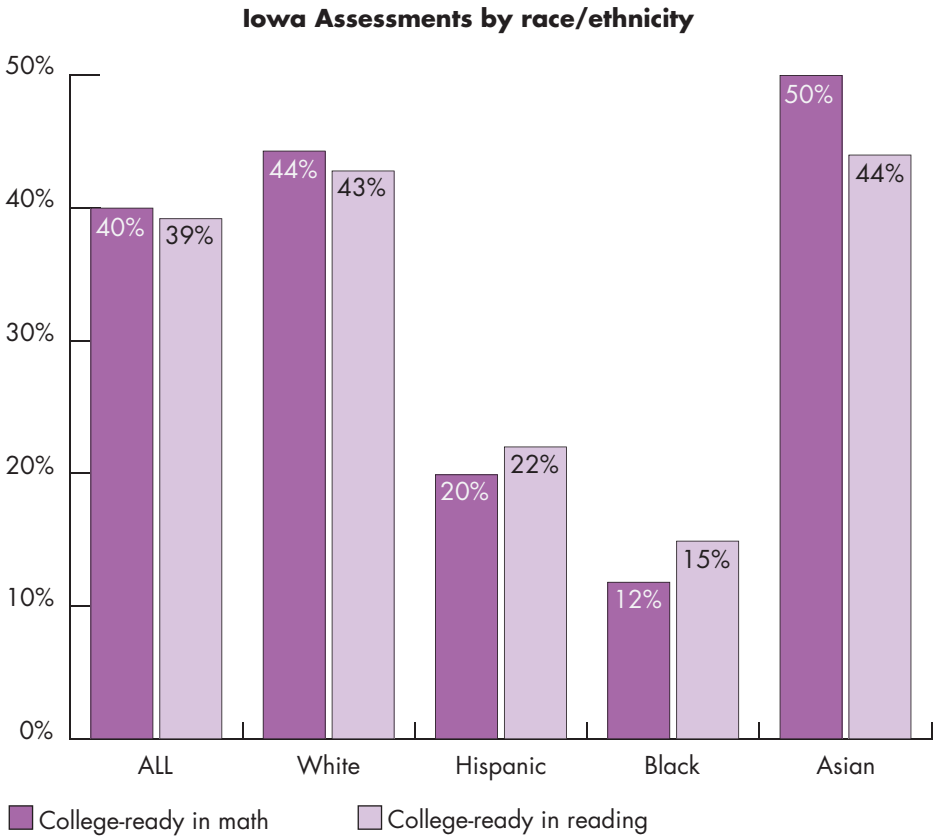
The Iowa Assessments (formerly known as the Iowa Test of Basic Skills) are a battery of standardized tests given in grades K–12 to gauge college and career readiness. Unlike the ACT, all students are required to take the Iowa Assessments.

Like the ACT, the Iowa Assessments show a discrepancy in college readiness among students of different races and ethnicities. The college-ready numbers were higher for white and Asian students and dramatically lower for Hispanic and black students. Asian students were four times as likely to be college-ready in math as black students.⁵

Readiness rates were also lower among low-income students. Among students who qualify for free or reduced-price lunches, 21 percent tested as college-ready in math and 23 percent as college-ready in reading—19 and 16 percentage points below the average for all students, respectively.



Source: ACT, “The ACT Profile Report—Iowa: Grad Class 2017”



Source: Iowa Department of Education, “2017 Iowa School Report Card”

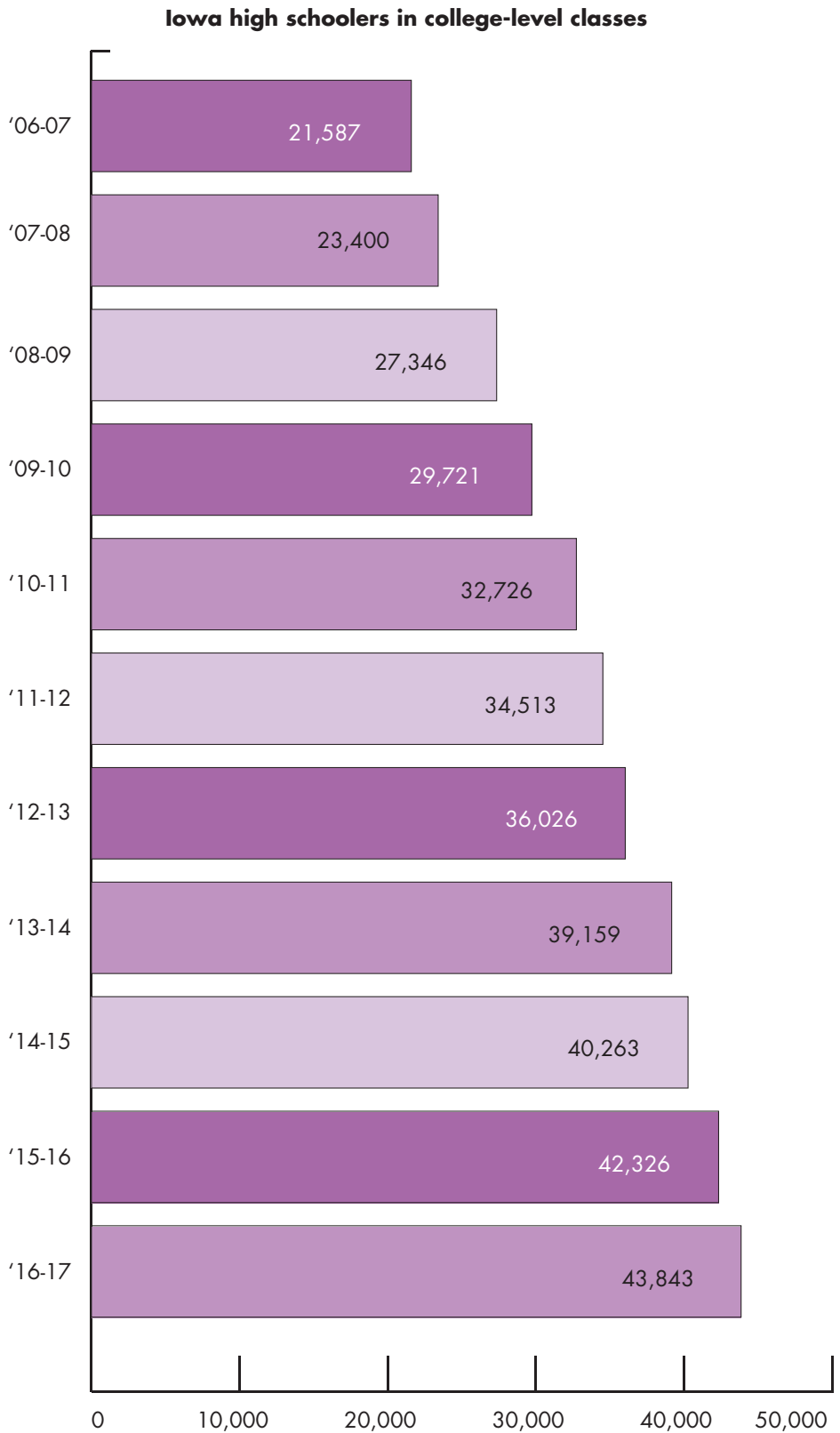
REMEDiation

Remediation is the preparatory education that some students who enroll in college are required to complete before they begin college-level courses. The percentage of Iowa community college students who enroll in remedial courses has declined by about 4 percent since 2013. Still, in 2016–17, 9 percent of community college students (about 12,000) were enrolled in at least one remedial course. The most common remedial courses were in math.⁶

Minority and low-income students are overrepresented in remedial courses. In 2016–17, minority students accounted for about one-fifth of Iowa's community college student population, but they made up about 40 percent of the students enrolled in remedial courses.⁶

JOint EnrollMent

In a potentially positive sign of readiness for both college and careers, the number of Iowa high school students taking college-level courses doubled from 2006–07 to 2016–17. In 2016–17, almost 44,000 students at Iowa high schools were jointly enrolled in college-level courses.⁷ The most common courses are technical/vocational, representing more than a third of joint enrollments in 2015–16.⁸



Source: Iowa Department of Education, "The Annual Condition of Education Report," 2017

4. COLLEGE SUCCESS

In this chapter, we discuss Iowa trends in college enrollment and completion as means to highlight the progress we are making to create a highly educated workforce.



IOWA'S RANKINGS

As mentioned in Chapter 3, Iowa's high school graduation rate ranks No.1 in the United States. However, Iowa's rankings slide in postsecondary attainment levels. For the proportion of residents with associate degrees or higher, Iowa slips to the middle of the pack at 27th. For bachelor's degrees or higher, Iowa falls further to 35th. And for graduate degrees, Iowa drops to 41st.

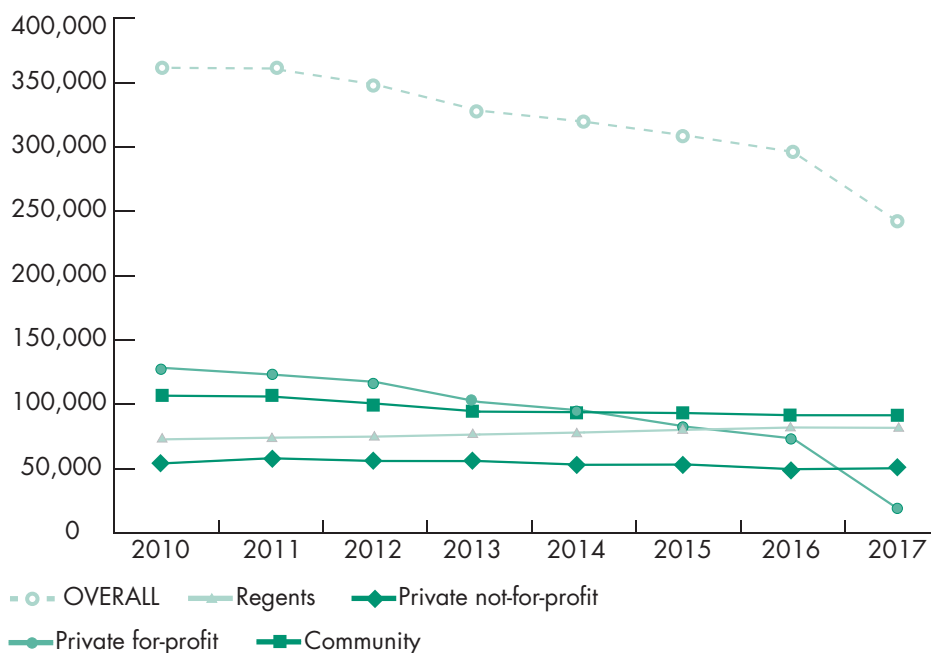
Complete chart of state-by-state rankings: IowaCollegeAid.gov/Condition18

ENROLLMENT

The number of Iowans enrolled in college has seen a drop since 2010, driven largely by falling online enrollment at private for-profit institutions, where numbers have fallen 85 percent. Iowa is not alone in this trend. Nationally, for-profit enrollment has fallen by about 10 percent each term since spring 2016.¹

The landscape of for-profit colleges has changed considerably in Iowa in recent years. In 2016, ITT Technical Institute ceased all operations, and University of Phoenix closed its Iowa campus. Purdue University purchased the online for-profit Kaplan University to create the new public Purdue University Global this year, and

Undergraduate enrollment in Iowa colleges



Source: "Iowa College and University Enrollment Report," Fall 2017, Iowa College Aid

Vatterott College stopped accepting new enrollments in Iowa in fall 2017. Those changes have yet to affect enrollment numbers reported here. However, Ashford University closed its physical Iowa campus in 2016, which had seen enrollment of over 600 students. Ashford's closure is reflected in these numbers.

Regent universities saw a small but steady climb from 2010 to 2017, with a net gain in enrollment of 12 percent. Community college enrollment has dropped by 14 percent since 2010, with enrollment decline reflecting the

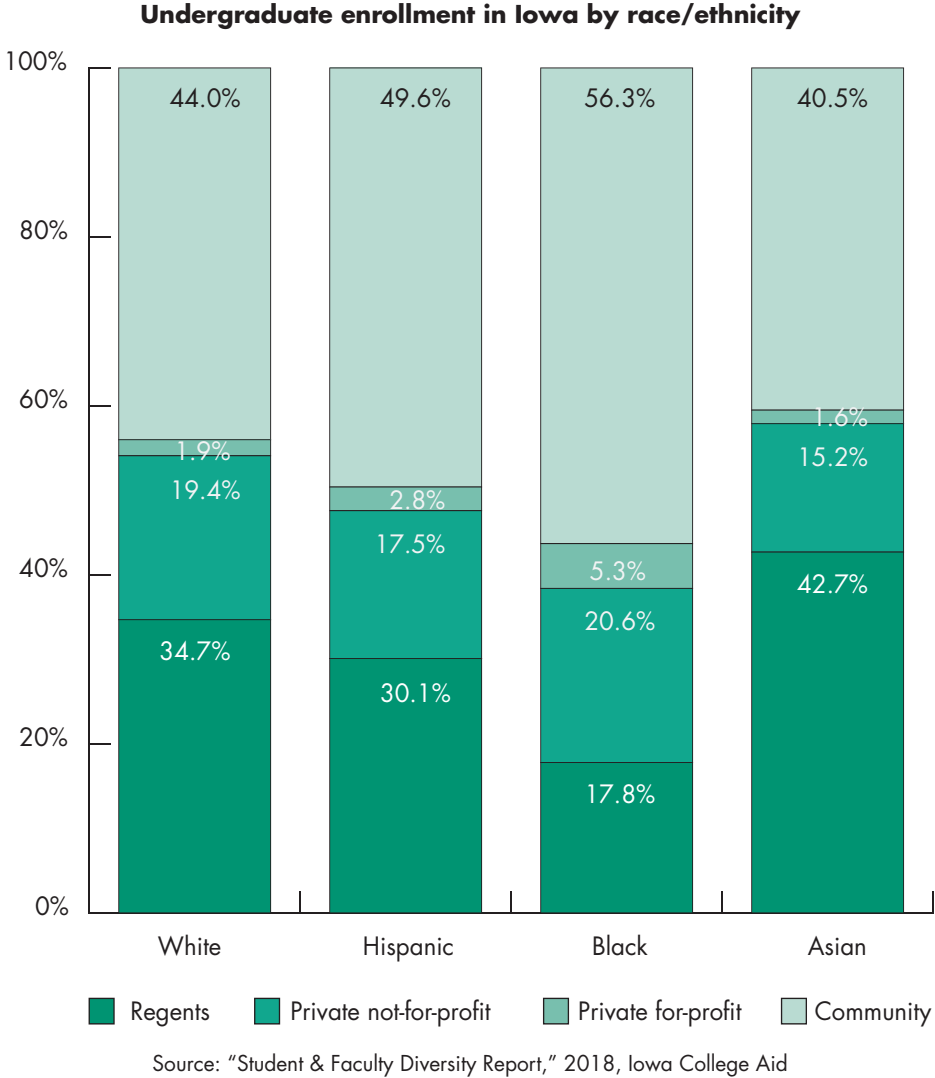
increase of job opportunities that came with the economic recovery. Private not-for-profit institutions experienced a smaller loss, at 7 percent.

Minorities made up 16.9 percent of total enrollment at Iowa's college and universities in the fall of 2017. More than half of black students were enrolled in community colleges, and black students were more likely to attend private institutions (for-profit and not-for-profit) than Regent universities. Asian students were the most likely to attend Regent universities, at more than 2 in 5.²

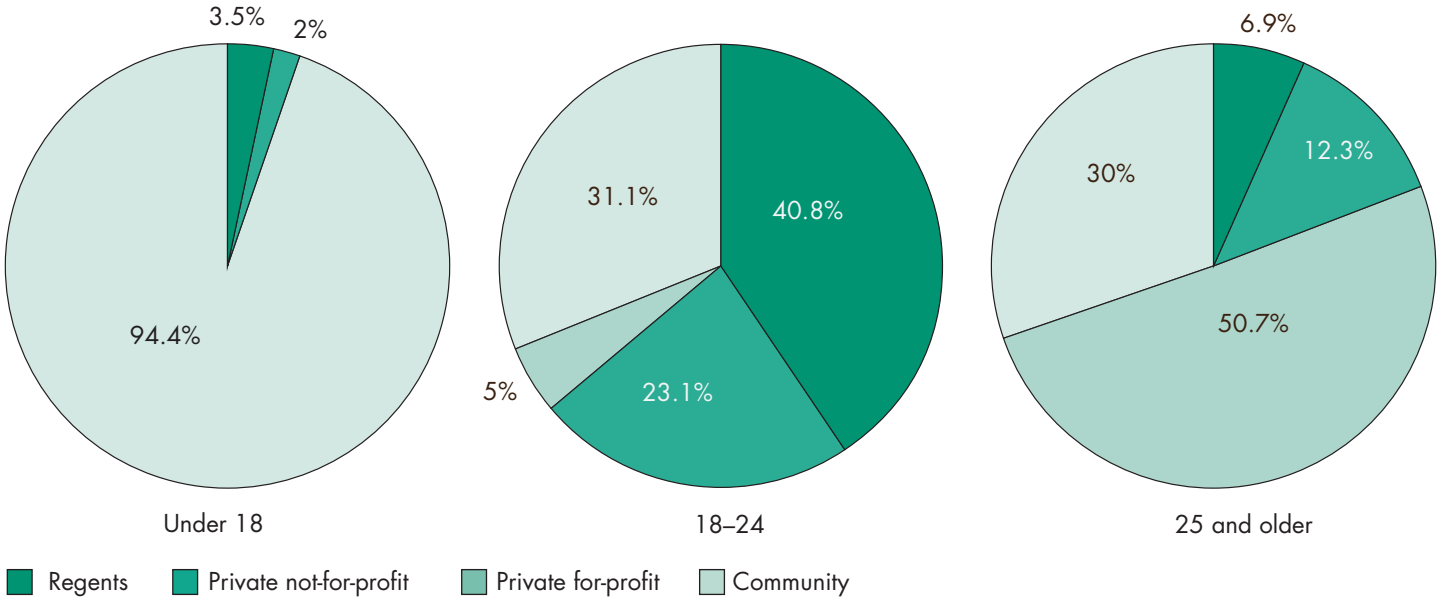
Iowa students younger than 18 are overwhelmingly enrolled in community college due to Senior Year Plus, programs that give high school students access to college-credit courses. Students in the traditional college age range (18–24) are most likely to be enrolled in Regent universities. Nontraditional students (25 and older) are most likely to be enrolled in private for-profit institutions.

The lowest-income students—those eligible for the federal Pell Grant—are most likely to enroll in two-year institutions. Nearly half of Pell recipients enroll in community colleges, nearly a quarter in Regent universities and nearly another quarter in private not-for-profit institutions. (These figures do not include online enrollment.)

Private institutions have the highest percentage of students from outside Iowa, at just over half. Roughly a third of students at Regent universities come from out of state, and at community colleges the proportion is a little over 1 in 10.



Sector enrollment by age in Iowa*



Source: Integrated Postsecondary Education Data System, National Center for Education Statistics

*Barber and cosmetology schools did not submit this data in 2016.

RETENTION & PERSISTENCE

Enrollment is only one step we can measure toward attainment of higher education. The next measures are student retention and persistence. These terms are similar but not quite the same. Retention is an institutional measure reflecting a student's return to the *same institution* the following year. Persistence is a measure of a student's enrollment in *any institution* the following year.

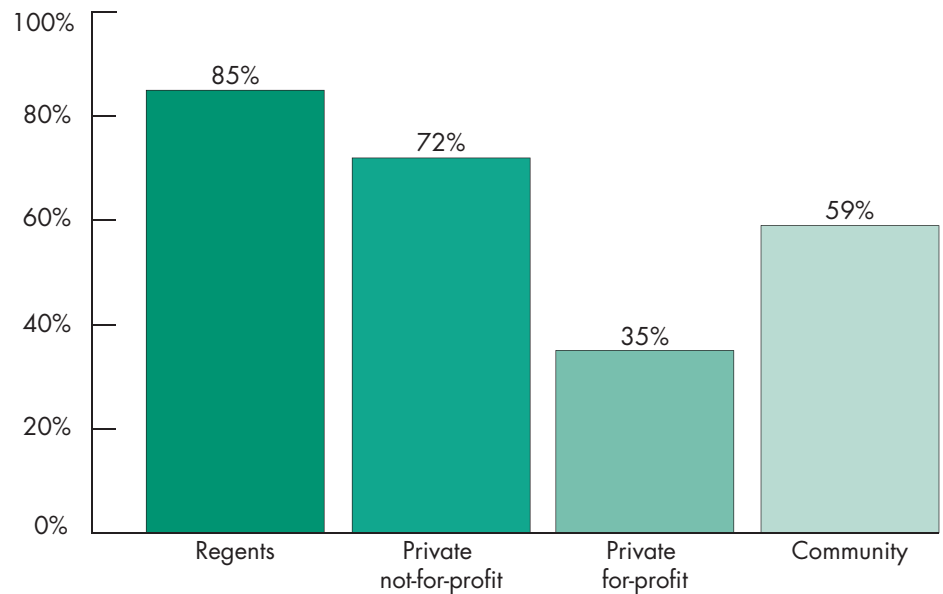
Overall retention at institutions in Iowa was 62 percent for students who entered college in the fall of 2015—the 18th highest rate in the nation. Persistence for those students was 76 percent, or 17th in the nation.⁵ Retention rates are highest at the Regent universities and lowest at private for-profit institutions.³

Retention and persistence rates combined are highest among Asian students and lowest among black students. The rate of Asian students who return to college (at the same or a different institution) after their first year is more than 17 percentage points higher than the rate for black students. White students are the mostly likely to change schools between year one and year two.

Retention and persistence are highest among students under 20, the demographic that includes students who move directly from high school into higher education. Retention and persistence rates are similar among 21- to 24-year-olds and students who are 25 and older.

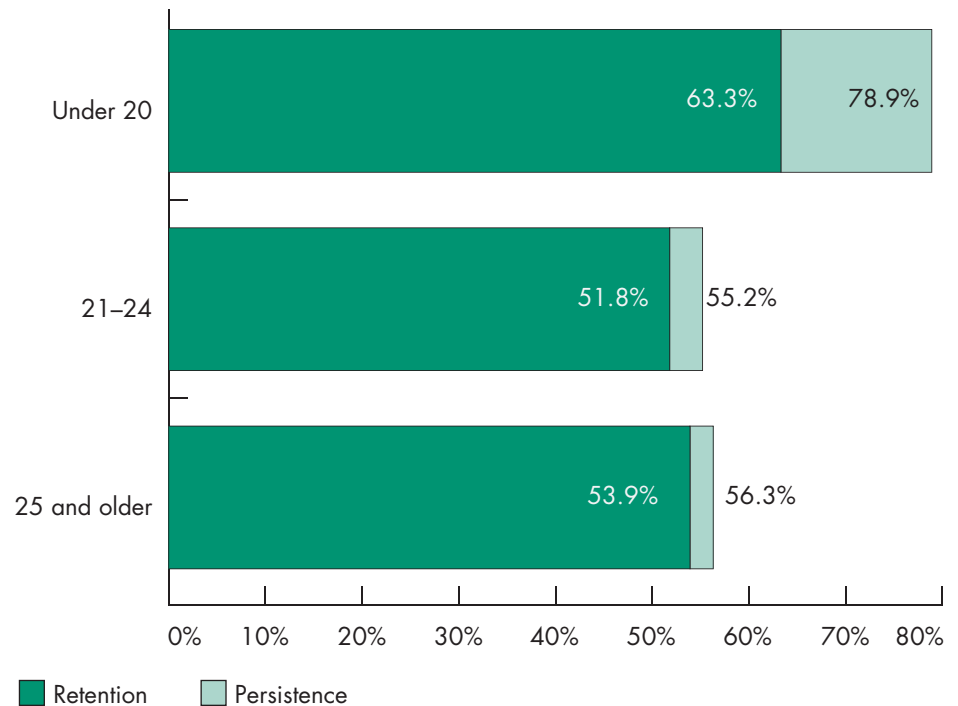
Nationally, higher income is also correlated to persistence. Of students who attended high schools where more than 50 percent of the student body qualified for free or reduced-price lunches (FRPL), 80 percent persisted from their first to second year of college. Of students who attended high schools where 50 percent or less qualified for FRPL, 89 percent persisted from year one to year two.⁶

Retention rates by sector in Iowa



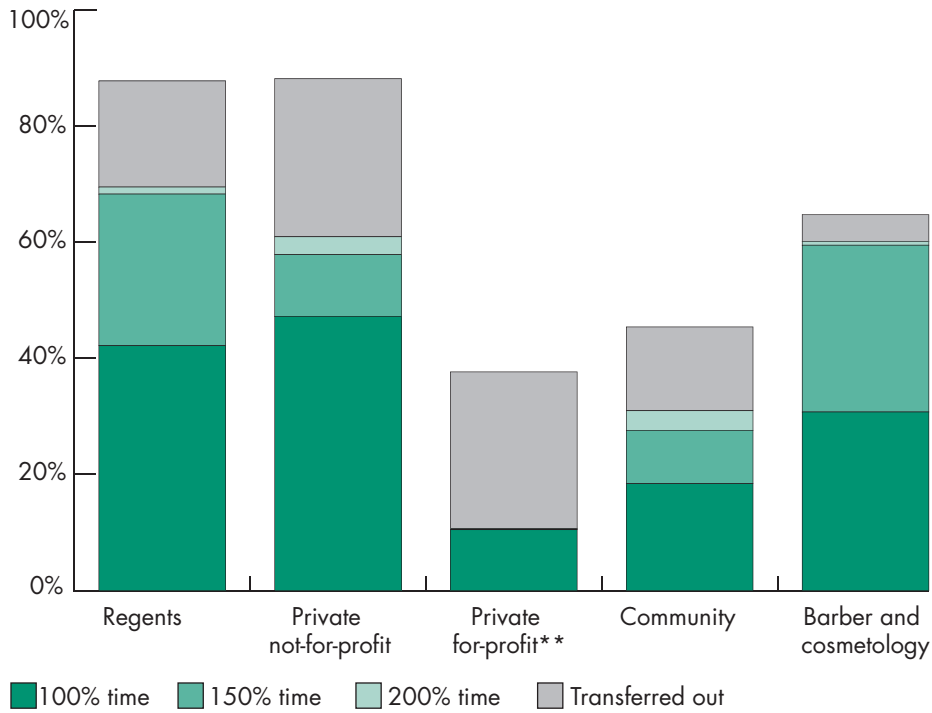
Source: Integrated Postsecondary Education Data System, National Center for Education Statistics

Retention rates by age in Iowa



Source: "Snapshot Report—First-Year Persistence and Retention," National Student Clearinghouse Research Center

Iowa graduation/transfer rates by sector



Source: Integrated Postsecondary Education Data System, National Center for Education Statistics

GRADUATION

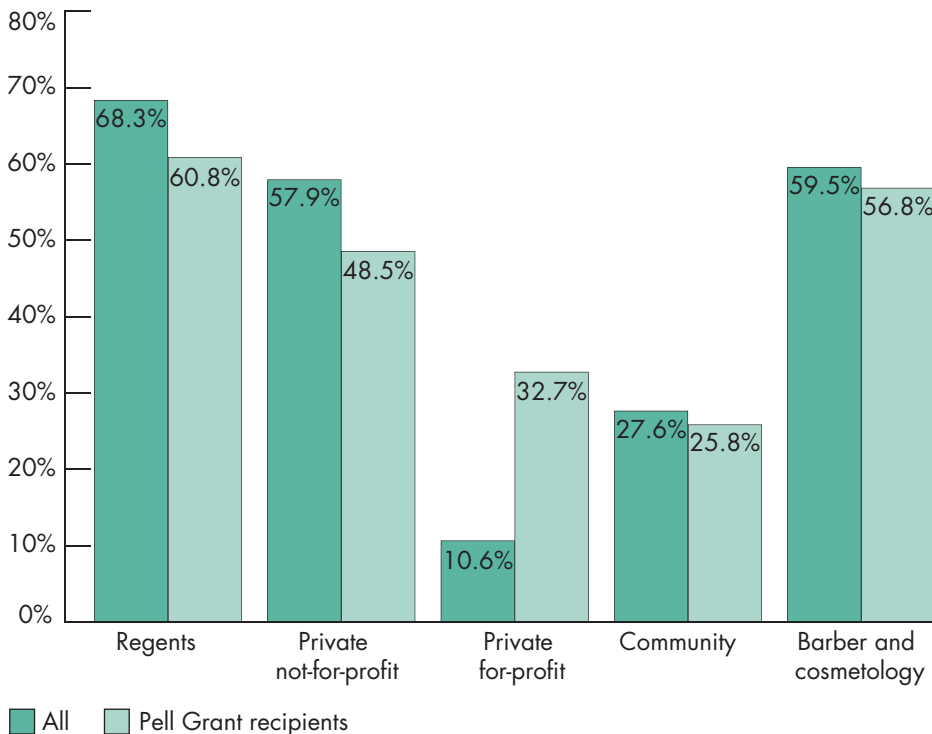
College attainment rates are generally measured in the time it takes students to earn a degree as a percentage of the expected time. At four-year colleges and universities, for instance, the 100 percent time reflects the number of students who earn a degree within four years; 150 percent time, the number of students who earn a degree within six years; and 200 percent time, the number who earn a degree within eight years.

In Iowa, the highest 100 percent time graduation rate—47 percent—is at private not-for-profit institutions. By the 150 percent and 200 percent time marks, Regent universities have the highest rates, at 68 percent and 70 percent respectively. Private institutions have the highest rate of students transferring to other schools, at 27 percent.*

Nationally, the six-year graduation rate is highest for Asian and white students and lowest for black students. After six years, 63 percent of Asian students and 62 percent of white students have earned a degree, either at the institution where they first enrolled or at a different institution. For black students, that number is 38 percent.

Younger students have higher six-year graduation rates than older students. Of those who are 20 and younger when they first enroll in college, 60 percent have a degree six years later. For students 20 to 24 and students over 24 at the time they start college, the rates are 39 percent and 41 percent, respectively.

Iowa graduation rates by socioeconomic status



Source: Integrated Postsecondary Education Data System, National Center for Education Statistics

*Of private not-for-profit institutions, 40 percent reported their transfer rates. Of private for-profit institutions, only Kaplan University–Davenport and Waldorf University reported graduation rates, and only Waldorf University reported transfer rates. Of community colleges, 14 of 17 reported transfer rates; students who received any credential are not counted as transfers. Of barber/cosmetology schools, 2 of 26 reported transfer rates.

**150% time and 200% time are less than 1 percent.

In most sectors of higher education in Iowa, Pell Grant recipients (who qualify for the grant based on financial need) are slightly less likely to graduate within 150 percent time than the student population as a whole. The exception is private, for-profit schools, where Pell recipients are three times as likely to graduate within 150 percent time.

Failure to complete a degree within 100 percent time can be costly. A fifth year of college at a four-year institution costs an average of \$140,000, including tuition, fees, books, room and board, loan interest, missed salary and retirement savings. At a community college, a third year costs an average of \$94,000.⁷

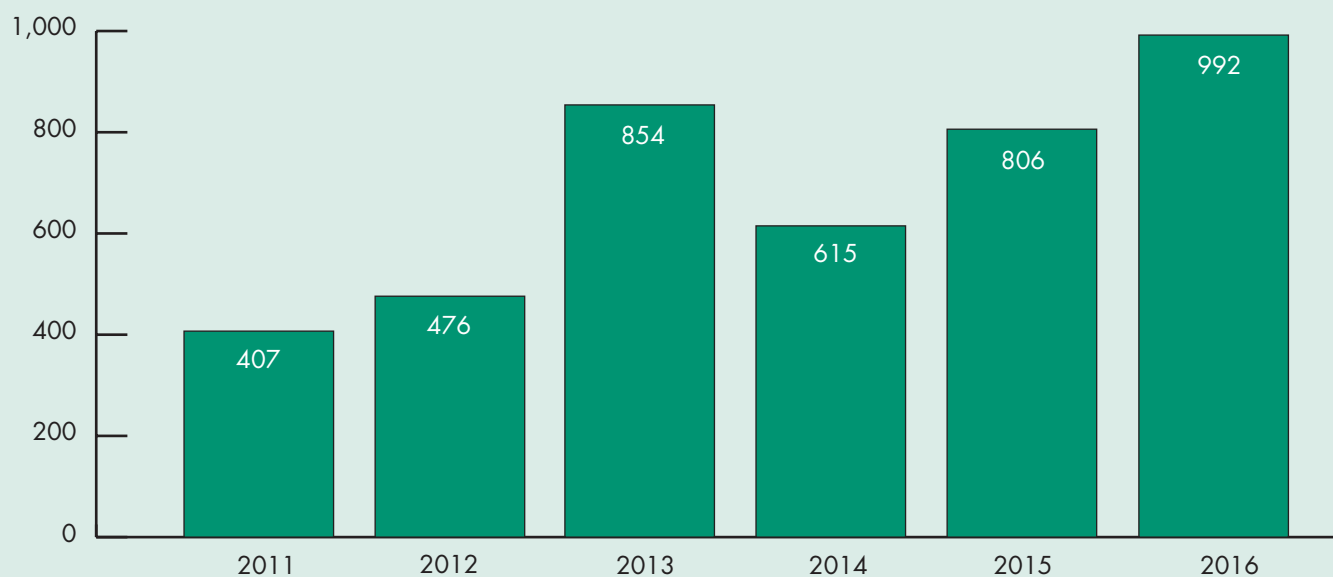
Students who do not complete any degree are more likely to default on student loans (24 percent) than students who do earn a degree (9 percent). Default rates are highest among students who leave community colleges (29 percent) and private, for-profit institutions (28 percent) without a degree.⁸

STEM DEGREES

From 2011–12 to 2014–15, the number of STEM degrees awarded increased across all sectors of higher education in Iowa. At community colleges, the increase was 3 percent. At Regent universities, it was 18 percent. At four-year private, not-for-profit institutions, it was 7 percent.

Men hold the majority of degrees in STEM fields in Iowa. They represent about 82 percent of STEM degrees from community colleges and 69 percent of STEM degrees from Iowa's Regent universities. However, women are gaining ground. The number of women graduating with STEM degrees from Regent universities grew 14 percent from 2011–12 to 2014–15. Minorities are also an increasing presence in STEM areas of study. In 2016, STEM degrees awarded to minority graduates at Iowa's community colleges rose 23 percent over the previous year and 144 percent compared to 2011.⁹

Community college STEM awards to minority students in Iowa



"2016–17 Iowa STEM Evaluation Report," Governor's STEM Advisory Council

5. COLLEGE PRICE

In this chapter, we examine the trends in college pricing relative to family income, and how these pricing changes have affected college affordability in the state of Iowa.



PRICE AS A BARRIER

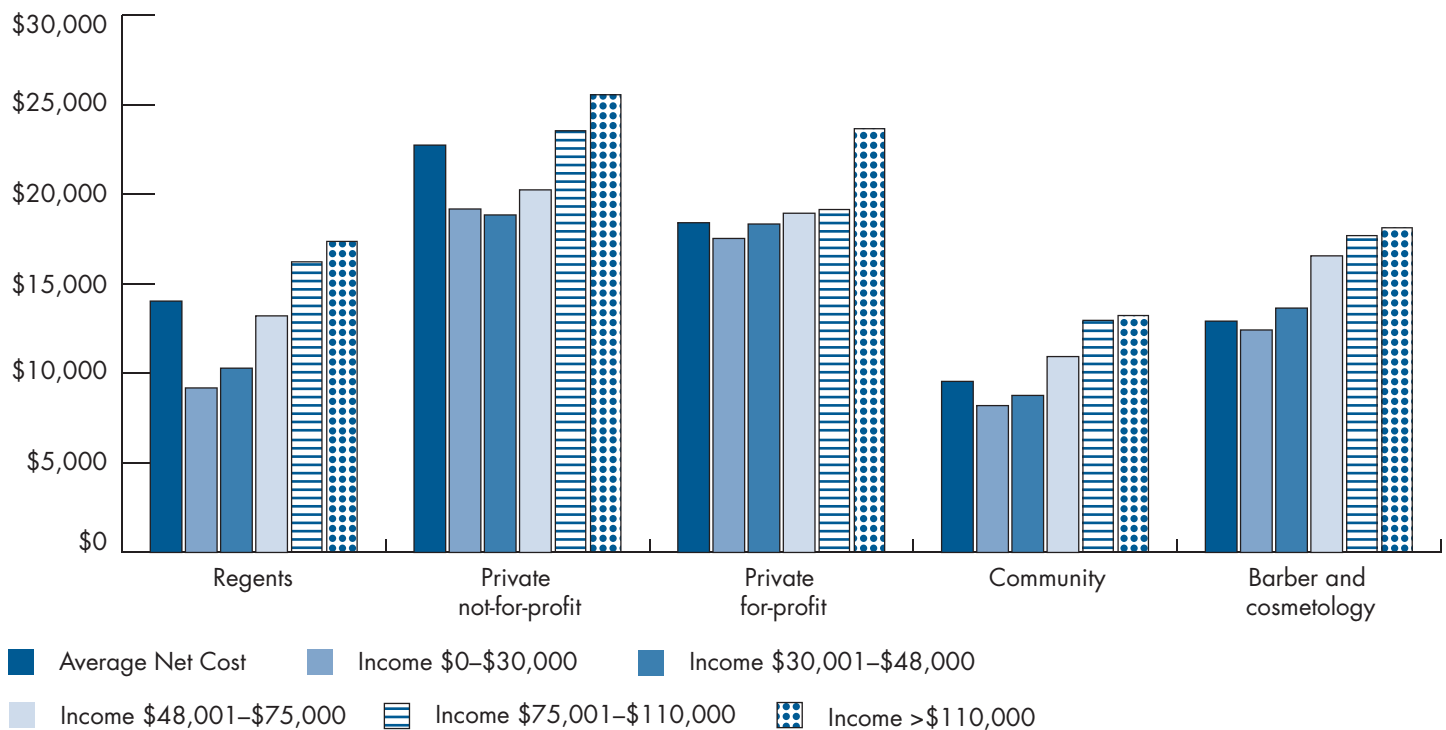
The rising price of higher education often stands in the way of college aspirations. Fewer than 1 in 4 adults believe college is affordable to everyone in the United States.¹ Perception of college affordability is an important aspect of an individual's college decisions, and the level of knowledge can affect that decision. For example, research has consistently found instances

where individuals assumed college was too expensive, and because of this assumption, dismissed the prospect of attending college.² The same studies have found that many individuals overestimate the actual price of a college degree.

Students' decisions to enroll in college have been linked to their families' financial resources. College enrollment among students from low-income families increases by

15 percent when their families have an extra \$10,000 available.³ Even small amounts of savings can significantly increase postsecondary enrollment. Young people who have a savings account in their name are six times as likely to go to college. Children who have between \$1 and \$499 saved for higher education are three times as likely to go to college and four times as likely to graduate.⁴

Net college price in Iowa in 2015–16



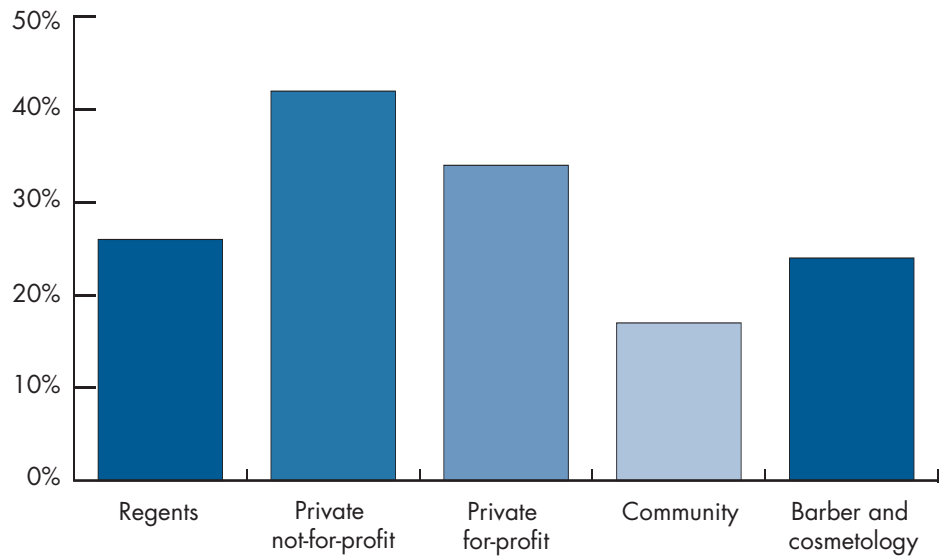
Sources: U.S. Department of Education; Institute of Education Sciences, National Center for Education Statistics

AVERAGE COLLEGE PRICE

The actual price that a student pays for tuition and other fees can be considerably less than the published price at a college or university. A combination of federal, state and institutional aid can greatly reduce the price of attendance (also referred to as the cost of attendance).

One way to measure the affordability of college is to consider the net price of college as a percentage of median household income, which was \$54,736 in Iowa in 2015.⁵ The highest price relative to Iowa income is at private not-for-profit institutions, and the lowest is at community colleges.

Net college price as a percentage of income in Iowa



Sources: U.S. Census American FactFinder; Integrated Postsecondary Education Data System, National Center for Education Statistics

CHANGE IN PRICE

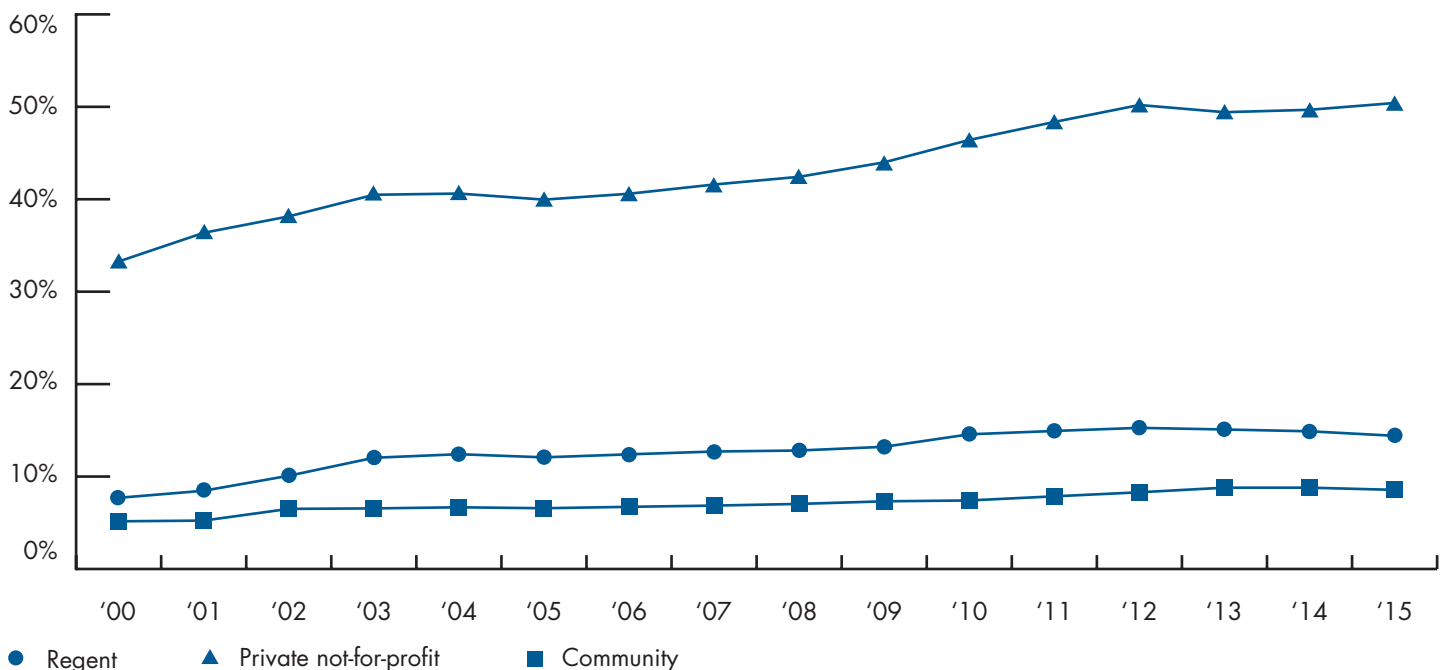
College price as a percentage of income has risen since 2000. Although the increase has leveled off in the past few years, the change since 2000 is significant. Price relative to income rose the most at Regent universities, where it nearly

doubled. At private not-for-profit institutions, that figure increased about 50 percent.⁶ (It is worth noting that the relative price at Regent universities started at a much lower point.)

One factor contributing to rising tuition at Regent universities is

reduced state funding. Iowa appropriated approximately \$581 million to the three Regent universities in 2017—a reduction of about \$89 million, or 13 percent, from 2008. In that same time frame, total undergraduate enrollment at Regent universities grew from 70,300 to 81,600, or 16 percent.

Change in college price in Iowa as a percentage of median income



Sources: Iowa College Student Aid Commission Annual Student Budget Survey, U.S. Census Bureau

6. FINANCIAL AID

In this chapter, we discuss the trends in student financial aid in Iowa and highlight the extent to which this aid is helping to cover the rising price of higher education.



FOUR BASIC TYPES OF FINANCIAL AID

Federal

Funded by the
U.S. Department of
Education

State

Appropriated
by the Iowa
Legislature

Institutional

Funded and awarded
by colleges &
universities

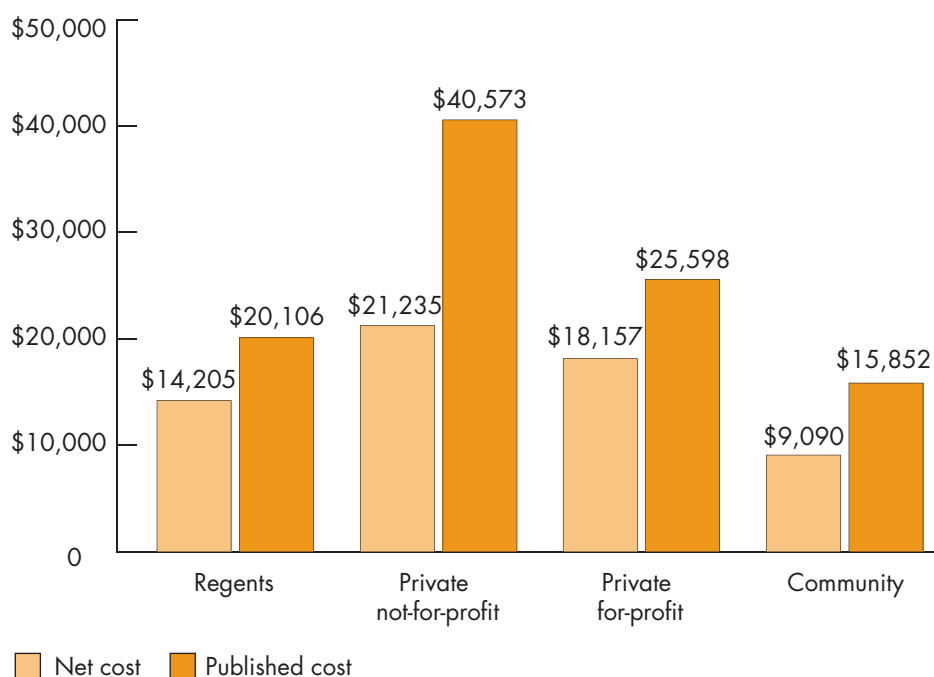
Private

From all
other sources

ACTUAL PRICE TO STUDENTS

Financial aid has a significant impact on the actual amount students pay for college. The net price (price of attendance after federal, state, and institutional aid) as a percentage of published price varies according to higher education sector. In 2015–16, the net price in Iowa was 71 percent at Regent Universities and private for-profit institutions, 57 percent at community colleges and 52 percent at private not-for-profit institutions.¹

Net versus published college price in Iowa

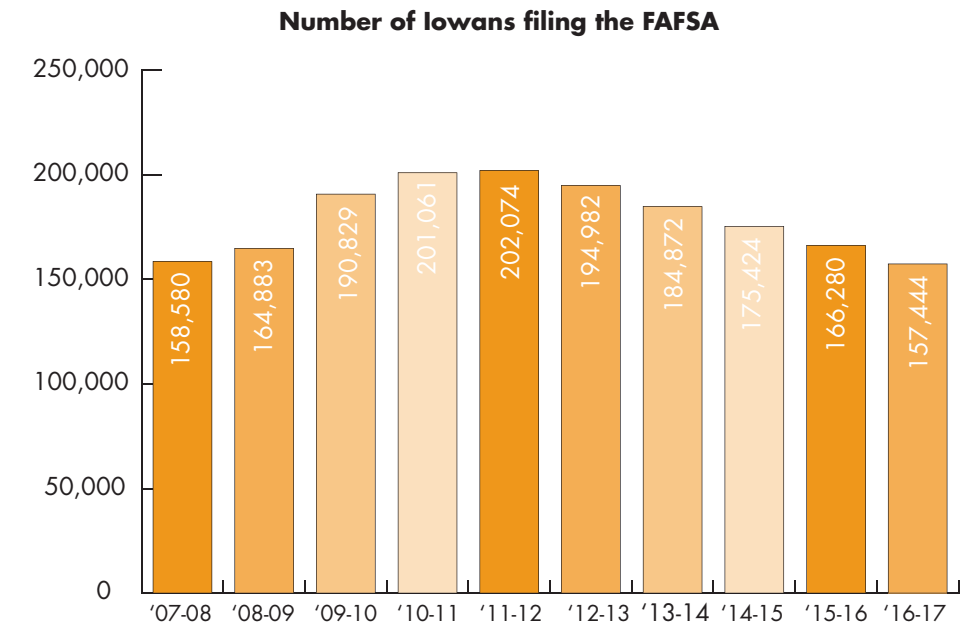


Source: Integrated Postsecondary Education Data System, National Center for Education Statistics

IOWA FAFSA FILERS

In order to receive any federal financial aid, most state financial aid and even many forms of institutional aid, students must file the Free Application for Federal Student Aid, or FAFSA. In 2016–17, the number of lowans filing the FAFSA was 157,444, which is 5 percent lower than the previous academic year. The number of filers has been gradually declining since 2011–12 and is reflective of Iowa’s recovery from the Great Recession. As job availability has improved over time, some lowans were more likely to enter the workforce than to enroll in college. Overall, 61 percent of Iowa high school seniors filed the FAFSA, down 8 percentage points from the peak in 2009–10 when 69 percent filed the FAFSA.²

Data from the FAFSA is used to determine a student’s Expected Family Contribution, or EFC. This

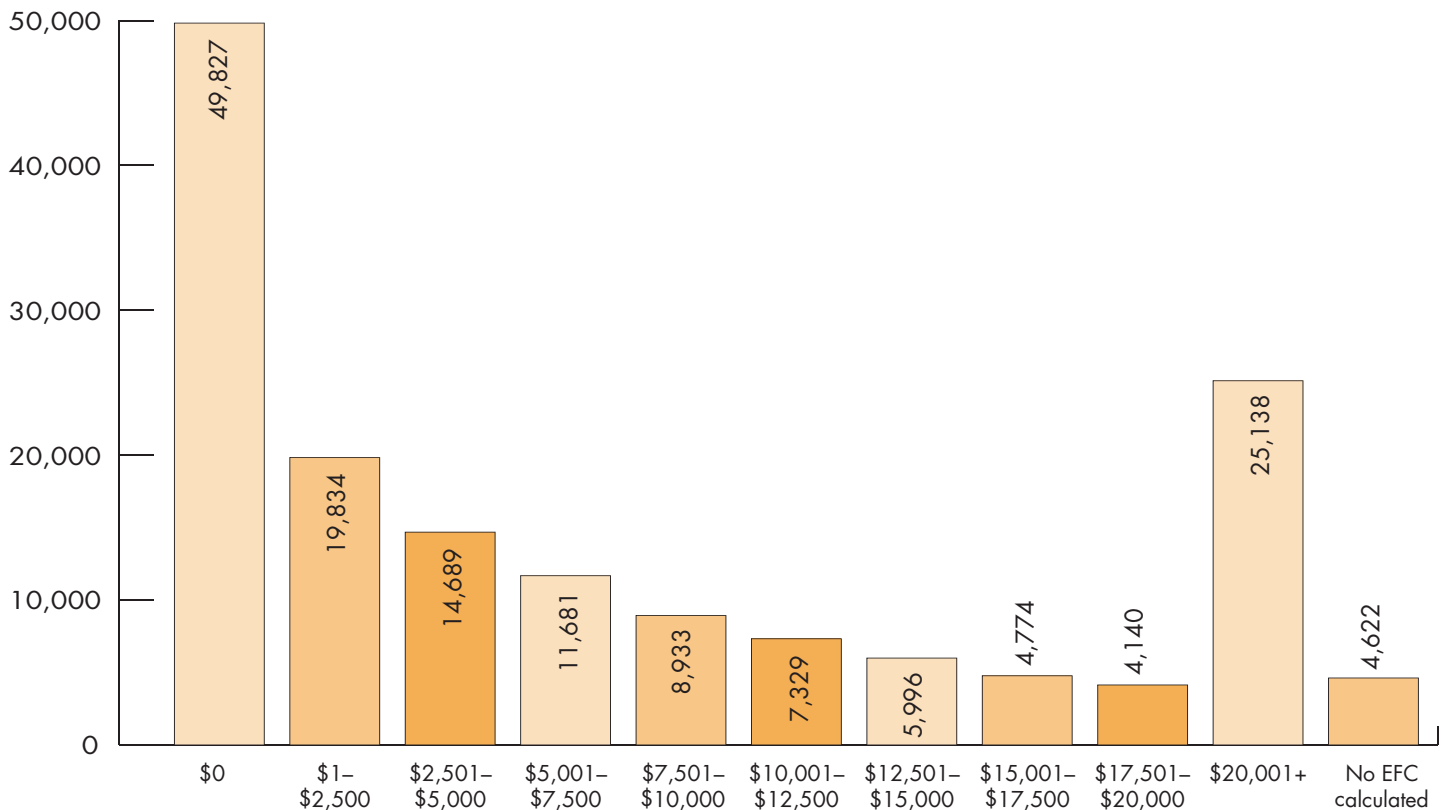


Source: “Free Applications for Federal Student Aid (FAFSA) filed by Iowa Residents, September 2017,” Iowa College Aid

number reflects the amount a student and/or student’s family can contribute toward college. The share of Iowa FAFSA filers with an EFC of 0 rose during the recession but has since fallen back to almost

pre-recession levels. In 2007–08, the share of filers with an EFC of 0 was 28 percent. It increased to 39 percent in 2010–11 and then decreased in 2016–17 to 32 percent.³

Expected Family Contribution of Iowa FAFSA filers



Source: Iowa College Aid FAFSA data, 2016–17

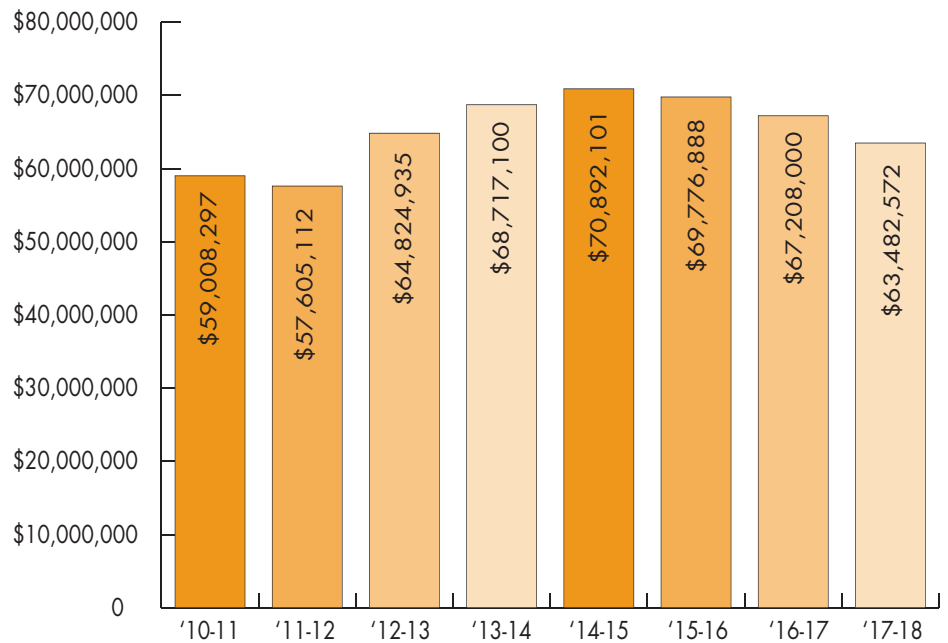
FEDERAL FINANCIAL AID

In 2017–18, four federal grant programs were available to college students:

- Pell Grant—available to students who have financial need
- Federal Supplemental Educational Opportunity Grant (FSEOG)—available to students who have financial need
- Teacher Education Assistance for College and Higher Education (TEACH) Grant—available to students in elementary or secondary education programs (must be repaid if employment obligations are not met)
- Iraq and Afghanistan Service Grant—available to students whose parent or guardian was a member of the armed forces killed during service after 9/11⁴

The largest source of nonrepayable federal aid is the Pell Grant. In 2016–17, students who had an EFC less than \$5,234 were Pell eligible. The maximum award was \$5,815.⁵ In 2016–17, 46 percent of Iowans who filed the FAFSA were Pell eligible, down from a peak of 54 percent in 2010–11 and 2011–12.² In 2016–17, roughly \$316 million in Pell Grants was awarded to students attending Iowa institutions with an average award amount being approximately \$3,500.⁶ Students who do not apply for financial aid are missing out on millions of dollars for college. In Iowa, 2014–15 high school graduates who did not file the FAFSA could have increased the Pell awards in Iowa by an estimated \$20 million if they had filed.⁷

Iowa scholarship and grant appropriations by year



Source: "Appropriations by Year 1989 to 2018," Iowa College Aid

STATE FINANCIAL AID

In 2017–18, Iowa appropriated \$822 million to higher education. The bulk of that amount went to Regent universities and community colleges. Less than 8 percent went to state financial aid programs. Appropriations to Iowa scholarships and grants peaked in 2014–15 at roughly \$71 million but have gradually declined each year since. Appropriations in 2017–18 were \$63.6 million, which was down 4 percent from the year before.⁸

The largest state-funded financial aid program is the Iowa Tuition Grant* for private not-for-profit institutions. In 2017–18, funding for this program was \$46,630,951, or nearly three-quarters of scholarship and grant appropriations.⁹ (See chart, opposite.)

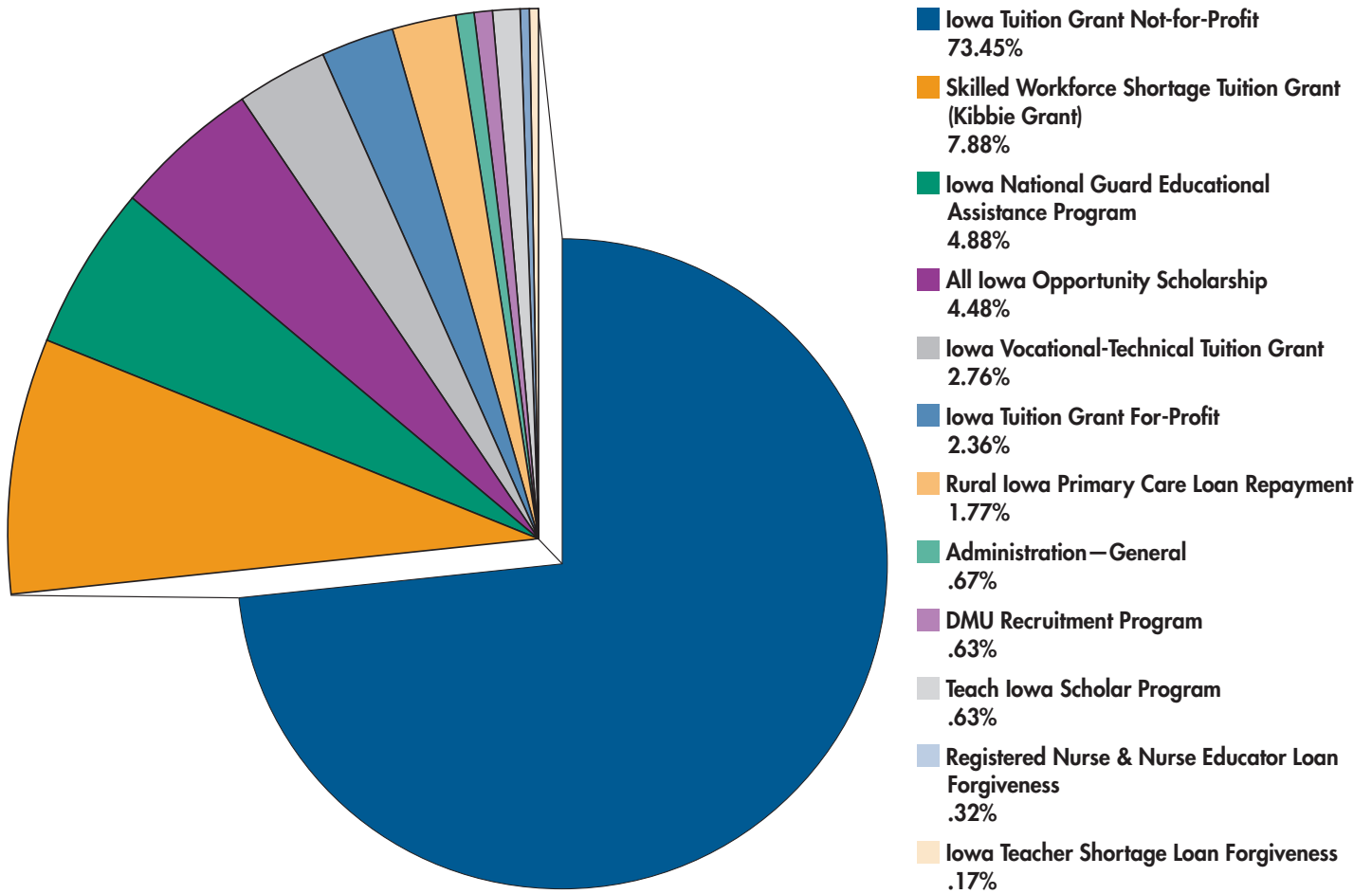
In 2016–17, the state of Iowa funded 20,807 grant and scholarship awards totaling \$66,392,369.¹⁰ Below is a breakdown of Iowa's five largest grant and scholarship programs in 2016–17:

Iowa aid awarded by program

Program	Number of awards	Average award
Iowa Tuition Grant Not-for-Profit	10,619	\$4,579
Skilled Workforce Shortage Tuition Grant (Kibbie Grant)	4,415	\$1,128
Iowa Vocational-Technical Tuition Grant	2,674	\$868
Iowa National Guard Educational Assistance Program	1,127	\$4,273
All Iowa Opportunity Scholarship	726	\$4,477

Source: "Summary of Payments by Institution," Iowa College Aid

Iowa scholarship and grant appropriations by program



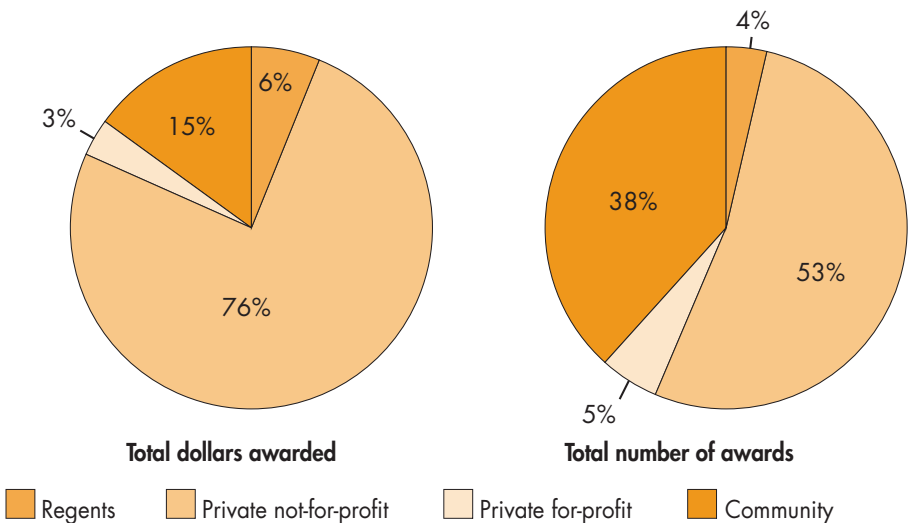
Source: "State-Administered College Financial Aid Programs," Iowa College Aid

More than half of total state grant and scholarship awards made in 2016–17 went to students at private not-for-profit institutions. Those awards accounted for more than three-quarters of the total dollar amount given by the state.¹¹

The number of awards and dollars going to students at private, not-for-profit institutions is driven by the Iowa Tuition Grant for not-for-profit institutions, which, as previously stated, is the state's largest state financial aid program.

*The Iowa Tuition Grant was established in 1969 to make the price of private colleges and universities more comparable to the price of Regent universities.

Iowa awards by sector



Source: "Summary of Payments by Institution," Iowa College Aid

INSTITUTIONAL FINANCIAL AID

Students might also receive institutional aid, awarded directly by their college or university. These awards could include IMAGES (Iowa Minority Academic Grants for Economic Success); academic scholarships; athletic scholarships; and tuition waivers for faculty, staff and dependents. In Iowa, the average institutional aid awarded per student is highest at private not-for-profit institutions, at nearly \$11,000. It is lowest at private for-profit institutions, at about \$127.¹¹

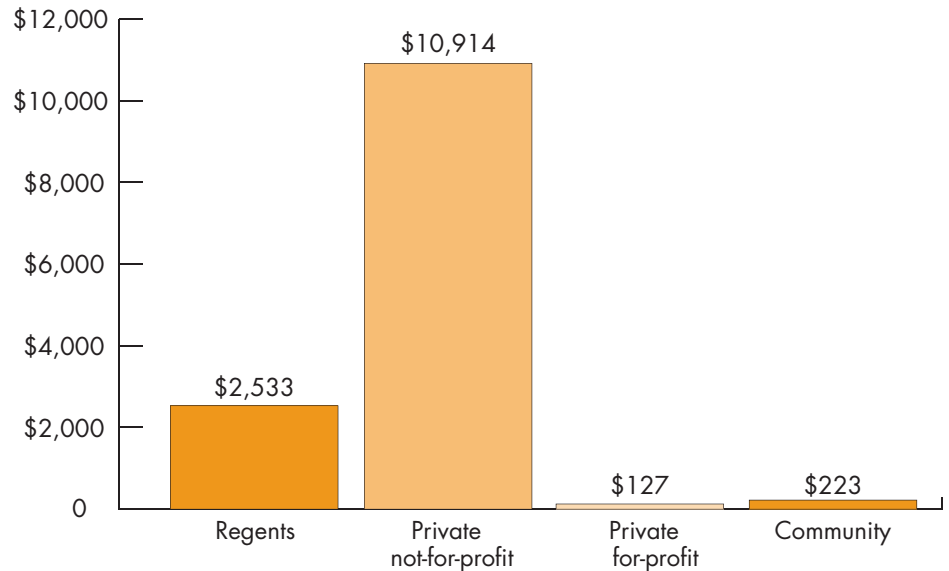
PRIVATE FINANCIAL AID

Funding from all other sources (not federal, state or institutional) is considered private financial aid. Students usually seek out these grants and scholarships on their own from businesses, foundations, religious organizations, community groups, fraternal organizations and other sources. In Iowa, private financial aid per student is highest at Regent universities, at \$660, and lowest at private, for-profit institutions, at barely \$6.¹¹

FAMILY SAVINGS

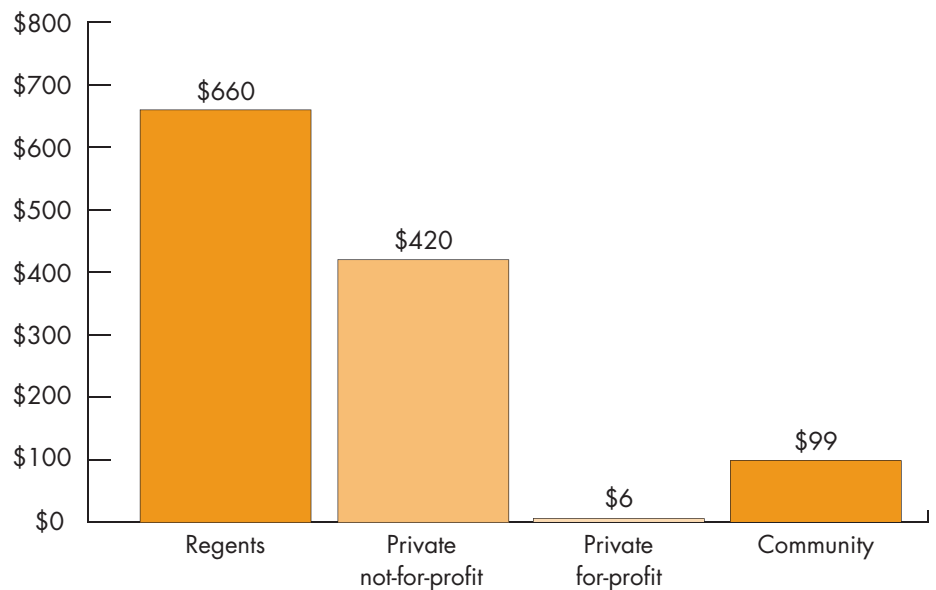
In the United States, the average family with children 18 and younger is on track to cover less than one-third of college expenses with savings. Nearly three-quarters of these families say they have started saving for college, and about 4 in 10 say they are investing in 529 savings accounts, or "qualified tuition plans," which are sponsored by states, state agencies or educational institutions.¹² The state of Iowa currently sponsors a 529 plan through College Savings Iowa.

Institutional aid per student at Iowa institutions (all enrolled students)



Source: "Student Financial Aid at Iowa Colleges and Universities Academic Year 2016-17," Iowa College Aid

Private grants and scholarships per student at Iowa institutions (all enrolled undergraduates)



Source: "Student Financial Aid at Iowa Colleges and Universities Academic Year 2016-17," Iowa College Aid

7. STUDENT LOAN DEBT

In this chapter, we examine student loan debt specific to Iowa and highlight the specific institutional sections where students are more likely to borrow and repay their debt.

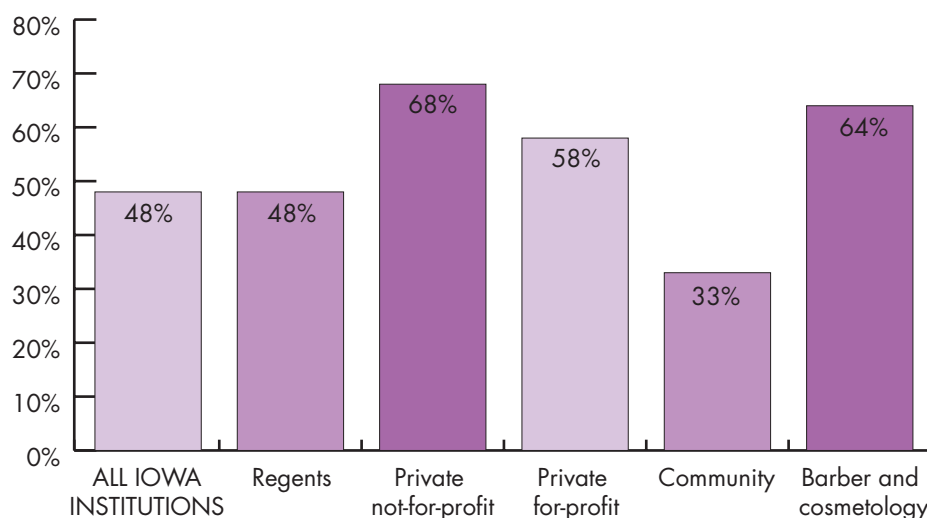


STUDENT LOAN DEBT IN IOWA

In 2015–16, roughly half of all Iowa undergraduates took out student loans to pay for college. The sector with the highest rate of borrowing in Iowa is private, not-for-profit colleges—68 percent of undergraduates took out loans that year, with the average amount being roughly \$7,500. The sector with the lowest amount of borrowing is Iowa community colleges—a third of students borrowed. The differences in borrowing amounts across sectors reflect differences in tuition rates. As we highlighted in Chapter 5, private not-for-profit colleges have the highest tuition rates in Iowa, whereas community colleges have the lowest.

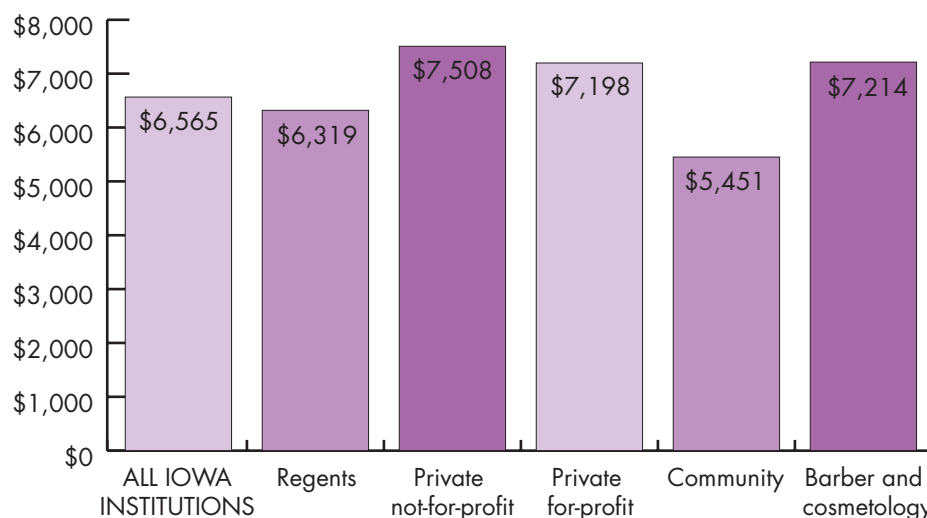
Among students who graduated from four-year colleges and universities in Iowa in 2016, the average student loan debt was \$29,801. That average is the 19th highest in the United States. Among those same students, 65 percent graduated with some student loan debt, ranking Iowa eighth highest in the nation.¹

Percent of undergraduates awarded federal student loans in Iowa (2015–16)



Source: Integrated Postsecondary Education Data System, National Center for Education Statistics

Average amount of federal student loans awarded to undergraduates in Iowa (2015–16)



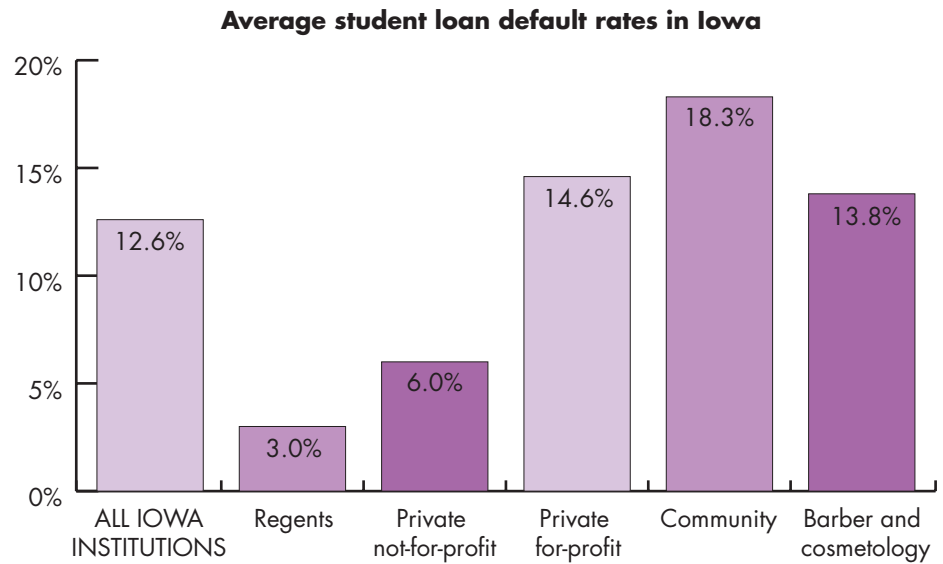
Source: Integrated Postsecondary Education Data System, National Center for Education Statistics

DEFAULT RATES IN IOWA

More than 8 million student loan borrowers in the United States are in default.² In Iowa, 12.6 percent of student borrowers who were scheduled to begin repayment in 2014 were in default within three years. That percentage is slightly higher than the national figure, 11.2 percent.³ Iowa ranks 34th in the nation in student loan default rates.

When examining default rates by institutional sector, Iowa for-profit and community colleges have the highest default rates at 15 and 18 percent respectively, whereas Regent and private, not-for-profit colleges have rates that are comparatively low at 3 and 6 percent respectively.

The higher the education level attained, the more likely students



Source: Official Cohort Default Rates, U.S. Department of Education

are to have taken out student loans, but the less likely they are to default. Among borrowers who began college in 2003–04, 45 percent of those

who had not attained a degree or credential defaulted within 12 years. The rate for those who attained a bachelor's degree was 8 percent.⁴

DEMOGRAPHICS OF DEBT IN THE U.S.

Outstanding student loan debt exceeds \$1 trillion in the United States and is the second highest form of debt behind mortgages. More than 43 million adults carry student loan debt.⁵ A look at borrowing among different student populations:

- **Race/ethnicity**—Black students are the most likely to take out federal student loans, and they make the least progress in paying down their debt.⁶
- **Sector**—The highest percentage of student loans is taken by students at private for-profit institutions.⁶
- **Age**—The higher the age bracket, the faster student loan debt is growing.⁷
- **Income**—The highest-income students initially carry the most debt but also pay it down the fastest.⁴
- **Gender**—Women borrow more than men and get paid less after graduation, contributing to the fact that women hold two-thirds of student loan debt in the United States.⁸
- **Education level**—Students who go on to earn bachelor's degrees or higher carry the least debt. Students who are still enrolled after six years but have not earned a degree end up with the highest median debt.⁴



LOOKING AHEAD

Since the release of our “2016 Condition of Higher Education in Iowa,” the state has gained momentum in fostering a college-going culture. Most of these efforts are happening at regional or community levels, and their impacts are becoming quantifiable.

GEAR UP Iowa helps school districts develop resources to make college possible for low-income students. Research on the first cohort (who graduated from high school in 2014) in southeastern Iowa found positive effects: High school graduates who participated in GEAR UP Iowa were 3 to 4 percentage points more likely to go to college than students who did not receive such resources.¹ The research also found that particular services, such as college visits and financial aid counseling, had the biggest impact on college enrollment.² The second cohort of GEAR UP Iowa are scheduled to graduate from high school in 2020.

Iowa College Aid works with high schools through Course to College, a program that provides administrators, school counselors and teachers with resources to address college awareness, college application, FAFSA completion, college choice and summer transition from high school to postsecondary education. Through an online portal, schools will soon be able to collaborate and share best practices. Since its inception, Course to College has witnessed significant growth, from 32 schools in the 2013-14 academic year to more than 130 in 2017-18.

Iowa College Aid also supports community-based efforts through Local College Access Networks (LCANs). LCANs are locally driven collaborative efforts to identify and address systemic gaps, inequities and barriers that hinder individuals from attending college. To date, Iowa College Aid has awarded LCAN grants in 12 communities throughout the state, with the most recent round announced in July 2018.

Future Ready Iowa is a state initiative to increase Iowa’s skilled workforce supply and create career opportunities for Iowans. One of its components is the creation of a new last-dollar scholarship program that will allow Iowans to obtain an associate degree in high-need programs of study, tuition-free. Expected to be available for the 2019-20 academic year, this program could not only improve college access, but also decrease dependence on student loans. This scholarship builds on two existing grants available to community college students, the Iowa Vocational-Technical Tuition Grant (Voc-Tech) and the Iowa Skilled Workforce Shortage Tuition (Kibbie) Grant. Recent research on these two programs suggests that recipients were not only more likely to earn a credential, but completed their program of study in less time.³ Given the effects of these two grants and the targeting of a similar audience, it is easy to speculate that the new last-dollar scholarship could provide comparable impacts.

In general, Iowa is taking the necessary steps to create an educated citizenry. The short-term impact of these efforts has been recognized. The longer-term impacts will become more apparent over time as we continue to push strategies that improve college access, enrollment and completion.

1. BENEFITS OF A COLLEGE DEGREE (pages 2–5)

- 1 "Education Pays 2016: The Benefits of Higher Education for Individuals and Society," CollegeBoard
- 2 "Population Bulletin: The Effect of Educational Attainment on Adult Mortality in the United States," Hummer and Hernandez
- 3 "Current Cigarette Smoking Among Adults—United States, 2005–2015," Centers for Disease Control and Prevention
- 4 "Education at a Glance 2016: OECD Indicators," OECD Publishing
- 5 "Iowa: Education and Workforce Trends through 2025," Georgetown University Center on Education and the Workforce
- 6 U.S. Census Bureau American FactFinder (2016 data)
- 7 "2013 Iowa College Student Analysis: A Survey of Iowa's College Students," Iowa Workforce Development
- 8 "Education Outcomes: Certificate, Diploma, and Associate Degree Programs/Iowa Community Colleges Academic Year 2012 to Academic Year 2016," Iowa Department of Education
- 9 "The Post-Traditional Learners Manifesto Revisited," American Council on Education

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- 1 U.S. Census Bureau American FactFinder (2016 data)
- 2 "The Annual Condition of Education Report," Iowa Department of Education, 2017, 2001
- 3 U.S. Census Bureau, Summary File 1, 1970–2010
- 4 Pew Research Center Factank, March 19, 2018
- 5 U.S. Census American FactFinder

3. COLLEGE READINESS (pages 9–12)

- 1 Common Core of Data, National Center for Education Statistics
- 2 "The Condition of College & Career Readiness 2017—Iowa," ACT
- 3 "What Are the ACT College Readiness Benchmarks?" ACT
- 4 "Scores Down for 2016 U.S. Grad Class Due to Increased percentage of Students Tested," ACT
- 5 "2017 Iowa School Report Card," Iowa Department of Education
- 6 "The Annual Condition of Iowa's Community Colleges 2017," Iowa Department of Education
- 7 "The Annual Condition of Education Report," 2017, Iowa Department of Education
- 8 "2016–17 Iowa STEM Evaluation Report," Governor's STEM Advisory Council

4. COLLEGE SUCCESS (pages 13–17)

- 1 "Current Term Enrollment Estimates—Spring 2017," National Student Clearinghouse Research Center
- 2 "Student & Faculty Diversity Report," Iowa College Aid
- 3 Integrated Postsecondary Education Data System, National Center for Education Statistics
- 4 "Student & Faculty Diversity Report," Iowa College Aid
- 5 "Snapshot Report—First-Year Persistence and Retention," National Student Clearinghouse Research Center
- 6 "High School Benchmarks 2017," National Student Clearinghouse Research Center
- 7 NerdWallet; "American Community Survey," Earnings in the Past 12 Months, 2016 data; Integrated Postsecondary Education Data System

- 8 "Two-Year Student Loan Default Rates by Degree Completion Status over Time," CollegeBoard
- 9 "2016–17 Iowa STEM Evaluation Report," Governor's STEM Advisory Council

5. COLLEGE PRICE (pages 18–19)

- 1 "Postsecondary Education Aspirations and Barriers," Lumina Foundation
- 2 "Is Opportunity Knocking? Low-Income Students' Perceptions of College and Financial Aid," M.L. De La Rosa, American Behavioral Scientist, 2006; "Increasing African Americans' Participation in Higher Education: African American High-School Students' Perspectives," K. Freeman, Journal of Higher Education, 1997; "High Costs, Uncertain Benefits," A.P. Kelly, Center on Higher Education Reform, American Enterprise Institute, 2015
- 3 "Resource Barriers to Postsecondary Educational Attainment," The National Bureau of Economic Research
- 4 "Relationships Between College Savings and Enrollment, Graduation and Student Loan Debt," 2013, and "The Role of Savings and Wealth in Reducing 'Wilt' between Expectation and College Attendance," 2010, Center for Social Development, Washington University
- 5 U.S. Census American FactFinder
- 6 Iowa College Student Aid Commission Annual Student Budget Survey, U.S. Census Bureau

6. FINANCIAL AID (pages 20–24)

- 1 Integrated Postsecondary Education Data System, National Center for Education Statistics
- 2 "Free Applications for Federal Student Aid (FAFSA) filed by Iowa Residents, September 2017," Iowa College Aid
- 3 Iowa College Aid FAFSA data
- 4 "Federal Student Grant Programs," Federal Student Aid

- 5 "Federal Pell Grant Payment and Disbursement Schedules," Federal Student Aid
- 6 "Distribution of Federal Pell Grant Program Funds by Institution," U.S. Department of Education
- 7 "How Students Missed Out on \$2.7 Billion in Free FAFSA College Aid," NerdWallet
- 8 "Historical Appropriations Summary," Iowa College Aid
- 9 "State-Administered College Financial Aid Programs," Iowa College Aid
- 10 "Summary of Payments by Institution," Iowa College Aid
- 11 "Student Financial Aid at Iowa Colleges and Universities Academic Year 2016–17," Iowa College Aid
- 12 "10th Annual College Savings Indicator," Fidelity Investment

7. STUDENT LOAN DEBT (pages 25–26)

- 1 "Student Debt and the Class of 2016," The Institute for College Access & Success
- 2 "New data documents a disturbing cycle of defaults for struggling student loan borrowers," Consumer Financial Protection Bureau
- 3 "Cohort Default Rates by School, Lender, State and Institution Type," U.S. Department of Education
- 4 "Repayment of Student Loans as of 2015 Among 1995–96 and 2003–04 First-Time Beginning Students," Institute of Education Sciences, National Center for Education Statistics
- 5 "Federal Student Aid Portfolio Summary," U.S. Department of Education
- 6 "New Federal Data Show a Student Loan Crisis for African American Borrowers," Center for American Progress
- 7 "Student Loan Debt Explodes Across Age Ranges," FICO Blog

- 8 "Deeper in Debt: Women and Student Loans," American Association of University Women

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- 1 "Improving College Access at Low-Income High Schools? The Impact of GEAR UP Iowa on Postsecondary Enrollment and Persistence," N. Bowman, K. Sanga, L. Ingleby, D. Ford, C. Sibaouih, 2018
- 2 "Promoting Educational Success: Which GEAR UP Services Lead to Postsecondary Enrollment and Persistence?" K. Sanga, N. Bowman, L. Ingleby, D. Ford, C. Sibaouih, 2018
- 3 "Effect of State Grants on Community College Student Postsecondary Outcomes," L. Ingleby, 2017



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