

MHEC in Iowa



MIDWESTERN HIGHER EDUCATION COMPACT

Cost Savings ♦ Student Access ♦ Policy Research



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**Annual Conference of
Iowa Association of Community College Trustees
August 3, 2007**

**Larry Isaak, President
Midwestern Higher Education Compact**



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Today's Presentation

- Overview of MHEC and its services to Iowa
- Big picture context impacting higher education
- Iowa trends
- Policy Implications



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MHEC's MISSION

Advancing Midwestern higher education through interstate cooperation and resource sharing

CORE FUNCTIONS:

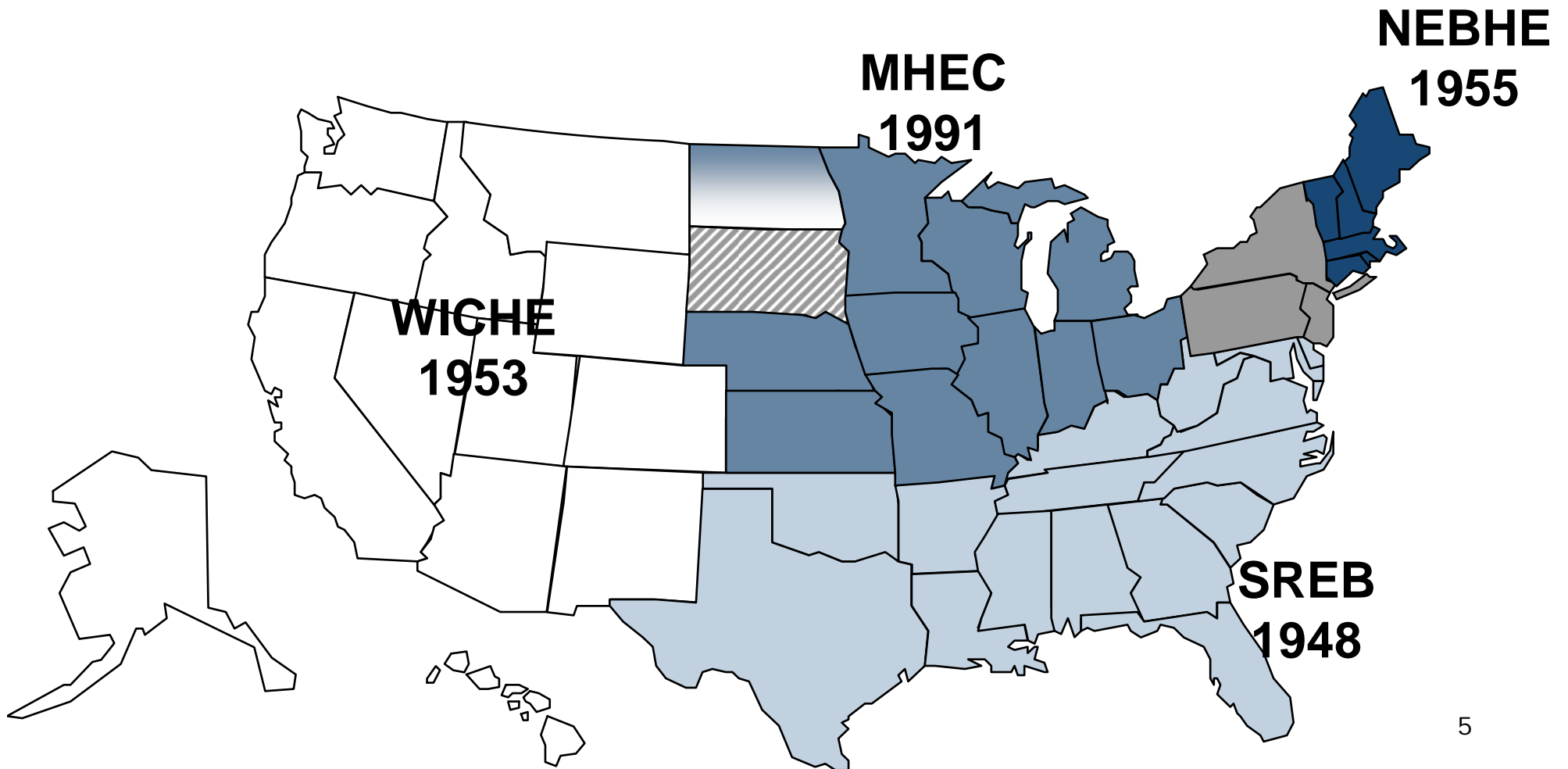
- **Cost Savings**
- **Student Access**
- **Policy Research**



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INTERSTATE COMPACTS





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THE COMMISSION

- Governs the Compact
- Five Commissioners from each member state
- Acts as an instrumentality of state government in each of the eleven member states
- Serves all sectors of public and private higher education and state government



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MHEC OFFICERS



Chair

William Napier
Cleveland State University (OH)



President

Larry Isaak



Vice Chair

Senator Charlie Shields (MO)



Immediate Past Chair

Senator Teresa Lubbers (IN)



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Bill Goetz
Office of the Governor (ND)



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Commissioners serving your state in 2007

Robert Downer, Iowa Board of regents

Syeta Glanton, Governor's Designee, Higher Education Policy Advisor

Connie Hornbeck, Iowa Association of Community College Trustees

Roger Wendt, State Representative

Frank Wood, State Senator

Alternates:

Keith R. Greiner, Iowa College Student Aid Commission

John V. Hartung, Iowa Association of Independent Colleges & Universities

Emily Hajek, Policy Advisor, Governor's Office

Dave Mulder, State Senator

Jodi Tymeson, State Representative



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COST SAVINGS

Computing Hardware Programs

NOVELL/MHEC Higher Education Collaborative

MHEC/Office Depot Program

MHEC ATAlliance Programs and Services

Insurance Programs

Other Initiatives



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	05-06 Savings	Cumulative
Cost Savings Programs		
Hardware Program	\$96,119	\$96,119
Software Program	\$27,139	\$27,139
Property Insurance Program	N/A	N/A
Office Products Program	\$91,814	\$91,814
Telecom & Technology	\$33,533	\$33,533
Other Initiatives	N/A	N/A
Sub-Total	\$248,605	\$248,605
Student Access		
Midwest Student Exchange Program	N/A	N/A
Total Savings	\$248,605	\$248,605
Member State Obligations	\$90,000	\$90,000
Net Savings	\$158,605	\$158,605



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STUDENT ACCESS

Midwest Student Exchange Program
Student Access Advisory Committee



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MIDWEST STUDENT EXCHANGE PROGRAM

- ❑ Provides reduced tuition for students from KS, MI, MN, MO, NE, ND & WI (Illinois joins in 2007)
- ❑ State approval required for institutions to participate
- ❑ Institutions' participation voluntary
- ❑ 140 campuses open their doors to MSEP students
- ❑ Since 1994, 17,000+ students have participated and those students & families have saved \$70.4M



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MSEP 2005-06 School Year Campus Participation

State	Total MSEP Enrollment for all Institutions
Kansas	270
Michigan	24
Minnesota	437
Missouri	1,051
Nebraska	140
North Dakota	167
Total	2,089



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e-TRANSCRIPT INITIATIVE

- The MHEC ETI is a comprehensive intraregional electronic transcript initiative available to all secondary and postsecondary schools, both public and private. **Docufide** was selected as the providing vendor through a full RFP process.

– Core Services

- HS transcripts from member high schools to member colleges
- HS transcripts between member high schools
- college transcripts between member colleges



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POLICY RESOURCES



The Midwest PERL ***<http://perl.mhec.org>***

(Postsecondary Education Resource Library)

- Two user-friendly and complementary online databases
- State-level data searchable by state
- Policy resources database searchable by issue, sector & institutional type



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- **Increasing Educational Attainment,
Quality and Productivity
Are Imperative Issues for
The United States**



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- **U.S. rank of percent of adults with postsecondary degrees:**

(30 countries in Organization for Economic and Cooperative Development, OECD)

Age 55-64	1 st
Age 45-54	2 nd
Age 35-44	3 rd
Age 25-34	8 th *

*Countries ahead of U.S. are Canada, Japan, South Korea, Sweden, Finland, Norway, Belgium. Tied or very close to U.S. are Spain, France, Ireland, Australia, Denmark and United Kingdom.



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NEEDED: More Degrees

- 7.3 million additional degrees are needed for U.S. to again have the highest rate of college degree attainment in the world.
- 16.2 million degrees required beyond expected production between 2005-2025 to meet domestic workforce needs. This is a 38% increase in production.



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Competition for workers in U.S. will intensify:

- 3 million more jobs than workers by 2012
- In ten years 40% of factory floor jobs need a bachelors degree
- 75 million retiring baby boomers...one-fourth of current population



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**Educated human capital is
the world's current and future “gold”**



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Major Policy Discussion

Dialogue needs to be:

- about every citizen having access to and ability to succeed in postsecondary education. (“Production” will be the issue for the next decade as “accountability” was to the past decade.)

and

- about using higher education assets more effectively to address these needs.

and

- about focusing on public policy and not on fixing broken campuses.



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■ **Two major reports recently issued:**

- National Conference of State Legislatures, Blue Ribbon Commission on Higher Education: *“Transforming Higher Education, National Imperative-State Responsibility”*, October 2006
- National Governors Association: *“Innovation America, A Compact for Postsecondary Education”*, July 2007



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■ **NCSL Report Recommendations**

- Define clear state goals
- Know your demographic trends up to 30 years out
- Identify a place or structure to sustain public agenda
- Hold institutions accountable for performance
- Rethink funding
- Rethink student aid
- Reduce borrowing and debt
- Recommit to access and success



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- NCSL Recommendations (cont.)
 - Embrace innovation
 - Encourage partnerships
 - Transform the 12th grade
 - Don't neglect adult learners
 - Focus on productivity



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■ **NGA Report Recommendations for An Innovative Postsecondary System**

- Linked to the needs of the state
- Integrated into long-term economic development and growth strategy
- Globally focused
- Innovative and entrepreneurial
- Quality oriented
- Collaborative, transparent, and open
- Adaptable, flexible and market driven
- Accessible
- Accountable



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NGA Report Recommendations (cont.)

- Clearly articulate and coordinate missions among colleges and universities
- Work with stakeholder groups
- Conduct audit of state needs
- Articulate goals and priority mission of postsecondary education
- Specify responsibilities of the state
- Create a system of mutual accountability

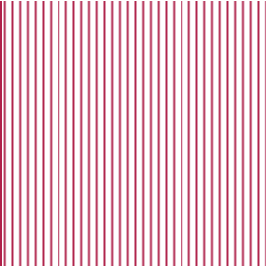


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NGA Report Recommendations (cont.)

- High School graduates must have critical skills and capabilities
- The postsecondary system must produce well qualified K-12 teacher corps highly skilled in science, technology, engineering and math
- Strategically invest in R&D in postsecondary education institutions
- Create budget alignment and stability
- Reduce bureaucratic and regulatory burden



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Iowa Data and Trends



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Leading Demographic Indicators: Iowa Compared to other MHEC states and the National Average

	Projected change in total population 2005-2030 ¹	Projected change in under-18 age group 2005-2030 ¹	Projected change in 18-64 age group 2005-2030 ¹	Projected change in over 64 age group 2005-2030 ¹	Population 25 years and over with less than a high school diploma or equivalent (2005) ²	Population 25 years and over with a bachelor's degree or higher (2005) ²	Residents enrolling in college for the first time who do so in other states (2004) ³	Net migration of all first-time degree-seeking under-graduate students (2004) ³
IA	-0.6%	-8.0%	-10.4%	52.2%	10.4%	23.8%	11%	18.2%
US	23.0%	16.4%	11.5%	94.7%	15.8%	27.2%	17%	3.5%
IL	5.8%	1.0%	-2.4%	58.6 %	14.3%	29.2%	20%	-9.2%
IN	9.0%	6.6%	-0.3%	60.8%	14.7%	21.3%	12%	10.6%
KS	6.9%	1.0%	-3.1%	65.6%	11.3%	28.2%	14%	7.1%
MI	4.8%	-4.8%	-3.5%	67.0%	13.0%	24.7%	10%	-0.4%
MN	21.9%	17.9%	9.9%	93.4%	9.1%	30.7%	20%	-3.0%
MO	11.5%	5.6%	1.5%	69.1%	15.0%	24.0%	16%	4.0%
ND	-4.5%	-14.1%	-17.0%	62.7%	11.8%	25.5%	29%	18.4%
NE	4.3%	2.5%	-7.3%	61.1%	10.5%	27.3%	17%	0.5%
OH	0.6%	-6.3%	-8.2%	54.9%	13.7%	23.3%	14%	-1.0%
WI	10.7%	2.3%	-0.7%	82.0%	11.2%	25.0%	17%	-1.9%

¹National Center for Higher Education Management Systems. Data from the U.S. Census Bureau

²U.S. Census Bureau, 2005 American Community Survey

³U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS), Spring 2005



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Leading Financial Indicators: Iowa Compared to other MHEC states and the National Average

	Average income of poorest 20% of the population (2003-05) ¹	Effective Tax Rate, 2003 ²	Effective Tax Rate, 1993 ²	Tax revenue per capita (2003) ²	Tax revenue per capita for each 1% of effective taxation ³	% increase in tax revenue, 1993 to 2003 (adjusted for inflation) ²	Children in poverty (2005) ⁴
IA	\$13,500	7.4%	9.7%	\$2,891	\$391	0.5%	14%
U.S.	\$12,168	7.8%	9.0%	\$3,235	\$415	8.0%	19%
IL	\$12,500	7.7%	8.4%	\$3,200	\$416	10.0%	16%
IN	\$13,374	7.8%	8.2%	\$2,970	\$381	18.6%	17%
KS	\$12,848	7.8%	8.7%	\$3,079	\$395	12.9%	15%
MI	\$12,156	8.3%	9.6%	\$3,098	\$373	2.1%	19%
MN	\$16,728	8.5%	10.2%	\$3,672	\$432	9.7%	12%
MO	\$12,799	7.1%	7.4%	\$2,705	\$381	20.0%	19%
ND	\$12,111	7.7%	8.9%	\$2,881	\$374	17.4%	13%
NE	\$13,409	8.1%	8.6%	\$3,312	\$409	21.9%	15%
OH	\$12,319	8.6%	8.4%	\$3,268	\$380	23.7%	19%
WI	\$14,000	8.8%	10.5%	\$3,424	\$389	6.2%	14%

¹National Center for Public Policy and Higher Education, Data from US Census Bureau.

²State Higher Education Executive Officers, *State Higher Education Finance, FY 2004*. Tax revenue per capita includes revenue generated through taxation by both state and local governments. The Effective Tax Rate is equal to a state's actual tax revenue divided by its total taxable resources.

³Annie E. Casey Foundation, *Kids Count*, <http://www.aecf.org/kidscount/>.



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Postsecondary Preparation: Iowa Compared to other MHEC states and “Top Performing” States in the Nation¹

	18-24 year-olds with a high school credential (2002-2004)	9 th to 12 th graders taking at least one upper-level math course (2003-04)	9 th to 12 th graders taking at least one upper-level science course (2003-04)	7 th to 12 th graders in math courses taught by teachers with a major in their field (1999-2000)	7 th to 12 th graders in science courses taught by teachers with a major in their field (1999-2000)	7 th to 12 th graders in academic core courses ³ taught by teachers with a major in their field (1999-2000)
IA	90%	57%	43%	70%	90%	80%
Top performing states ²	94%	64%	40%	84%	88%	81%
U.S.	87%	53%	31%	65%	73%	70%
IL	87%	n/a	n/a	63%	87%	70%
IN	89%	47%	30%	71%	82%	79%
KS	88%	n/a	n/a	56%	77%	70%
MI	90%	35%	23%	63%	78%	66%
MN	92%	46%	29%	88%	88%	92%
MO	88%	54%	35%	51%	70%	66%
ND	95%	53%	34%	76%	81%	73%
NE	90%	61%	37%	84%	82%	80%
OH	86%	60%	28%	75%	65%	61%
WI	91%	61%	38%	69%	86%	81%

¹All data in the table are from the National Center for Public Policy and Higher Education, *Measuring Up 2004*. Data are from the U.S. Census Bureau, the Council of Chief State School Officers, and the U.S. Department of Education’s National Center for Education Statistics.

²For this and all subsequent tables, the benchmark for “top performing states” is the median performance level of the top five states on a given indicator (i.e., the third highest scoring state).

³Core courses include: English, Math, Social Studies, and Science.



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Postsecondary Participation, Persistence, and Completion: Iowa Compared to other MHEC states and “Top Performing” States in the Nation¹

	Chance for college by age 19 (2002) ²	18-24 year-olds enrolled in college (2002-04)	25-49 year-olds enrolled part-time in any type of postsecondary education (2003)	First to second year persistence of full-time students at two-year institutions (Fall 2004)	First to second year persistence of full-time students at four-year institutions (Fall 2004)	First-time, full-time students earning a bachelors within 6 years of enrollment (2003-04)	Certificates, degrees, and diplomas awarded at all institutions per 100 undergraduates (2003-04)
IA	51%	35%	3.5%	48%	75%	64%	19
Top performing states	52%	41%	5.1%	62%	82%	64%	20
U.S.	38%	35%	3.9%	53%	77%	55%	17
IL	42%	35%	4.9%	51%	76%	58%	17
IN	42%	29%	3.2%	54%	76%	55%	18
KS	50%	38%	4.0%	50%	74%	53%	18
MI	38%	42%	4.4%	57%	74%	55%	15
MN	53%	38%	3.7%	50%	78%	57%	20
MO	39%	33%	4.0%	51%	73%	56%	18
ND	62%	41%	2.9%	48%	71%	48%	18
NE	48%	37%	4.0%	55%	75%	55%	17
OH	41%	35%	3.2%	51%	73%	54%	17
WI	46%	35%	3.8%	57%	79%	57%	20

¹Information in this table is from the National Center for Public Policy in Higher Education, *Measuring Up 2006*, with data from Thomas Mortenson and *Postsecondary Education OPPORTUNITY*, the U.S. Census Bureau, the National Center for Higher Education Management Systems, and the National Center for Education Statistics.

²“Chance for college” is defined as the relative probability that a student entering ninth grade will finish high school in four years and proceed directly to college.



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Benefits of Higher Education: Iowa Compared to other MHEC States and the National Average

	Population 25-64 years old with a bachelors degree or higher (2002-2004 average) ¹	Difference in unemployment rates for individuals with a bachelors degree vs. a high school credential (2004) ²	Net gain/loss of associates degree holders for every 100 degrees produced in the state (2001-03 average) ³	Difference in median earnings, workers age 25-65 with some college vs. a high school credential (2002-04 average) ¹	Net gain/loss of bachelors degree holders for every 100 degrees produced in the state (2001-03 average) ³	Difference in median earnings, workers age 25-65 with a bachelors degree vs. a high school credential (2002-04 average) ¹	Increased likelihood of volunteerism for individuals with some college or higher vs. a high school credential (2003-05 average) ¹
IA	27%	-3.1%	-5	\$2,000	-19	\$14,000	62%
U.S.	30% ⁴	-2.8%	NA	\$5,000	NA	\$21,000	85%
IL	32%	-2.5%	-4	\$6,000	+7	\$21,800	82%
IN	23%	-2.8%	+9	\$3,000	-12	\$21,000	89%
KS	31%	-4.1%	-1	\$3,500	-5	\$17,000	71%
MI	27%	-7.2%	+3	\$6,000	+1	\$23,000	80%
MN	33%	-2.6%	+10	\$2,200	+15	\$19,000	64%
MO	31%	-3.6%	+14	\$7,000	+2	\$18,000	82%
ND	28%	-2.2%	-11	\$3,000	-34	\$13,000	50%
NE	29%	-3.1%	-2	\$4,000	-6	\$15,000	60%
OH	26%	-2.4%	+2	\$7,000	-5	\$22,000	84%
WI	28%	-5.1%	+2	\$2,000	-7	\$17,000	75%

¹National Center for Public Policy in Higher Education (Data from the U.S. Census Bureau and the U.S. Bureau of Labor Statistics).

²Institute for Higher Education Policy, *The Investment Payoff* (Data from the Current Population Survey, 2004).

³National Center for Higher Education Management Systems (Data from the U.S. Census Bureau).



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Affordability of Higher Education: Iowa Compared to Other MHEC States and the National Average

	% of average annual family income needed to pay for <i>public 2-year</i> college expenses after financial aid, 2005-06 ¹	% of average annual family income needed to pay for <i>public 4-year</i> college expenses after financial aid, 2005-06 ¹	% of average annual family income needed to pay for <i>private 4-year</i> college expenses after financial aid, 2005-06 ¹	Family share of public higher education operating revenues (2005) ²	Family share of public higher education operating revenues (1995) ²	% of average income needed for the poorest 20% of families to pay listed tuition in the states' lowest-priced colleges, 2005-06 ¹	Average annual per student borrowing of federal undergraduate education loans, 2004-05 ^{1,3}
IA	26%	30%	59%	49%	34%	23%	\$3,112
U.S.	24%	31%	72%	37%	31%	16%	\$3,619
IL	24%	35%	69%	28%	20%	17%	\$3,770
IN	24%	30%	66%	50%	41%	19%	\$3,549
KS	20%	26%	47%	38%	30%	15%	\$3,377
MI	24%	36%	48%	52%	44%	17%	\$3,120
MN	22%	26%	54%	45%	30%	24%	\$3,234
MO	23%	31%	54%	40%	38%	18%	\$3,407
ND	24%	28%	34%	44%	36%	25%	\$3,110
NE	21%	27%	50%	36%	27%	14%	\$3,447
OH	30%	42%	67%	50%	44%	25%	\$3,552
WI	21%	26%	61%	37%	28%	21%	\$3,277

¹National Center for Public Policy and Higher Education, *Measuring Up 2006*. Data from National Center for Higher Education Management Systems, National Center for Education Statistics, and the U.S. Census Bureau.

²State Higher Education Executive Officers, *State Higher Education Finance, FY 2005*.

³Figures include both student and parent subsidized and unsubsidized loans, but do not include loans originating from state sources or private loans (including credit card debt). The figure is therefore not an accurate measure of total student borrowing, which is higher than the figures listed. According to College Board, students at all levels in 2005-06 borrowed a total of \$16 billion in private bank loans, compared to \$69 billion in federal loans.



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Higher Education Funding: Iowa Compared to Other MHEC States and the National Average

	Total State Grant Expenditures (Need and Merit Based) as a Percentage of Higher Education Operating Expenses (2004-05) ³	Percentage of Total Grant Aid Awarded Solely on the Basis of Need (2004-05) ³	State and Local Appropriations for Public Higher Education Operating Expenses per FTE ¹		State and Local Appropriations for Public Higher Education Operating Expenses per capita ¹		State and Local Appropriations for Higher Education as a Percentage of Tax Revenue and Lottery Proceeds (2003) ²		State Need-Based Grant Aid Awarded by Sector, 2004-05 (in millions) ³	
			2005	1995-2005 change	2005	1995-2005 change	2003	1993	Public In-State	Private, Not-for-Profit In-State
IA	6.9%	99.2%	5069	-31.1	264	-13.7	9.7	10.4	3.4	40.96
U.S.	11.0%	73.5%	5833	-8.9	243	1.7	7.6	7.6	2,987.1	1481.9
IL	13.8%	92.0%	6747	1.7	260	5.3	8.0	7.7	174.1	147.50
IN	19.5%	95.9%	4845	-12.1	226	7.1	7.7	8.3	198.4	62.16
KS	2.2%	94.3%	5877	-1.3	319	-3.3	10.1	11.5	n/a ⁴	n/a ⁴
MI	10.3%	46.7%	5297	-18.0	240	-4.8	8.3	8.2	30.0	66.1
MN	10.3%	99.9%	5362	-18.8	248	-14.8	7.1	8.6	73.0	37.6
MO	6.6%	42.5%	5916	-4.0	185	0.5	6.9	7.4	8.4	15.9
ND	0.9%	77.9%	4413	-17.2	317	0.3	11.8	14.3	1.1	0.3
NE	1.6%	100%	5755	-1.6	340	-2.0	11.0	12.3	4.8	2.2
OH	11.4%	66.8%	4365	-14.0	194	0.5	5.9	6.5	91.0	38.6
WI	7.5%	96.1%	5840	-23.1	265	-13.4	8.1	9.1	54.0	24.26

¹State Higher Education Executive Officers, *State Higher Education Finance, FY 2005*. Data is adjusted for regional cost of living, the relative mix of enrollments by institutional type, and 2005 dollars.

²State Higher Education Executive Officers, *State Higher Education Finance, FY 2004*. Adjusted to 2003 dollars.

³National Association of State Student Grant and Aid Programs.

⁴Data by sector not available. Total need-based student aid awarded in Kansas in 2004-05 was \$15.1 million.



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SIGNIFICANT IOWA FACTS

- Slight decline in overall population projected between 2005 to 2030, with 18-64 year olds (prime workforce) down by 10%.
- Strong in high school credentialing (near 90%) but less so in percentage of adults with a bachelor's degree (3.4 points below national average).
- Net gain of enrolled first-year college students (18%), but net loss of degree earners (119 lost for every 100 degrees produced).
- Went from having 3rd highest effective tax rate in the region in 1993 to 2nd lowest in 2003 (after Missouri).
- Tax revenue generated per capita now below national average (\$2,891 vs. \$3,235).
- Net inflation-adjusted tax revenues nearly flat between 1993 and 2003, compared to average regional increase of 13% (20% in Missouri; 22% in Nebraska).
- Above national averages in high school students taking advanced math and science (2nd highest in nation in science).
- High school teachers in “core academic subjects” among the most highly qualified nationally (by having college major in teaching subject).



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SIGNIFICANT IOWA FACTS

- “Chance for college” figure amongst the highest nationally (51%).
- However, 18-24 year olds enrolled in college at national average (35%); KS, MN, NE, ND all higher.
- Student retention from first to second year at community colleges 45th nationally (48%); retention at four-year universities near national average.
- However, six-year bachelor’s degree completion rate ranks 5th nationally (64%).
- Overall public college affordability near national average, however community college affordability now ranks 10th of 11 MHEC states.
- Iowa students borrow less in federal education loans than students in any other MHEC state except North Dakota.
- Iowa is a “moderate tuition, moderate aid” state (\$56.6 million in student aid in 2004-05).
- State appropriations for higher education per FTE down 31% between 1995 and 2005.
- Family share of public higher education operating revenues increased from 34% in 1995 to 49% in 2005; national average now 37%.



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POLICY IMPLICATIONS

- **The major issue for Iowa's continued economic success is to increase the proportion of its population with college degrees.**
 - Enrolling a greater percentage of high school graduates in college.
 - Attending to student retention, particularly in community colleges.
 - Addressing the significant decline in higher education funding and subsequent affordability.
 - Increasing college participation of Iowa's working-age adults.
 - Providing incentives for young people to remain in (or return to) Iowa after graduation.



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■ **Possible Strategies**

- Align high school graduation requirements and college entrance standards.
- P-16 coordination necessary.
- Incentives for students to take “targeted” subjects (i.e. science, math).
- Inform students early.
- Student cost is important.
- Use technology wherever possible to streamline delivery.
- Increase college participation by Iowa’s working-age adults.
- Reward collaboration that increases productivity/opportunity within an institution and between institutions.
- Encourage greater use of faculty who have had career experiences since there will be a significant pool of talented retirees.



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■ **Possible Strategies (continued)**

- Incentives for students to complete.
- Portion of student financial aid based on completion.
- Portion of campus and department funding based on completion.
- Smooth transfer between institutions.
- Focus curriculums and research for specific industries that you want to grow.
- Maintain strong liberal education standards.
- Develop leadership coalitions of the private sector, education and government to provide visions and strategies for educating the workforce.
- Consistently review offerings.



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■ **QUESTIONS?**