

January 23, 2026

TO: Members of the Central College Family

FROM: Mark L. Putnam, President

RE: Pending Legislation in the Iowa Legislature

I am receiving questions about the current State of Iowa legislative session underway at the capitol and the potential implications for various bills that have been introduced in the Iowa House Higher Education Committee. The chair of this committee is Rep. Taylor Collins (R- 95th District) who is from Mediapolis. As you may know, I am in my 10th year of service as the chair of the board of directors for the Iowa Association of Independent Colleges and Universities (IAICU). Our association has studied these bills carefully and in concert with my colleague presidents across the state we are representing our individual and collective interests through our association. My task in this message is to offer some insights regarding the pending legislation I believe to be of interest or concern to Central College. This memo is necessarily quite long given the complex implications of the legislation.

Before I get into the details, I want to note that the centerpiece of our shared legislative agenda is the Iowa Tuition Grant program (ITG). The students who qualify for this need-based financial aid program benefit immensely from this longstanding public-private partnership. While the ITG is not presently at risk, I am hearing increasing references to the ITG being viewed by some state legislators as a state appropriation to independent colleges, which it is not. The ITG is a state grant to individual Iowa students who demonstrate financial need and choose to attend a private college or university. That funding is not revenue to Central College. It is financial aid given directly to a student.

I now draw your attention to three specific bills under consideration by the House Higher Education Committee. The text for each of these bills is attached to the cover email of this memo for your review.

HSB 533

HSB 533 is a bill to authorize Iowa's community colleges to award baccalaureate degrees. The ill-conceived notion behind this legislation is that Iowa is suffering from "education deserts" in various areas of the state. The authors argue that there is demand for workers that will be addressed by expanding the degree granting authority of the 15 community colleges. It would be more accurate to argue there are "workforce deserts," which are unrelated to student enrollment. What I have learned through more than 40 years in my career is that ***the demand for workers does not create students.*** It is obvious from annual enrollment reports issued by the Iowa Department of Education that there is already excess capacity across the state in both public and private institutions at the baccalaureate level

(in-person and online) when the trends over time are examined. None of the reports from the community colleges present any data on actual student markets. Such markets are simply inferred from an asserted aggregate demand for workers. If this legislation advances, this will be a very costly mistake for the State of Iowa.

Here are a few important facts to consider. As reported by the Iowa Department of Education, the fall 2025 total enrollment at Iowa's community colleges was 88,530. A total of 42,896 community college students enrolled were actually high school students taking dual credit courses. Accordingly, 48.4% of the community college headcount was composed of high school students. There were also 7,155 students enrolled (8.0%) who were not residents of Iowa. Many of these would have been online students.

In the more specific case of our regional community college, DMACC, an enrollment headcount of 23,891 was reported in fall 2025, and 23,697 in fall 2024. Using available data for 2024-25 for comparison purposes, 5,497 students were totally online students (23.1%), and another 3,784 took some of their courses online (16.0%) (*source: www.collegetuitioncompare.com, 2024-25*). Taken together, 39.1% of DMACC students were studying online for at least some of their courses. Some of these online students would, of course, also have been high school students since 12,909 of DMACC's students were reported as dual enrolled in high school representing 54.0% of the overall enrollment headcount. To set some context, the average community college/high school dual enrollment across the United States is approximately 22% (2023-24) of all community college students according to the Community College Research Center at Teachers College, Columbia University.

With this profile in mind, the community colleges are offering an argument that the State of Iowa lacks sufficient opportunity for residents to obtain a baccalaureate degree. While this claim is referenced to adult learners rather than graduating high school seniors, it is not a justifiable claim when considering the vast array of online baccalaureate programs available to Iowa residents through our independent colleges, public universities, and many out-of-state online providers already approved to offer programs to Iowa residents. There is already an impressive oversupply.

In response to this, the community colleges claim the students they are seeking to serve need in-person, face-to-face instruction. This is a remarkable claim given the enrollment profile outlined above. The evidence is quite to the contrary. Buena Vista University and Upper Iowa University for decades offered regional face-to-face baccalaureate degree programs, including those on the campuses of our community colleges. Despite historic success, in more recent years adult learners have voted with their feet by opting for online programs instead. For adult learners, face-to-face learning requires a specified schedule in a specified location. While a few may still prefer this, most adult learners supporting the needs of career and family cannot be successful within the confines of a traditional in-person class schedule. I understand the physical facilities of our community colleges are underutilized given the large

high school, non-resident and online headcount they represent. However, seeking to address that with a move to the baccalaureate level is just adding to the existing structural inefficiencies.

There seems to be a perspective that "if we build it, they will come." Potential job seekers who would need education and training to access these careers must be willing to go to school, and devote the requisite time, energy and money to the endeavor. We may lament the condition we see before us, but there is a sizable population in our country who simply don't want to put forward the effort, despite incentives, to pursue this education/training path to a career. We do not lack workforce in high-demand careers because there is a lack of opportunity to enroll in appropriate educational and training activities and with impressive financial support. The existing program supply is ample. The sources of the problem are found elsewhere in the complex social, cultural and economic dynamics of American society.

The community colleges also offer the argument that 24 states already have this provision, emphasizing that Texas has made this move and Iowa should follow. The comparison here is unpersuasive. The population of Texas is more than 32 million, ten times the population of Iowa. As such the landscape for higher education is vastly different, especially given the land area of a state like Texas.

You have likely seen substantial local/regional news coverage of this legislative initiative. Leading the way is Emily Shields, the Executive Director of the Iowa Community College Association and formerly a senior staff member for Governor Chet Culver. A few days ago, Rep. Collins hosted Ms. Shields for a legislative hearing on this proposal. The meeting was covered by the *Iowa Capital Dispatch*, and the article can be found at the link below.

<https://iowacapitaldispatch.com/2026/01/14/iowa-lawmakers-community-colleges-cite-benefits-of-offering-bachelors-degrees/>

In addition to the initiative being ill-conceived, it is also expensive, especially when it is understood to be redundant. The article notes,

In order to handle start-up costs associated with incorporating bachelor's degrees into community college offerings, including expenses relating to faculty, facilities and more, Shields said the higher education system is requesting a grant fund totaling \$20 million over five years. According to other states, it costs around \$300,000 to start up a new program and there won't be tuition yet at that point to cover expenses.

I can tell you as an experienced educator that \$20 million over five years will not come close to moving our community college to the baccalaureate level. This figure is, of course, in addition to the \$12 million the community colleges are seeking as an increase to their current annual base appropriation of \$442.2 million. Two brief observations are warranted here. First, not only is this not enough money to undertake

this kind of task, it will also not be temporary. This will become structural funding on a permanent basis and will be absorbed within the base appropriation. These programs do not bring net revenue to institutions. When appropriations, fundraising and tuition are combined, the cost of educating students can be met most of the time. That said, new programs in an environment of existing oversupply, with declining population demographics, will not yield any net revenue. In fact, the cost of educating students overall will simply increase.

Second, the assertion being made is that this move will not be complicated with respect to accreditation. Nothing could be further from the truth. I am deeply familiar with the standards for accreditation under the Higher Learning Commission (HLC). Under these standards, a “substantive change” initiates a process equivalent to institutional reaccreditation. Among the causes for a substantive change review are (1) a desire to move to a new degree level and (2) a change in mission. Both are applicable here. This is a multi-year process involving site visits to each campus seeking approval. It is not, however, the approval of a set of programs or majors, it is a reaccreditation of the entire institution. The institution must demonstrate it can meet the broad standards for accreditation at the baccalaureate level, which necessarily involve higher expectations than at the associate's degree level.

The bottom line is that this would be a regrettable policy move for the State of Iowa. Already existing in the state is a network of independent colleges that stretch across the landscape, which offer articulated transfer opportunities for community college graduates, and extend access to funding through our fundraising, as well as state and federal student aid programs. Many online and in-person baccalaureate degree completion options are already available across the state. Authorizing this move will add capacity where it is not needed, add unnecessary appropriations to the State of Iowa where they are ill-advised, and will be unlikely to actually achieve the policy aims intended to increase the workforce. This move will simply spread a very limited number of able and interested students, across even more programs and at a higher level of state expenditure. It simply makes no sense as a policy decision.

The question I am getting within our Central College community is, “Are we concerned about this as direct competition for Central College?” I do not see this as a credible threat to us, though it is a concerning public policy move. We do not compete with community colleges on educational quality and if baccalaureate degree opportunities are added into their mix of program offerings, they will be entering into a competitive landscape for which they are not prepared. I also think it could undermine efforts we have taken as independent colleges to articulate transfer opportunities, which I think would be unfortunate. The likely focus will be on very specific “high demand careers.” Oddly, the report behind this initiative references the lack of baccalaureate opportunities in areas like installation, maintenance and repair. I was not aware the state was considering such areas of work to be consistent with baccalaureate education. Other suggestions have been made about dental hygienics. Among our colleague institutions, there is concern about a strong push for the Bachelor of Science in Nursing, which I would better understand as a competitive concern. That would also affect our public universities. Also

strange are references made to a teacher shortage despite the fact that the Iowa Department of Education is currently celebrating that 99% of teacher positions are filled across the state. Accordingly, there is considerable confusion about what this legislation is attempting to achieve and appears to me to be a good example of “Ready-Fire-Aim.”

That said, the long-term risk I see is a move to marginalize independent higher education in the State of Iowa. That general trend is extended in this legislation, and I would encourage expressions of concern about this bill to legislators.

HSB 544

The next bill of note is HSB 544, a bill to tax the endowments of certain private colleges and universities. You may be familiar with a move in recent years at the federal level to tax large endowments among the wealthiest colleges and universities in America. In that case, endowments above a certain threshold are subject to an excise tax on the annual net investment returns. This Iowa house bill goes well beyond that. If passed, the State of Iowa would tax the entire fair market value of endowments above \$250 million (including restricted dollars) at both public and private colleges and universities at an annual rate of 15%. To illustrate the effect, a “back-of-the-envelope” calculation would indicate that in 2027, Grinnell College would be required to write a check to the State of Iowa for \$400 million and that's just in year one. Central College would not at the present time be subject to this tax given an endowment just below \$90 million. According to my review, five private institutions are close enough to that threshold to be concerned. The incredible result here would be that endowments built over generations by individual donors, foundations and corporations would in effect be seized by the State of Iowa. It would only be a matter of years before these endowments would be reduced to meaningless amounts.

Those knowledgeable about endowments would immediately claim that this can't possibly be legal. IAICU sought a legal opinion on whether the State of Iowa could legally create such a tax. The reality is that there is nothing in Iowa code or federal law that would expressly forbid such an action. The power to tax is quite broad. If adopted, it would require litigation to overturn. This would presumably be based on other legal and regulatory frameworks or interpretations that would need to be applied in this novel circumstance.

My concern is that we are again facing a hostile move related to independent higher education. Even if the bill in this form is not adopted, several adjustments could be made to the legislation in an attempt to rehabilitate it. The state could lower the tax percentage to a more modest amount seeking to make it palatable. Alternatively, the state could move to an excise tax on net investment returns similar to the federal plan. In another form, an appetite to increase state, county or municipal revenue from colleges and universities could result in “Payments in Lieu of Taxes,” commonly referred to as PILOTS. It is also possible that the threshold for inclusion could be lowered to a level that taxes our Central College endowment. I urge all to advocate against this bill. The growing appetite to increase state revenue by taxing nonprofit, charitable organizations is alarming.

HSB 537

Many are familiar with a type of legislation that is commonly referred to as "a messaging bill." HSB 537, a bill to prohibit independent colleges and universities from having an office of Diversity, Equity and Inclusion (DEI), is a good example of this. A bill in this form was adopted last year but was amended in the Iowa Senate to exclude independent colleges and universities. That amendment was offered by our state senator, Ken Rozenboom. His objection was that the bill included a provision that noncompliance would eliminate institutional eligibility for participation in the Iowa Tuition Grant program. Sen. Rozenboom has long held a view that the ITG should not be used as a weapon against independent colleges. That said, the bill is quite popular among republicans in the state legislature.

I note this is a messaging bill because it actually has little, if any, effect. Some interested in this arena of public policy will remember that a year ago, the US Department of Education announced two executive orders signed by President Trump to prohibit a wide range of programs, services and activities related to DEI. The asserted basis for the orders was the US Supreme Court ruling on affirmative action. The executive orders, however, went well beyond the scope of that ruling and inferred a sweeping and ill-defined array of activities as illegal. Several educational organizations joined in a lawsuit and a Maryland Federal Court quickly imposed a nationwide injunction prohibiting enforcement of the orders noting that they were likely unconstitutionally vague and in violation of free speech rights. Though the Trump administration appealed and a year-long legal process ensued, the administration recently withdrew its appeal, and the orders were procedurally invalidated.

HSB 537 has many exclusions for a wide range of typical educational activities, such as curriculum, presentations, exhibitions, performances and the like. What it seeks to prohibit is the existence of a DEI office and the attending activities of mandatory training and formal policy structures or administrative practices that seek to promote or promulgate preferences on the basis race, color ethnicity, gender identity or sexual orientation. Central College does not engage in such activities in our policies or practices. As such, the bill has no effect on the college and there is nothing the college would need to do to comply. Our existing policies, programs, services, activities, and organizations fall well within the framework of the items listed as exempt.

That said, some within our wider Central family will seek to oppose this on ideological grounds just as others will support it. Together we stand on our common values as expressed in the College's Welcome Statement. Apart from that set of interests, others may oppose this bill as an infringement of our autonomy as an independent corporation operating within the law. Still others may object to the use of the ITG as a weapon of enforcement since that risks abuse of that program in compelling conformity under threat. I encourage members of our community to express their individual views as engaged citizens as this bill is considered.

Next Steps

The cover email for this memo includes attachments providing the text of each of these bills, the community college report that informed HSB 533, and a spreadsheet with the contact information for all members of the Iowa House of Representatives and the Iowa State Senate. I have engaged in meetings and correspond with our State Representative and Central College Trustee Emerita, Barb Kniff-McCulla, and our State Senator, Ken Rozenboom. They are both strong supporters of our independent colleges and friends to Central. They would appreciate hearing from you.

Those outside of the Pella area can also contact your local/regional state representatives and senators. You will find the information needed on the spreadsheet. You may also wish to contact the chair of the House Higher Education Committee, Rep. Taylor Collins, as well as Speaker of the House, Pat Grassley.

Feel free to forward the cover email and attachments to alumni, donors, students, parents and friends of Central College you think would be interested in engaging in this legislative process. I will provide updates to you as more information becomes available.

Thank you for your devotion to Central College and for embodying our commitment to be “Engaged Citizens.” If you have any questions, feel free to contact me.

MLP