

February 25, 2008

Honorable Max Baucus
Chairman

Honorable Charles Grassley
Ranking Member

Senate Finance Committee
219 Dirksen Senate Office Building
Washington, DC 20515

Dear Senator Baucus and Senator Grassley:

The University of Iowa welcomes the opportunity to respond to the questions outlined in your letter of January 25, 2008 regarding tuition costs and the University's endowment. We believe the University has an exemplary record of affordability and accessibility through wise tuition policies established by the Board of Regents and strong fundraising efforts through the University of Iowa Foundation.

The University of Iowa has had the lowest undergraduate tuition rates in the Big Ten for many years. And, of the tuition revenue generated, the University devotes a significant portion to student scholarships and grants – nearly 19% of total tuition revenue this academic year is earmarked for student financial aid.

The University of Iowa (UI) is also fortunate that our alumni and friends have allowed us to build an endowment approaching \$1 billion. I will be working with the UI Foundation to ensure our efforts to raise private funds continue to put great emphasis on student scholarships and fellowships. Of particular interest to your committee, the distribution rate policies for the UI and UI Foundation endowments have been 5 percent for many years, with these distributions dedicated directly to donor-designated University support.

The combination of student aid from gifts and tuition revenue set aside has significant, positive effects: 1) nearly 40 percent of UI students graduate without any debt; 2) our average student debt is below the state average; and 3) our students have a loan default rate of less than 2 percent.

We would be happy to respond to any follow-up questions you or your staff might have. Our direct contact is Derek Willard, my special assistant for federal relations. He can be reached at 319/335-3714. Thank you.

Sincerely,

Sally Mason
President