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# Factors Influencing College Affordability in Kentucky

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Kentucky Council on Postsecondary Education  
October 17, 2017

# Overview

- What are some of the major challenges to maintaining college affordability in Kentucky?
- How are policymakers and the postsecondary education community addressing these issues?
- How are we doing? What is the current status of college affordability in Kentucky?



# Challenges to College Affordability

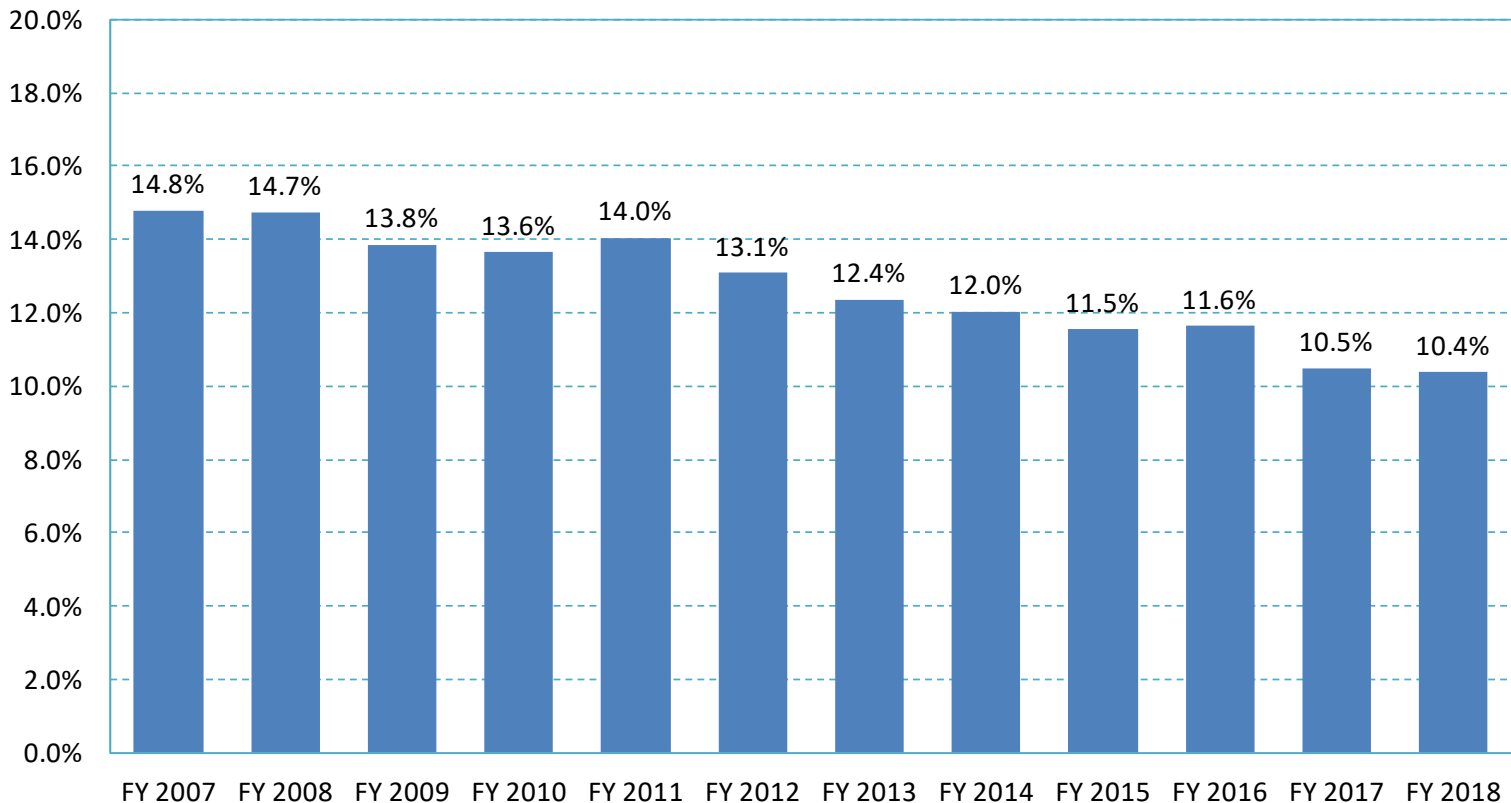
# Major Challenges

- Over time postsecondary education has become less of a priority in state budgets
- Public colleges and universities have sustained a decade of funding cuts, with no reinvestment in sight
- There has been a shifting of responsibility for M&O and other costs from the state to institutions
- Mandated rate increases have more than doubled KERS employer paid retirement contributions
- The gap between eligible applicant need and funding for state need-based aid programs has widened



# Declining Share of State Budgets

Commonwealth of Kentucky  
Postsecondary Education's Share of State General Fund Budgets  
Fiscal Years 2006-07 through 2017-18

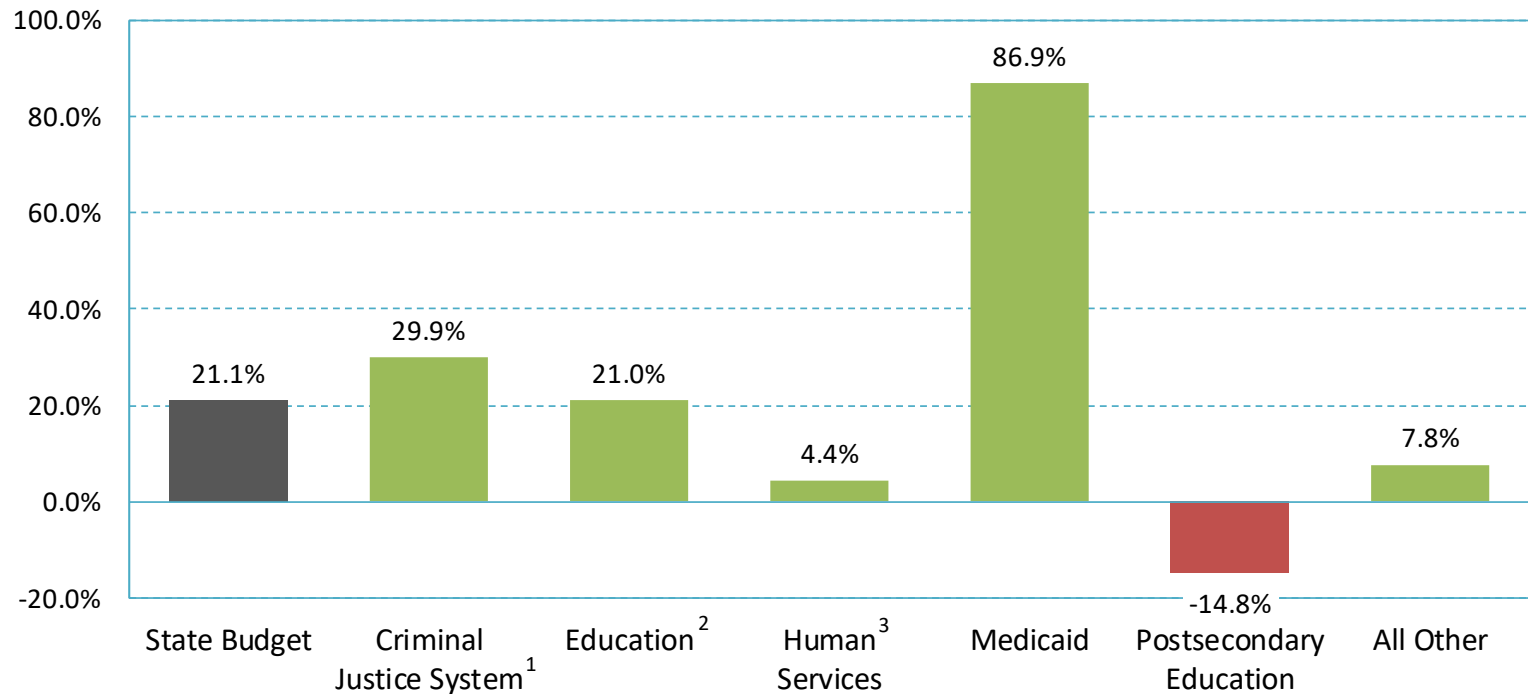


Note: Postsecondary education includes regular appropriations for KHEAA, CPE, and public postsecondary institutions.

Source: Kentucky Budgets of the Commonwealth, various years.

# Focus on Other Priorities

Commonwealth of Kentucky  
Change in State General Fund Appropriations  
Between Fiscal Years 2007-08 and 2017-18



<sup>1</sup> Criminal Justice includes the Unified Prosecutorial System, Justice and Public Safety Cabinet, and the Judicial Branch.

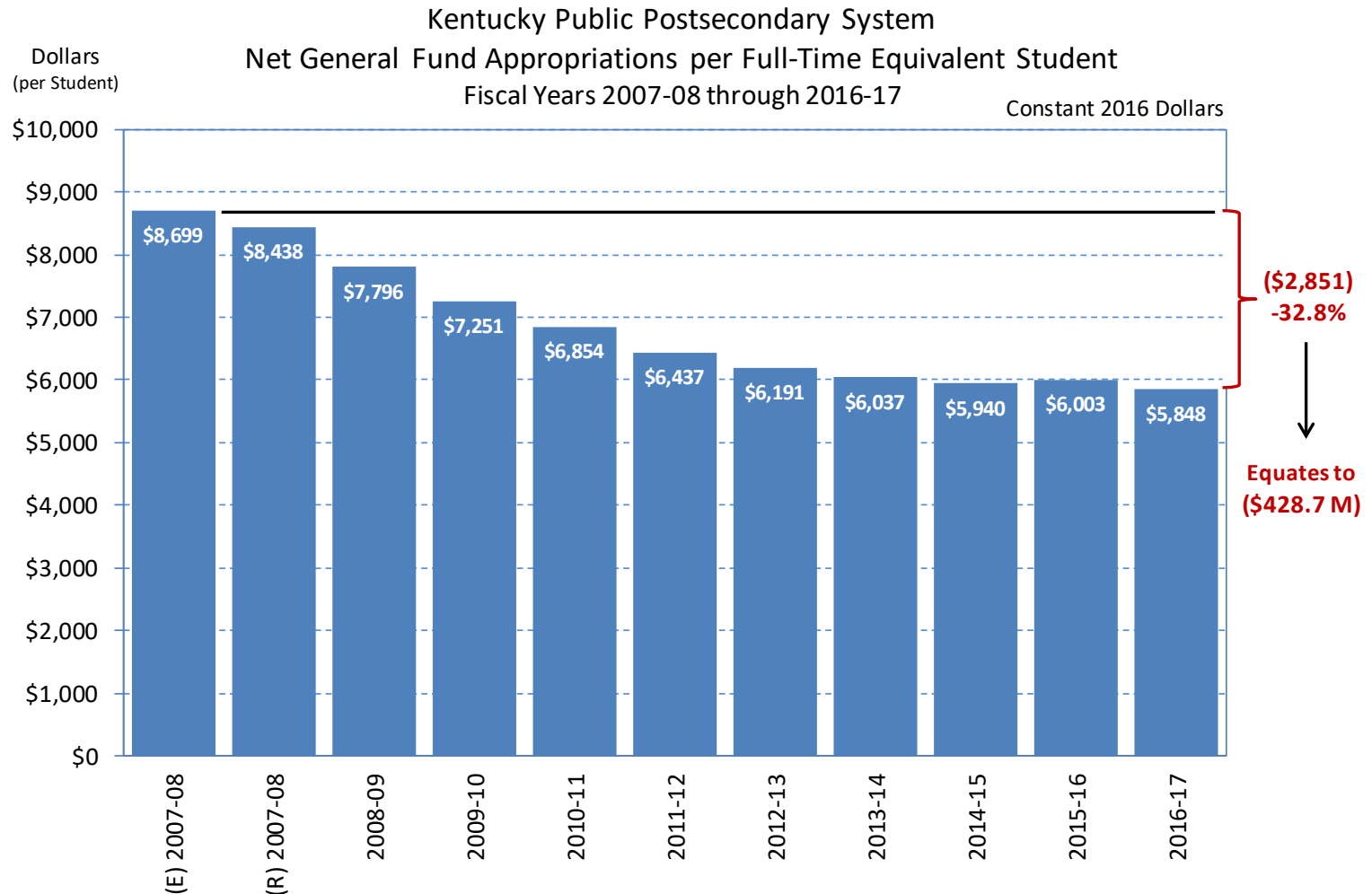
<sup>2</sup> Education includes the Department of Education, Teachers' Retirement System, School Facilities Construction Commission, and Education Professional Standards board.

<sup>3</sup> Human Services includes the Health and Family Services Cabinet (net of Medicaid).

Source: Kentucky Budgets of the Commonwealth, various years.



# Decade of Funding Cuts

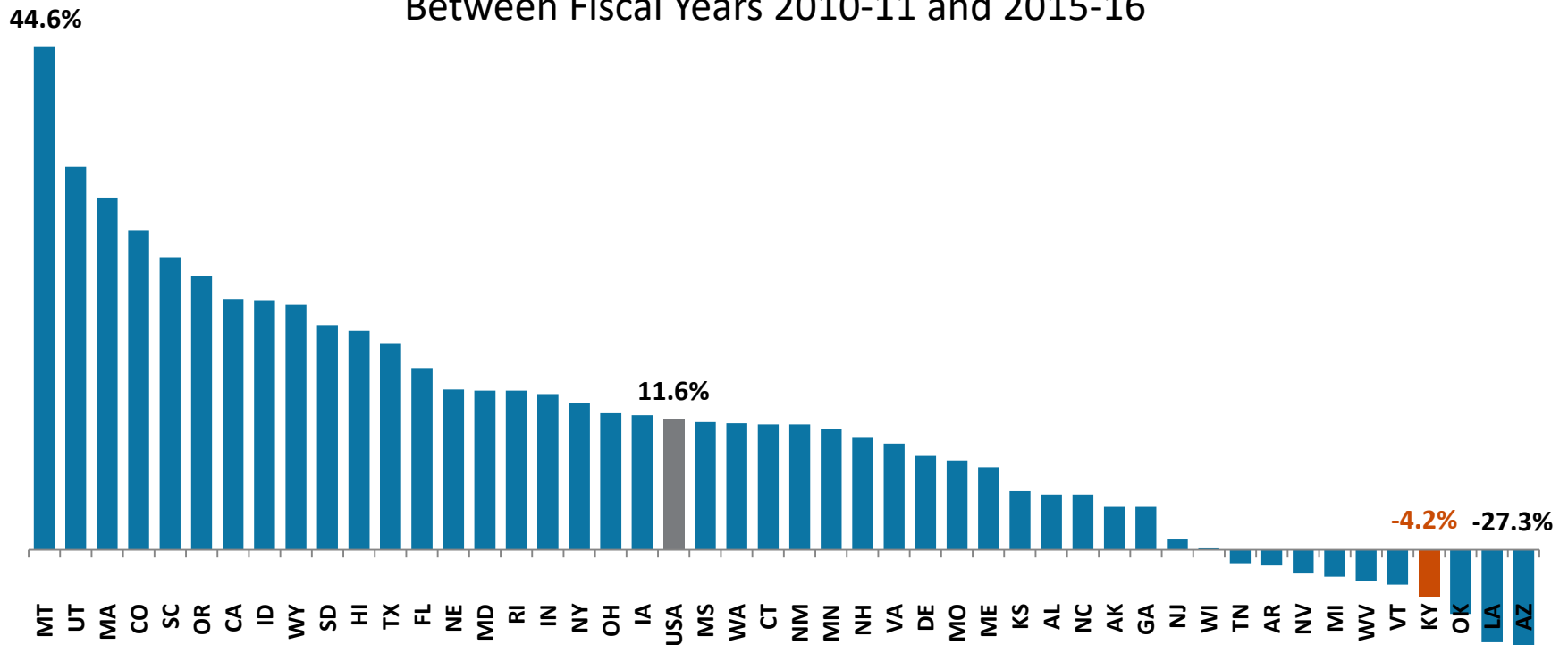


(E) = Enacted; (R) = Revised.

Sources: Kentucky Budget of the Commonwealth, multiple biennia; Commonfund Institute, HEPI; CPE, Comprehensive Database.

# Most States Reinvesting

Change in State Support for Higher Education  
Between Fiscal Years 2010-11 and 2015-16

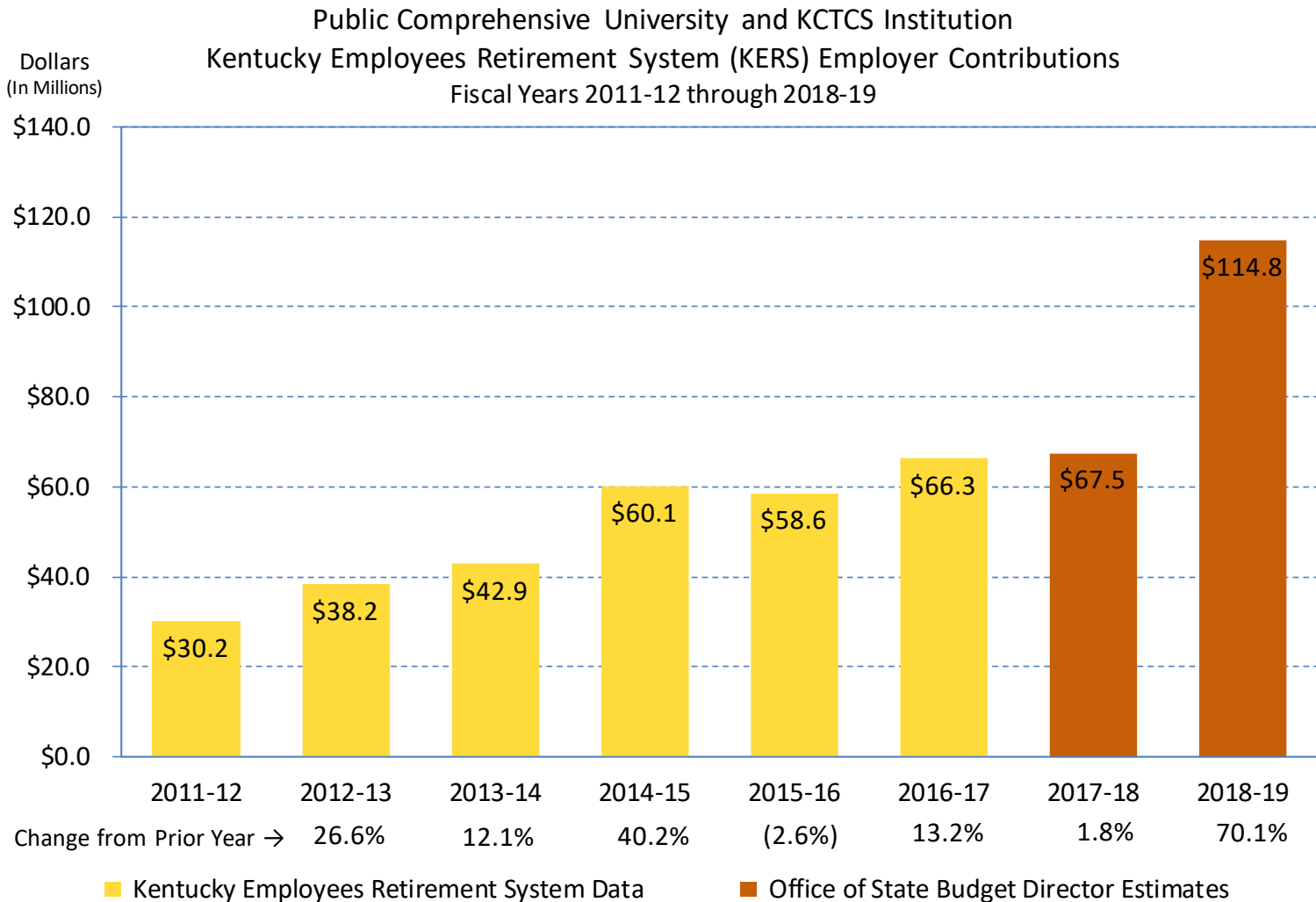


Source: "Grapevine" Report, Center for the Study of Education Policy and the Association of State Higher Education Executive Officers, 2016.





# Growth in KERS Contributions

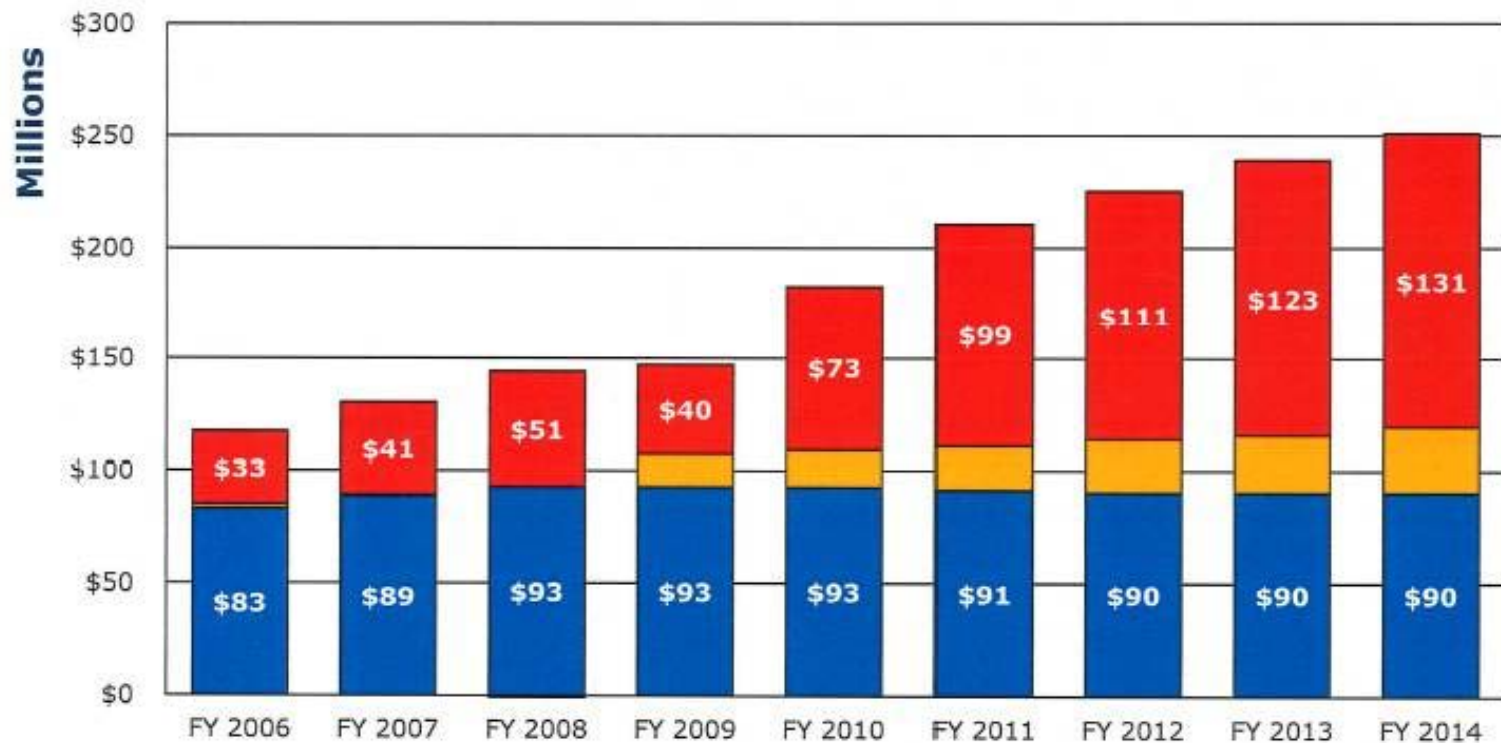


Sources: Kentucky Retirement System; Office of State Budget Director.



# Increasing Unmet Need

## Need-Based Aid Funding (CAP & KTG) FY 2006 - FY 2014



- Additional Unmet Need
- Difference between Statutory & Appropriation for CAP & KTG
- Appropriation Amount



# Efforts to Maintain Affordability

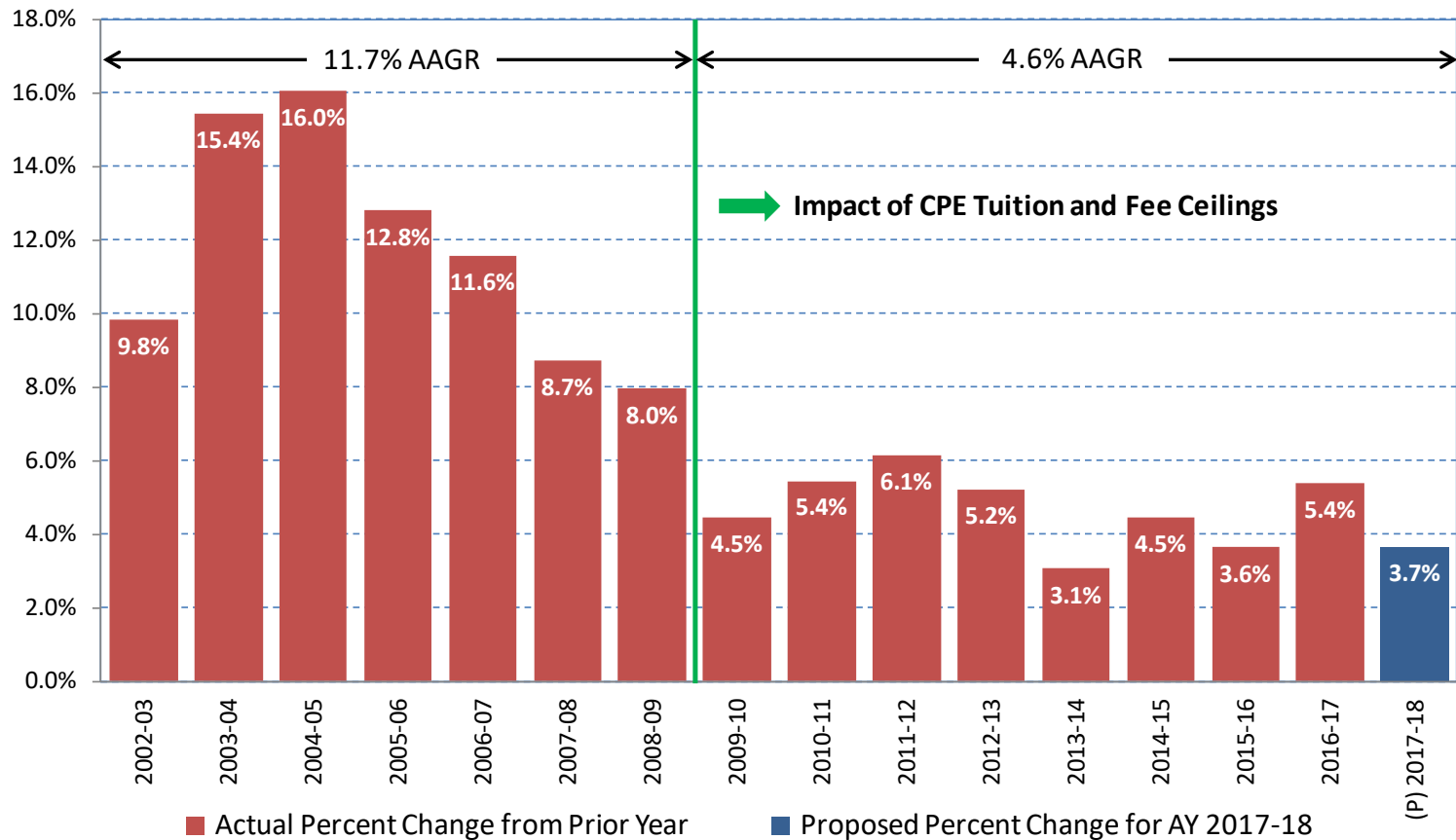
# Affordability Efforts

- Every year since 2009-10, the Council has adopted tuition ceilings that limit magnitude of increases
- Institutions have not been allowed to fully recover losses in state support and mandated cost increases
- Sizable state investment in student aid programs
- Institutions have increased funding for campus-based student aid programs
- Efforts to encourage timely completion, such as 15 to Finish and dual credit enrollment initiatives



# Impact of Tuition Ceilings

Kentucky Public Postsecondary System  
Annual Change in Resident Undergraduate Tuition and Fees  
Academic Years 2002-03 through 2017-18 (Proposed)



Source: Council on Postsecondary Education, Comprehensive Database.

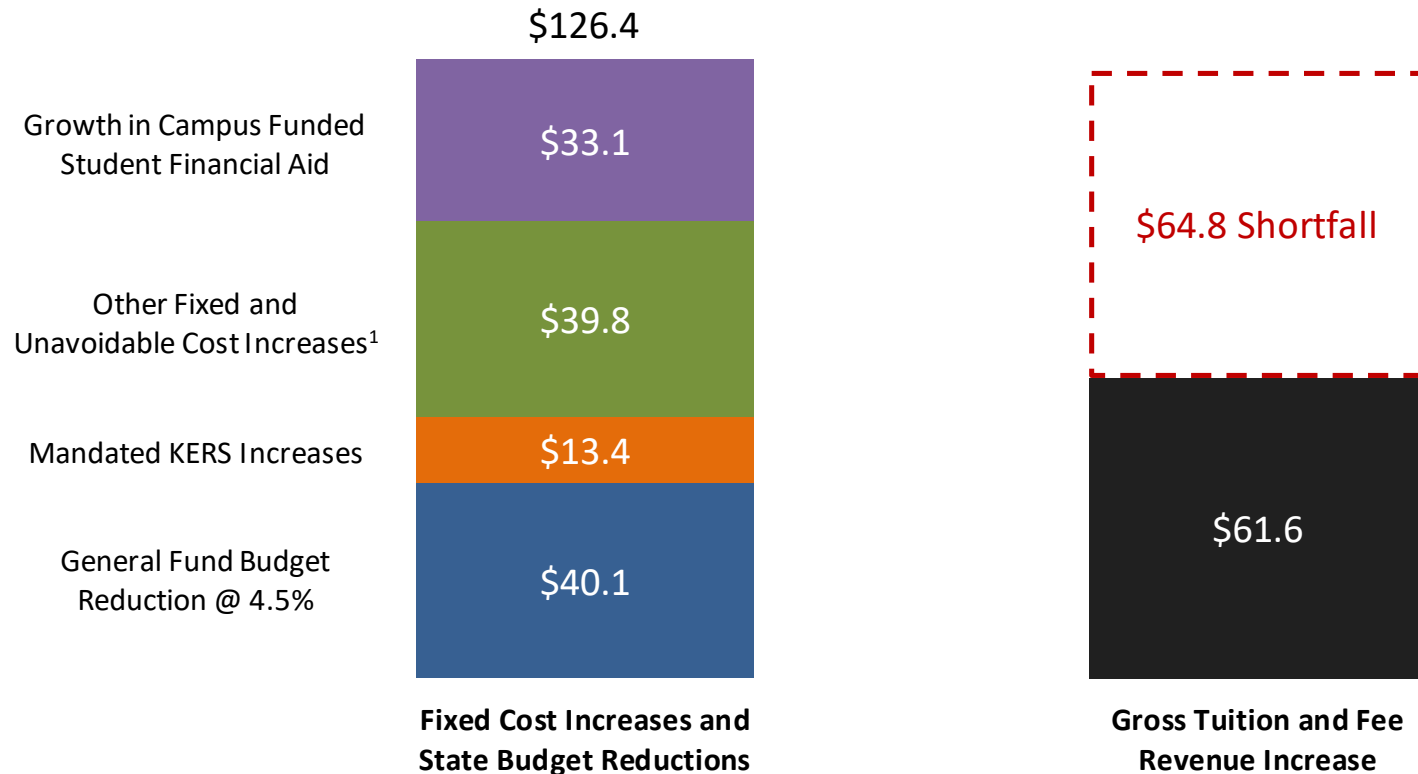
P = Proposed  
AAGR = Average Annual Growth Rate

# Budgetary Shortfalls

## Budget Challenges for Postsecondary Institutions

Fiscal Year 2016-17

(Dollars in Millions)



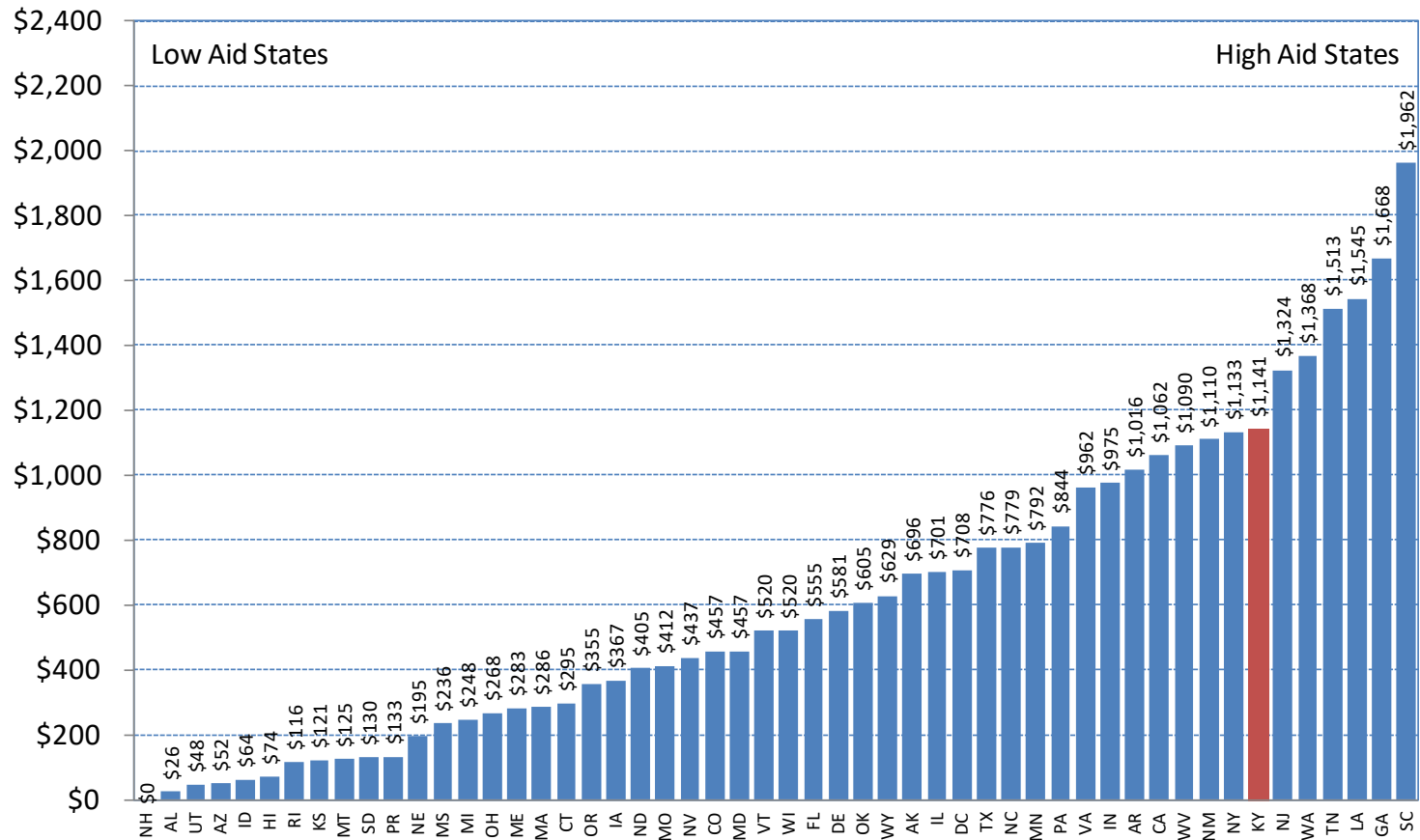
<sup>1</sup> Includes M&O, utilities, health insurance, mandated tuition waiver, and contractual obligation cost increases.

Source: Council on Postsecondary Education, Comprehensive Database.

# Kentucky is "High Aid" State

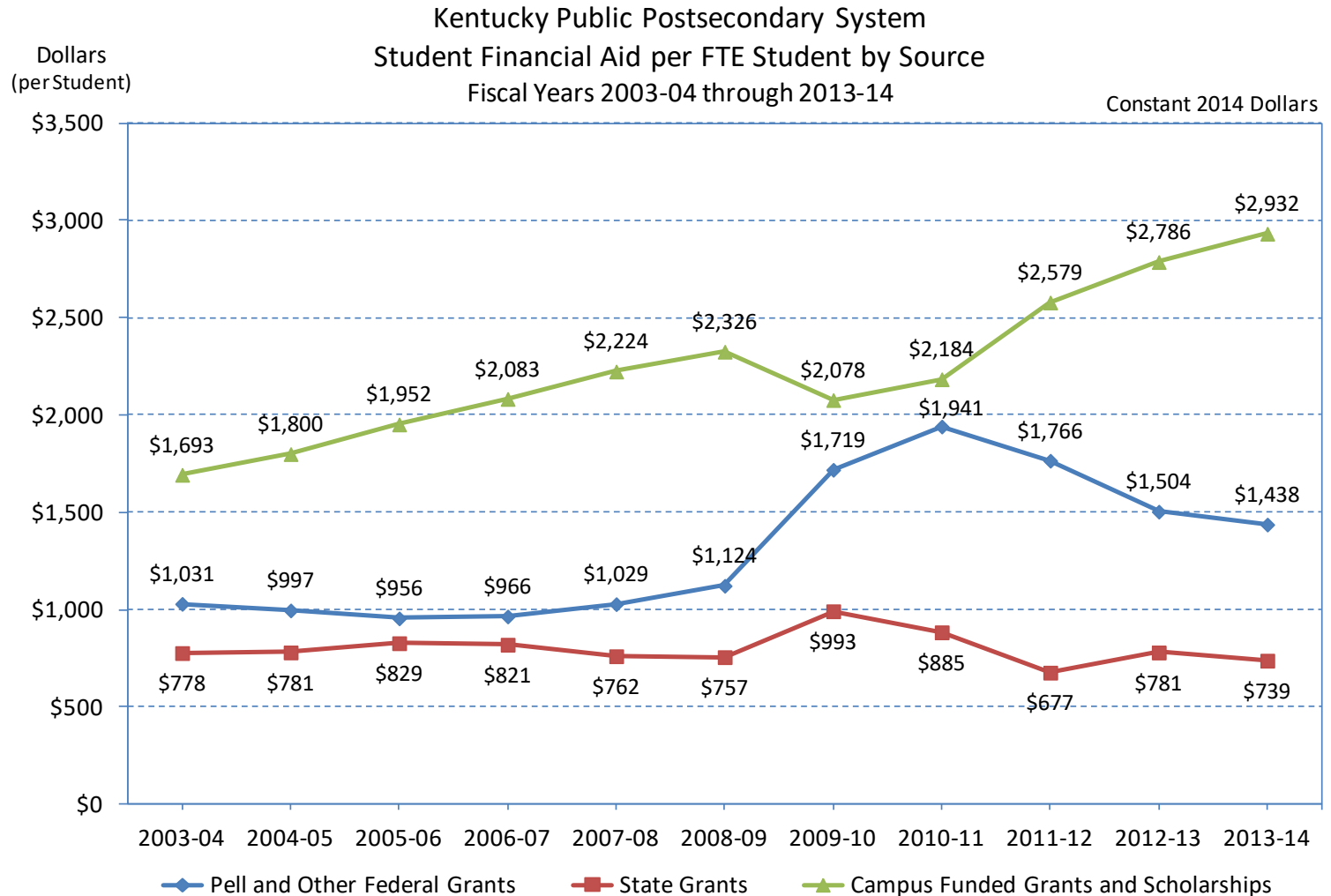
State Funded Student Financial Aid Programs in the United States  
Total Undergraduate Grant Dollars per Undergraduate Student Enrollment  
Academic Year 2014-15

Dollars  
(per Student)



Source: National Association of State Student Grant and Aid Programs (NASSGAP), 46th Annual Survey Report on State-Sponsored Student Financial Aid.

# Growth in Campus-Based Aid



Source: Integrated Postsecondary Education Data System (IPEDS); Commonfund Institute, Higher Education Price Index (HEPI).





# Current Status of College Affordability

# Current Status

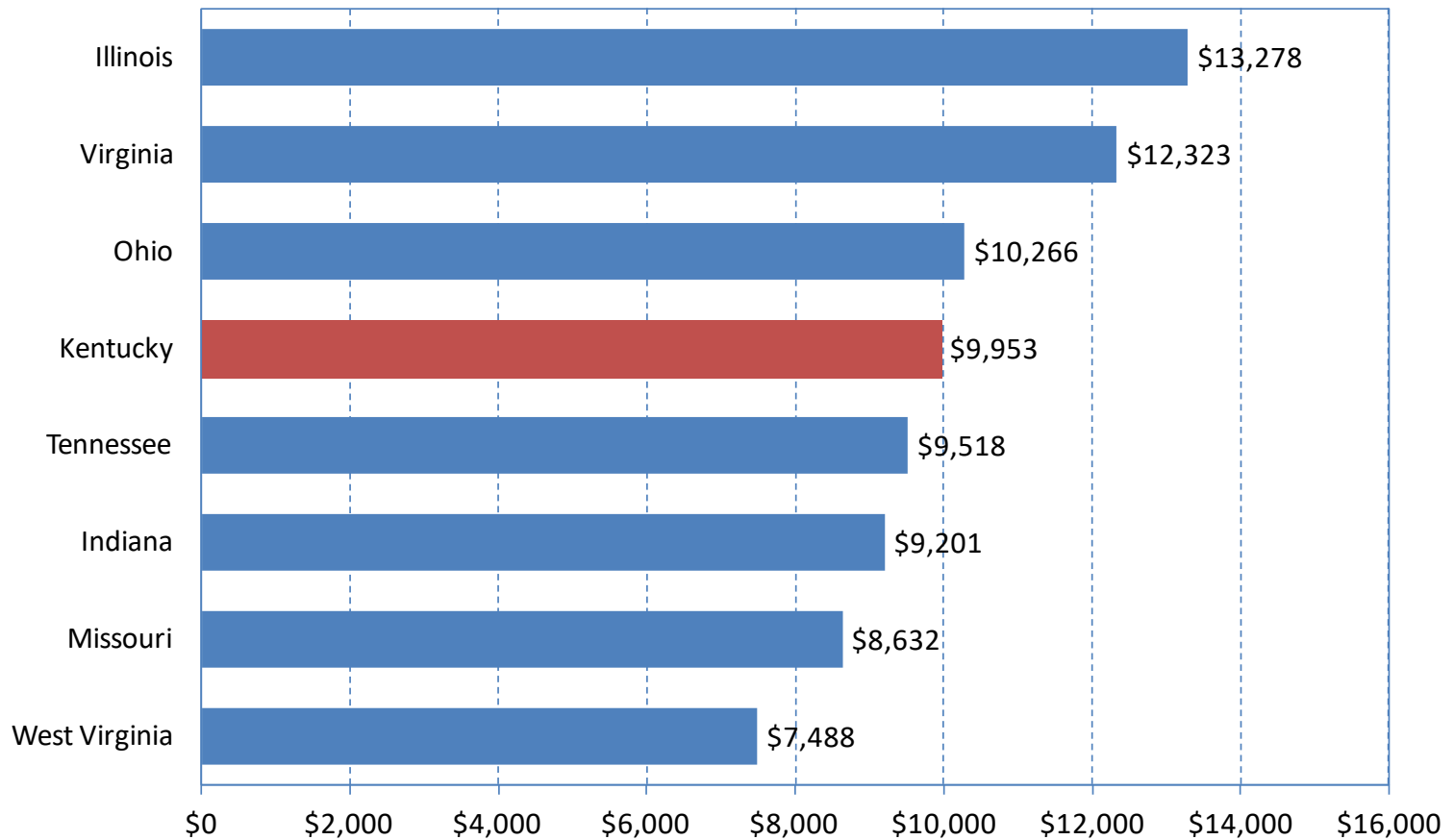
- Sticker prices at Kentucky public universities rank at or below regional and national averages
- Sticker prices at KCTCS are high regionally due to lack of local appropriations and below average state support
- The nine-year change in sticker price at KCTCS is among the lowest regionally and nationally
- The average net price at Kentucky comprehensive universities is among the lowest in our region and has not increased in recent years

# Current Status (Cont'd)

- At KCTCS, grant aid per FTE covers the cost of tuition, fees, and books for all but highest income quartiles
- Kentucky students pay a smaller percentage of family income to attend public colleges and universities than students in most SREB member states
- Since the early 2000s, responsibility for college costs has shifted from the state to students and families
- Average amounts of student loan debt have been trending upward since the graduating class of 2008

# Sticker Price Comparison (Four-Year)

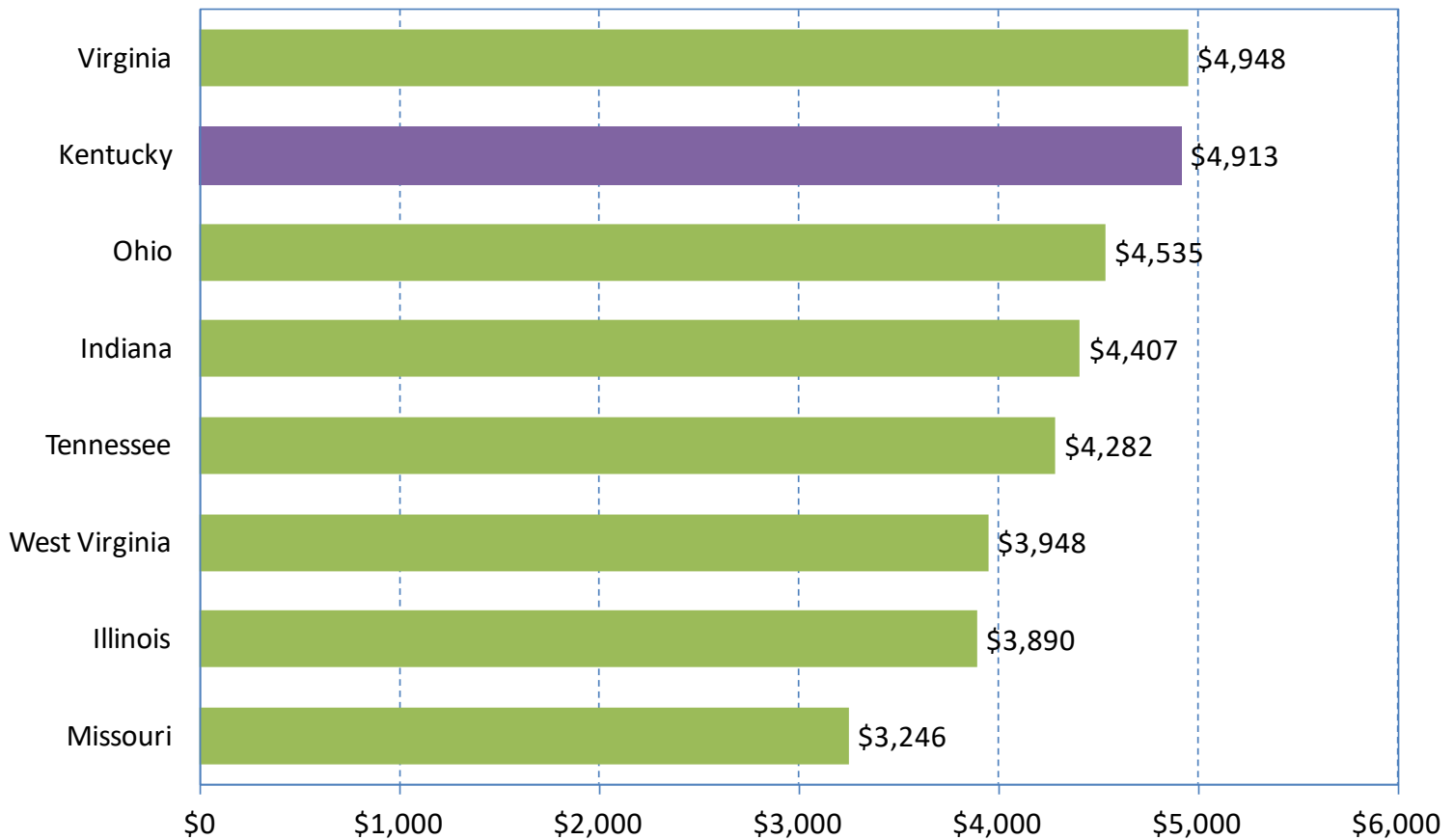
Public Four-Year Universities in Kentucky and Surrounding States  
Resident Undergraduate Tuition and Fees  
Academic Year 2016-17



Source: College Board, Trends in College Pricing 2016.

# Sticker Price Comparison (Two-Year)

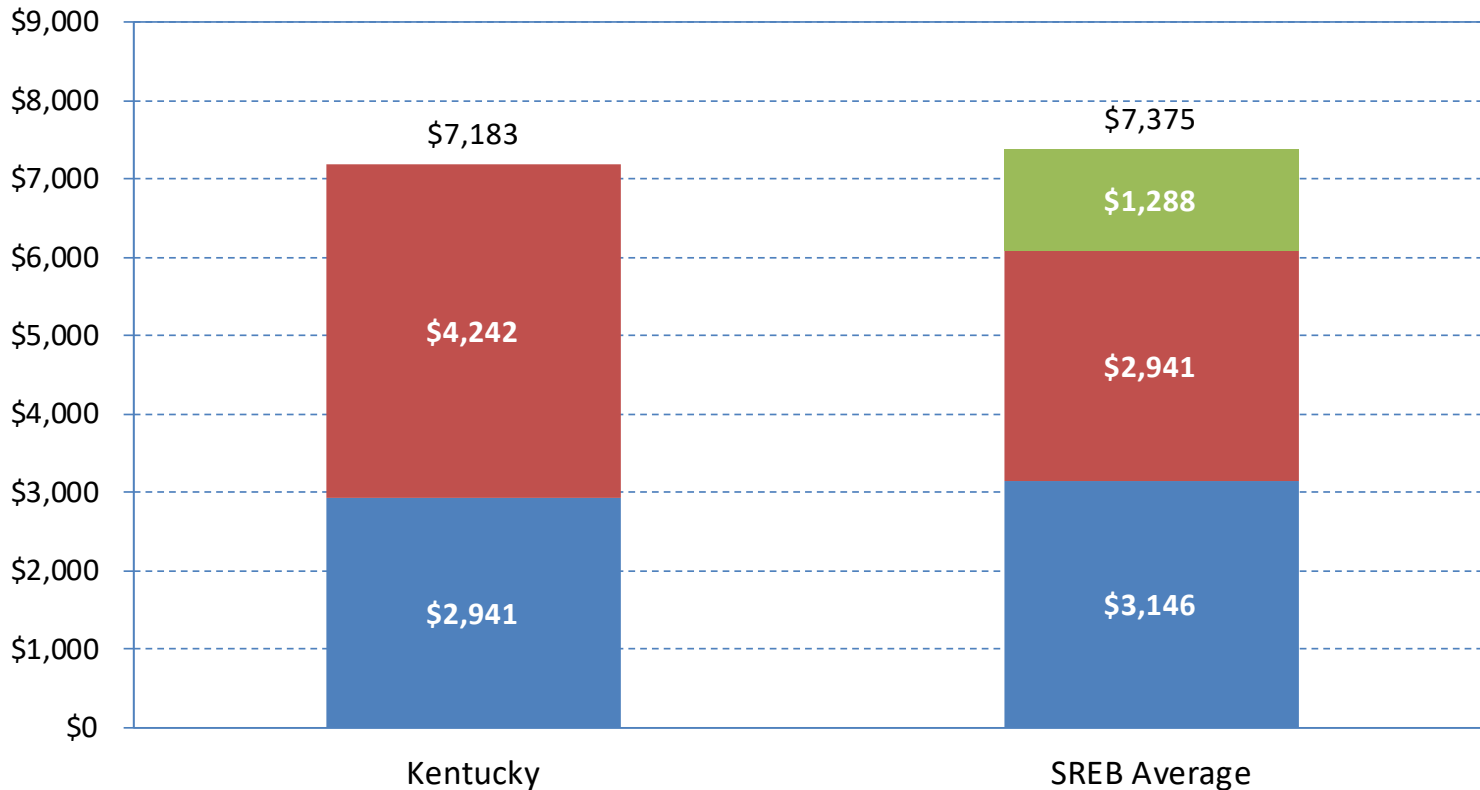
Public Two-Year Colleges in Kentucky and Surrounding States  
Resident In-District Tuition and Fees  
Academic Year 2016-17



Source: College Board, Trends in College Pricing 2016.

# No Local Funding (KCTCS)

Public Two-Year Colleges in Kentucky and SREB Member States  
Total Public Funds per Full-Time Equivalent Student  
Fiscal Year 2014-15

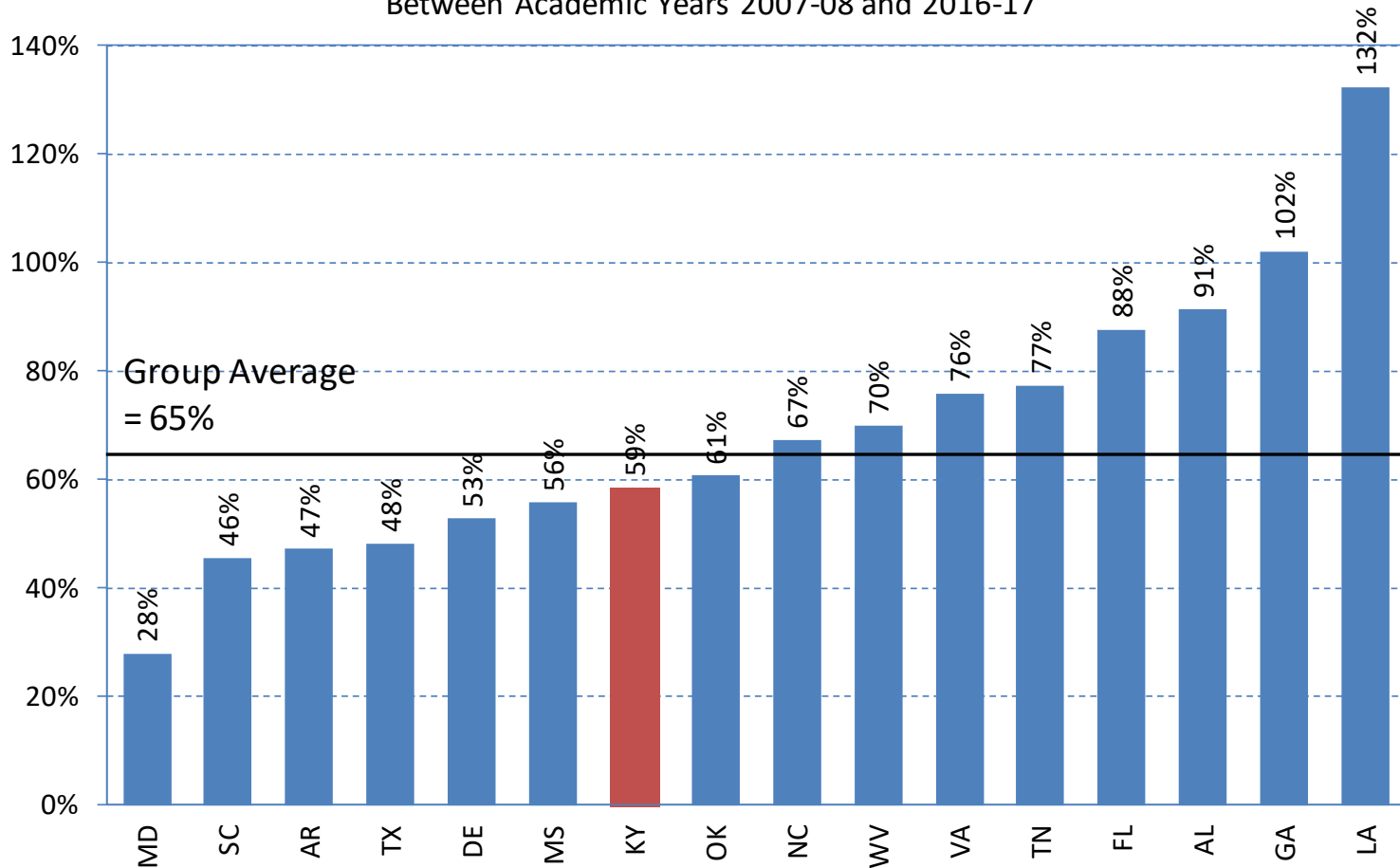


■ State General Purpose Funds    ■ Net Tuition and Fee Revenue    ■ Local Appropriations

Source: Southern Regional Education Board (SREB), Data Exchange.

# Change in Sticker Price (Four-Year)

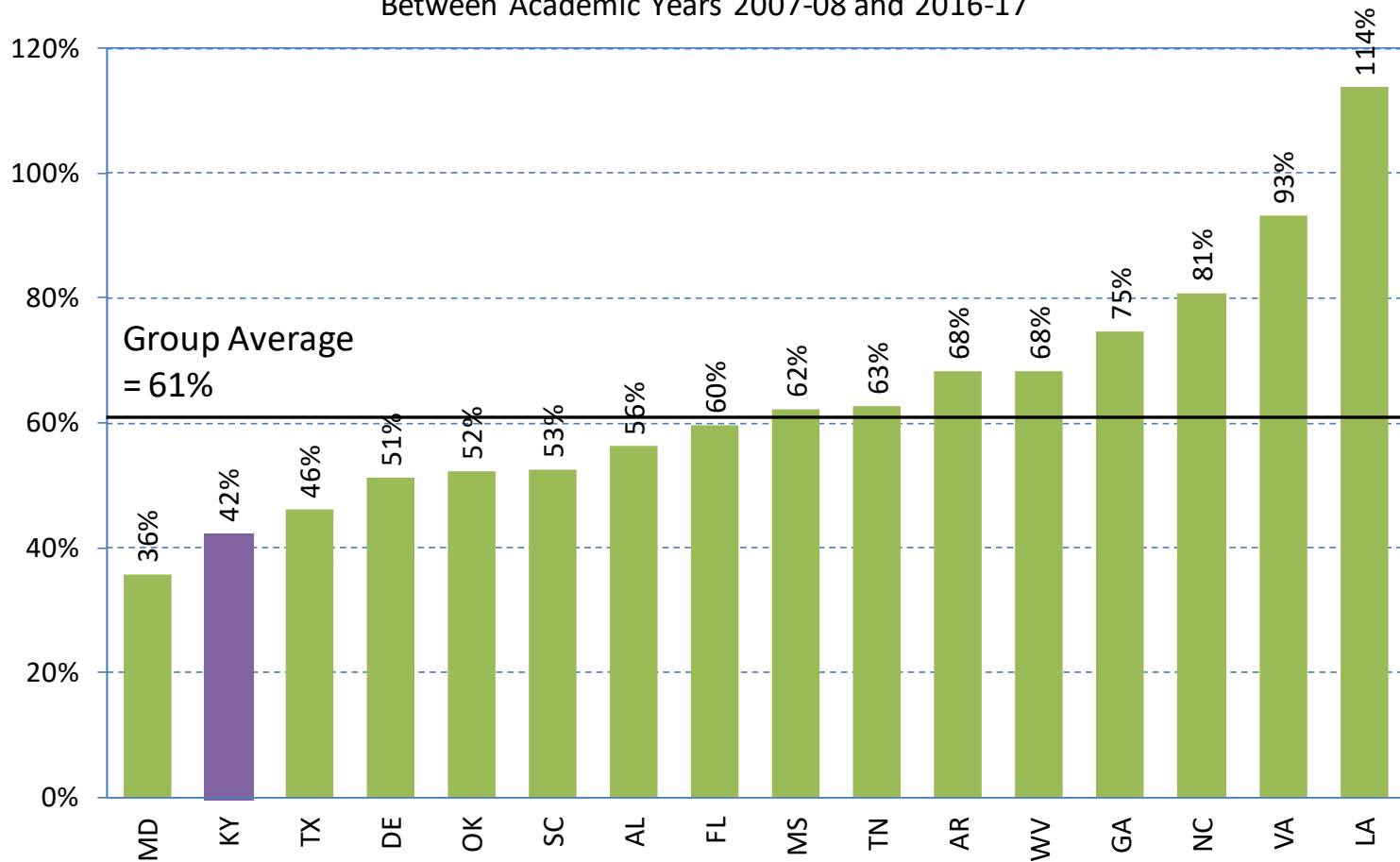
Public Four-Year Universities in SREB Member States  
Percent Change in Resident Undergraduate Tuition and Fees  
Between Academic Years 2007-08 and 2016-17



Source: College Board, Trends in College Pricing 2016.

# Change in Sticker Price (Two-Year)

Public Two-Year Colleges in SREB Member States  
Percent Change in Resident In-District Tuition and Fees  
Between Academic Years 2007-08 and 2016-17

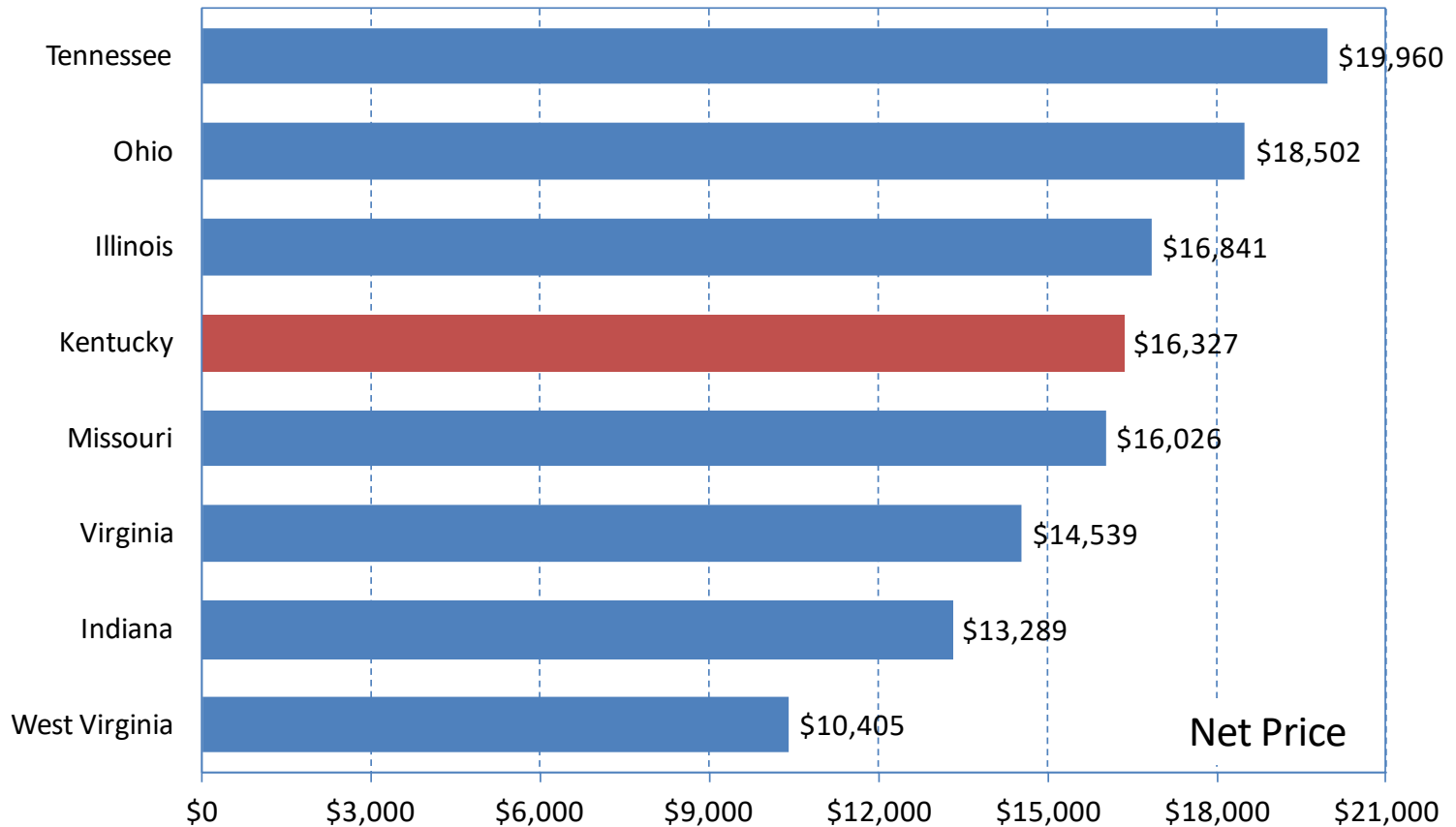


Source: College Board, Trends in College Pricing 2016.



# Net Price Comparison (Research)

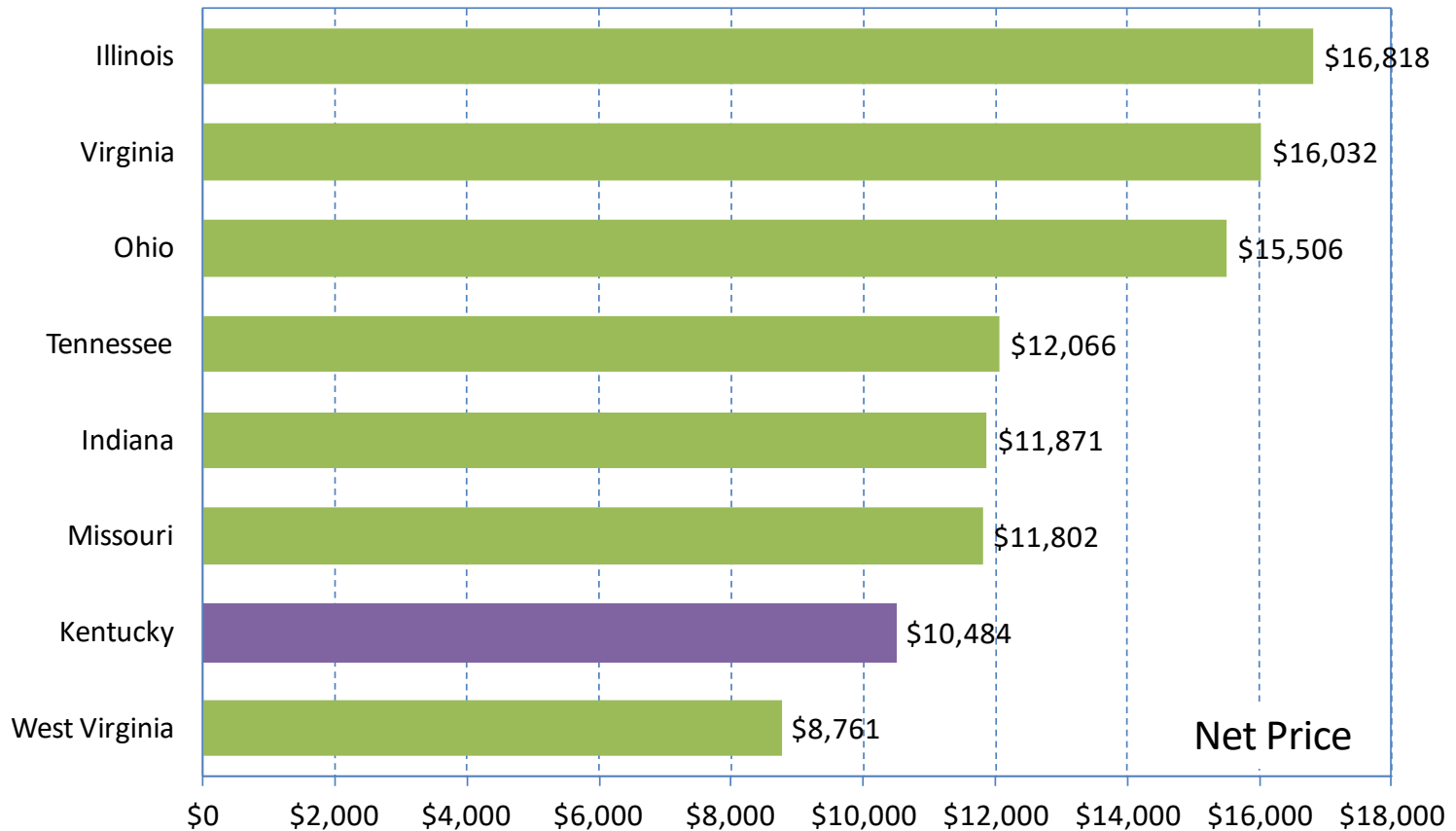
Research Universities in Kentucky and Surrounding States  
Average Net Price of First-Time Full-Time Resident Undergraduate Students  
Academic Year 2014-15



Source: Integrated Postsecondary Education Data System (IPEDS).

# Net Price Comparison (Comprehensive)

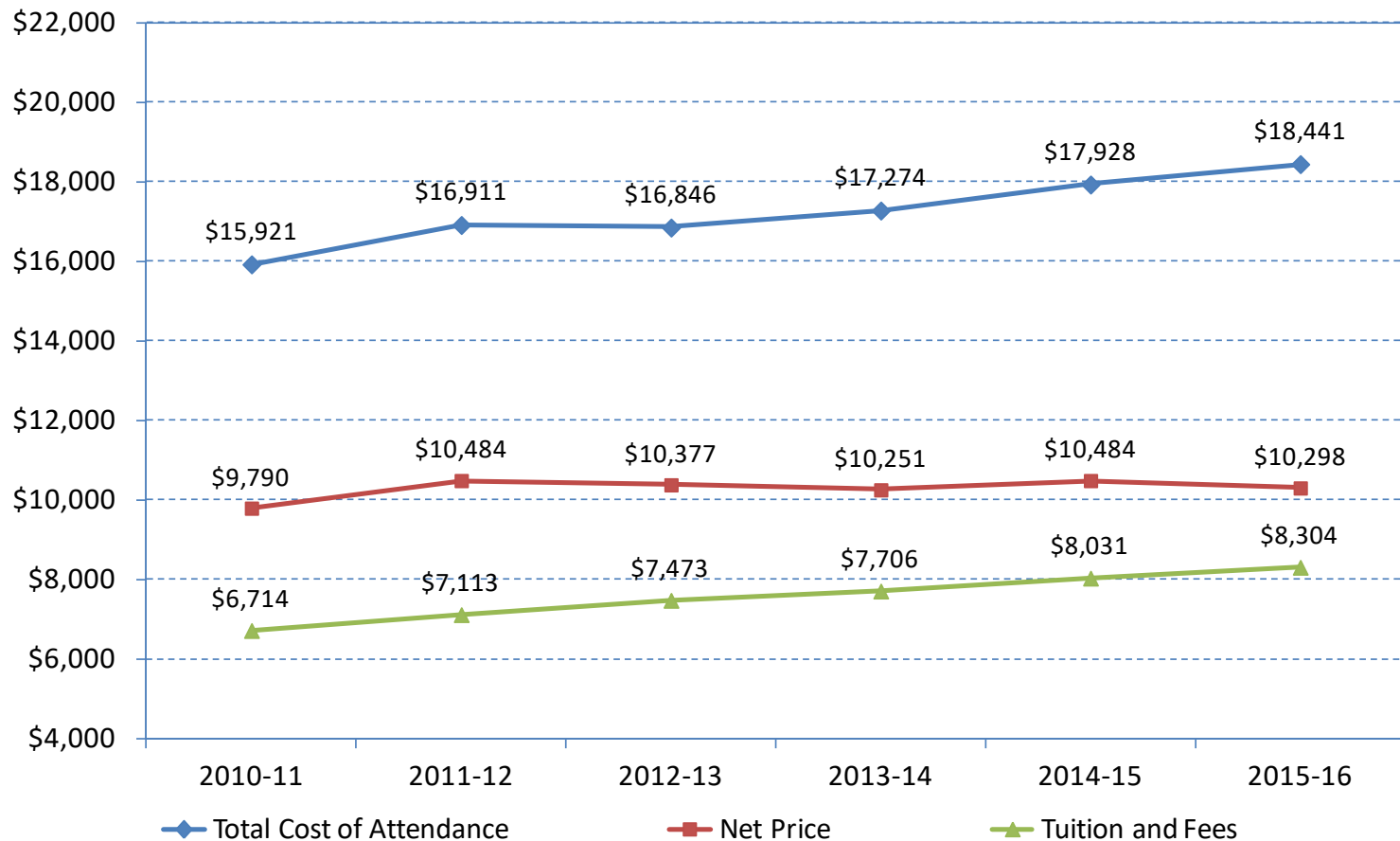
Comprehensive Universities in Kentucky and Surrounding States  
Average Net Price of First-Time Full-Time Resident Undergraduate Students  
Academic Year 2014-15



Source: Integrated Postsecondary Education Data System (IPEDS).

# Trend in Net Price (Comprehensive)

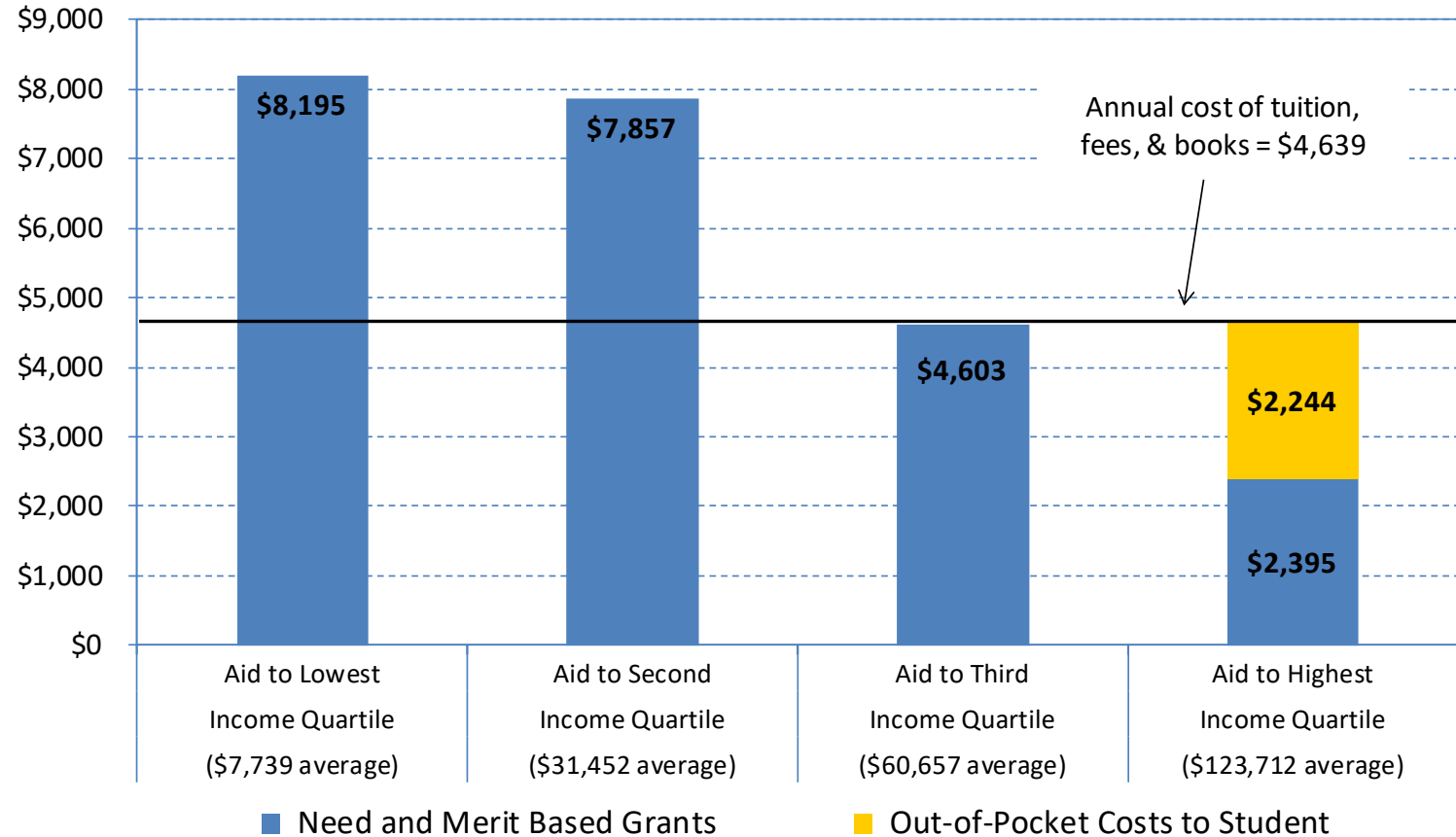
Kentucky Public Comprehensive University  
 Cost of Attendance, Net Price, and Tuition and Fees of Resident Undergraduates  
 Academic Years 2010-11 through 2015-16



Source: Council on Postsecondary Education, Kentucky Postsecondary Education Data System (KPEDS).

# Grant Aid versus Costs (KCTCS)

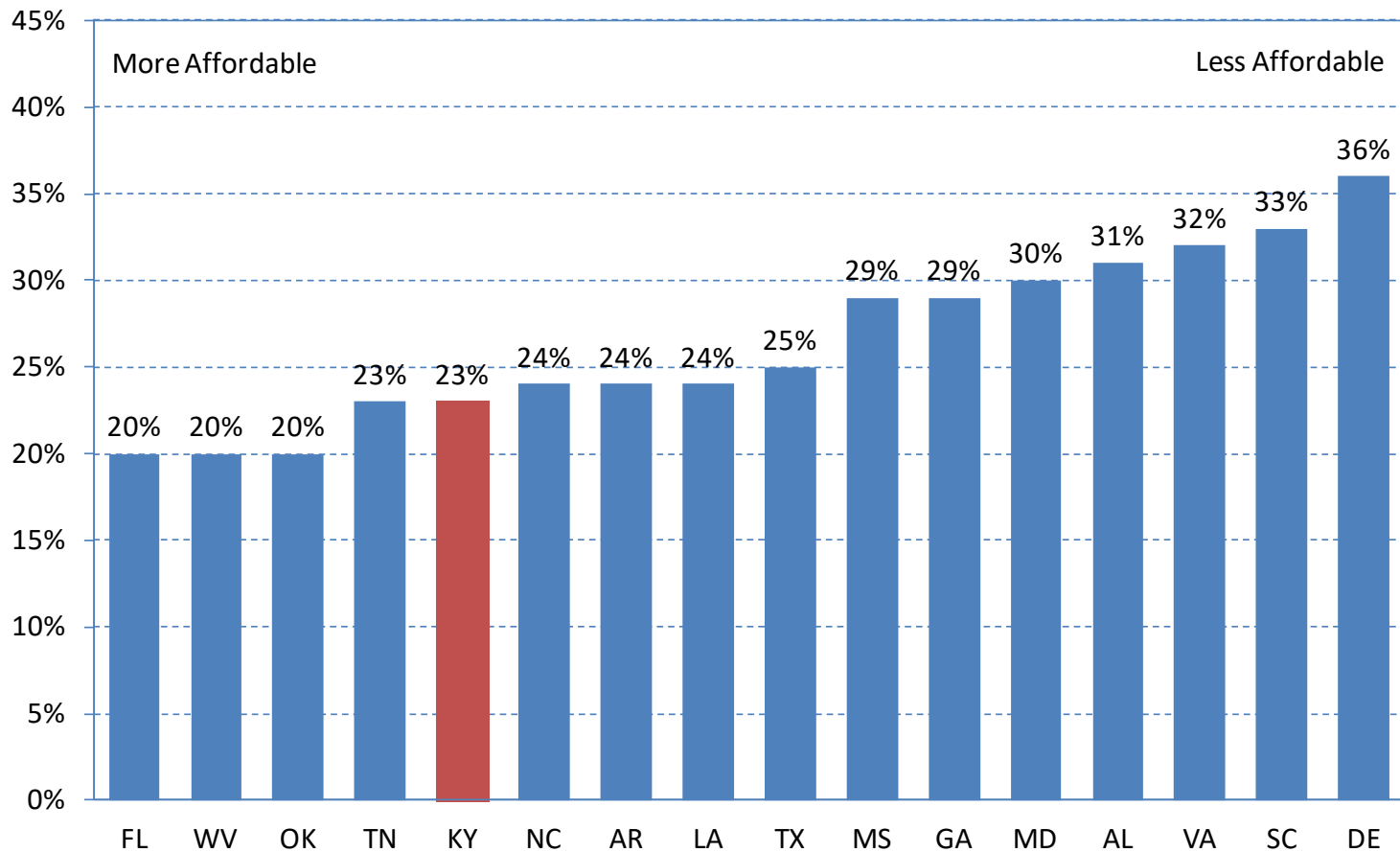
Kentucky Community and Technical College System  
 Average Need and Merit Based Grant Aid per Full-Time Resident Undergraduate Student  
 Dollars  
 (per Student)  
 Academic Year 2015-16



Sources: CPE Comprehensive Database; Integrated Postsecondary Data System.

# Net Price % of Income (Four-Year)

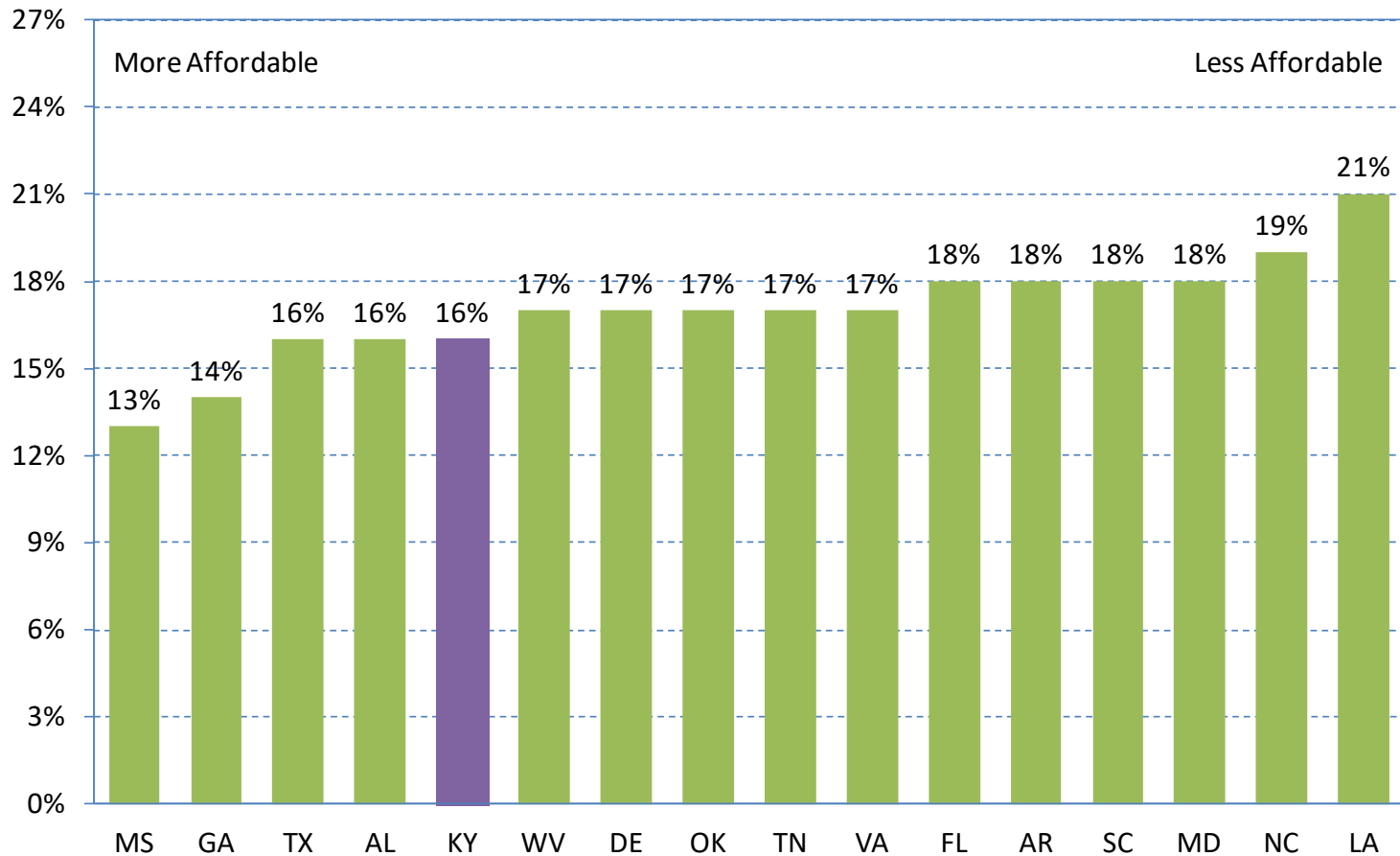
Public Four-Year Colleges in SREB Member States  
Average Net Price as a Percent of Median Family Income  
Academic Year 2013-14



Source: Penn Graduate School of Education, Institute for Research on Higher Education, 2016 College Affordability Diagnosis.

# Net Price % of Income (Two-Year)

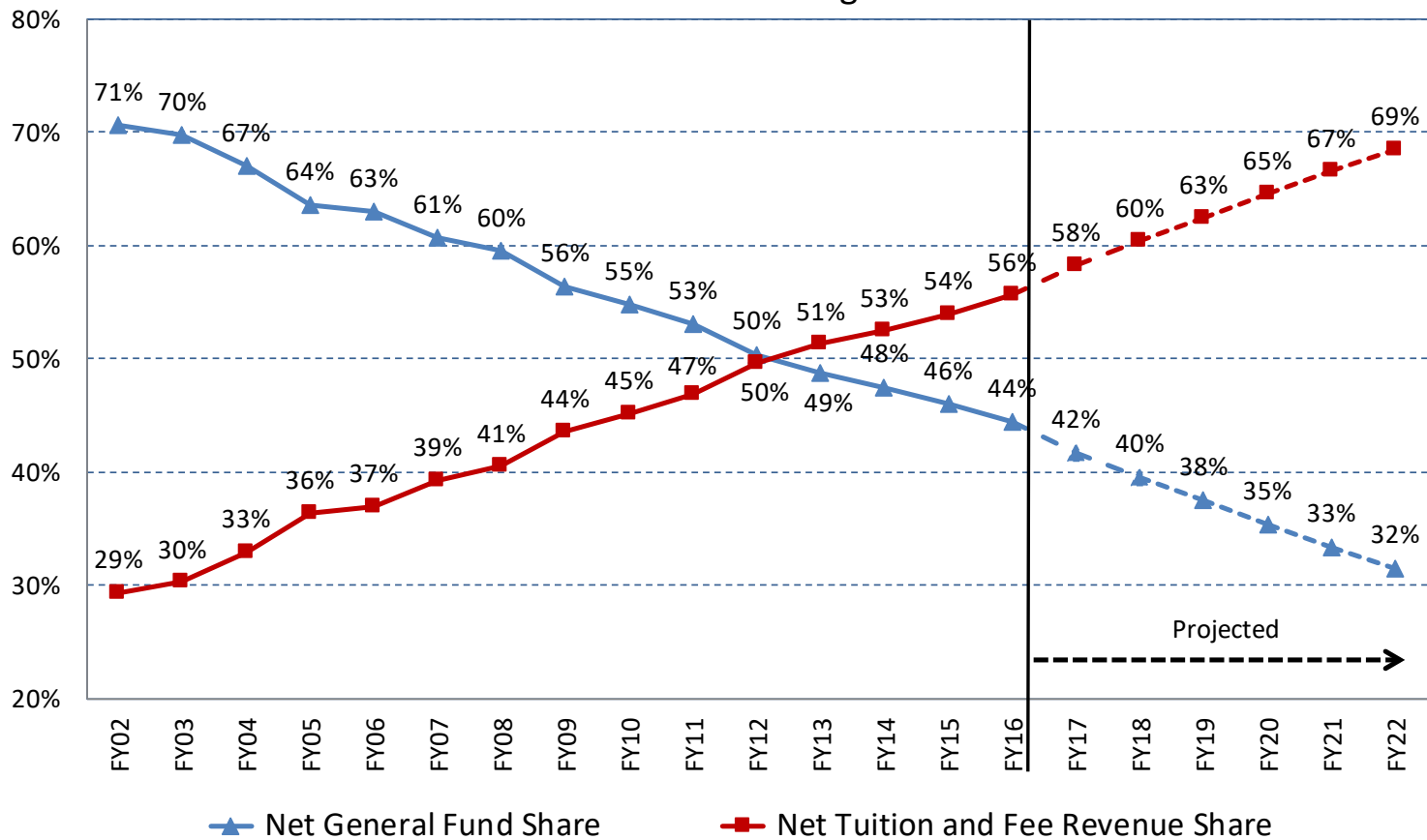
Public Two-Year Colleges in SREB Member States  
Average Net Price as a Percent of Median Family Income  
Academic Year 2013-14



Source: Penn Graduate School of Education, Institute for Research on Higher Education, 2016 College Affordability Diagnosis.

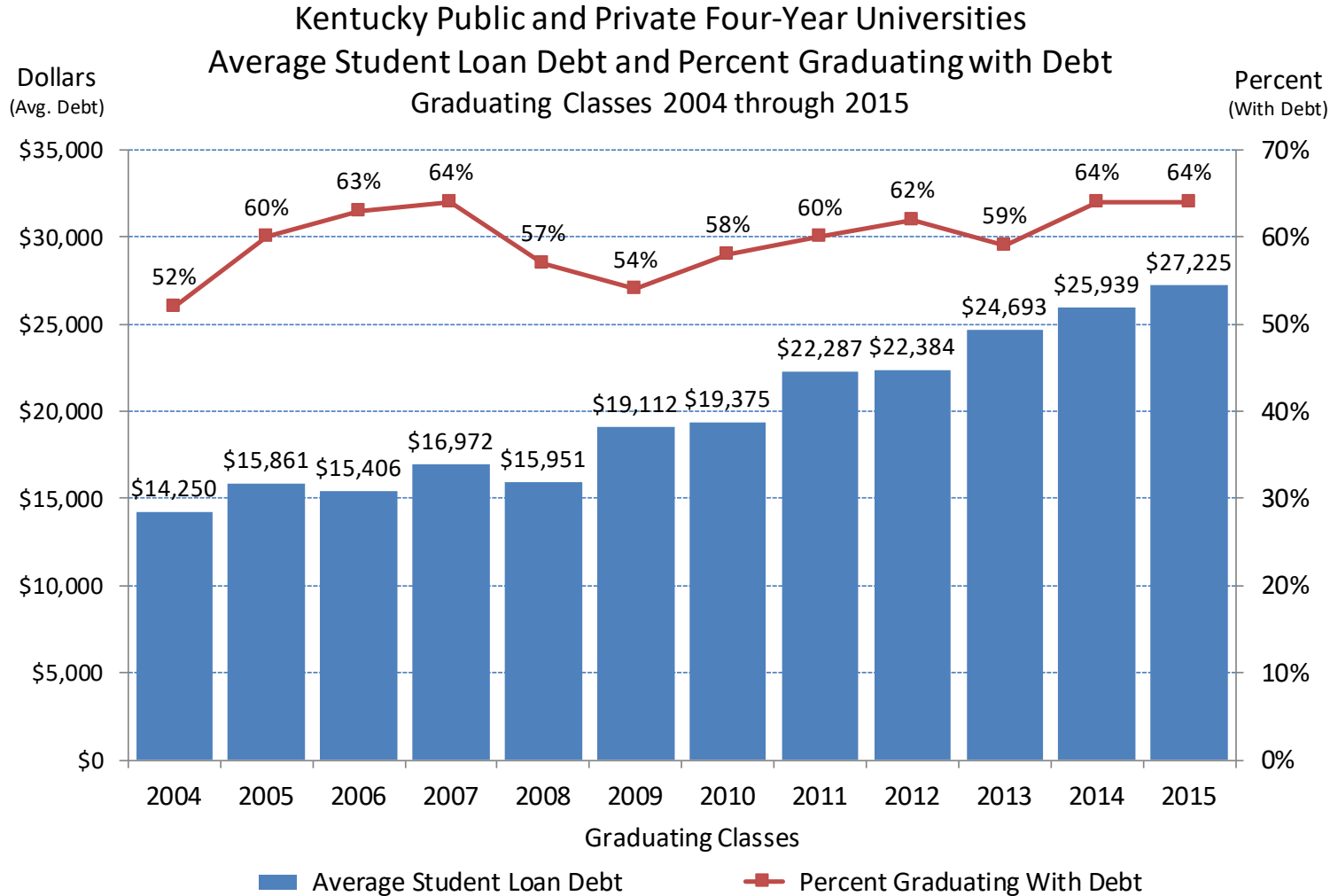
# Shifting of Responsibility (Who Pays)

Kentucky Public Postsecondary System  
 Change in State and Student Shares of Total Public Funds  
 Fiscal Years 2001-02 through 2021-22



Sources: Kentucky Budget of the Commonwealth; CPE Comprehensive Database.

# Growing Student Loan Debt



Source: The Project on Student Debt, Student Debt and the Class of 2015, October 2016.





# In Summary

- A convergence of factors has strained campus budgets and placed upward pressure on tuition and fees
- Although funding cuts in Kentucky ranked among the worst nationally, tuition increases were near average
- Average net price at Kentucky colleges and universities compares favorably both regionally and nationally
- Council adopted tuition ceilings and growth in campus student aid funding have helped maintain affordability
- Students and families are paying a larger share of college costs than was the case a decade ago

# In Summary (Cont'd)

- The upward trend in student loan debt is an indicator that college has become less affordable for some Kentucky students and families
- A major challenge to affordability for low income Kentuckians is insufficient funding for CAP and KTG
- Additional reductions in state support will continue to make college less affordable and move the state toward a privatized system of higher education



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