# UNDERGRADUATE STUDENT DEBT LEVELS IN KENTUCKY

Five-Year Trends for Undergraduate Degree and Credential Completers at Public Universities and KCTCS

March 2025

## About the Council

The Council on Postsecondary Education (CPE) is Kentucky's higher education coordinating agency committed to strengthening our workforce, economy and quality of life. The Council achieves this by guiding the continuous improvement and efficient operation of a high-quality, diverse and accessible system of postsecondary education.

Key responsibilities include:

- Developing and implementing a strategic agenda for postsecondary education that includes measures of progress.
- Producing and submitting a biennial budget request for adequate public funding of postsecondary education.
- Determining tuition rates and admission criteria at public postsecondary institutions.
- Collecting and distributing data about postsecondary education performance.
- Ensuring the coordination and connectivity of technology among public institutions.
- Licensing non-public postsecondary institutions to operate in the Commonwealth.

TEAM KENTUCKY

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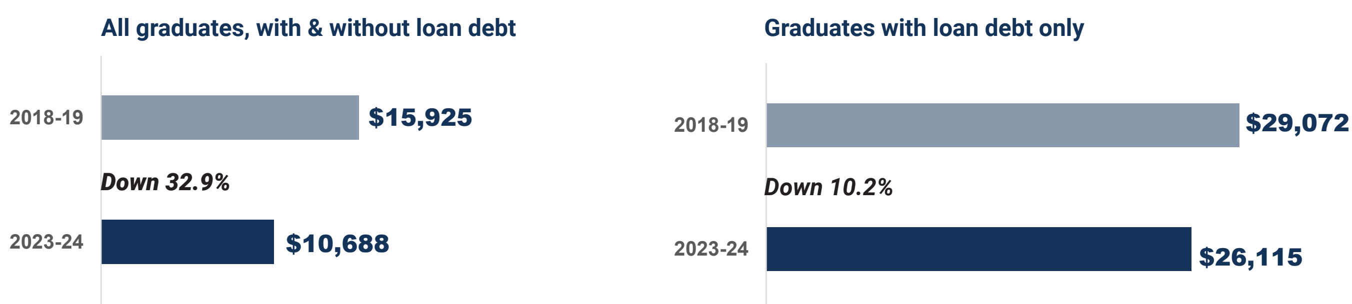
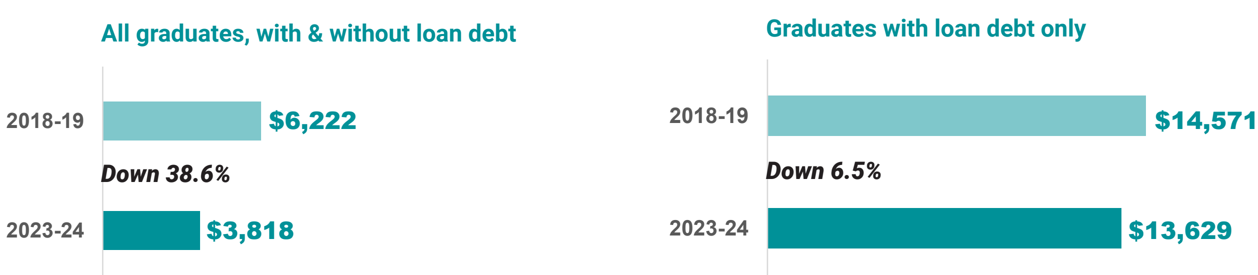
# Executive Summary

This report illustrates Kentucky's progress in reducing debt levels for undergraduate degree and credential completers at public postsecondary institutions, particularly over the last five years. These loan amounts are averages, and they are calculated in different ways (including and excluding students with no debt) and for different populations (low-income, underrepresented minority, in-state and out-of-state students). **The main takeaway is that, on average, student debt levels are falling across public postsecondary sectors and student populations.**

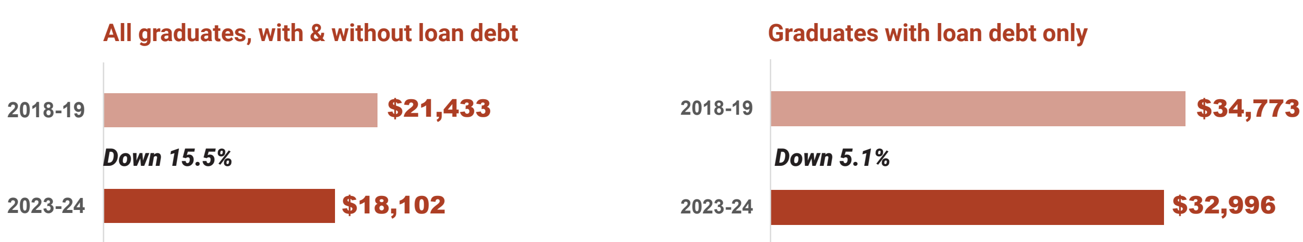
## Average loan amounts of public undergraduate completers (2-yr. and 4-yr.)




## Average loan amounts of KCTCS degree, certificate and diploma completers

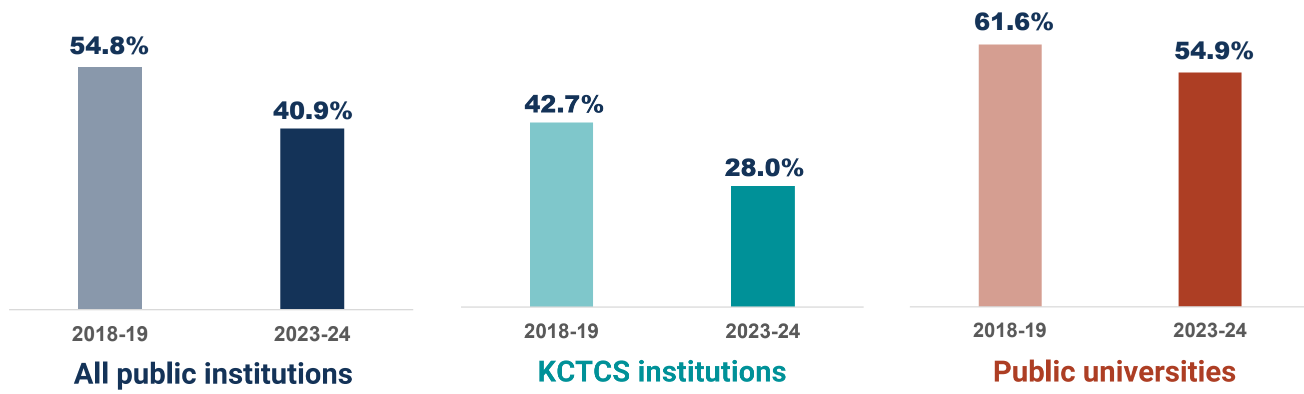



## Average loan amounts of undergraduate degree completers at public universities



## Percentage of Undergraduate Completers with Loan Debt

In recent years, a smaller percentage of students are leaving college with student loan debt. The average loan amount fell 13.9 percentage points for graduates of KCTCS and public universities overall. For KCTCS graduates, it fell by 14.7 percentage points; for public university graduates, it fell by 6.7 percentage points.




### Average loan amounts of undergraduate degree completers in 2018-19


Out-of-State: **$49,762**
URM: **$32,294**
Low-Income: **$27,191**
In-State: **$25,699**


URM: **$17,284**
Low-Income: **$15,205**
In-State: **$14,588**
Out-of-State: **$13,382***


Out-of-State: **$51,191**
URM: **$38,594**
Low-Income: **$33,505**
In-State: **$30,522**

### Average loan amounts of undergraduate degree completers in 2023-24


Out-of-State: **$47,610**
URM: **$27,522**
Low-Income: **$23,371**
In-State: **$21,973**


URM: **$14,481**
Low-Income: **$14,099**
In-State: **$13,695**
Out-of-State: **$12,793***


Out-of-State: **$50,804**
URM: **$34,327**
Low-Income: **$30,522**
In-State: **$27,804**

** The small number of out-of-state students graduating from KCTCS makes these averages more volatile and less representative.*

# From the President

Ensuring postsecondary education is affordable for Kentuckians is a top priority of the Council on Postsecondary Education (CPE) and higher education institutions. Maintaining access to life-changing postsecondary credentials benefits both individuals and the state alike. When students complete college, they are more likely to enjoy increased economic mobility and career advancement. Moreover, states with highly educated workforces experience more robust job growth, higher tax revenues and increased service provision.

This annual report on undergraduate student debt levels demonstrates that Kentucky is making progress toward a more accessible and affordable postsecondary system. We found that the average student loan amount of undergraduates at public institutions has decreased significantly over the decade. A lower proportion of students are graduating with debt, and average loan amounts have diminished. This is generally true regardless of postsecondary sector, student demographics or undergraduate credentials earned.

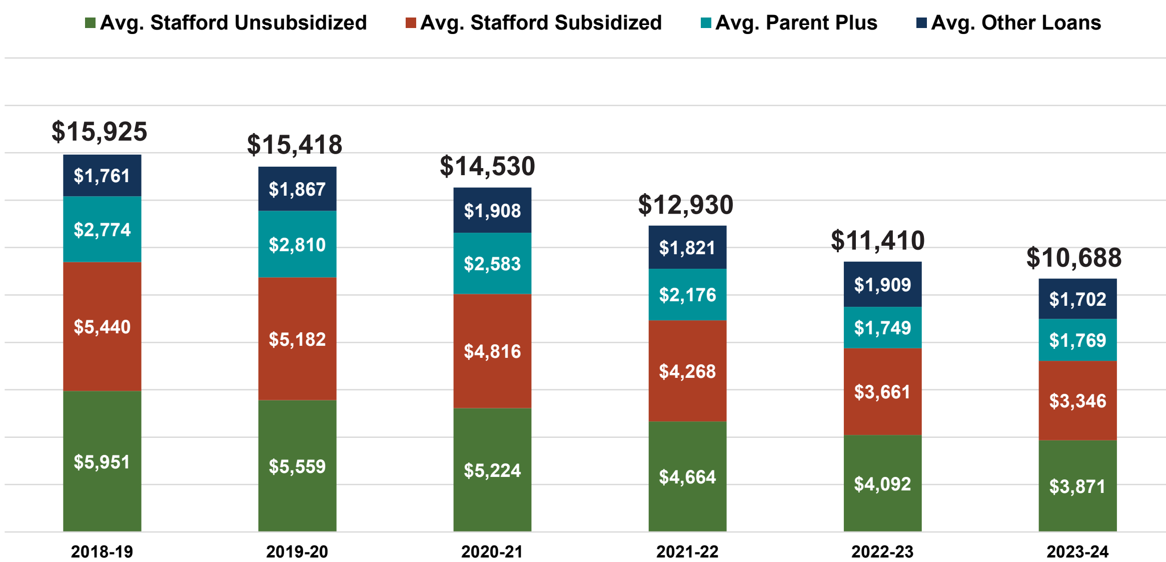
There are a number of statewide and campus actions that have contributed to this positive trend. At the state level, CPE and policymakers have worked dilligently to keep annual tuition increases low and invest more public dollars in higher education. At the campus level, institutions are awarding more financial aid, and student support staff are working with students to reduce their time to degree and promote financial literacy and responsibility. The rise of high school dual credit has been instrumental in lowering time to degree.

Cumulatively, these initiatives are making a meaningful difference in students' bottom line. This report refutes the notion that recent college graduates are drowning in debt, a misperception that discourages individuals, particularly those of limited means, from pursuing their college dreams. Declining debt levels should provide some reassurance to aspiring postsecondary students and their families that a college education remains within reach.

# All Graduates

# *The average loan amount of all public undergraduate completers (with and without debt) is $10,688, a 32.9% decrease in 5 years.*

**Figure 1. Average federal and private loan balance of undergraduate completers at two- and four-year public institutions (including students with zero debt)**




In the first half of the decade, the average student loan amount owed by undergraduate credential completers (at both two- and four-year institutions) fluctuated between $16,000 and $17,000. However, since 2018-19, it has fallen from $15,925 to $10,688, a decrease of $5,237 or 32.9%. A primary reason for this trend is that more students are graduating from college debt free, as illustrated on the following page.

Amounts in the bar graph above reflect the average loan balances of all public undergraduate credential completers (certificate, diploma, associate, and bachelor's) at graduation, even if they had no loan debt. If a student earned more than one credential, we used the debt amount owed upon completion of the highest award. Because many students in this calculation have no debt, these average loan amounts are lower than in Figures 3-7, which focus only on students with loan balances.

### Types of Loan Debt

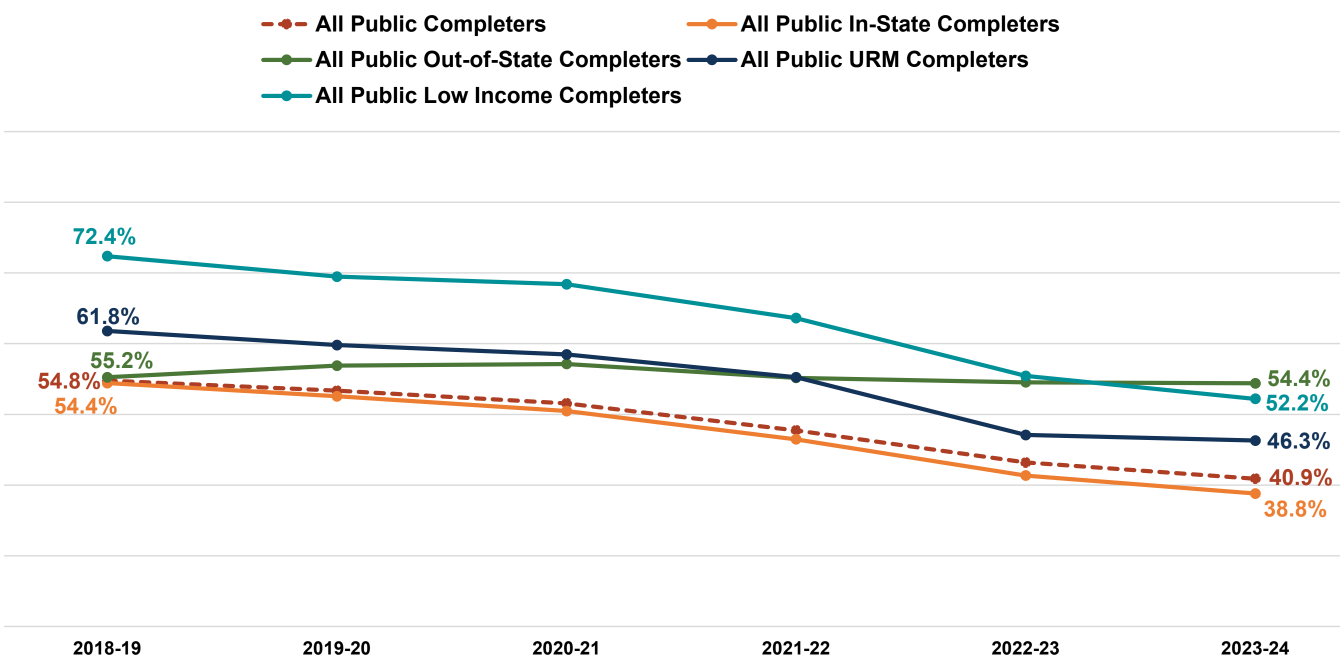
Stafford Loan - A loan provided directly to students through the federal government. Students with financial need may qualify for a subsidized loan, where interest is paid by the government. In unsubsidized loans, students pay the interest accrued.

Parent Plus Loan - A federal loan for biological and adoptive parents to help cover their child's college costs.

Other Loans - Non-federal loans made by a bank, credit union, state agency or a school, typically with less favorable interest rates and terms than federal government loans.

# *The proportion of public undergraduate students with debt has decreased substantially across demographic groups.*

**Figure 2. Percentage of undergraduate completers at two- and four-year public institutions with debt, overall and for select student populations**

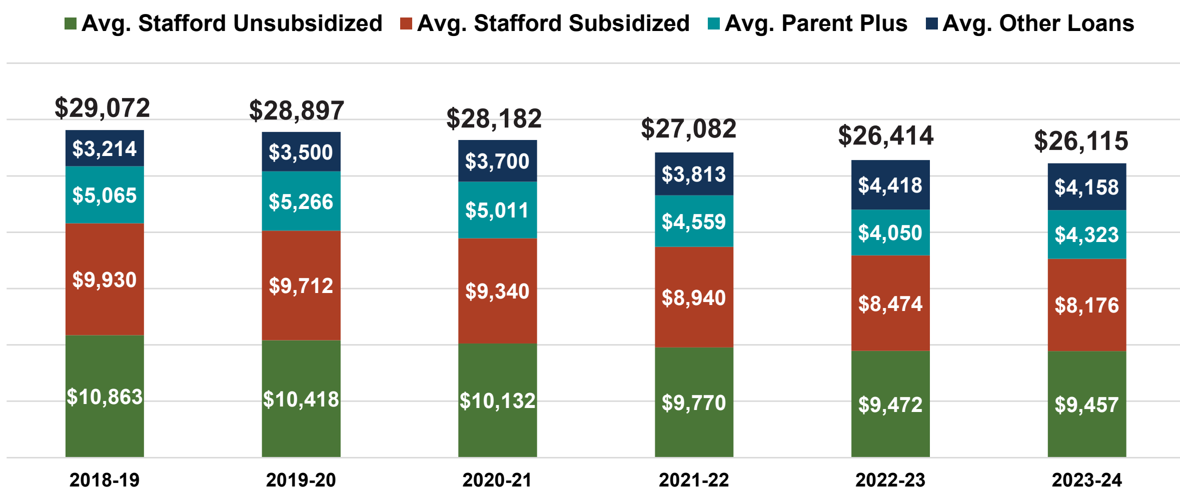



Fewer undergraduate students are graduating with loan debt, regardless of their residency (in-state or out-of-state), underrepresented minority (URM) or low-income status. In the last five years, the proportion of undergraduate credential completers with loan debt fell 13.9 percentage points, from 54.8% in 2018-19 to 40.9% in 2023-24. This decline was even more pronounced over the decade, falling 24.0 percentage points since 2012-13.

In 2012-13, the percentage of low-income (82.7%) and URM (75.7%) completers with loan debt was significantly higher than for completers overall (64.9%). By 2023-24, however, gaps between student populations had narrowed significantly. Under half (40.9%) of all undergraduate completers finished their education with debt, compared to 46.3% for URM completers and 52.2% for low-income completers. CPE defines underrepresented minority as Black, Hispanic or Latino, American Indian or Alaskan native, native Hawaiian or other Pacific Islander or two or more races. Low-income students are defined as Pell grant recipients.

# *The average loan amount of all public, undergraduate completers with debt is $26,115, a 10.2% decrease in five years.*

**Figure 3. Average loan balance of all public, two-year and four-year undergraduate completers with debt (excluding completers with zero debt)**



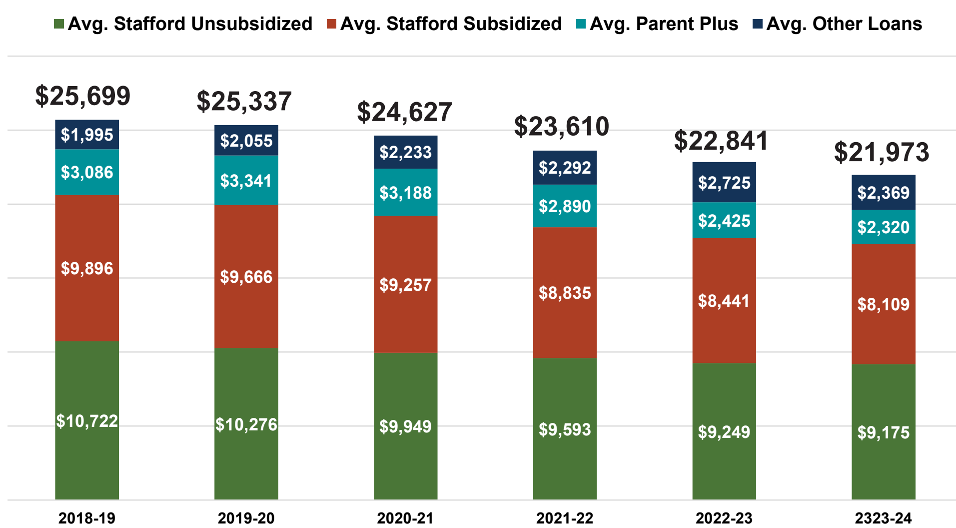

Another factor driving down average debt levels is lower balances among those who graduate with debt. Among all public undergraduate completers with some debt, average debt levels fell from $29,072 in 2018-19 to $26,115 in 2023-24, a decline of $2,957 or 10.2%. Although this trend is moving in the right direction, the average debt load for these students is slightly higher than a decade ago, up $807 or 3.2% since 2013-14.

Over the past five years, average Stafford unsubsidized loan debt dropped 12.9%, while Stafford subsidized loan debt fell 17.7%. Parent Plus loan debt decreased by 14.6%. An exception to this trend is other (non-federal) loan debt, which has increased 29.4% ($944) over the last five years and 192.4% ($2,736) over the decade. This trend warrants further scrutiny, as this category generally is comprised of private loans with less favorable terms.

As depicted on the following pages, this downward trend in debt is fairly consistent across various student populations. In the last five years, the average loan balance of in-state completers fell by 14.5%, URM completers by 16.4% and low-income completers by 14.0%. While the average loan balance for out-of-state completers ticked up 2.8% in 2023-24, over the last five years it has fallen by 4.3%.

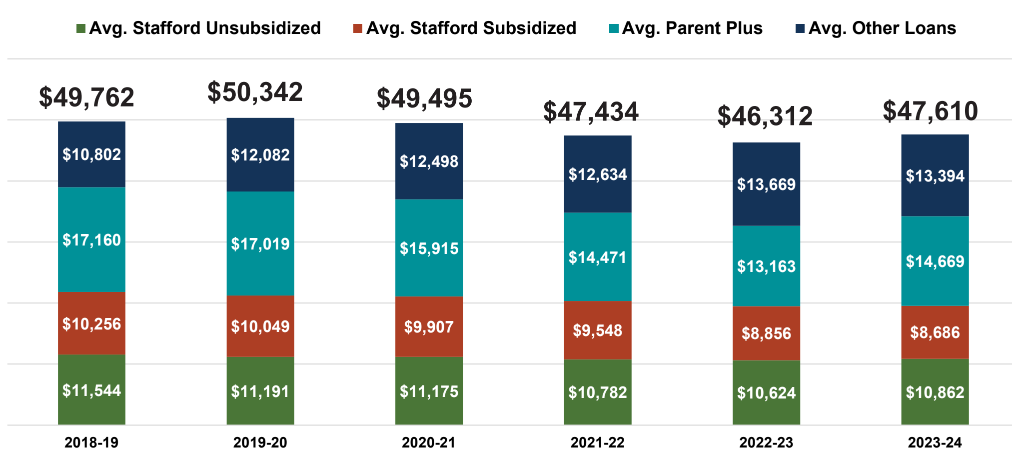
# Average loan amounts of public, undergraduate completers with debt are declining across most demographic groups.

**Figure 4. Average loan balance of all public, two-year and four-year, in-state completers with debt (excluding completers with zero debt)**



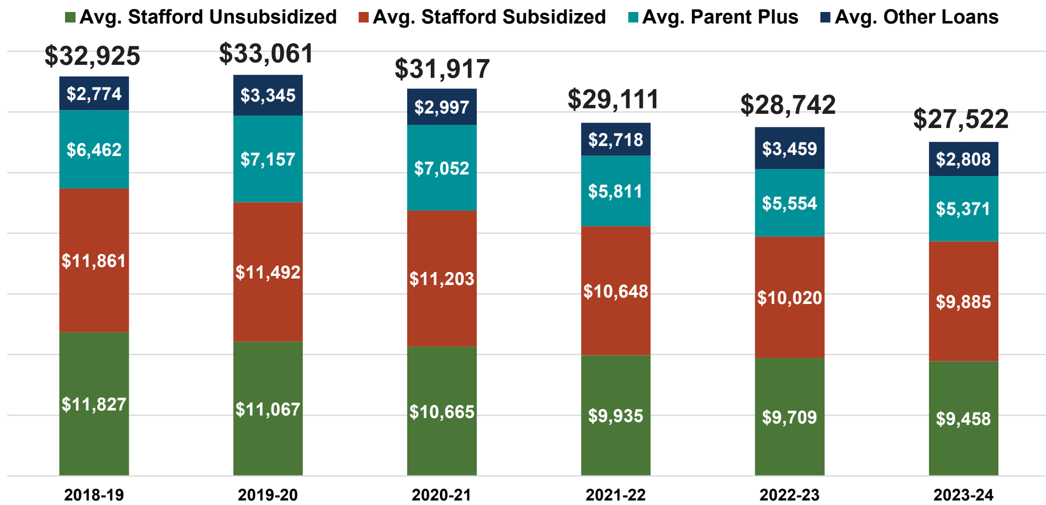

The average loan balance of in-state, public undergraduate completers with debt declined by 14.5% or $3,726 from 2018-19 to 2023-24.

**Figure 5. Average loan balance of all public, two-year and four-year, out-of-state completers with debt (excluding completers with zero debt)**



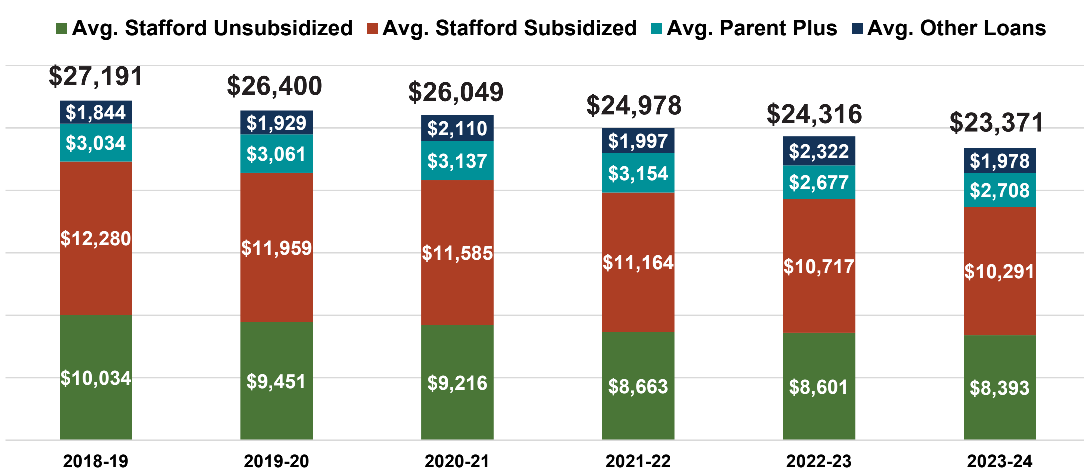

Non-resident undergraduate completers with debt saw their balances grow by 2.8% or $1,298 over the previous year. Over the last five years, however, the average loan amount fell by 4.3% or $2,152.

**Figure 6. Average loan balance of all public, two-year and four-year, URM completers with debt (excluding completers with zero debt)**




After climbing steadily in the first half of the decade, the average loan balance of URM graduates with debt is moving in the right direction, declining by 16.4% or $5,403 over the last five years.

**Figure 7. Average loan balance of all public, two-year and four-year, low-income completers with debt (excluding completers with zero debt)**

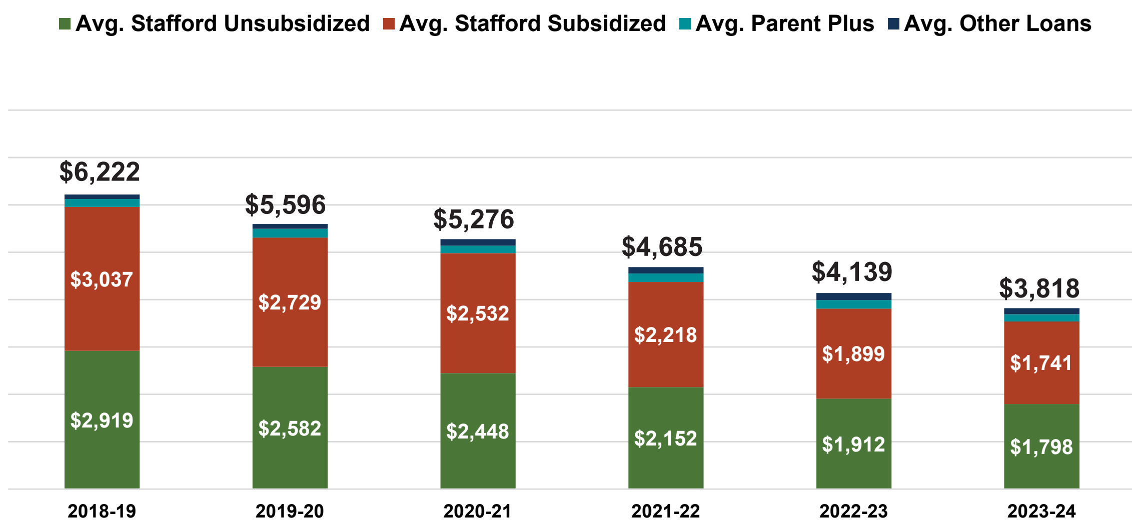



The average loan amount of low-income undergraduate completers with debt has declined by 14.0% or $3,820 over the last five years.

# Two-Year Graduates

# *The average loan amount of all KCTCS completers (with and without debt) is $3,818, a 38.6% decrease in 5 years.*

**Figure 8. Average amount of federal and private loans for all KCTCS undergraduate completers (including students with zero debt)**



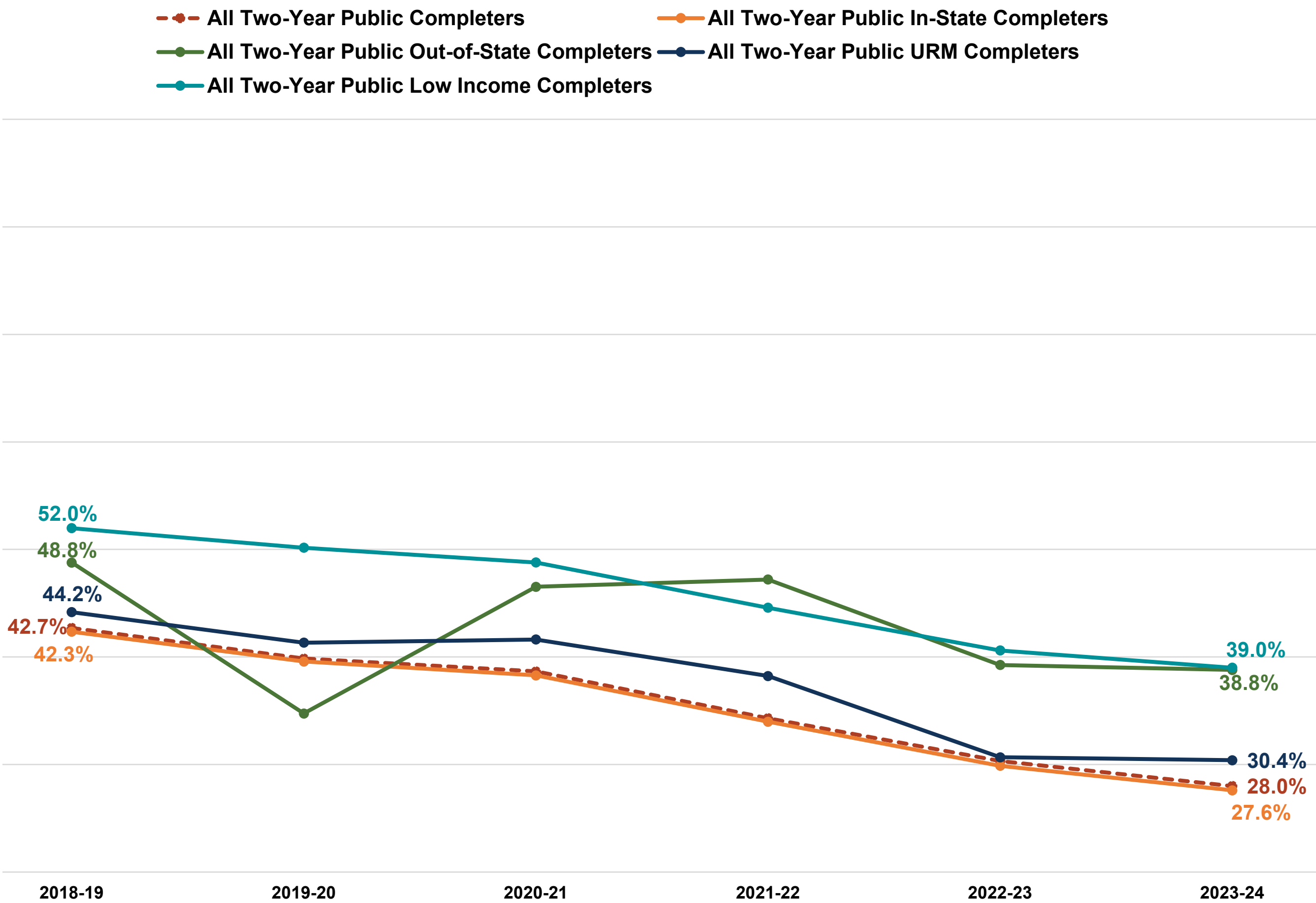

| | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|---|---|---|---|---|---|---|---|---|---|---|
| Parent Plus | $115 | $139 | $154 | $194 | $169 | $182 | $157 | $182 | $181 | $154 |
| Other | $70 | $59 | $60 | $95 | $96 | $102 | $139 | $133 | $147 | $125 |

At two-year public (KCTCS) institutions, average debt has been declining steadily snce 2014-15. Over the last five years, the average loan balance has fallen from $6,222 to $3,818, a decrease of $2,404 or 38.6%.

Because a higher proportion of KCTCS students are low-income and/or financially independent, the majority of loan debt in this sector is comprised of Stafford unsubsidized and subsidized loans. Over the last five years, unsubsidized Stafford debt has decreased by $1,121 (38.4%), and subsidized Stafford debt has decreased by $1,296 (42.7%). While the average Parent Plus loan amount has fallen by 8.9% ($15), the average amount of other loans has increased by 30.5% ($29).

# *The proportion of KCTCS completers with debt is declining across demographic groups.*

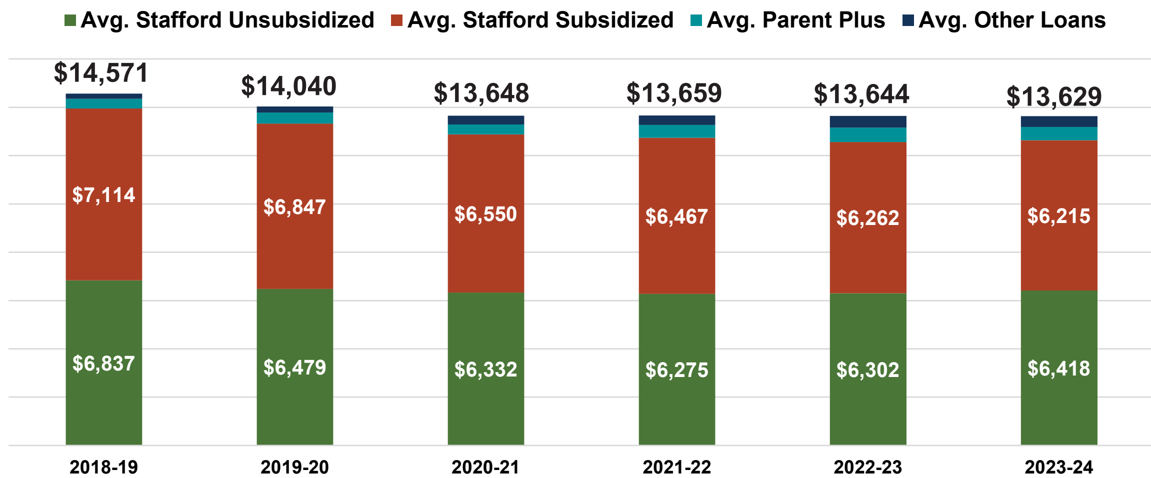
**Figure 9. Percentage of KCTCS completers with loan debt (including completers with zero debt), overall and for select student populations**




At KCTCS institutions, the proportion of all credential completers with debt has fallen 34.3 percentage points over the past decade and 14.7 percentage points since 2018-19. Importantly, the proportion of graduates with debt also is falling across key demographic groups. Over the last five years, the proportion of in-state, out-of-state, URM, and low-income graduates with debt has fallen by 14.7, 10.0, 13.8 and 13.0 percentage points, respectively. With the exception of low-income and out-of-state completers, gaps in loan debt between population subgroups have essentially closed since the beginning of the decade. Note that the low number of out-of-state students in the sample accounts for greater variability in this trend and makes comparisons less reliable.

## The average loan amount of KCTCS completers with debt is $13,629, a 6.5% decrease in 5 years.

**Figure 10. Average loan amount of KCTCS completers with debt (excluding students with zero debt) by loan type**

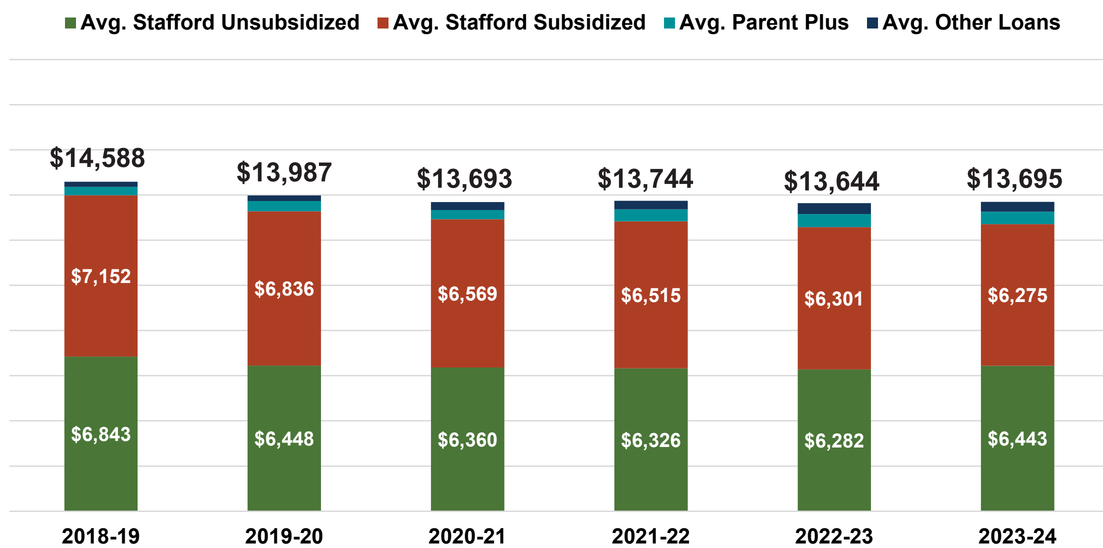



| | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|---|---|---|---|---|---|---|---|---|---|---|
| Parent Plus | $205 | $258 | $306 | $406 | $396 | $457 | $407 | $531 | $597 | $549 |
| Other | $124 | $112 | $120 | $199 | $223 | $255 | $360 | $386 | $483 | $447 |

Declining loan balances among students with debt are lowering debt levels at KCTCS institutions. The average loan balance has fallen from $14,571 in 2018-19 to $13,629 in 2023-24, a decline of $942 or 6.5%.

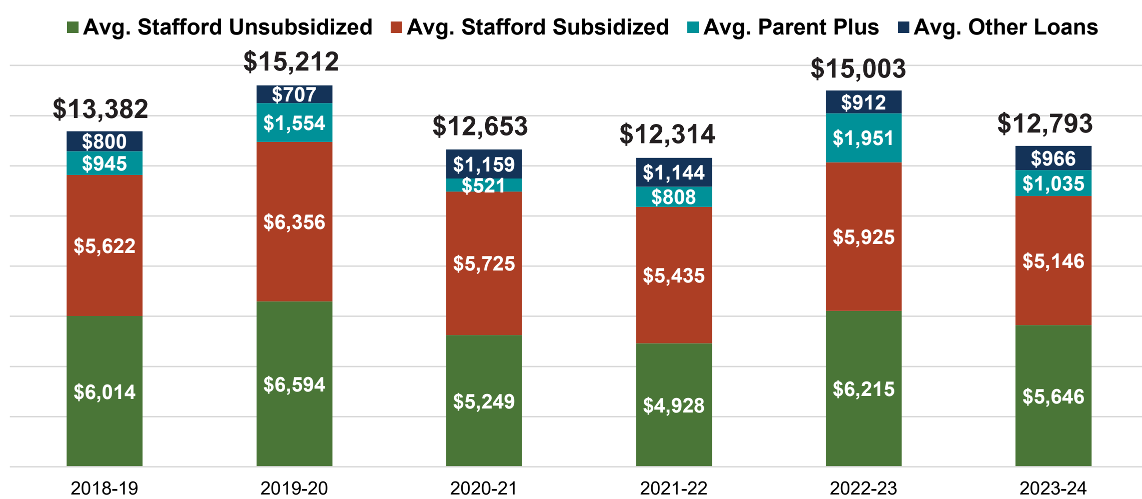
# Average loan amounts of KCTCS graduates are declining across most demographic groups.

**Figure 11. Average loan balance of KCTCS, in-state completers with debt (excluding students with zero debt) by loan type.**



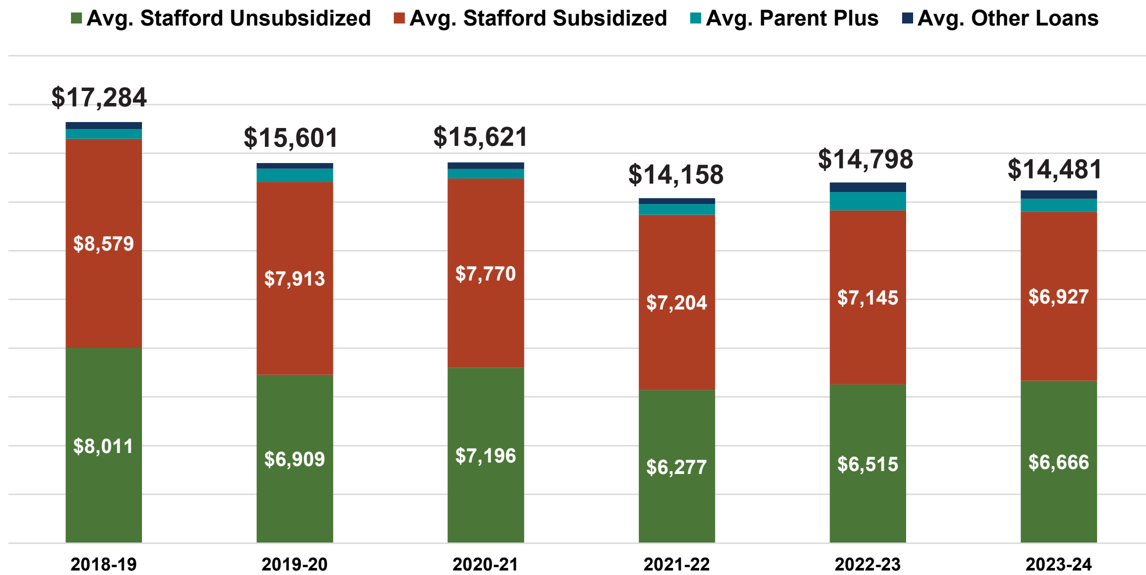

Over the last five years, the average loan balance of in-state KCTCS completers with debt has fallen from $14,588 to $13,695, a decline of $893 or 6.1%.

**Figure 12. Average loan balance of KCTCS, out-of-state completers with debt (excluding students with zero debt) by loan type**



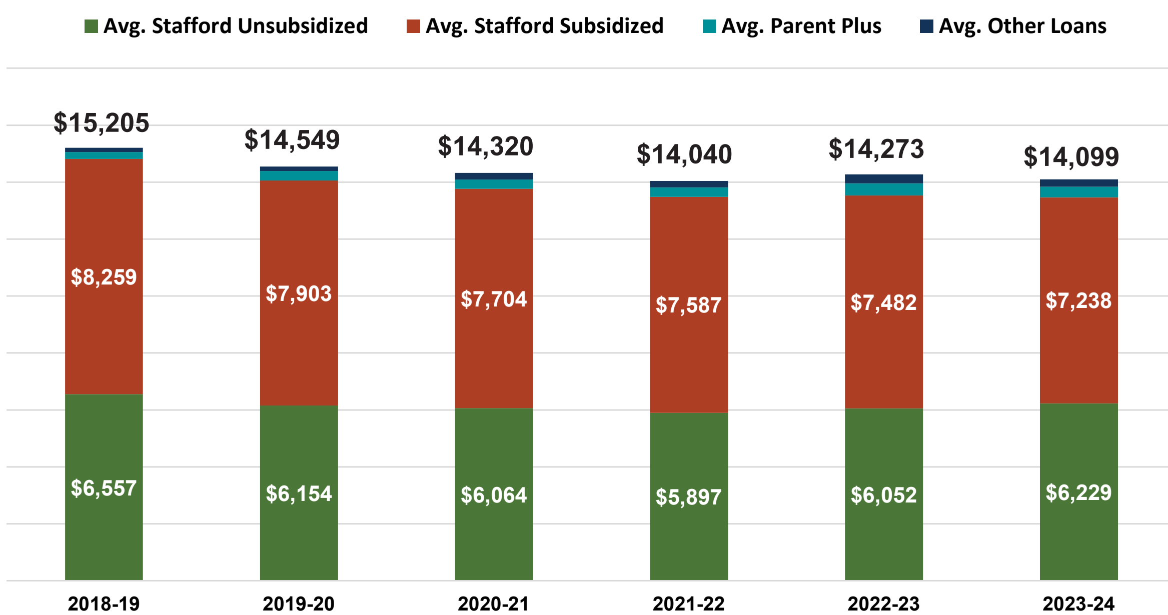

Debt levels for out-of-state completers with loan balances exhibited much greater variability over time due to the small population of students attending two-year institutions from other states, making comparisons less reliable.

**Figure 13. Average loan balance of KCTCS, URM completers with debt (excluding students with zero debt) by loan type**




Among URM completers with debt, the average loan balance fell from $17,284 in 2018-19 to $14,481 in 2023-24, a decline of $2,803 or 16.2%.

**Figure 14. Average loan balance of KCTCS low-income completers with debt (excluding students with zero debt) by loan type**

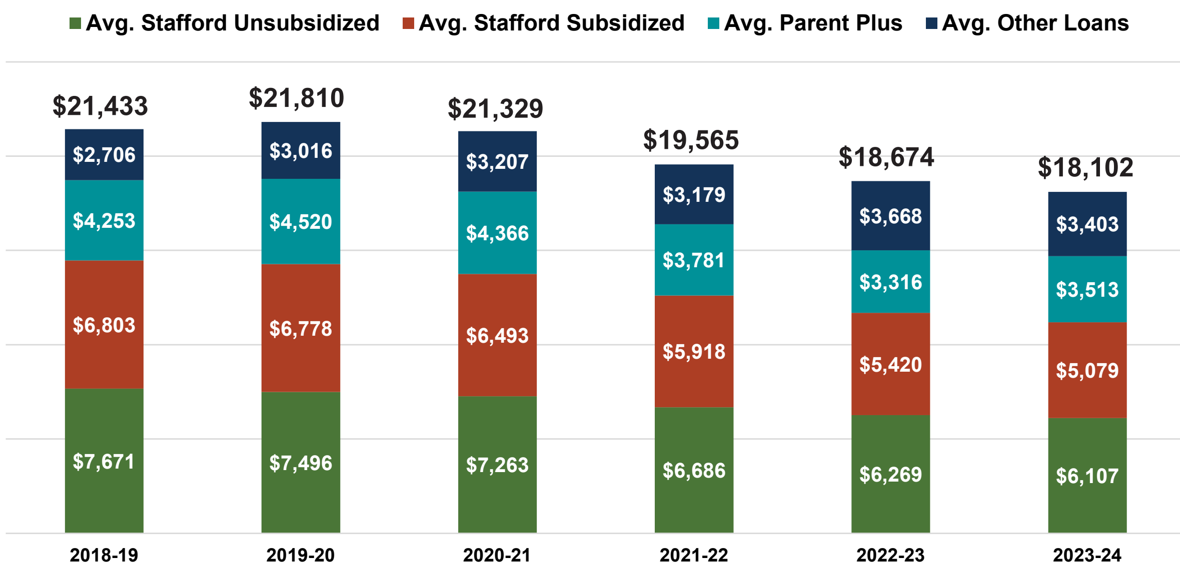



The average loan balance of low-income KCTCS completers with debt has fallen from $15,205 in 2018-19 to $14,099 in 2023-24, a decrease of $1,106 or 7.3%.

# Four-Year Graduates

# The average loan amount of all public undergraduate university completers (with and without debt) is $18,102, a 15.5% decrease in 5 years.

**Figure 15. Average federal and private loan balance of undergraduate completers at four-year public universities (including students with zero debt)**

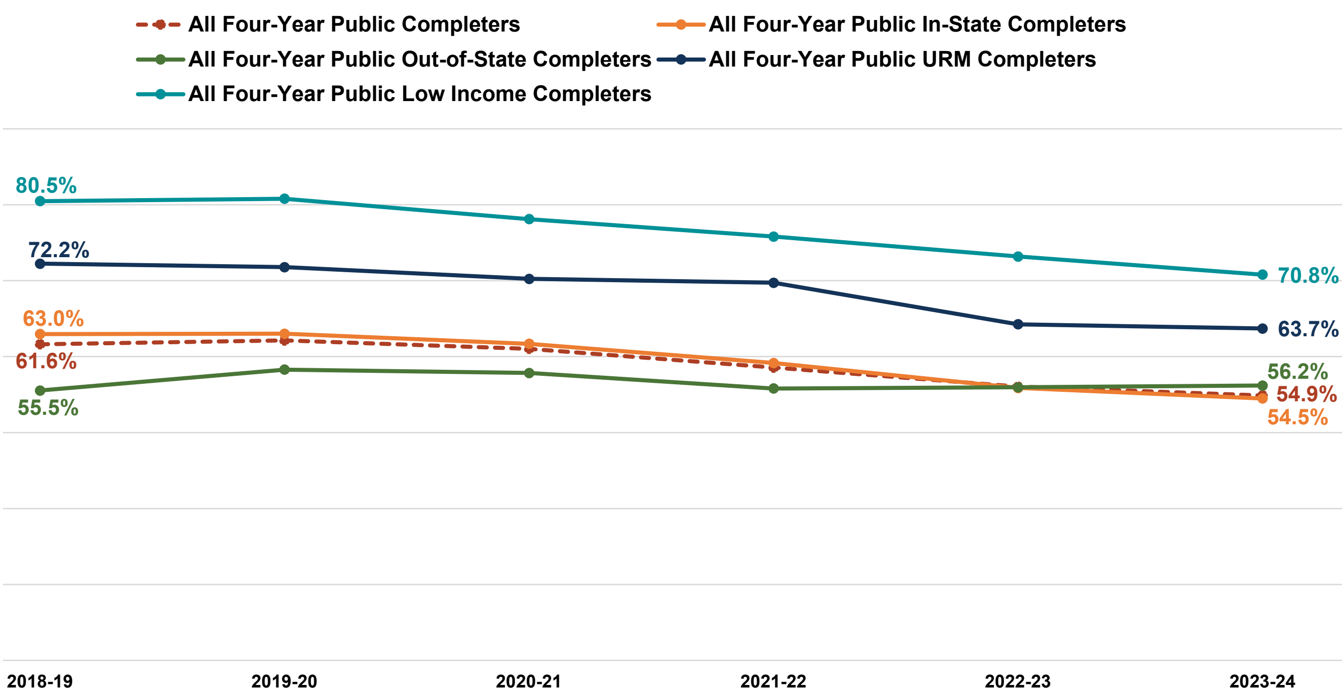



Graduates of four-year public institutions in this study are overwhelmingly students completing bachelor's degrees. Overall, the average loan amount for these students fluctuated between $21,000 and $22,000 before beginning to decline in 2018-19. Over the last five years, average undergraduate debt for these students has fallen from $21,433 to $18,102, a decrease of $3,331 or 15.5%.

In the same period, all major types of loan debt declined with the exception of private loans, which have increased by $698 or 25.8% since 2018-19. Stafford unsubsized loan debt has fallen by $1,564 or 20.4%, Stafford subsidized loan debt has fallen by $1,724 or 25.3%, and Parent Plus loan debt has fallen by $740 or 17.4% over the past five years.

# *The proportion of public undergraduate university completers with debt is declining across most demographic groups.*

**Figure 16. Percentage of public university undergraduate completers with loan debt (including completers with zero debt), overall and for select student populations**

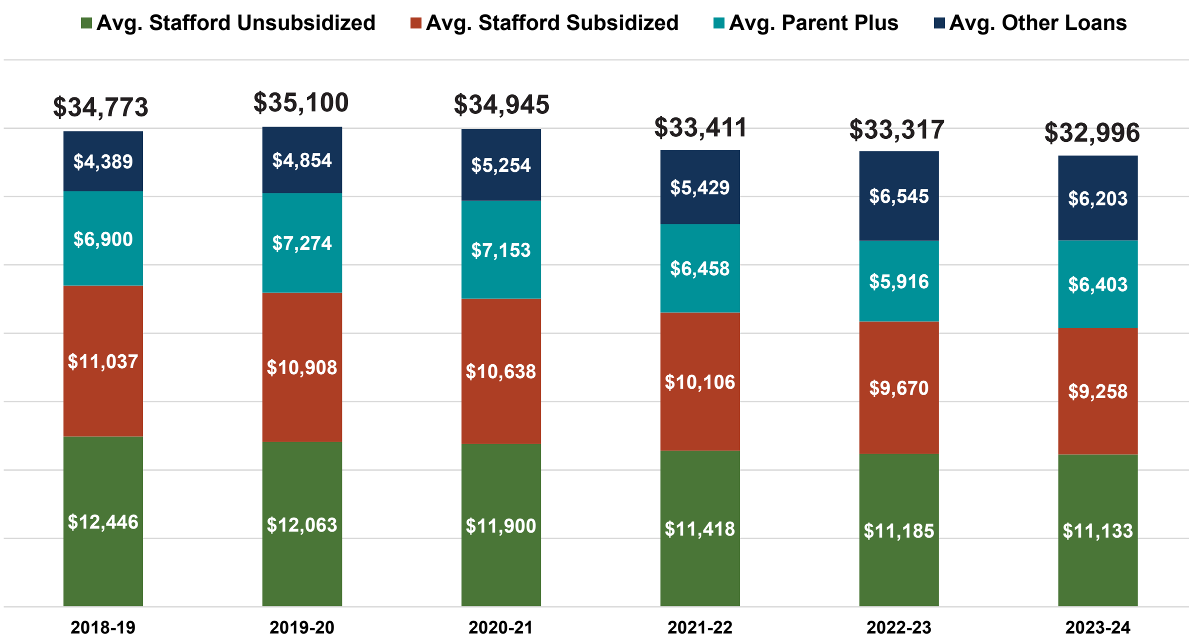



At four-year public universities, the proportion of graduates with debt has fallen 11.4 percentage points over the past decade (from 66.3% in 2012-13 to 54.9% in 2023-24) and 6.7 points since 2018-19 (from 61.6% to 54.9%). As with two-year public institutions, the proportion of completers with debt is falling among key demographic groups.

In the past five years, the proportion of completers with debt has declined by 8.5 percentage points for in-state sudents, 8.5 points for URM students, and 9.7 points for low-income students. The proportion of out-of-state completers with debt actually rose slightly, by seven-tenths of a percentage point. While gaps have narrowed, a substantially larger percentage of URM and low-income students carry debt as compared to the overall student population. This is largely explained by the greater levels of financial need typically experienced by these student populations.

# The average loan amount of public undergraduate university completers with debt is $32,996, a 5.1% decrease in 5 years.

**Figure 17. Average loan balance of undergraduate public university completers with debt (excluding students with zero debt) by loan type**

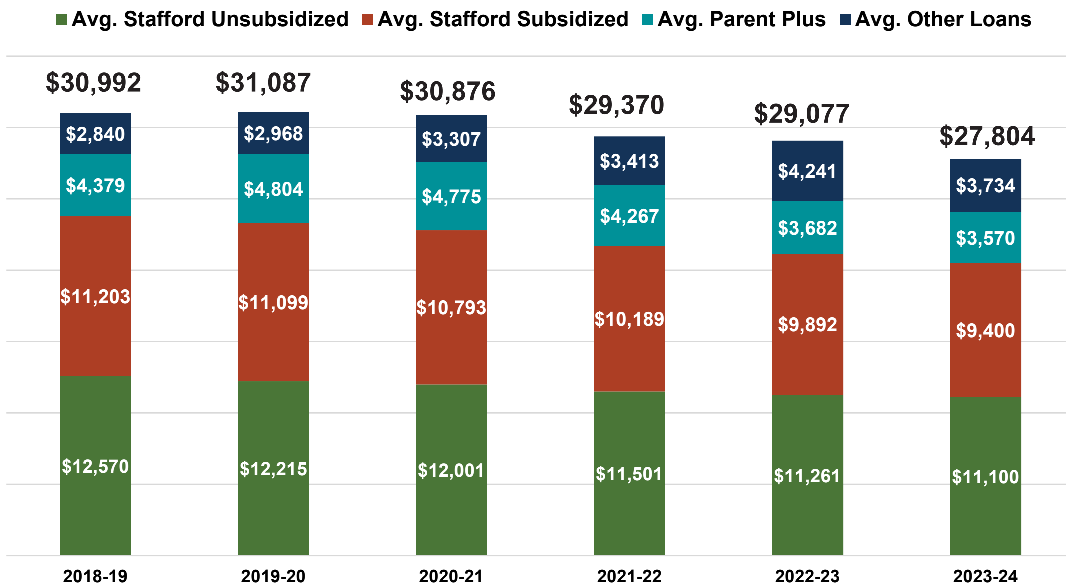



Shrinking loan balances among students with debt are contributing to overall declines in debt levels at four-year public universities. For all university undergraduate completers with debt, the average loan balance has decreased from $34,773 in 2018-19 to $32,996 in 2023-24, a decline of $1,777 or 5.1% over the last five years.

Note that while debt levels for most loan types are falling, other (non-federal) loan debt increased from $4,389 in 2018-19 to $6,203 in 2023-24, a 41.3% jump.

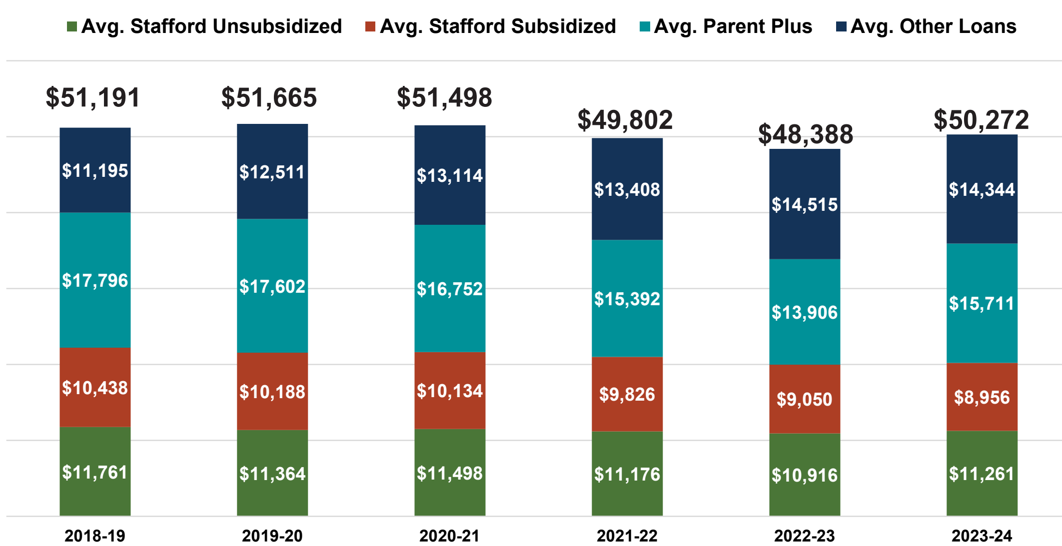
# Average loan amounts of public university undergraduate completers with debt are declining across most demographic groups.

**Figure 18. Average loan balance of undergraduate, public university in-state completers with debt (excluding students with zero debt) by loan type**



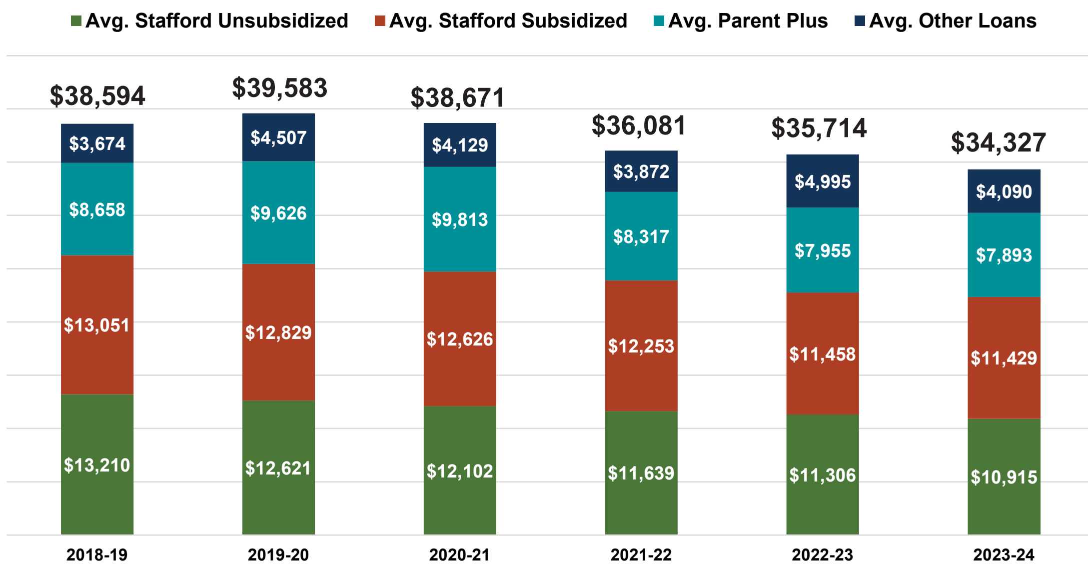

The average loan balance of in-state completers with debt has fallen from $30,992 in 2018-19 to $27,804 in 2023-24, a decline of $3,188 or 10.3%.

**Figure 19. Average loan balance of public university out-of-state undergraduate completers with debt (excluding students with zero debt) by loan type**



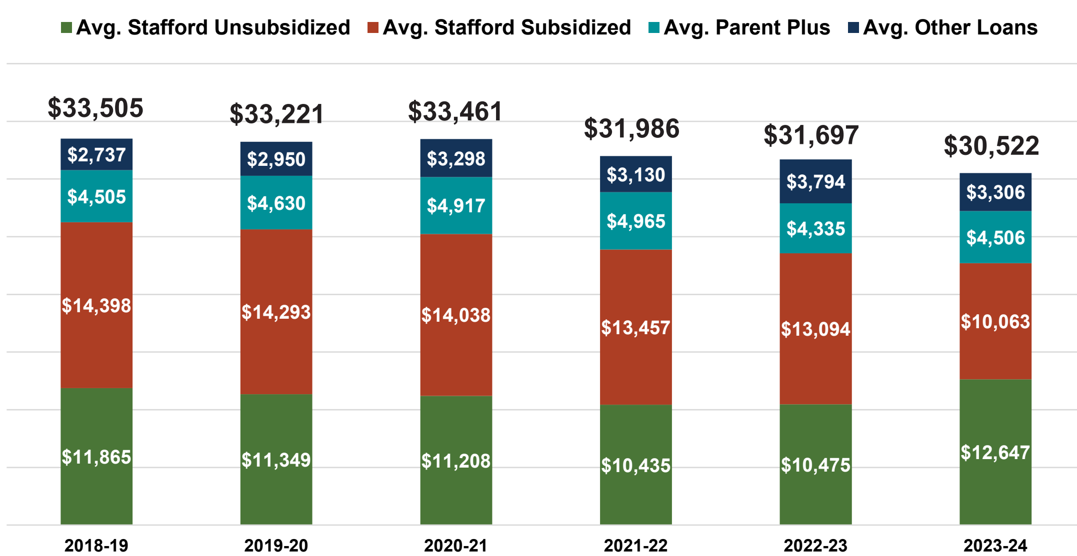

For out-of-state completers with debt, the average loan balance has fallen from $51,191 in 2018-19 to $50,272 in 2023-24, a decrease of $919 or 1.8% over the last five years.

### Figure 20. Average loan balance of public university undergraduate URM completers with debt (excluding students with zero debt) by loan type




Among URM completers with debt, the average loan balance has fallen from $38,594 in 2018-19 to $34,327 in 2023-24, a decrease of $4,268 or 11.1%.

### Figure 21. Average loan balance of undegraduate public university low-income completers with debt (excluding students with zero debt) by loan type




The average loan balance of public university low-income undergraduate completers has fallen from $33,505 in 2018-19 to $30,522 in 2023-24, a decline of $2,982 or 8.9%.

# Contributing Factors

# Factors Contributing to Student Debt Declines in Kentucky

With so much attention focused on rising college costs, why are debt levels decreasing for Kentucky undergraduates at public institutions? These are the primary factors likely contributing to this trend:

- increases in institutional and state aid awards;
- a commitment from CPE and campuses to curb tuition increases;
- decreased time to degree, which lowers postsecondary costs;
- statewide initiatives to increase financial literacy among students and their families; and
- fewer low-income students enrolling in college during and immediately after the pandemic, a trend which is beginning to reverse.

## Financial Aid Trends

In the same period that average loan amounts were decreasing, grants and scholarships from state, federal and institutional sources were increasing. The average state aid award to KCTCS completers rose from $2,605 in 2018-19 to $3,572 in 2023-24, an increase of $967 or 37.1%. The average institutional grant at KCTCS rose from $1,104 to $1,901, an increase of $797 or 72.2% over the same period. Federal grants, however, fell from $7,731 to $6,545, a decrease of 15.3% or $1,186. Nevertheless, the average total amount of state, federal and institutional aid awarded to KCTCS graduates in 2023-24 was 5.1% higher than in 2018-19.

At four-year institutions, the average amount of state aid grew from $5,949 in 2018-19 to $7,890 in 2023-24, an increase of $1,941 or 32.6%. Similarly, the average institutional grant increased by $4,616 or 24.9%. The average federal grant grew only slightly, from $8,154 to $8,742 (an increase of $588 or 7.2%). It was these increases in state, federal and institutional aid that enabled students to borrow less.

**Figure 22. Average annual financial aid awards to KCTCS graduates by type**

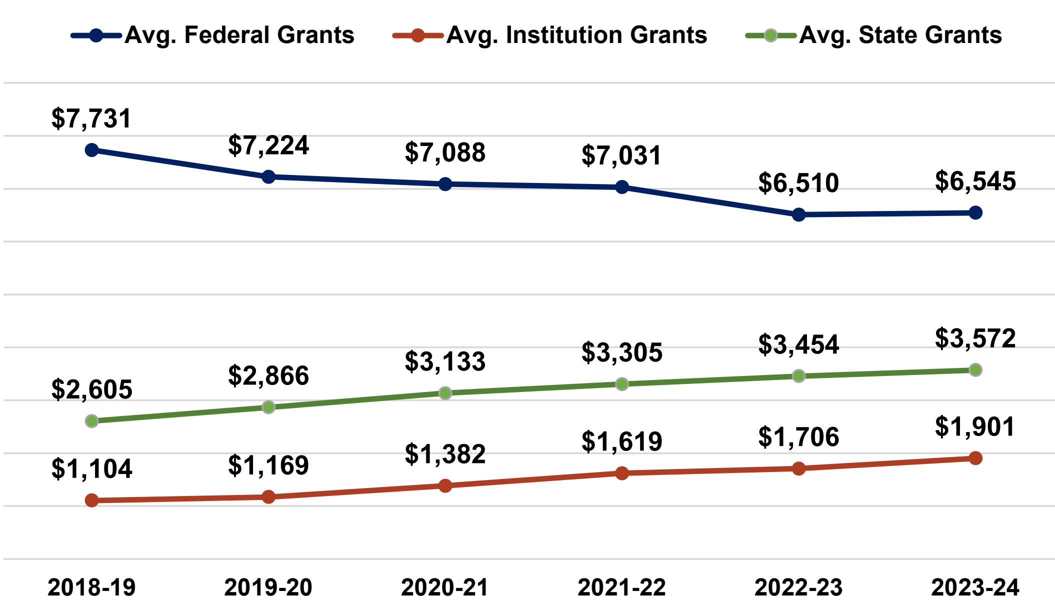
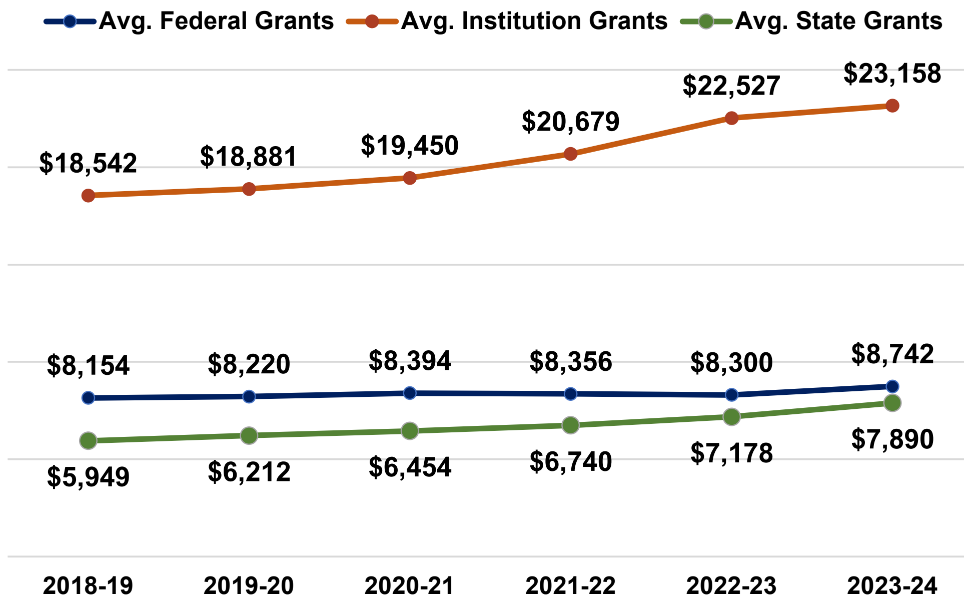


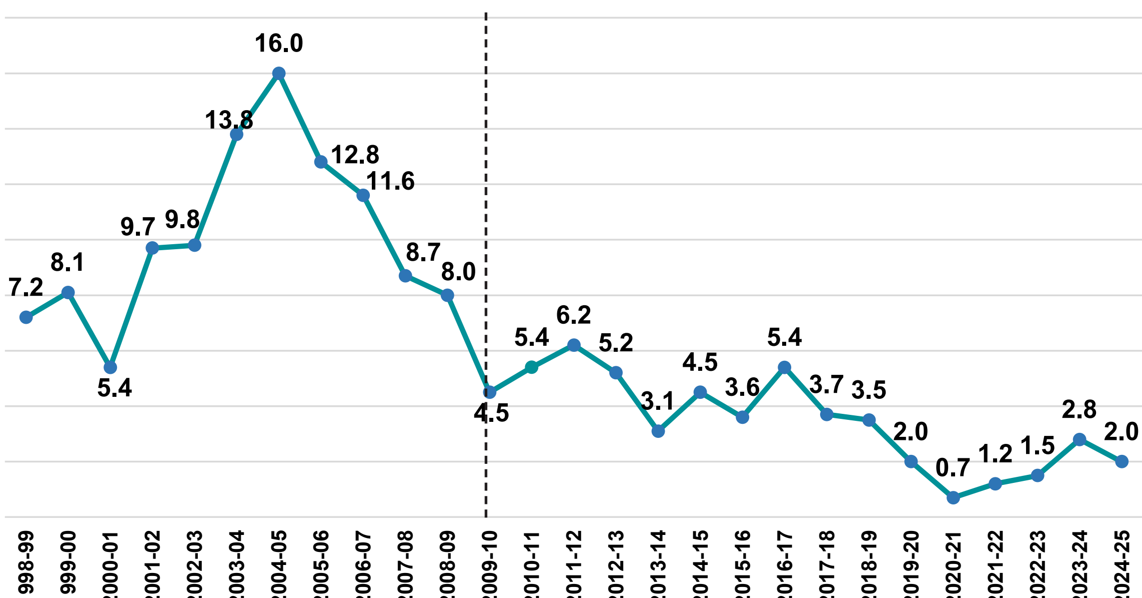
**Figure 23. Average annual financial aid awards to public university graduates by type**




## Tuition Rate Management

Along with increases in financial aid, tuition rate management has been central to Kentucky's pursuit of affordable, accessible postsecondary education. To this end, CPE remains committed to moderating tuition increases to minimize the cost of attendance for students. In 2009-10, CPE reinstated tuition ceilings for public postsecondary institutions, dramatically slowing rate increases.

**Figure 23. Annual percentage increases for tuition and fees for two- and four-year public institutions**



## Decreased Time to Degree

An overlooked strategy for lowering postsecondary costs is reducing the amount of time it takes to complete a degree or credential. The rise of high school dual credit is a significant factor in lessening time to degree. In the last five years, the number of earned dual credit hours has increased 60%, and the number of students enrolled in dual credit has increased 55%. Other reasons for this trend include higher retention rates, which can be attributed to increased student services like mentoring, advising and other academic and non-academic supports.

## Financial Literacy Initiatives

CPE - along with the Kentucky Center for Statistics (KYSTATS), postsecondary institutions and other stakeholders - have invested time and resources to promote financial literacy among Kentucky students and families. Instruction and printed materials cover topics like responsible borrowing and budgeting and help students understand the monthly payments associated with student debt. Many institutions across the state hold “FAFSA Day” events, where students and their parents work with financial aid counselors to file the Free Application for Federal Student Aid, ensuring they are eligible to receive the maximum level of financial aid possible for their income level. At the state level, CPE and KYSTATS harnessed the power of the state’s robust longitudinal data system to create a Students’ Right to Know dashboard, where students, parents, and guidance counselors can use information about institutional costs, degree offerings and projected salaries to make smart financial decisions. This information can also be accessed on the new Futuriti website, where Kentuckians can explore college and career options in the Commonwealth.

## Other Factors

Finally, decreasing debt levels in Kentucky might be due, in part, to the declining number of low-income students enrolling in college. Between fall 2018 and fall 2023, enrollment of undergraduate (non-dual credit) low-income students declined by 7.7%. However, statewide efforts to increase financial aid and outreach seem to be stabilizing low-income enrollment. Between fall 2022 and fall 2023, undergraduate (non-dual credit) low-income enrollment grew by 7.3%. As a postsecondary community, we must continue to increase access to postsecondary education for our most vulnerable students.

# Conclusion

The proliferation of institution and state grant aid, as well as the availability of federal financial support through both aid programs and low-rate loans, means that college debt levels have become more manageable for Kentucky students, especially in the last five years.

Decreases in student debt levels at graduation, decreased attendance costs at some institutions and increased financial literacy efforts have resulted in a more accessible, affordable system of public postsecondary education in Kentucky. Although more work is needed to boost enrollment among students with low incomes, this study suggests that statewide and campus affordability efforts are making a real difference to Kentucky students and families.

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