



Program Review and Investigations Committee

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Kentucky Council on Postsecondary Education

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Overview

1. CPE response to report
2. Core issues
3. Challenges to college affordability
4. Efforts to maintain affordability
5. Current status
6. Areas of Concern
7. Solutions going forward

1. Response to Program Review Report

- Comprehensive study
- Standard affordability indicators
- Includes trend and comparative data
- Appropriate comparison groups
- Recognized data sources
- Fact-based analysis
- Findings are as expected

2. Core Issues

- 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



Core Issues (Cont'd)

- Growth in student loan debt is an indicator that college has become less affordable for some Kentucky students and families
- A challenge to affordability for low-income students has been 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

3. Challenges to Affordability

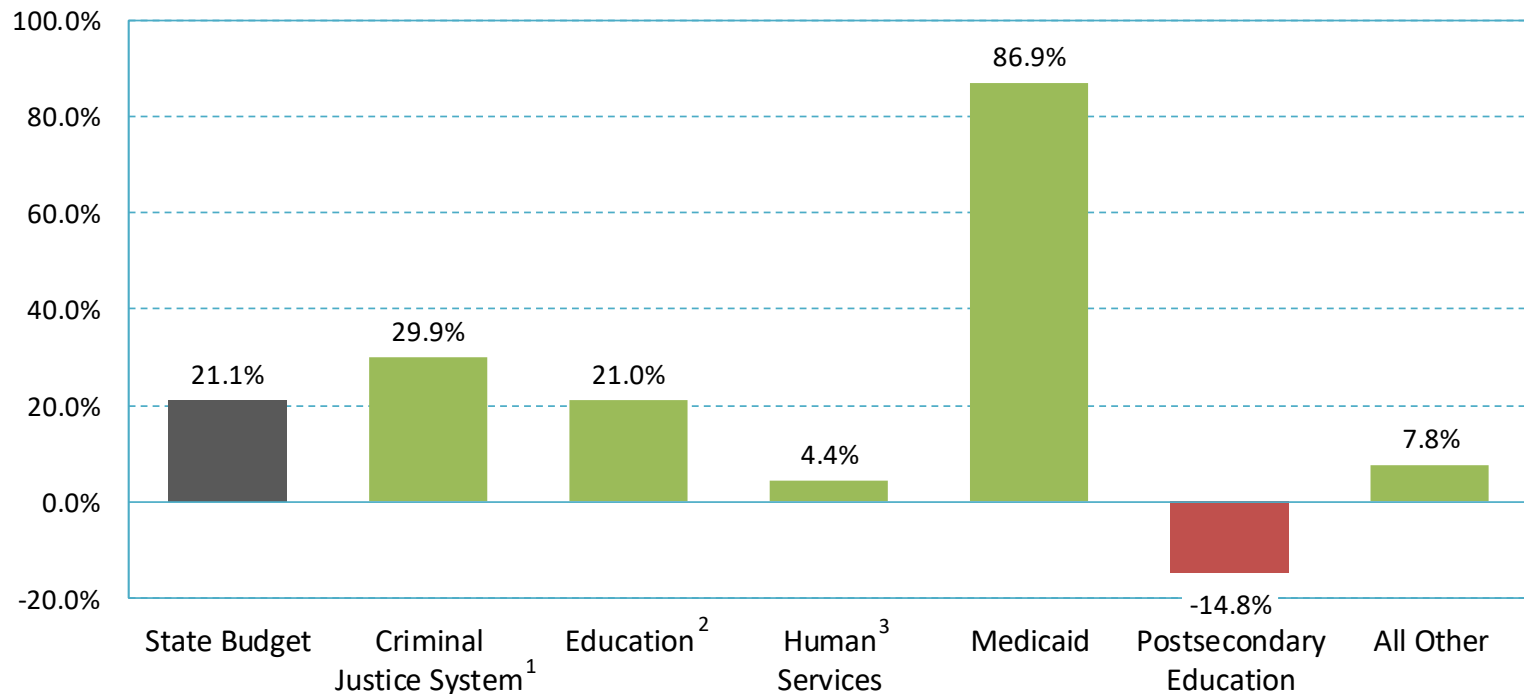
- Over the past decade, allocation of state budgets has focused on other priorities (e.g., Medicaid, corrections)
- Public colleges and universities have sustained a decade of funding cuts (9 cuts over 10 years)
- There has been a shifting of responsibility for M&O and other costs from the state to institutions
- Mandated KERS rate increases have more than doubled employer-paid retirement contributions
- State funding cuts and mandated cost increases have placed upward pressure on tuition and fees



Challenges to Affordability

Focus on Other Priorities

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



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

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

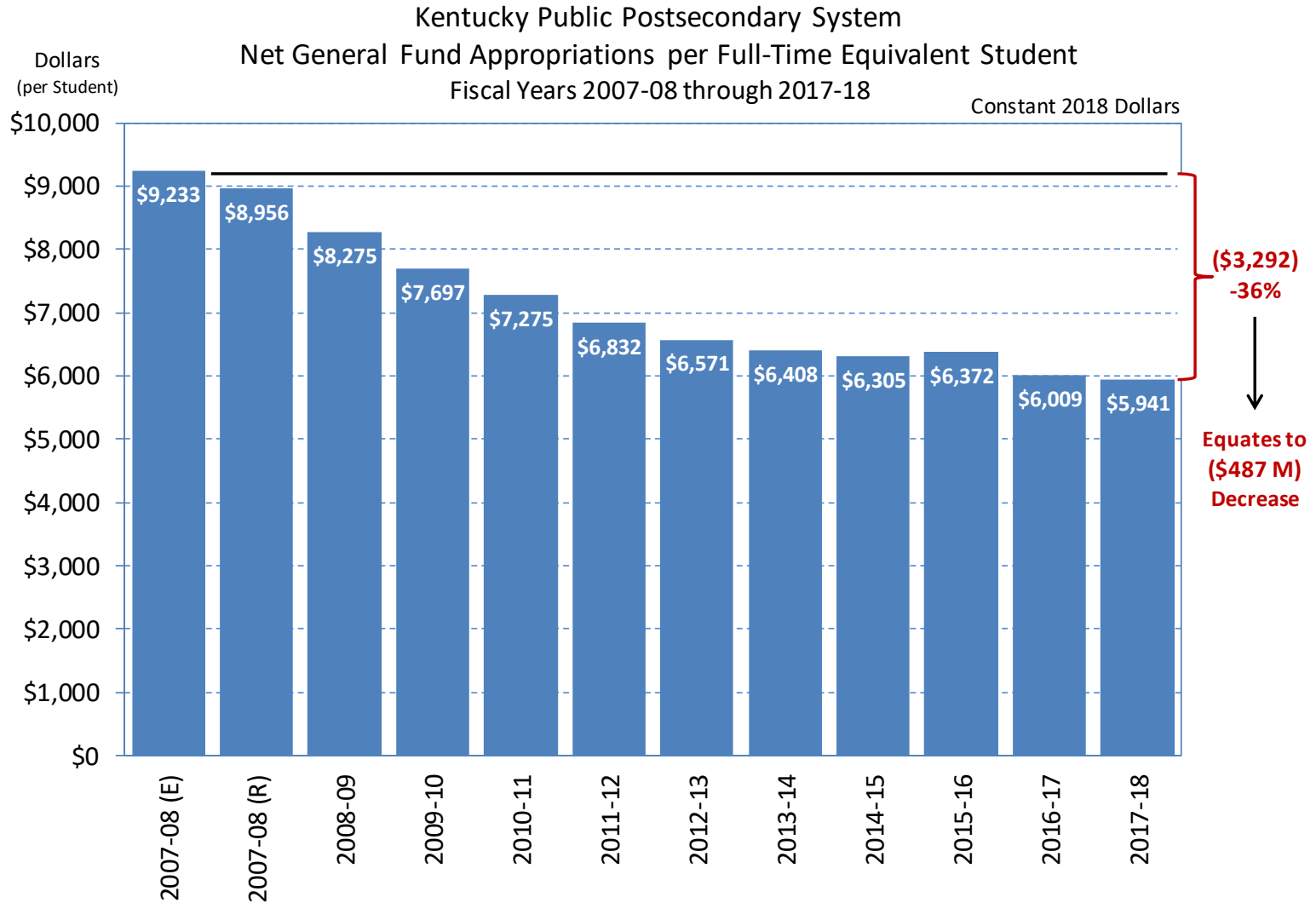
³ Human Services includes the Health and Family Services Cabinet (net of Medicaid).

Source: Kentucky Budgets of the Commonwealth, various years.



Challenges to Affordability

Decade of Funding Cuts

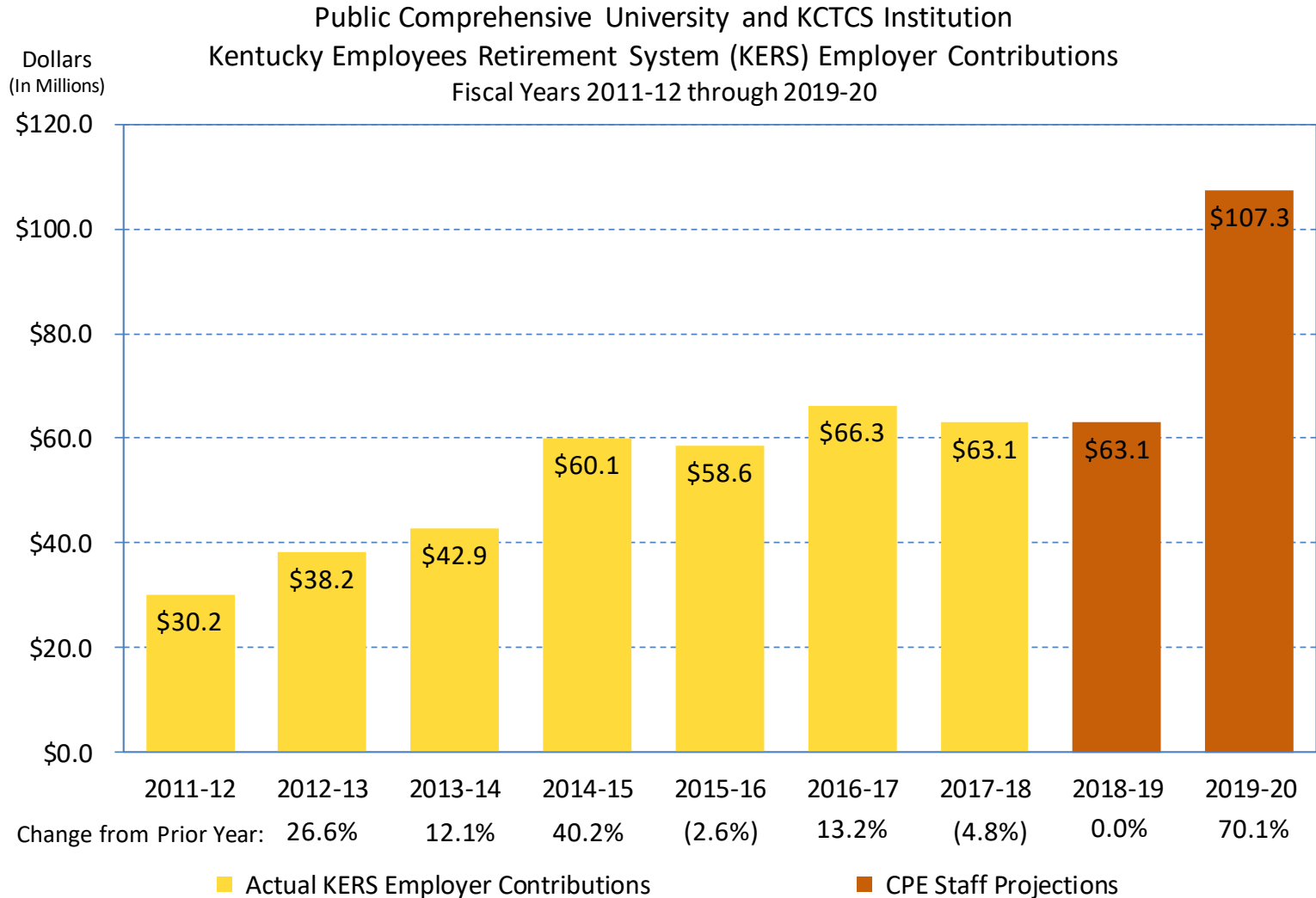


Sources: Kentucky Budgets of the Commonwealth; Commonfund Institute, Higher Education Price Index.

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

Challenges to Affordability

Growth in KERS Contributions



Source: Kentucky Retirement System (KRS).



4. Efforts to Maintain Affordability

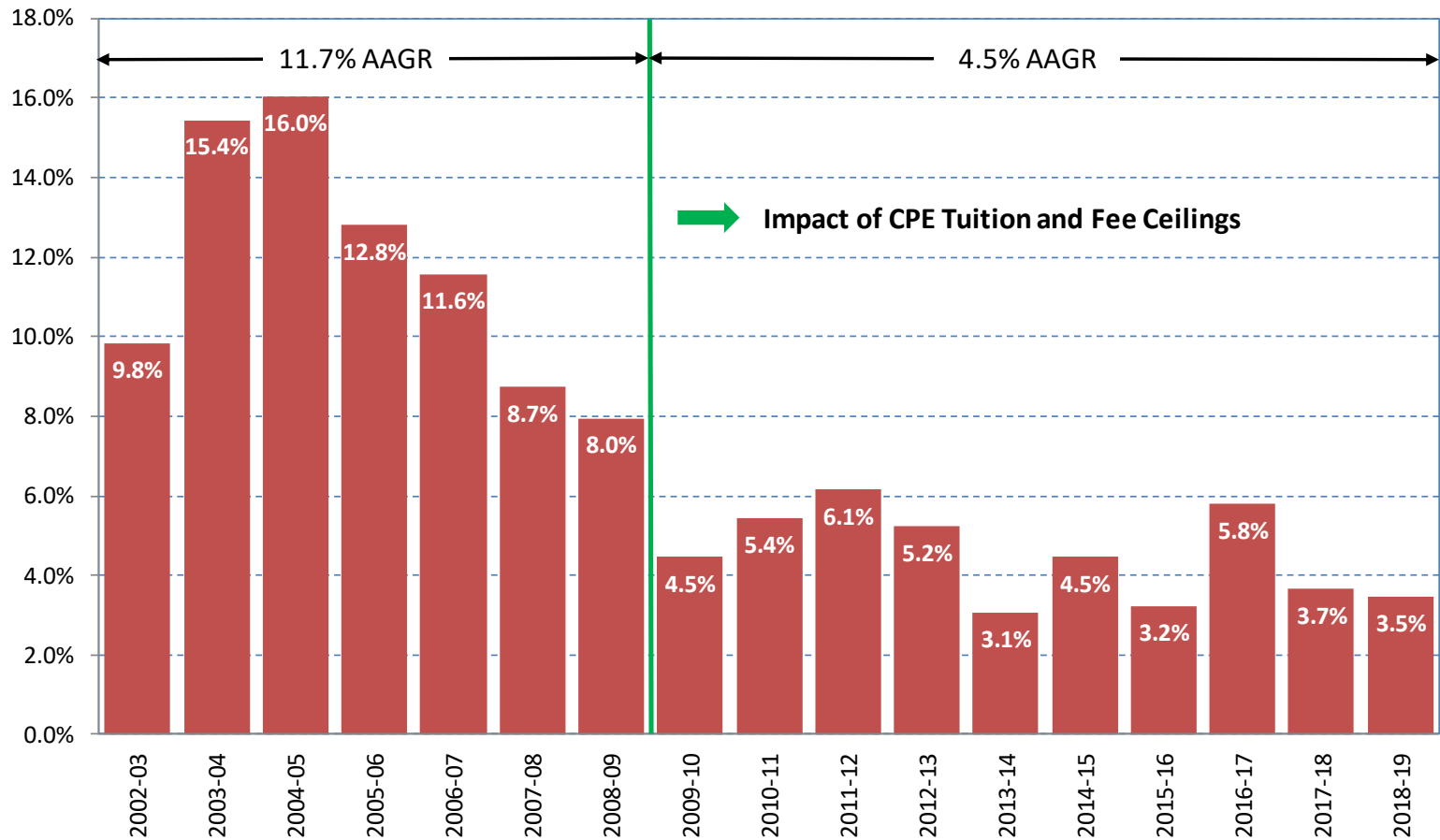
- Every year since 2009-10, the Council has adopted tuition ceilings to limit the magnitude of increases
- Institutions have not been allowed to fully recover losses in state support and mandated cost increases
- Sizable state investment in student aid programs
- Institutions have increased funding for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



Efforts to Maintain Affordability

Impact of Tuition Ceilings

Kentucky Public Postsecondary System
 Annual Change in Resident Undergraduate Tuition and Fees
 Academic Years 2002-03 through 2018-19



Source: Council on Postsecondary Education, Comprehensive Database.

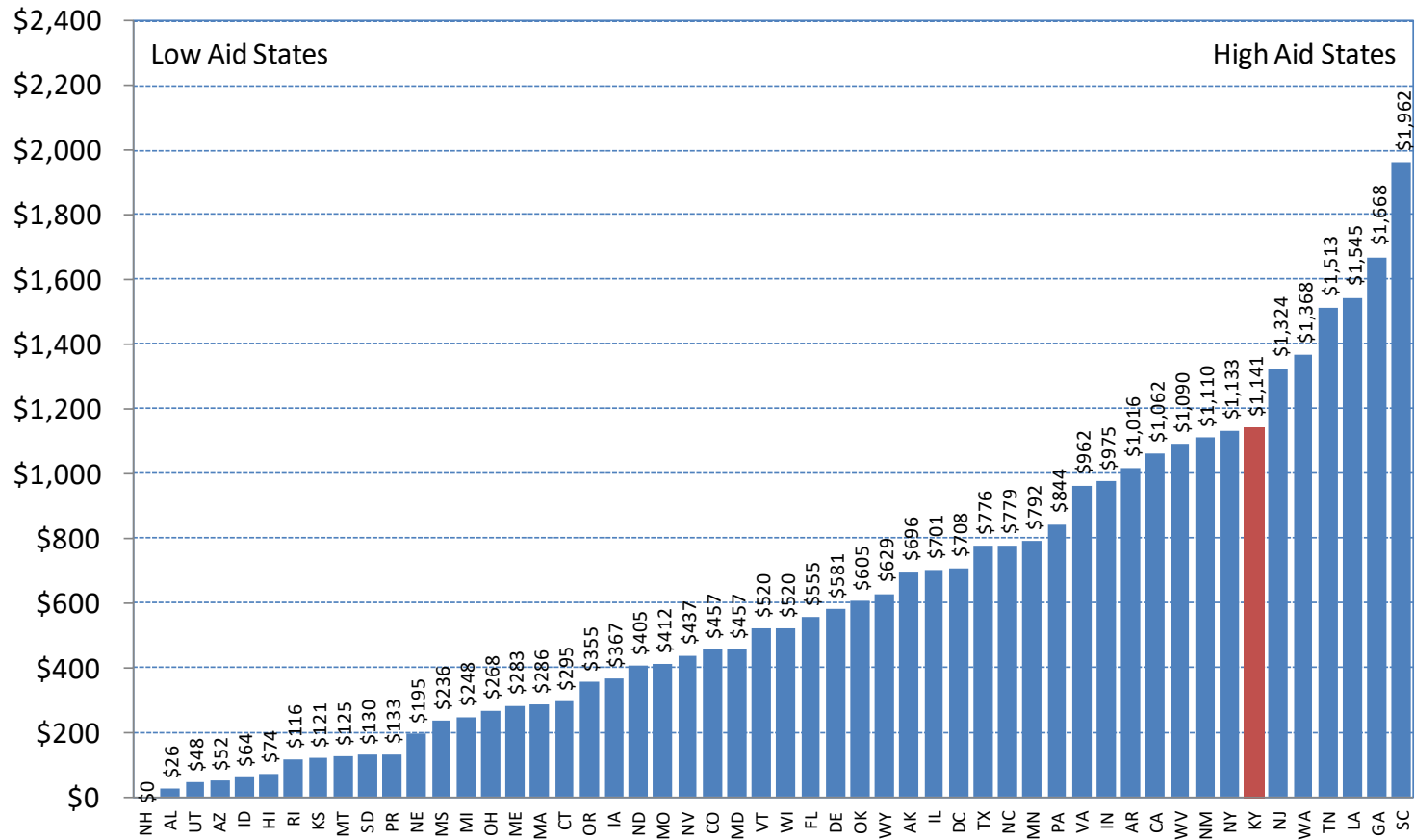
AAGR = Average Annual Growth Rate

Efforts to Maintain Affordability

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

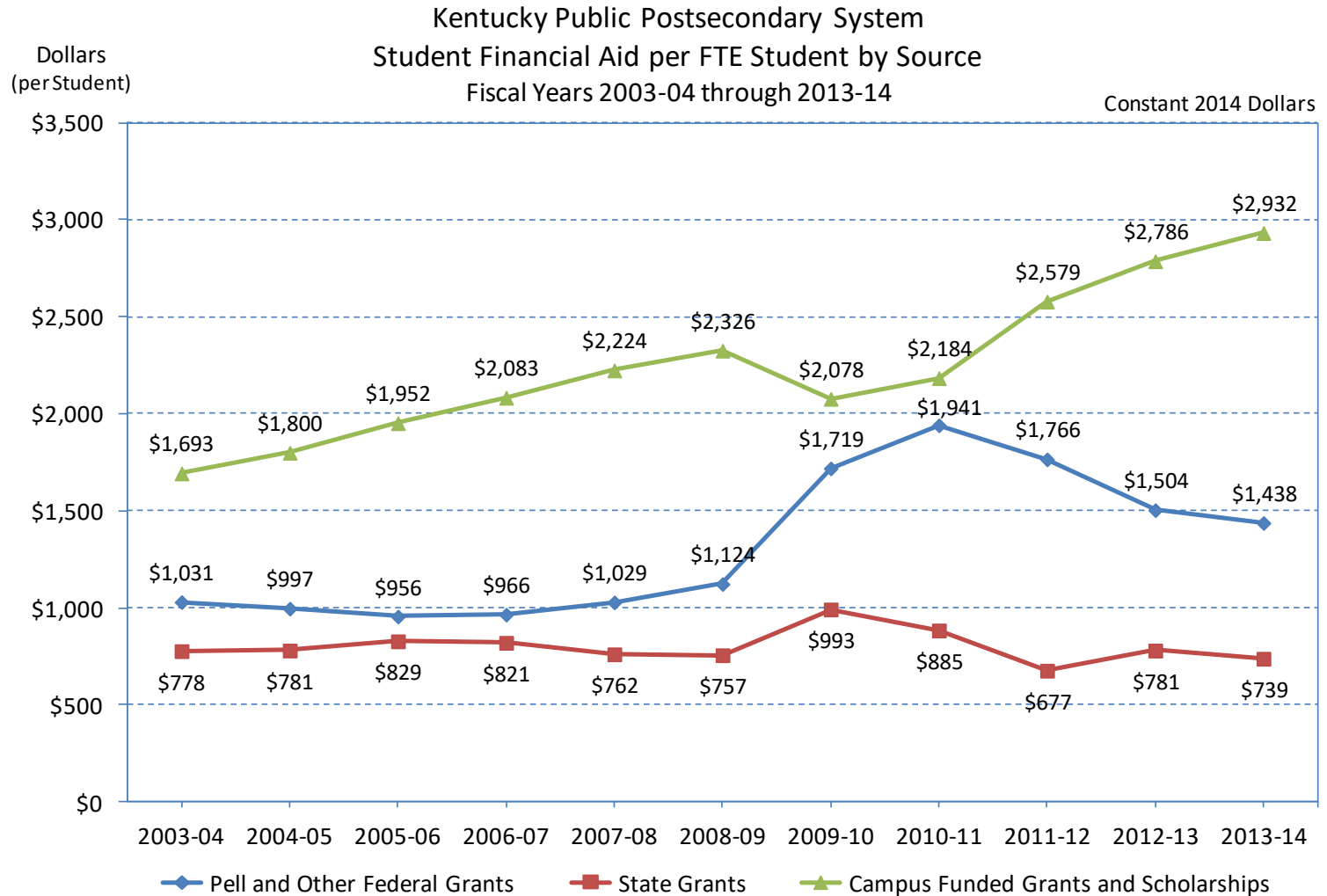
Dollars
(per Student)



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

Efforts to Maintain Affordability

Campus-Based Aid is Growing



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

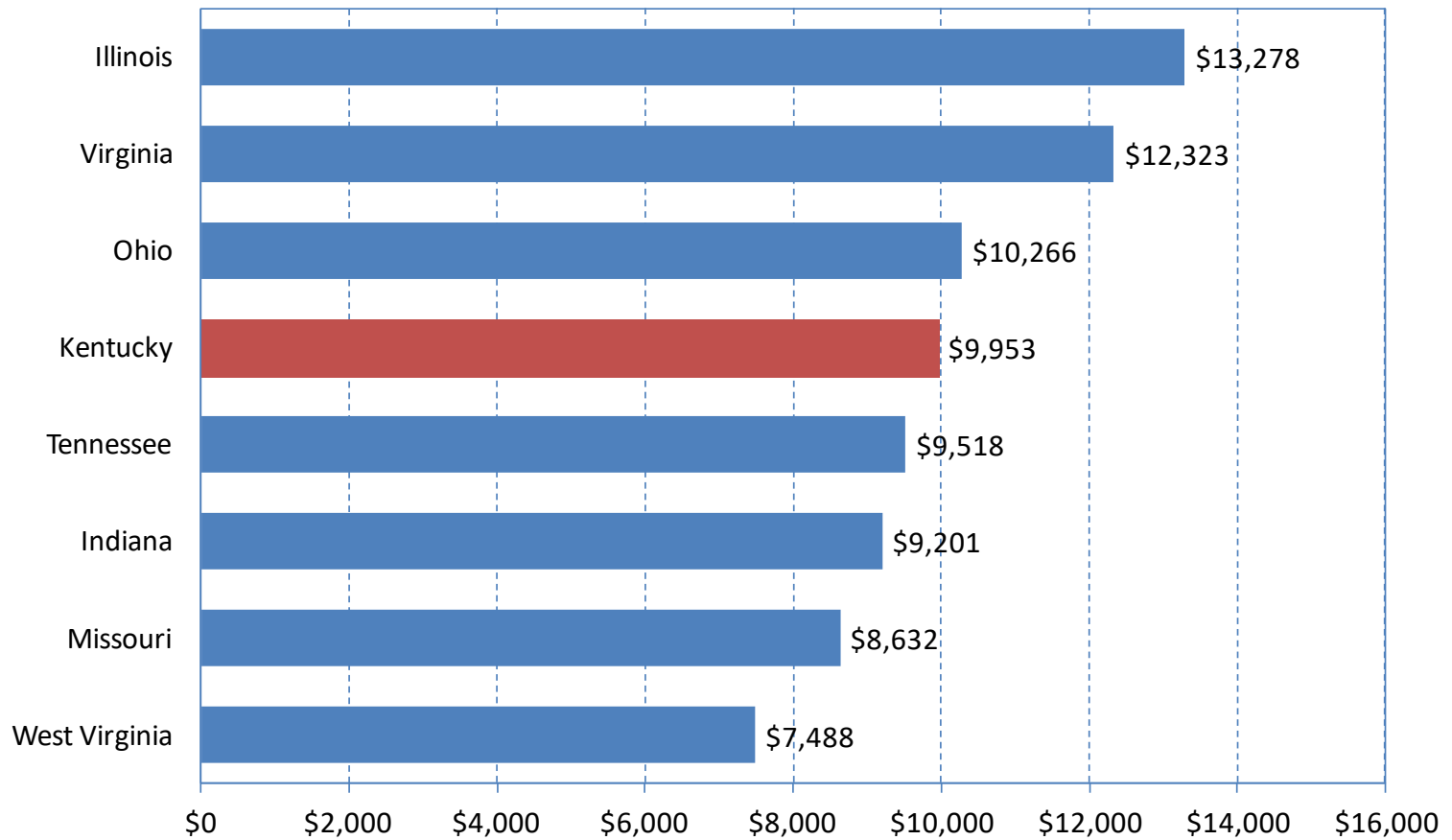
5. Current Status

- Sticker prices at Kentucky public universities rank at or below regional and national averages
- The average net price at Kentucky comprehensive universities is among the lowest in our region
- The net price at comprehensive universities and KCTCS institutions has remained relatively flat in recent years
- Kentucky students pay a smaller percentage of family income to attend public colleges and universities than students in most SREB member states

Current Status

Sticker Price Comparison (Four-Year)

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

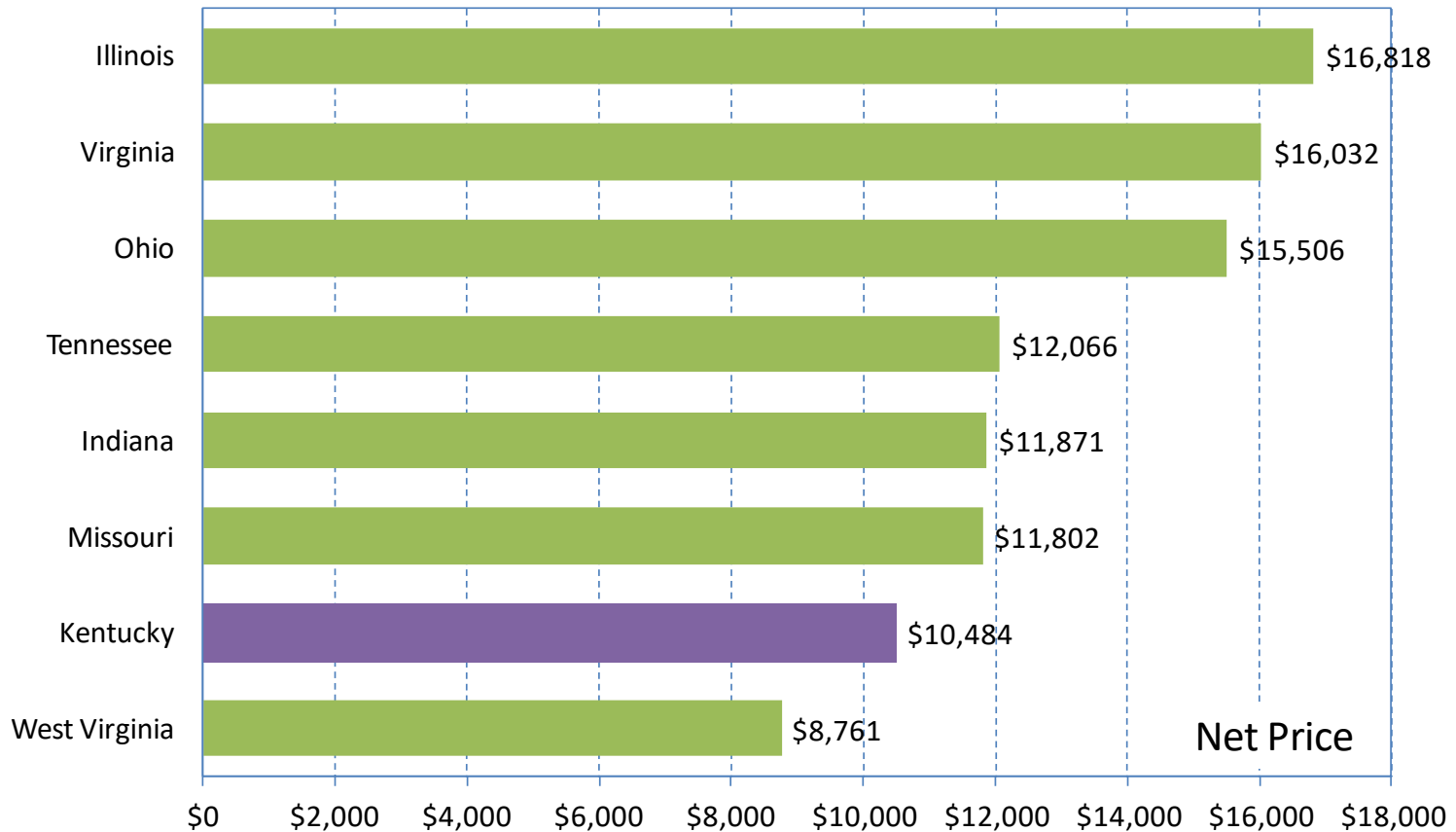


Source: College Board, Trends in College Pricing 2016.

Current Status

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



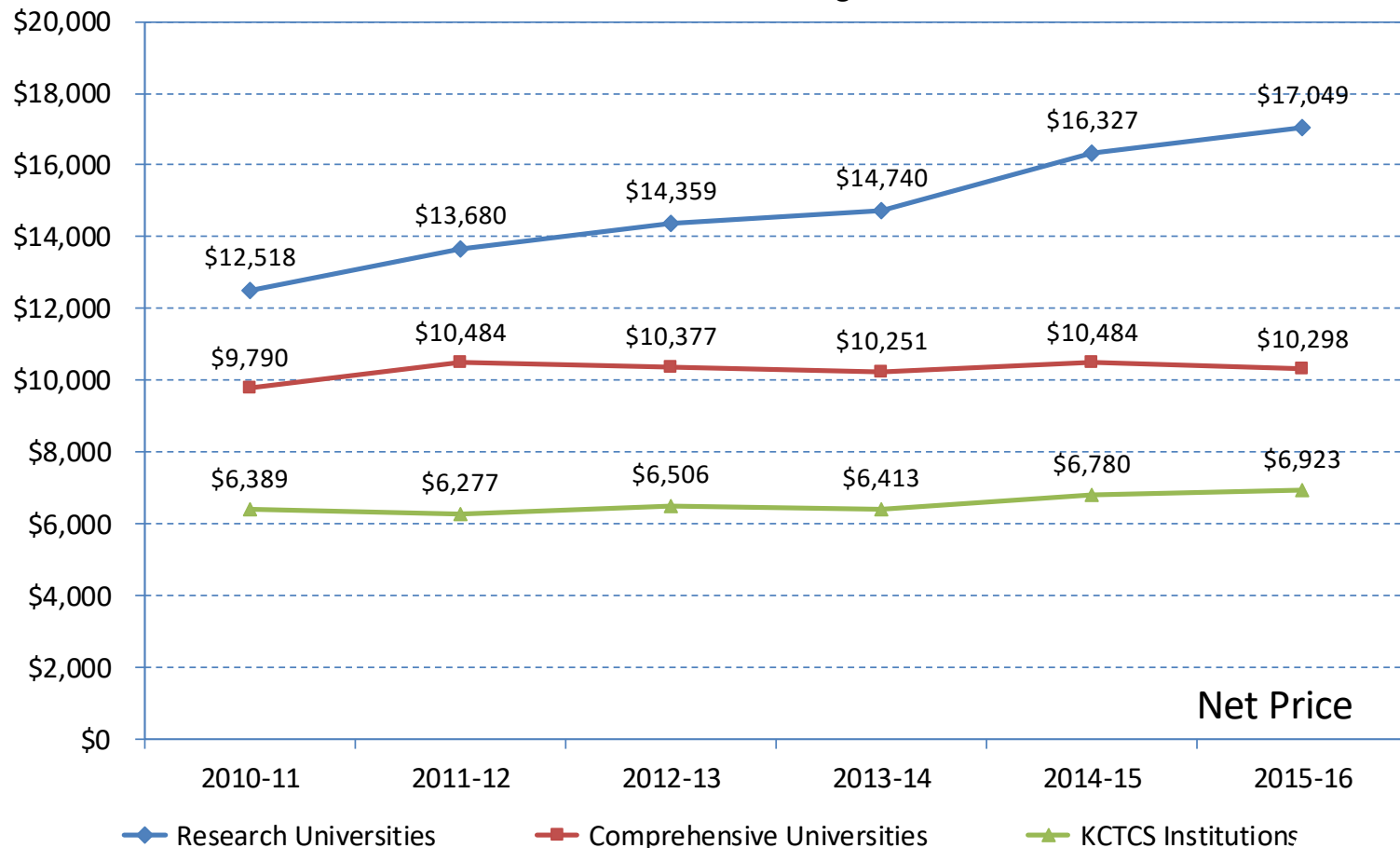
Source: Integrated Postsecondary Education Data System (IPEDS).

Net price = total cost of attendance minus all forms of grant aid.

Current Status

Trend in Net Price (By Sector)

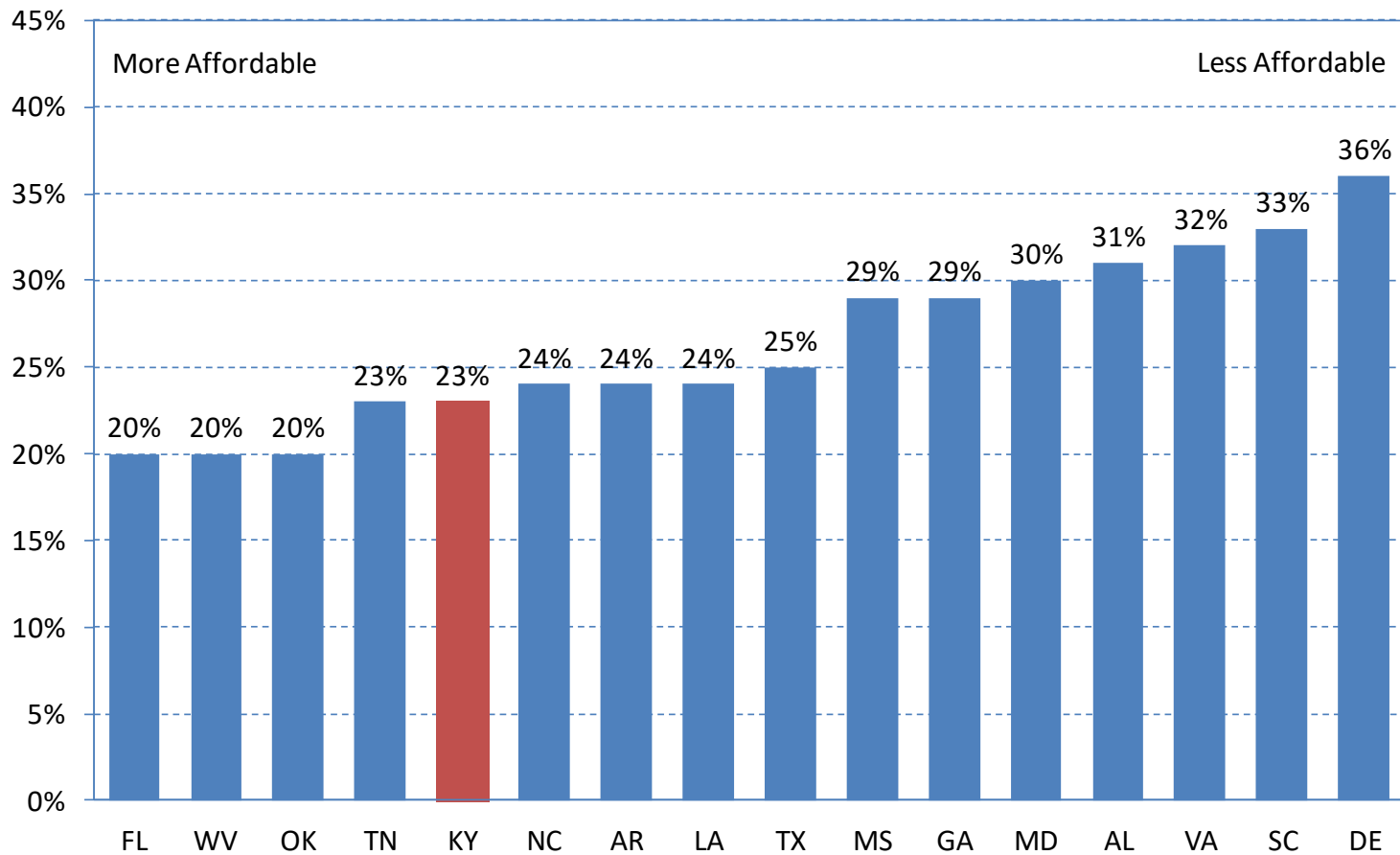
Kentucky Public Postsecondary Sectors
Average Net Price of First-Time Full-Time Resident Undergraduate Students
Academic Years 2010-11 through 2015-16



Current Status

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.

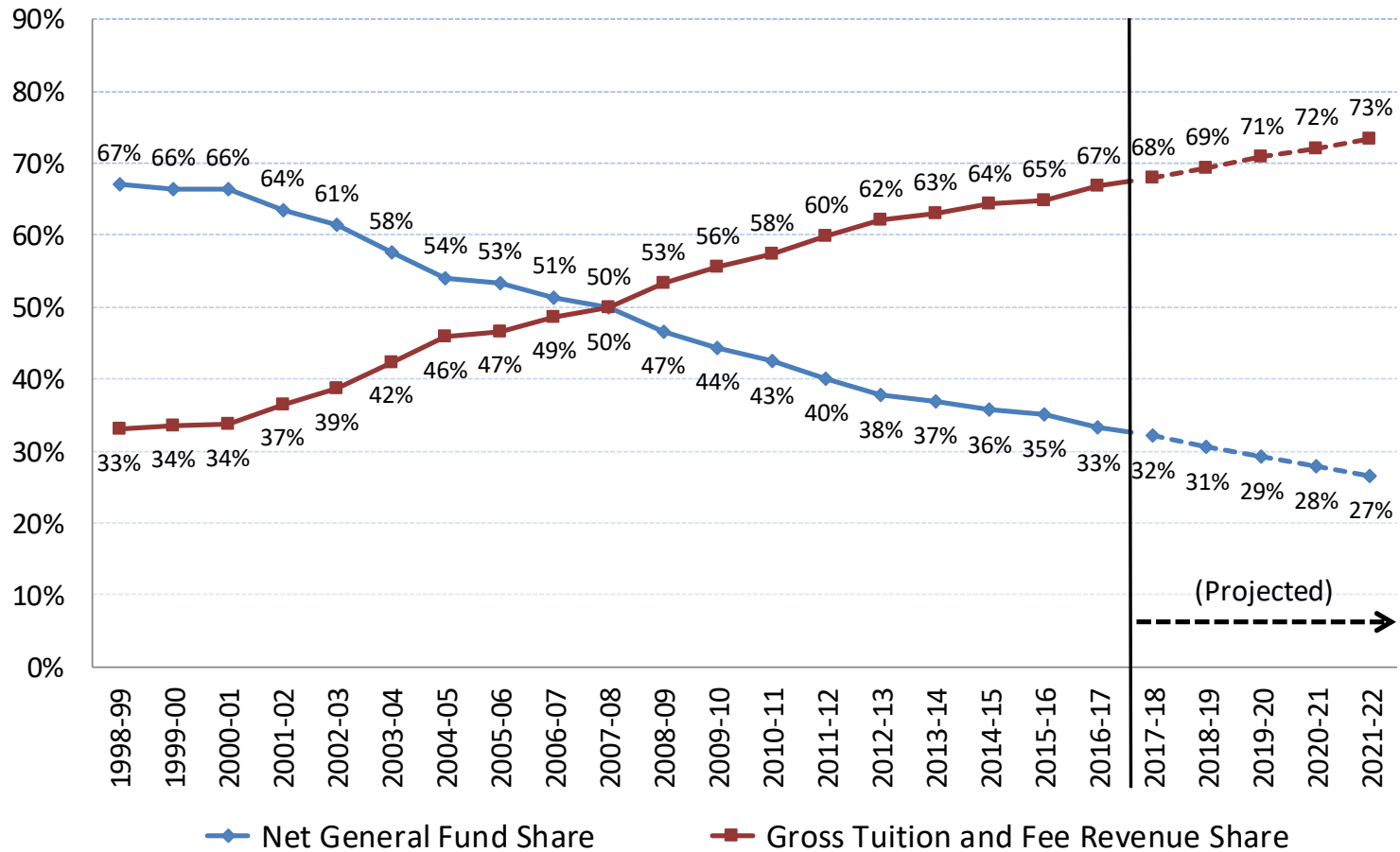
6. Areas of Concern

- 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 up since the graduating class of 2008
- Kentucky is one of only a handful of states that has not begun reinvesting in postsecondary education
- Unless action is taken by the General Assembly, KERS contributions will increase by about 70% next year

Areas of Concern

Shifting of Responsibility (Who Pays)

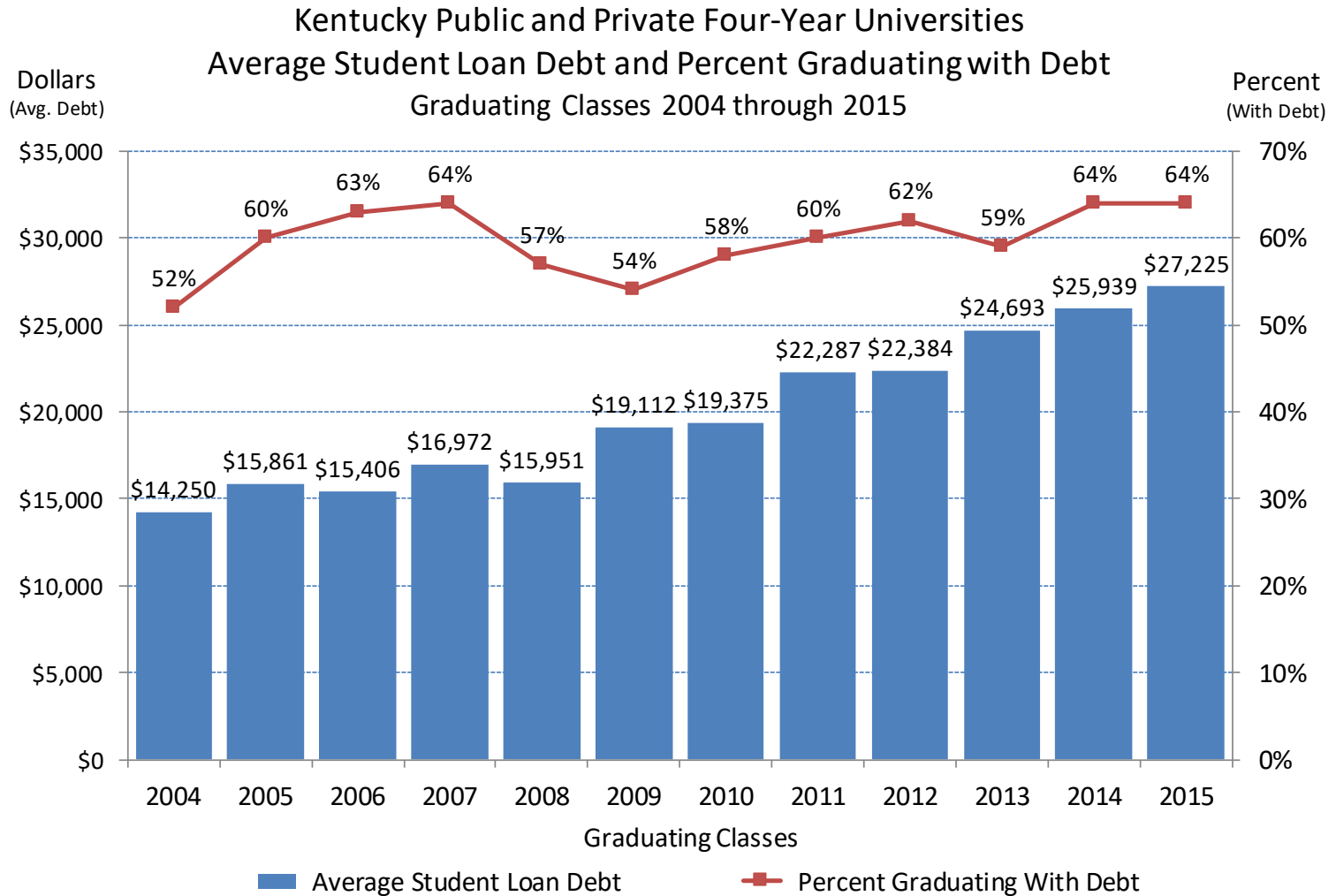
Kentucky Public Postsecondary System
 Change in State and Student Shares of Total Public Funds
 Fiscal Years 1998-99 through 2021-22



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

Areas of Concern

Growing Student Loan Debt

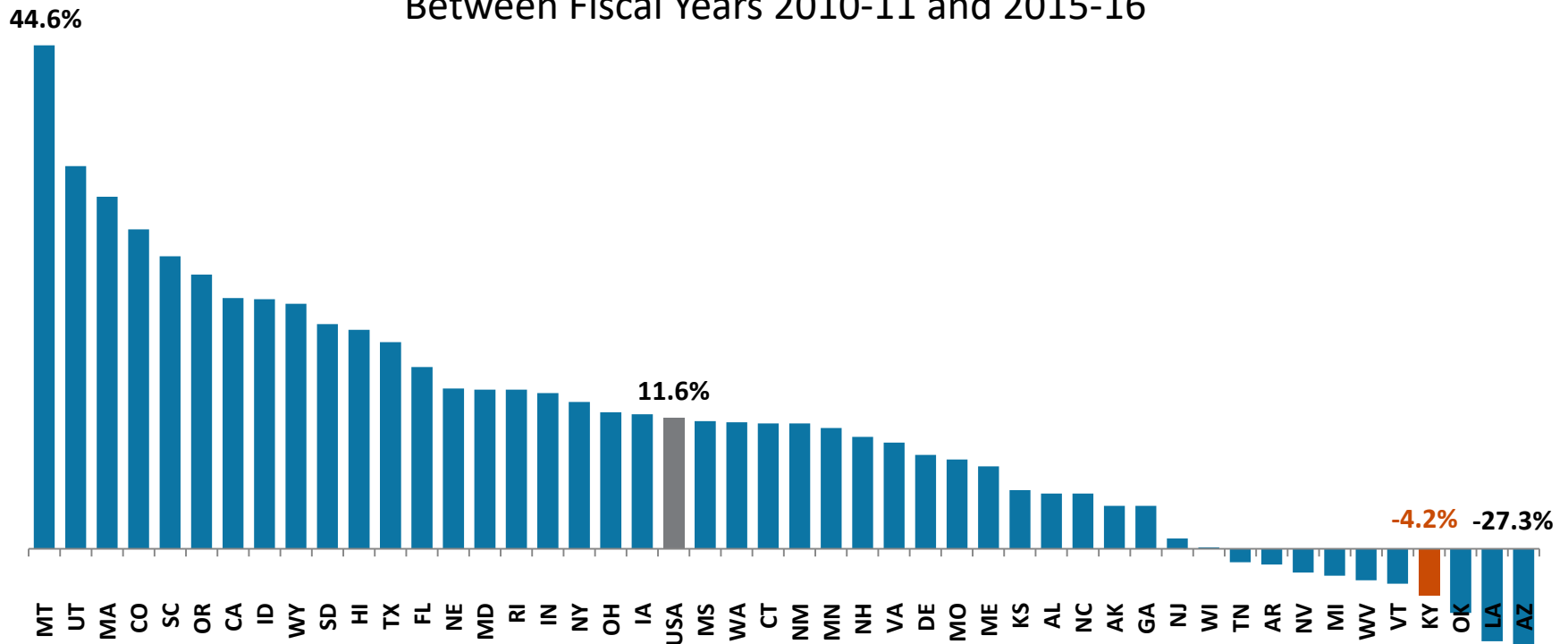


Source: The Project on Student Debt, Student Debt and the Class of 2015, October 2016.

Areas of Concern

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.



7. Solutions Going Forward

State Strategies to Improve Affordability

- Reinvest in postsecondary education, including:
 - postsecondary institution operations
 - funding for asset preservation
- Work with KRS and the campuses to address rising pension costs
- Support and expand Kentucky's student aid programs, including CAP, KTG, KEES, and the new Work Ready Scholarship Program
- Encourage early college going, through continued support of dual credit, AP and other programs
- Continue to promote and support career pathways into high-demand industries such as healthcare, manufacturing and IT

Solutions Going Forward

CPE Strategies to Improve Affordability

- Manage tuition and fee growth
- Encourage and facilitate increased transfer opportunities between KCTCS and the universities
- Eliminate the cost and barrier of developmental education through new models such as co-requisite education
- Encourage early college-going and shorten time to degree through strong dual credit opportunities
- Encourage on-time completion through strategies like *15 to Finish*
- Support and promote a range of strategies to ensure more students complete the programs they start



Solutions Going Forward

Campus Strategies to Improve Affordability

- Increase targeted financial support for students with financial need (UK LEADS, Murray Promise)
- Moderate tuition increases
- Implement strategies like *15 to Finish* to encourage students to decrease the time it takes to earn degrees
- Expand transfer articulation agreements
- Continue to implement cost savings and efficiency measures
- Develop innovative program models (competency-based education)
- Improve curricular pathways so students will complete programs in a more timely manner





Program Review and Investigations Committee

Dr. Aaron Thompson, President
Kentucky Council on Postsecondary Education
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