



STRONGER

by degrees



Understanding Tuition

Robert King

President, Kentucky Council on
Postsecondary Education

April 20, 2017



@CPEBob & @CPENews

Council Responsibility: Tuition Setting

“Determine tuition and approve the minimum qualifications for admission to the state postsecondary educational system.”

(KRS 164:020 §8)

Set caps on increases, allowing college boards the flexibility to self-select tuition rates, but also a ceiling to keep increases under control.

We take into account

- Students' family and individual incomes, and their capacity to save for college.
- Federal, state and institutional scholarships and grants available to assist with tuition costs.
- Students and parents' reliance on loans, and potential debt levels.
- The need to enroll and graduate more students to build Kentucky's workforce.
- Campuses ability to provide a high quality education.
- Needs of our communities and our economy.

How we compare

- Resident undergraduate tuition and fees, compared to the region
 - **Sticker price**
 - Kentucky is mid-tier for all four-year schools.*
 - Kentucky is second from the top when it comes to community and technical colleges.*
 - **Net price**
 - Kentucky is mid-tier when it comes to research universities (UK, UofL).**
 - Kentucky is second from the bottom when it comes to comprehensive universities (EKU, KSU, MoSU, MuSU, NKU, WKU).**
 - Kentucky is near the bottom in net price when it comes to community and technical colleges.**

**Region: Illinois, Indiana, Ohio, Missouri, Tennessee, Virginia, West Virginia.*

***Region: SREB region.*

College Costs Out Of Control



Steve Odland, CONTRIBUTOR
Commenting on Business & the Economy
Opinions expressed by Forbes Contributors are their own.

College is expensive. Ask any fan will tell you just how outrageous yes, gas, food, and life in general

Is College Tuition Really Too High?

The answer depends on wh

EDUCATION

Putting the Rising Cost of College in Perspective

Lily Rothman
Aug 31, 2016



As American college students get ready for the new semester, many of them and their families have more on their minds than homework: the problem of paying is a national one. The questions of **free college**, student-loan

(ted at

THE BLOG 06/24/2014 11:51 am ET | Updated Aug 24, 2014

Think College Costs Too Much? Thank the

By Dr. Arthur F. Kirk, Jr.

I am not going to argue that a four-year college education isn't expensive. It is. I won't argue that its return on investment makes it worthwhile, although it surely does. I also cannot argue that increasing the number of administrators doesn't increase the cost of a higher education. It does.

Understanding the forces at work

Despite spiraling tuition, govt
--contrary to popular belief--

PAUL CAMPOS | MAY 13, 2015

College Costs Could Total As Years

THE BLOG 04/17

The Billion-Dollar Business: American Universities Need a Wakeup Call

Politics Sports Science & Health Economics Culture

APR 05, 2017 AT 6:00 AM

To Ease The Student Debt Crisis, Hold Colleges Responsible

By Ross Hobbins
Filed under Higher Education



How The Cost Of College Went From Affordable To Sky-High

March 18, 2014 - 5:00 AM ET
Heard on Morning Edition

CLAUDIO SANCHEZ

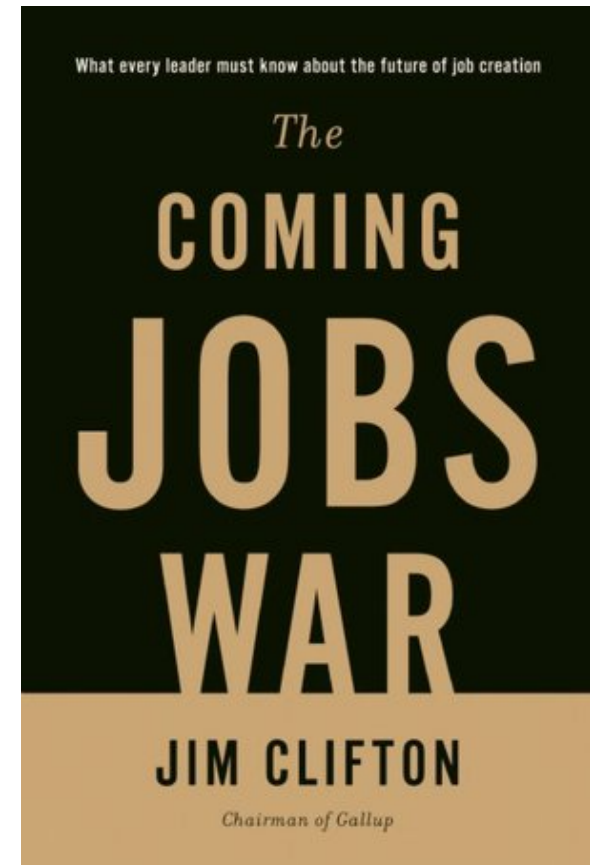
EDITORIAL: Student debt is crippling the American economy

By EDITORIAL BOARD On April 16, 2017



1. Demand for highly educated people in our nation's workforce is going up

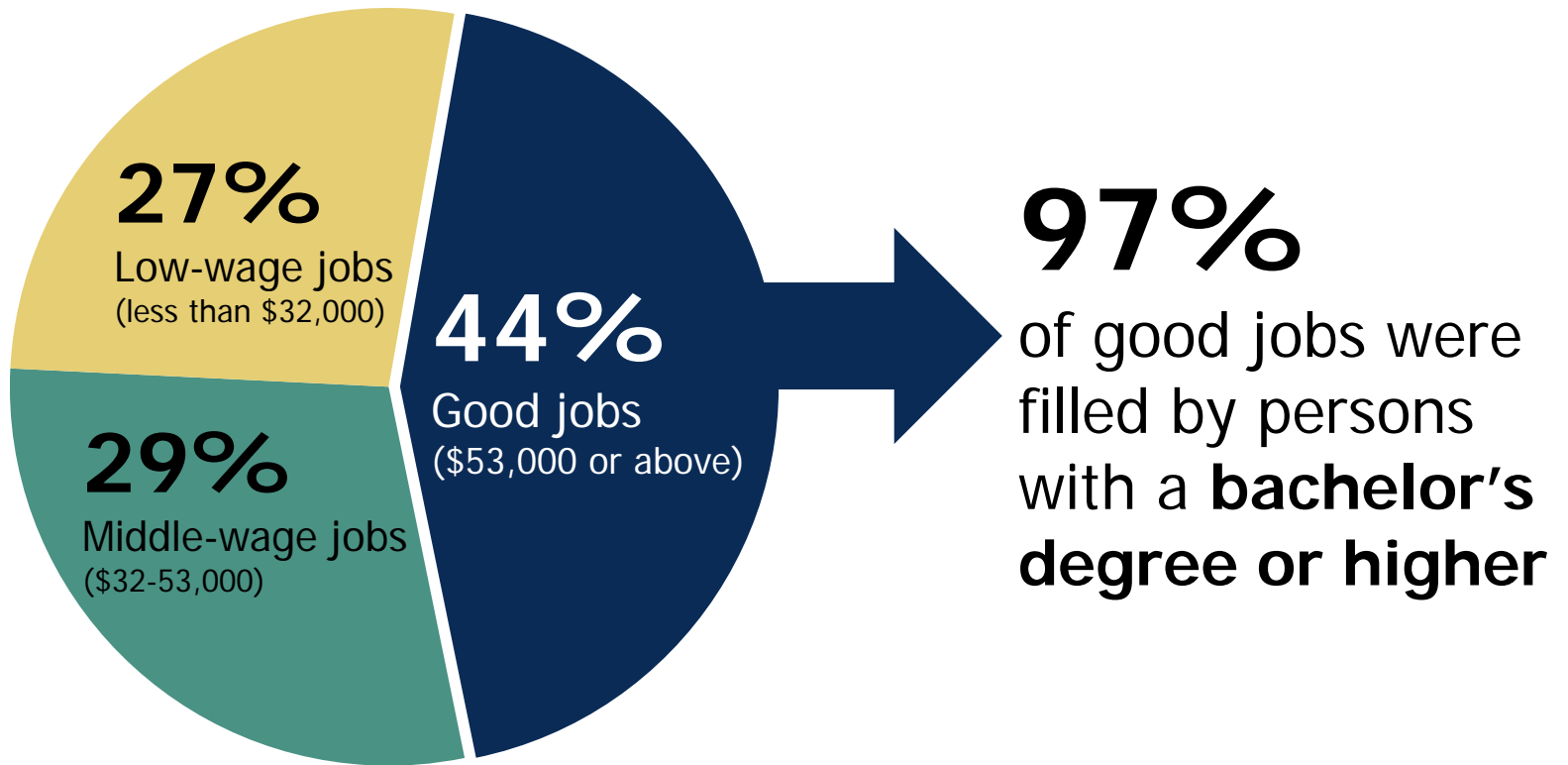
- 3 billion people reported to Gallup they want a job that consumes at least 30 hours per week, and by implication pays a living wage.
- Only 1.2 billion jobs in the world currently fit that description.
- As the foreign workforce becomes more educated, competition for jobs will be fierce.



Source: Clifton, Jim. "Coming Job War." 2011. Gallup Press.

The highest proportion of good new jobs go to those most highly educated

Out of 6.6 million jobs added,
good jobs growth, 2010-14



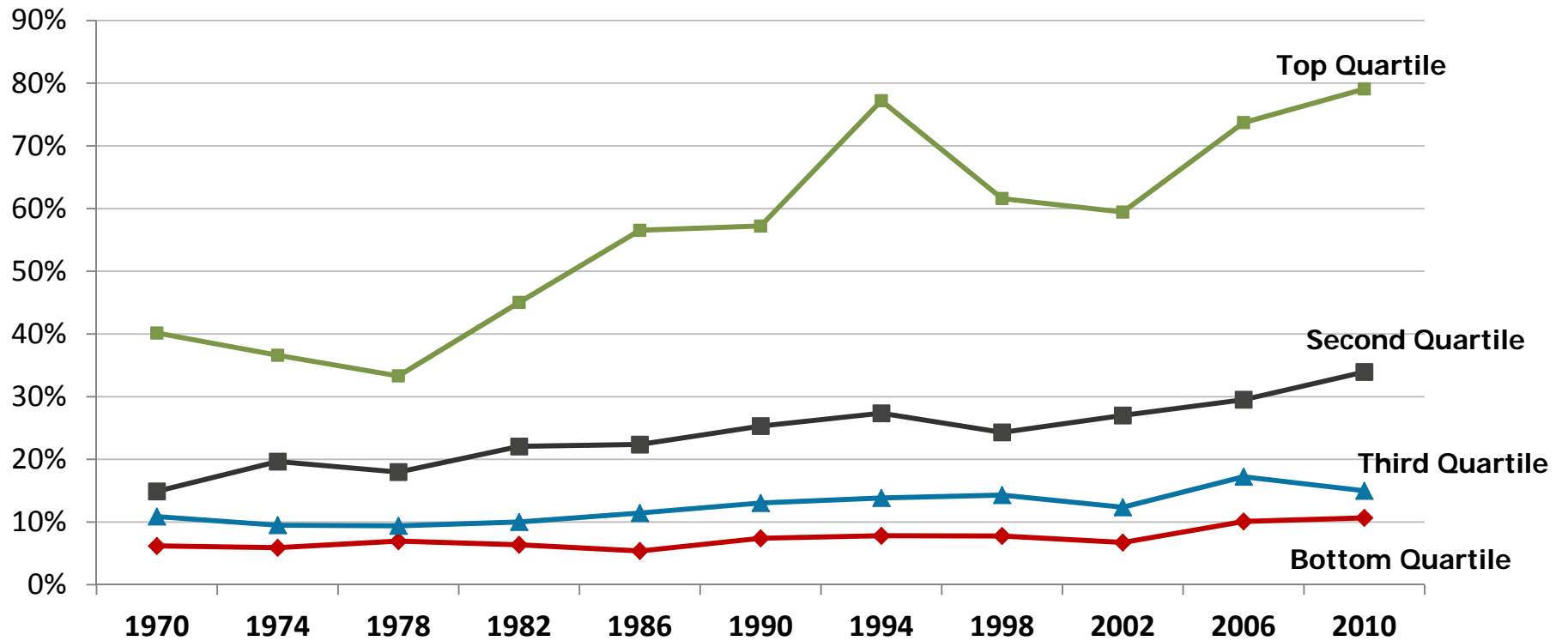
Source: Carnevale, Jayasundera, Gulish. "Good Jobs Are Back: College Graduates Are First in Line." Georgetown Center on Education and the Workforce. 2015. https://cew.georgetown.edu/wp-content/uploads/Good-Jobs_Full_Final.pdf. Last accessed: 04/2017.

University labor costs

- Universities depend on a workforce educated to the highest levels.
- The demand for that talent is increasing, driving up the price.

2. We need to educate more minority/low-income students

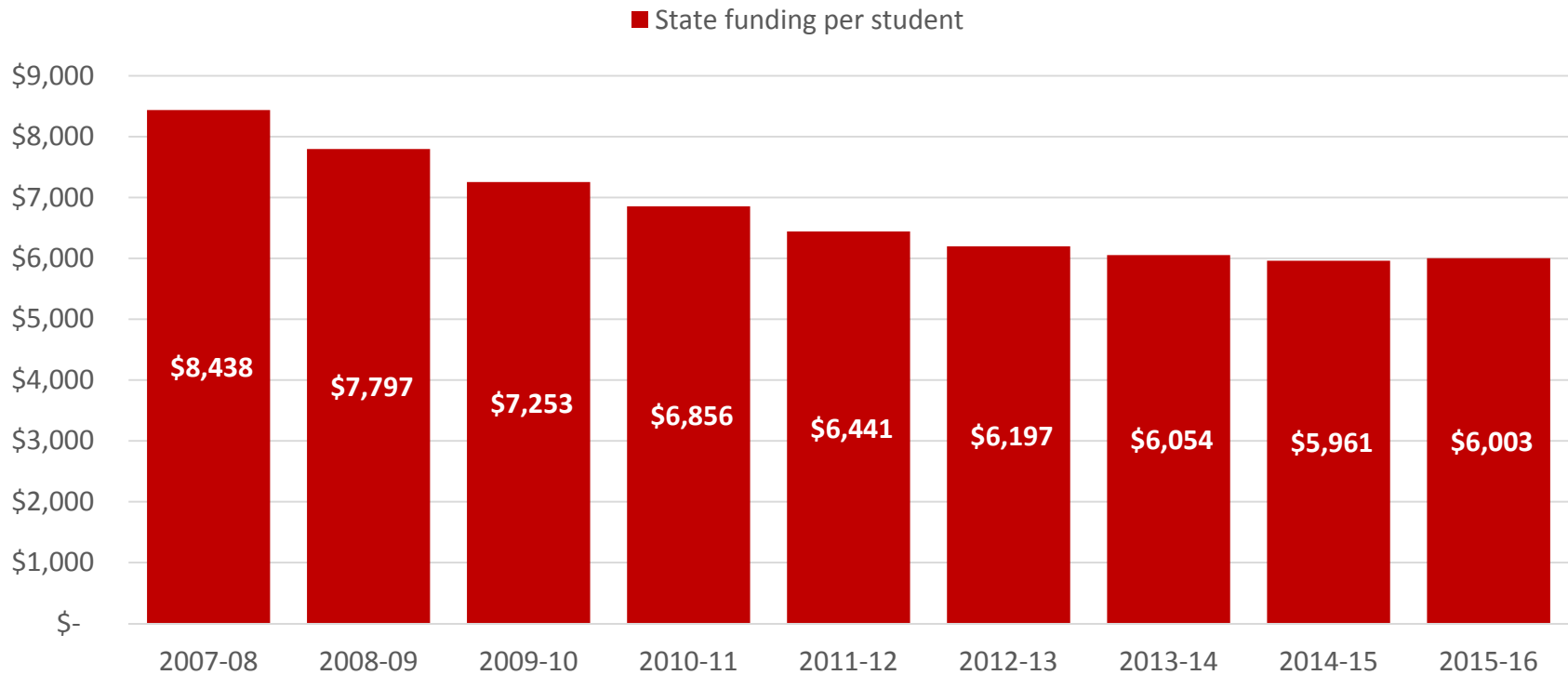
Bachelor's Degree Attainment Rates
By Family Income Quartile, 1970-2010



Source: *Postsecondary Education Opportunity*.

3. State support of higher education is declining

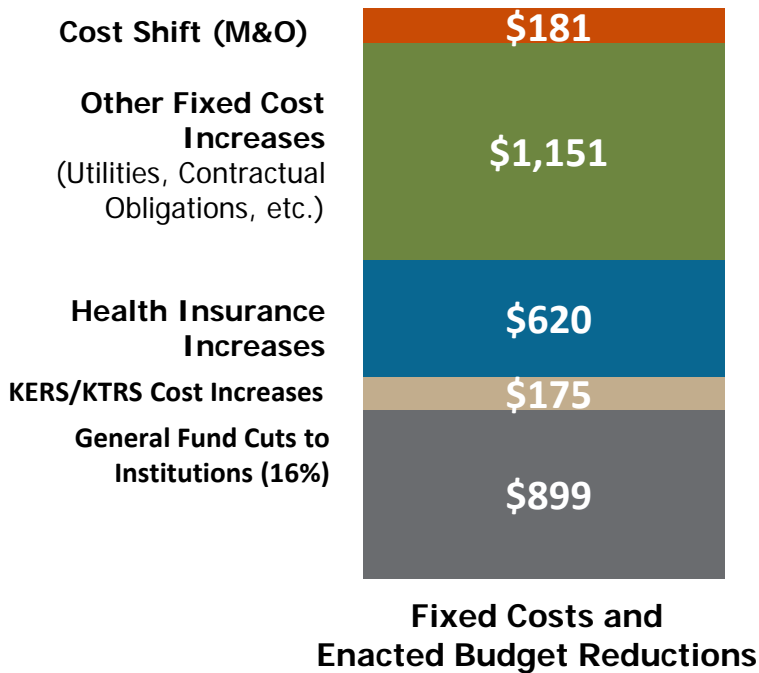
Net General Fund Appropriations and Gross Tuition Revenue per FTE Student
Constant 2016 Dollars



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

4. Expenses outside university control

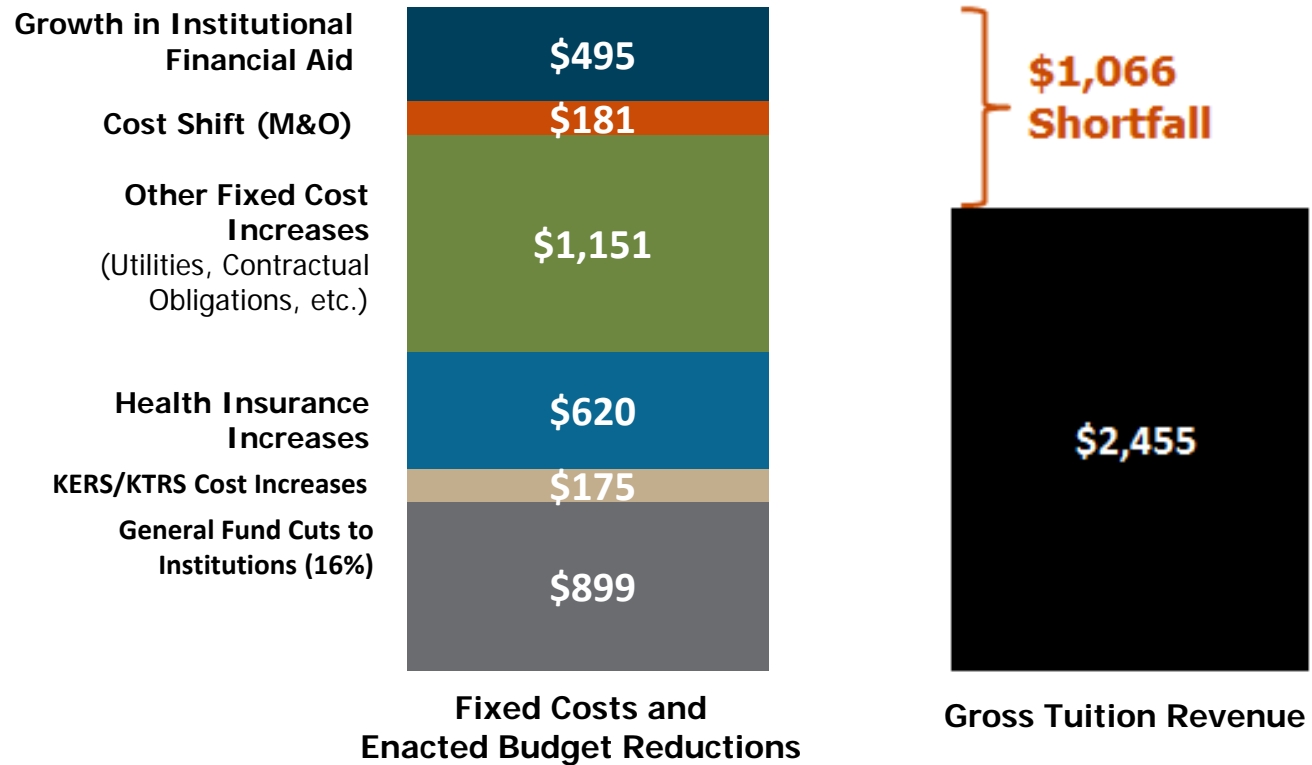
Costs, 2007-08 to 2014-15
Dollars in Millions



Note: Some numbers are estimates, due to changes in data collection over the time period. Source: CPE KPEDS.

5. Market forces

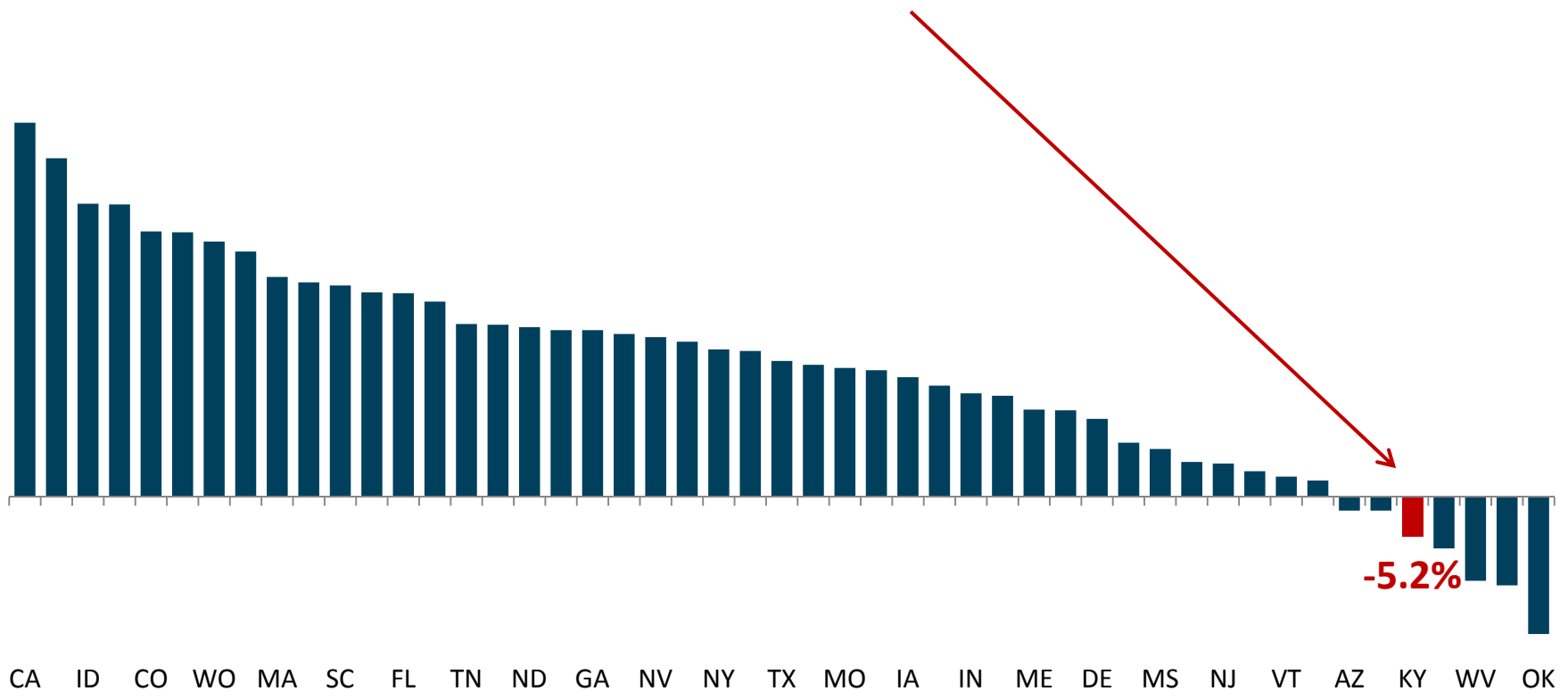
Costs, Cuts and Tuition Revenue, 2007-08 to 2014-15
Dollars in Millions



Note: Some numbers are estimates, due to changes in data collection over the time period. Source: CPE KPEDS.

Decreased state support is a continued issue

Percent Change in State Support for Higher Education
FY 2012-16



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

Despite all this, public higher ed is still a bargain and a superb investment

Public K-12
Avg. Per-Pupil
Expense Spending

\$10,192

Avg. Comprehensive
University Cost
(Net Price)

\$10,298

AFFORDABLE HOUSING definition: In general, housing for which the occupant(s) is/are paying no more than 30 percent of his or her income for gross housing costs, including utilities - U.S. Department of Housing and Urban Development.

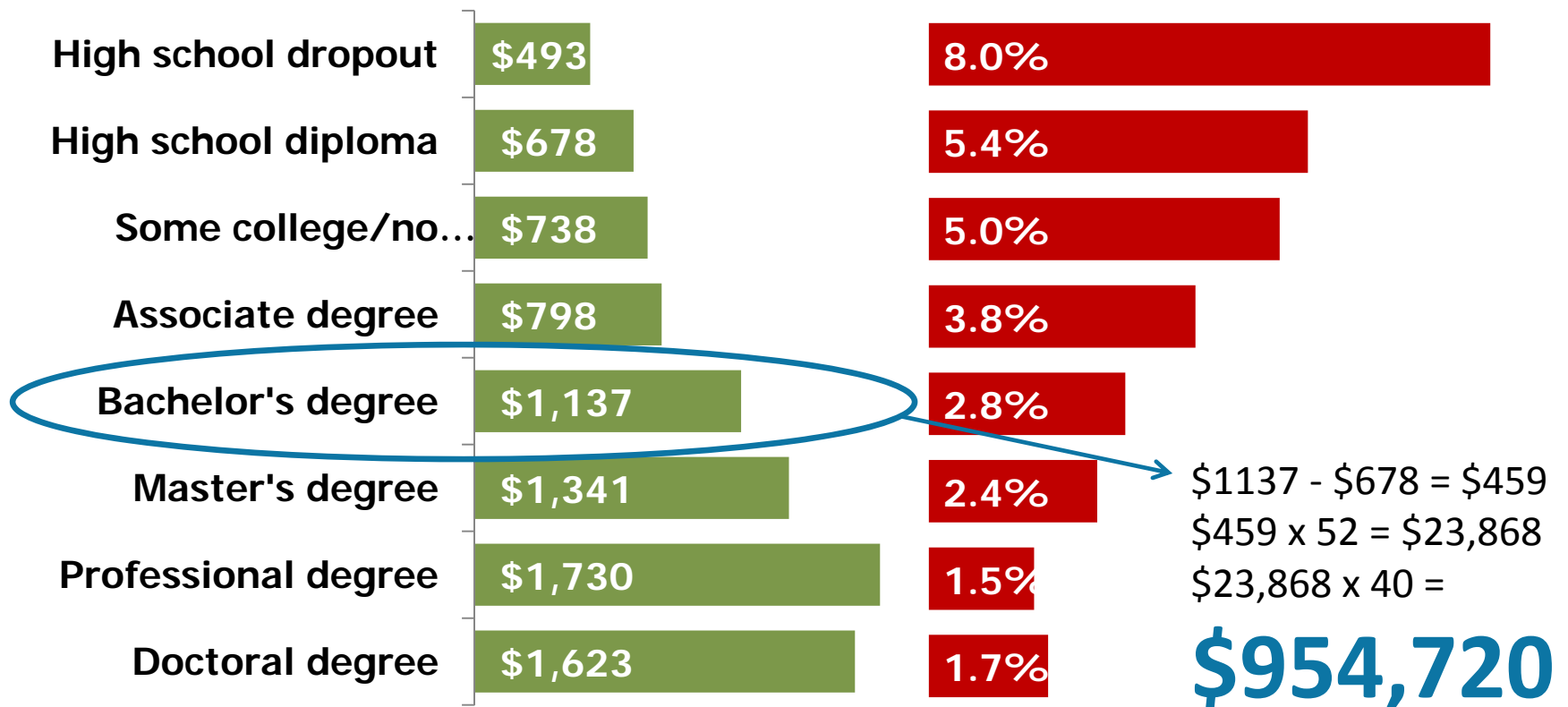
KENTUCKY MEDIAN INCOME: \$43,740. – U.S. Census Bureau. 2011-15, 2015 dollars.

*Sources: Kentucky Department of Education. "Kentucky Education Facts." 2017 .
CPE Comprehensive Database.*

Educational attainment drives our economy

Median usual weekly earnings

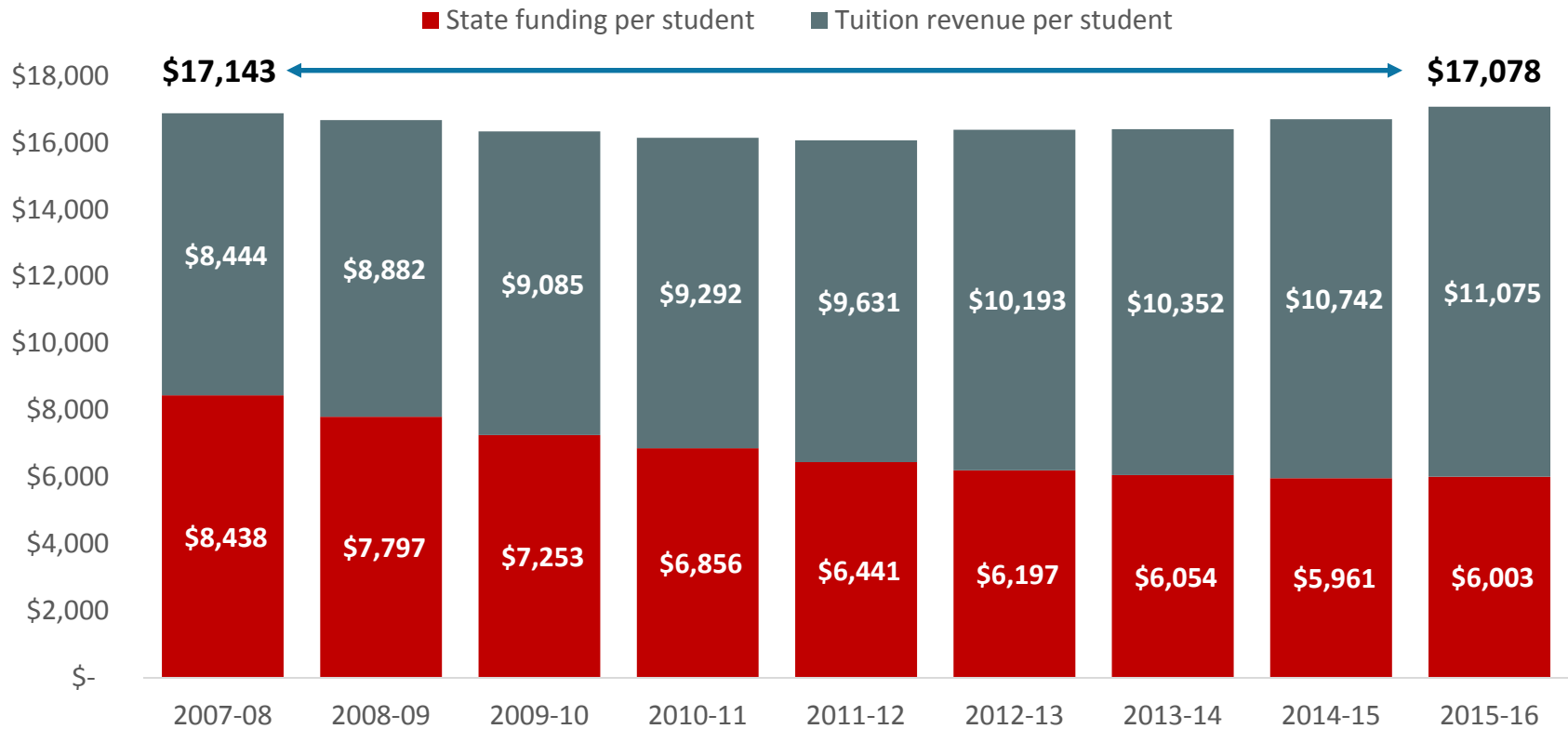
Unemployment rate



Source: U.S. Bureau of Labor Statistics, Current Population Survey. 2015.

College costs have remained steady

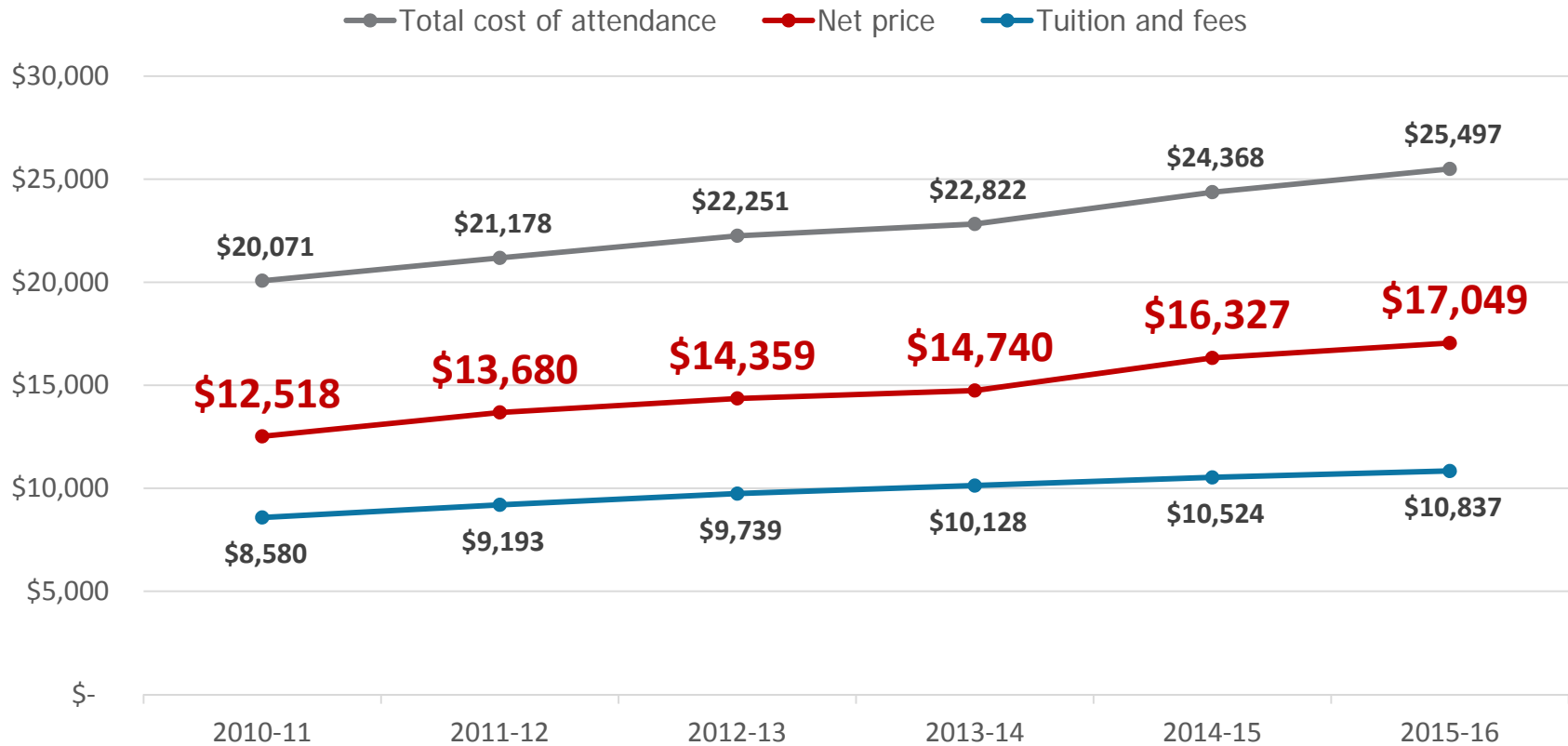
Net General Fund Appropriations & Gross Tuition Revenue per FTE Student
Constant 2016 Dollars



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

Students typically pay less than the cost

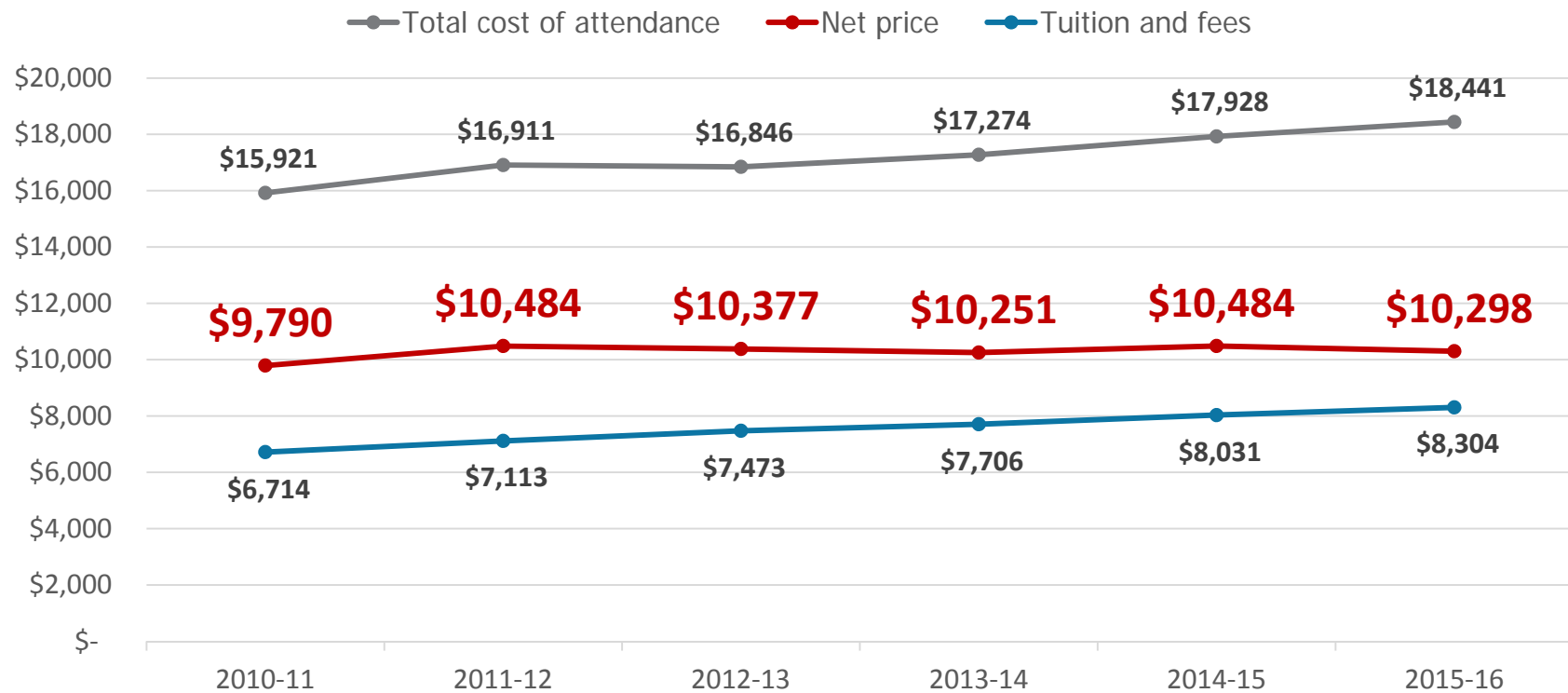
Kentucky's Research Universities (UK and UofL)



Source: CPE Comprehensive Database.

Students typically pay less than the cost, continued

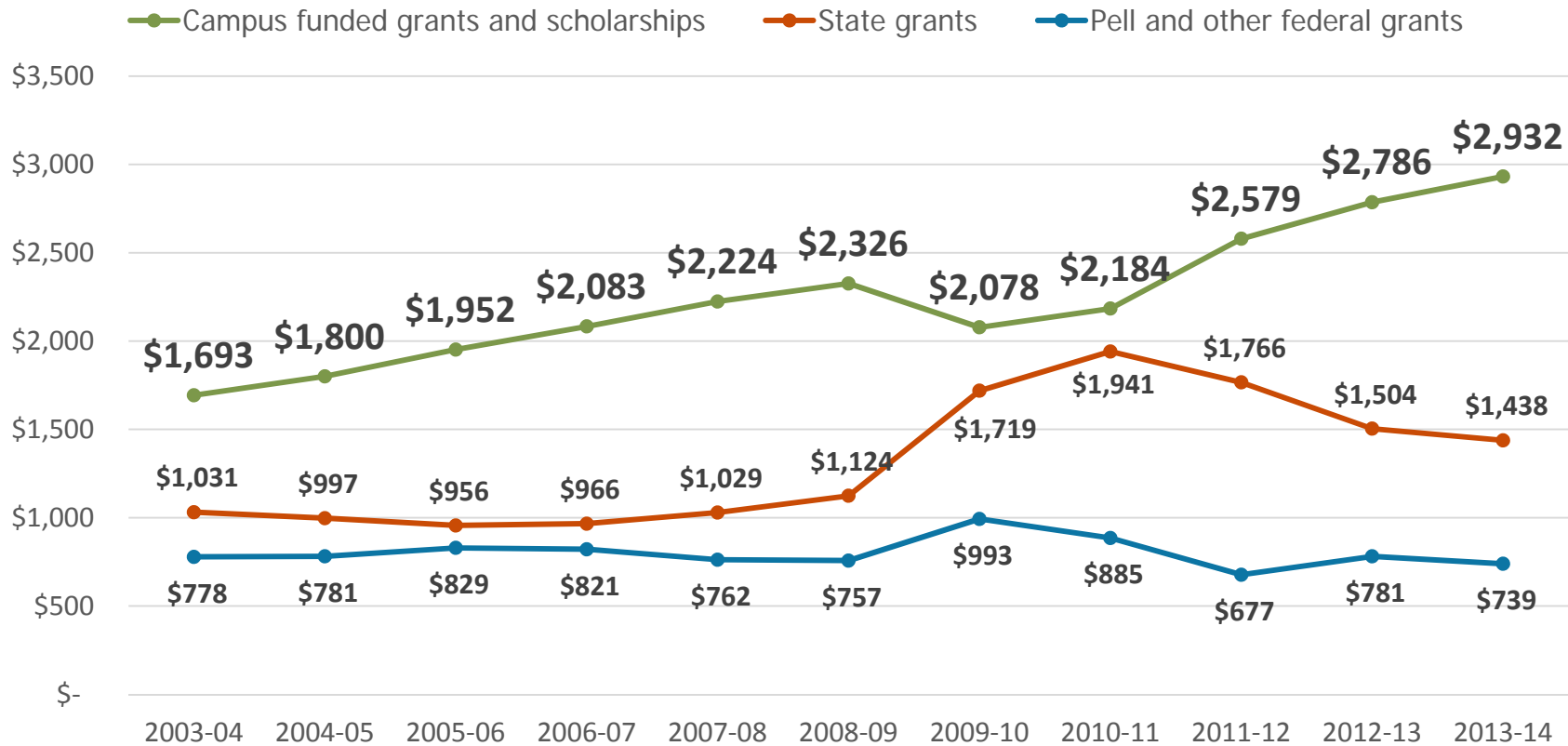
Kentucky's Comprehensive Universities (EKU, KSU, MosU, MuSU, NKU, WKU)



Source: CPE Comprehensive Database.

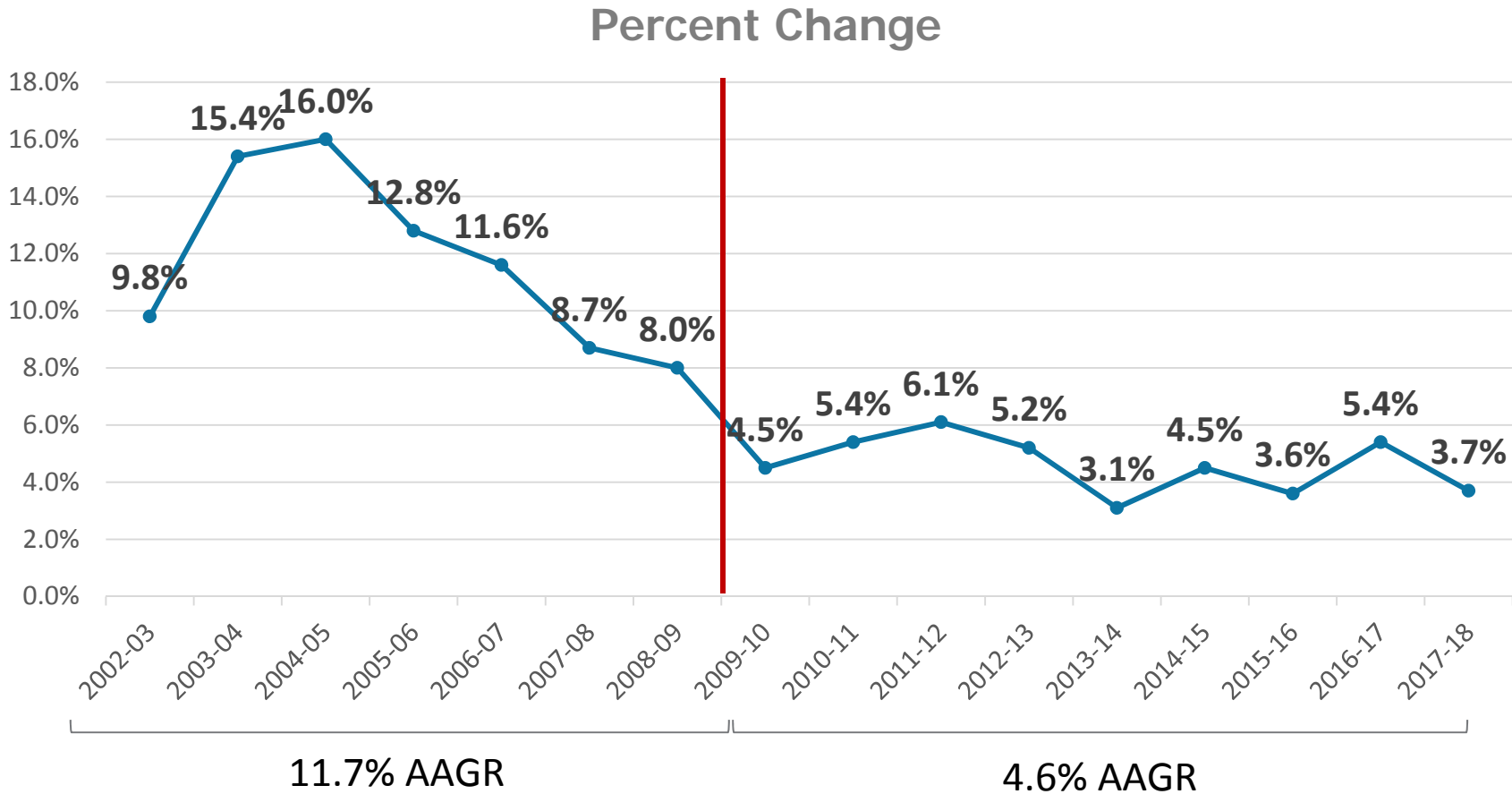
KY campuses provide the most aid

Student Financial Aid per FTE Student



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

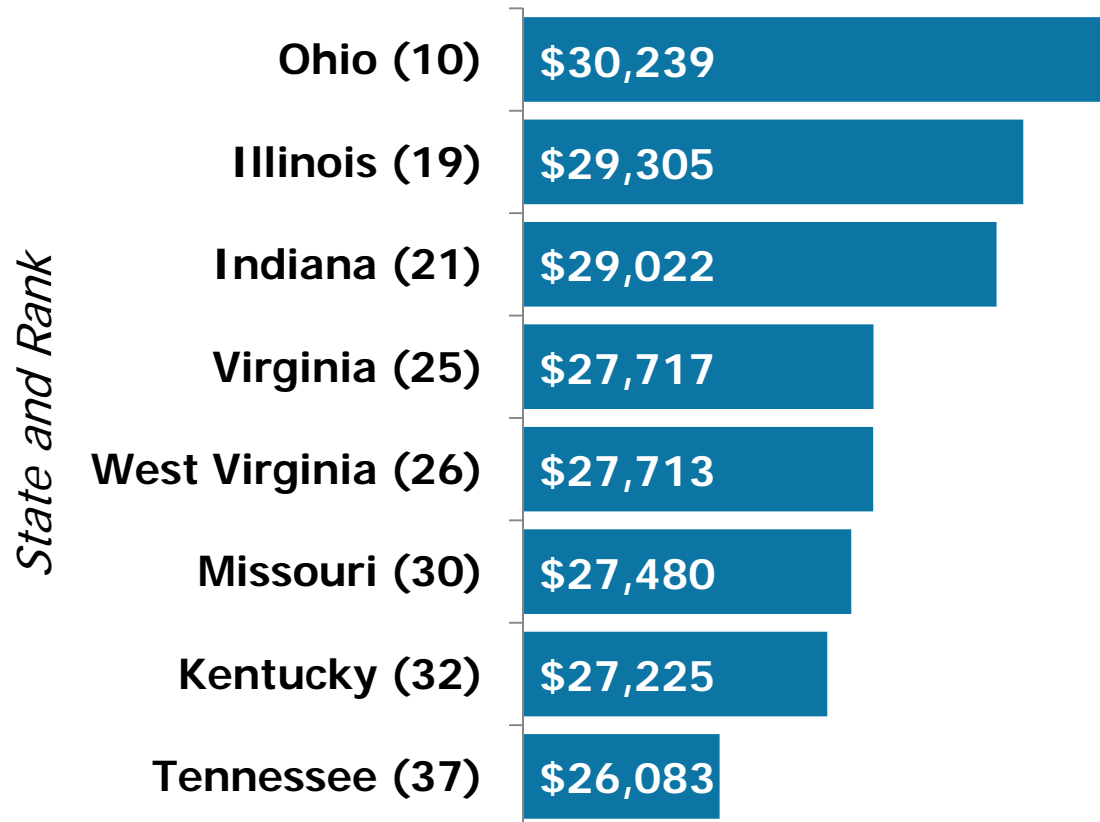
Council works to keep tuition increases moderated



Source: CPE Comprehensive Database.

Student debt is a concern

Average Debt of Graduates



- KY ranks 32nd on avg. student loan debt.
- Loan repayment rates are 10-20 pp. higher for graduates over dropouts.
- Overall, the average debt-service to income ratio is 11.7% (3 yrs. after graduation), within the recommended 10-15%.

Source: Project on Student Debt.

Help for students

- Dual credit = college credit earned in high school.
- Community and technical college prior to university.
- 15 credits a semester to aid on-time graduation.
- FAFSA completion early.
- Financial literacy and advising.

Specific examples:

- Kentucky Federation for Advanced Manufacturing Education (KY FAME), a learn and earn initiative provided by a partnership of regional employers.
- University of Kentucky, shifting the bulk of institutional aid from merit-based to need-based to increase retention, student success.



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