



# Kentucky

## Affordability Profile

from

*Affordability of Public Higher Education in SREB States*

prepared by

Patrick M. Callan, William Doyle, Joni Finney and Darcie Harvey

Higher Education Policy Institute

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## INTRODUCTION

At the request of the SREB, the Higher Education Policy Institute has prepared a profile of college affordability for each SREB state as well as a synthesis of relevant trends in the SREB region. This project was designed to “take the temperature” of college affordability in the South in order to provide a policy tool that can assist state policy-makers in assessing the current and prospective dimensions of the affordability issue and the need for state policy initiatives or interventions.

The major finding of this analysis is that the SREB states have lost ground in college affordability. For most students and families in the South, the cost of paying for college has outstripped family income and inflation. Several promising initiatives have been put in place by individual states, but many are not directed at the students and families most adversely affected by declining affordability and none are commensurate with the magnitude of the problem. One consequence is greater reliance on loans to finance college and growing indebtedness of students and graduates.

Whatever its causes, the trend toward reduced college affordability undermines the efforts of SREB states and colleges and universities to address the changing demography of the region and undercuts progress towards educational attainment goals and economic development requirements of the SREB member states. It is mathematically impossible for most SREB states to reach national and international workforce competitiveness without improving college access and attainment rates of low-income groups and of ethnic groups with lagging college participation rates. However, if current trends continue, declining affordability will constrain the college enrollment of these potential students and prevent states from reaching educational levels needed to provide opportunity for individuals and a competitive work force in the knowledge-based global economy.

Patrick M. Callan  
President  
Higher Education Policy Institute

## Kentucky

### Public Higher Education Affordability Profile

In order for students to enroll in community colleges in Kentucky, they, or their families, would need to pay on average 16 percent of their annual income for college expenses, including living expenses, each year after taking into account all forms of grant aid, based on the current college expenses and current levels of aid. This is equal to the SREB average.

On a per-student basis Kentucky's average need-based state grant program award is similar to the SREB average. The state also has a non-need-based state grant program with a per-student award greater than the SREB and national averages.

The average amount of student loan aid received by full-time, first-time students in Kentucky is more than the SREB average; average loan aid per-borrower has increased rapidly over time.

|  | Kentucky      |           |                | SREB           | U.S. Average   |
|--|---------------|-----------|----------------|----------------|----------------|
|  | Pre-Recession | Recession | Post-Recession | Post-Recession | Post-Recession |
| <b>Family Ability to Pay</b>   |               |           |                |                |                |
| Percent of income needed to pay for college expenses minus financial aid:  |               |           |                |                |                |
| at technical colleges  | N/A           | 13%       | 17%            | 14%            | 9%             |
| at community colleges  | N/A           | 14%       | 16%            | 16%            | 27%            |
| at public 4-year colleges (category 1)   | N/A           | 22%       | 27%            | 27%            | 41%            |
| at public 4-year colleges (category 2)   | N/A           | 23%       | 24%            | 25%            | 19%            |
| <b>Strategies for Affordability</b>  |               |           |                |                |                |
| <b>State Grant funding</b>   |               |           |                |                |                |
| Need-Based grants per student  | \$333         | \$359     | \$268          | \$204          | \$276          |
| <b>Grants that have a need and non-need based requirement per student*</b>   | \$0           | \$0       | \$0            | \$98           | \$142          |
| Non-Need based grants per student  | \$577         | \$557     | \$509          | \$345          | \$145          |
| At lowest-priced colleges, the share of income that the families with the lowest income need to pay for tuition  | 22%           | 17%       | 21%            | 18%            | 20%            |
| <b>Reliance on Loans</b>   |               |           |                |                |                |
| Average amount of student loan aid received by full-time, first-time students attending public institutions  | \$3,297       | \$3,458   | \$5,332        | \$5,094        | \$5,361        |
| *As defined by NASSGAP, see Technical Guide. Grant requirements in this category vary widely by state -- some have a substantial merit component and others have a modest merit component.   |               |           |                |                |                |
| Note: Pre-Recession year data is from 2003-04; Recession year data is from 2006-07 on all variables except Estimated cost of postsecondary education where data is from 2008-09 (2007 data was unavailable for this variable); Post-Recession year data is from 2011-12. All dollar amounts have been adjusted into Constant 2013 dollars. |               |           |                |                |                |
| N/A: Data not available.   |               |           |                |                |                |

### A Closer Look at Family Ability To Pay

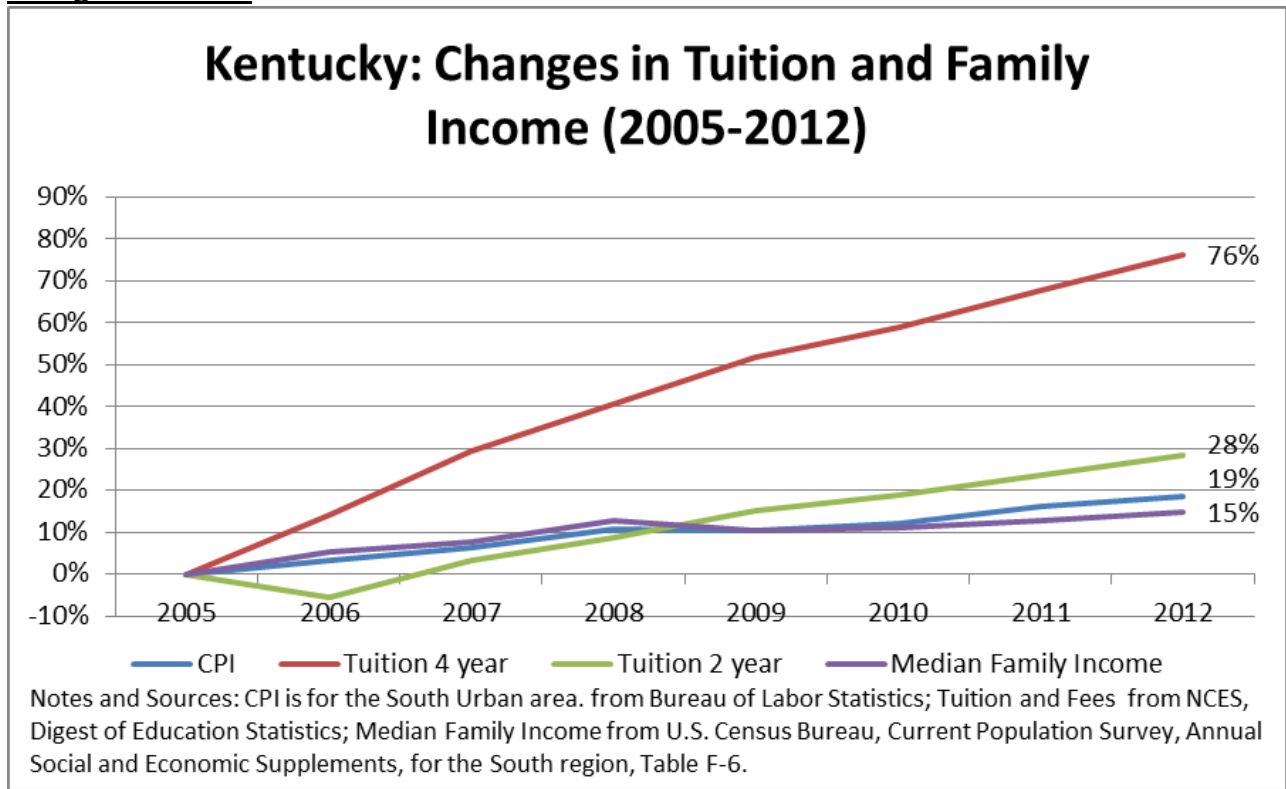
|                            | Average<br>Income in<br>Group | Technical Colleges |   | Community Colleges |   |
|----------------------------|-------------------------------|--------------------|---|--------------------|---|
|                            |                               | Net Price          | Percent of<br>Income<br>needed to<br>pay net<br>college Price | Net Price          | Percent of<br>Income<br>needed to<br>pay net<br>college Price |
| Income \$0-\$30,000        | \$16,425                      | \$6,007            | 37%   | \$5,496            | 33%   |
| Income \$30-\$48,000       | \$38,890                      | \$6,219            | 16%   | \$5,717            | 15%   |
| Income \$48,000-\$75,000   | \$60,996                      | \$8,417            | 14%   | \$8,126            | 13%   |
| Income \$75,000-\$110,000  | \$90,672                      | \$10,786           | 12%   | \$10,011           | 11%   |
| Income \$110,000 and Above | \$175,508                     | \$10,484           | 6%  | \$10,097           | 6%  |

|                            | Average<br>Income in<br>Group | Public Four Year 1 |   | Public Four Year 2 |   |
|----------------------------|-------------------------------|--------------------|---|--------------------|---|
|                            |                               | Net Price          | Percent of<br>Income<br>needed to<br>pay net<br>college Price | Net Price          | Percent of<br>Income<br>needed to<br>pay net<br>college Price |
| Income \$0-\$30,000        | \$16,425                      | \$8,959            | 55%   | \$8,638            | 53%   |
| Income \$30-\$48,000       | \$38,890                      | \$10,627           | 27%   | \$10,196           | 26%   |
| Income \$48,000-\$75,000   | \$60,996                      | \$14,649           | 24%   | \$12,447           | 20%   |
| Income \$75,000-\$110,000  | \$90,672                      | \$15,861           | 17%   | \$10,782           | 12%   |
| Income \$110,000 and Above | \$175,508                     | \$16,725           | 10%   | \$13,482           | 8%  |

- Low-income families (those with incomes less than \$30,000 per-year) would need to pay on average 33 percent of their income to attend community colleges, even after taking into account all types of grant aid.
- Middle-income families (those earning between \$48,000 and \$75,000 per-year) would need to pay on average 13 percent of their income to attend community colleges, even after taking into account all types of grant aid.

## Changes in Tuition



Since 2005, tuition at public four-year institutions in Kentucky has been growing much more rapidly than either inflation or family income. Tuition at public two-year institutions in Kentucky has also been growing but only slightly outpacing inflation.

### Other Contextual Information:

- By 2020, the Georgetown Center on Education and the Workforce predicts that 62 percent of jobs in the state will require a postsecondary education or above, higher than the Southern average (59 percent) and very similar to the U.S. average (65 percent).
- Twenty-three percent of students in Kentucky are enrolled in public four-year category 1 institutions, 38 percent at category 2 four-year institutions, 35 percent are enrolled in the community college sector, and 3 percent are in technical colleges.
- In 2012, 27 percent of children in Kentucky were living in poverty. This is up slightly from 2004 when 22 percent were living in poverty.
- In 2012, state investment in need-based grant aid at public colleges in Kentucky was 12 percent as compared to the federal investment (Pell Grants).

Note: Category 1 four-year institutions are those that award at least 30 doctoral degrees in 5 different areas. Category 2 includes all other four-year institutions.

List of Institutions by Type:

**Category 1 Public Four-Year Institutions**

University of Kentucky  
University of Louisville

**Category 2 Public Four-Year Institutions:**

Eastern Kentucky University  
Morehead State University  
Murray State University  
Western Kentucky University  
Northern Kentucky University  
Kentucky State University

**Community Colleges**

Ashland Community and Technical College  
Big Sandy Community and Technical College  
Bluegrass Community and Technical College  
Elizabethtown Community and Technical College  
Hazard Community and Technical College  
Henderson Community College  
Hopkinsville Community College  
Jefferson Community and Technical College  
Madisonville Community College  
Maysville Community and Technical College  
Owensboro Community and Technical College  
Somerset Community and Technical College  
Southeast Kentucky Community and Technical College  
West Kentucky Community and Technical College