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# 2016 COLLEGE AFFORDABILITY DIAGNOSIS

## KENTUCKY



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# KENTUCKY

COLLEGE  
AFFORDABILITY  
RANKING

20

Higher education in Kentucky is relatively affordable compared with the rest of the country, but the high level of poverty in the state means that college is expensive for many families. Students in Kentucky would have to pay a higher percent of family income for a degree today than in 2008. This is an especially heavy burden for the nearly 30 percent of families earning less than \$30,000 a year, who would have to pay half their annual income to attend public four-year institutions full time.

Kentucky relies on public community colleges to provide higher education to over one-third of its students. Even at these institutions, which are the most affordable postsecondary option in the state, low-income families would have to spend more than a third of their family income in order to attend full time. Students would need to work, on average, 20 hours per week to cover the costs of full-time attendance at these two-year institutions.

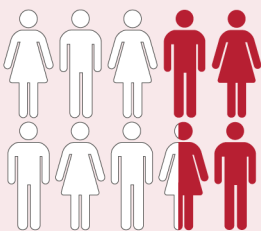
Kentucky's public four-year nondoctoral institutions would still require low-income students to pay nearly half of their family income, on average, for full-time attendance. Students would need to work 29 hours per week to cover the costs of attending a public four-year

nondoctoral institution full time.

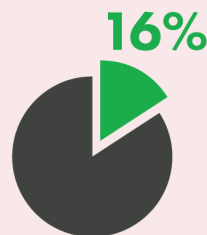
Kentucky's performance on college affordability will make it challenging for the state to close substantial gaps in postsecondary degree attainment between Whites and Blacks, to address one of the highest levels of childhood poverty in the nation, or to meet projected workforce needs by 2020.

- ▶ Kentucky educates 36 percent of its students in its public two-year institutions. Students would need to work, on average, 20 hours per week to cover the annual educational costs of attending these schools full time.
- ▶ Kentucky provides \$293 per student in need-based financial aid to attend public institutions, compared to the national average of \$474.
- ▶ By 2020, 11 percent of Kentucky's high school student population will be Black. As of 2014, Black college attainment lagged behind White attainment, 25 percent versus 33 percent.
- ▶ Twenty-six percent of Kentucky children live in poverty, a 3 percent increase since 2005.

More Kentucky students attend **public two-year institutions** than any other kind of institution, with **36 percent enrolled**. Families would spend, on average, **16 percent of annual income** to pay for full-time attendance.

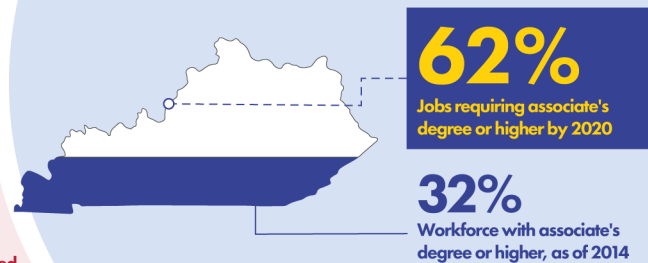


Percentage of students attending public two-year institutions



Percentage of family income required to pay for full-time attendance

On average, **32 percent** of working-age Kentucky state residents (age 25-64) have an associate's degree or higher. By 2020, **62 percent of jobs will require an associate's degree or higher**.



# WHAT PERCENT OF FAMILY INCOME would be needed to attend college full time?

	Percent of Income 2008	Percent of Income 2013	Ranking*
<b>Public Two-Year</b> (36 percent of enrollment)**	14	16	9
<b>Public Four-Year Nondoctoral</b> (31 percent of enrollment)	23	23	14
<b>Public Research</b> (19 percent of enrollment)	21	29	25
<b>Private Four-Year Nondoctoral</b> (14 percent of enrollment)	30	39	10
<b>Private Research</b> (NA percent of enrollment)	NA	NA	NA

\* This measure ranked states 1-50. The lower the ranking on this measure, the better a state performed on overall college affordability.

\*\* Enrollment may not add up to 100% due to rounding.

**NOTE:** The "net price" reported in the following tables for each sector of higher education includes tuition, mandatory fees, room/board and books *minus* all financial aid (federal, state and institutional).

For information on how these measures were calculated or which institutions were included, please see the technical report, available at [www2.gse.upenn.edu/irhe/affordability-diagnosis](http://www2.gse.upenn.edu/irhe/affordability-diagnosis).

## STATE INCOME PROFILE

Income  
**\$0—30,000**  
Average Income in Group  
**\$16,505**  
Families in Group  
**28%**

Income  
**\$30,000 —48,000**  
Average Income in Group  
**\$39,190**  
Families in Group  
**18%**

Income  
**\$48,000—75,000**  
Average Income in Group  
**\$60,936**  
Families in Group  
**22%**

Income  
**\$75,000—110,000**  
Average Income in Group  
**\$90,888**  
Families in Group  
**17%**

Income  
**\$110,000 and above**  
Average Income in Group  
**\$177,399**  
Families in Group  
**15%**

# PERCENT OF FAMILY INCOME needed to attend full time:

### PUBLIC TWO-YEAR INSTITUTION

	Net Price	% of Income Needed to Pay Net Price
\$0—30,000	5,662	<b>34</b>
\$30,000—48,000	5,766	<b>15</b>
\$48,000—75,000	7,739	<b>13</b>
\$75,000—110,000	9,987	<b>11</b>
\$110,000 and above	10,129	<b>6</b>

Students would have to work 20 hours a week, on average, at federal minimum wage to pay for college expenses to attend a public two-year institution full time.

### PUBLIC FOUR-YEAR NONDOCTORAL INSTITUTION

	Net Price	% of Income Needed to Pay Net Price
\$0—30,000	8,072	<b>49</b>
\$30,000—48,000	9,611	<b>25</b>
\$48,000—75,000	12,172	<b>20</b>
\$75,000—110,000	13,878	<b>15</b>
\$110,000 and above	13,765	<b>8</b>

Students would have to work 29 hours a week, on average, at federal minimum wage to pay for college expenses to attend a public four-year nondoctoral institution full time.

### PUBLIC RESEARCH INSTITUTION

	Net Price	% of Income Needed to Pay Net Price
\$0—30,000	10,223	<b>62</b>
\$30,000—48,000	11,713	<b>30</b>
\$48,000—75,000	15,347	<b>25</b>
\$75,000—110,000	18,074	<b>20</b>
\$110,000 and above	18,469	<b>10</b>

Students would have to work 39 hours a week, on average, at federal minimum wage to pay for college expenses to attend a public research institution full time.

Source: Income data: U.S. Census Bureau; Net price data: U.S. Department of Education.

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## STATE INCOME PROFILE

Income

**\$0–30,000**

Average Income in Group

**\$16,505**

Families in Group

**28%**

Income

**\$30,000 –48,000**

Average Income in Group

**\$39,190**

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**\$60,936**

Families in Group

**22%**

Income

**\$75,000–110,000**

Average Income in Group

**\$90,888**

Families in Group

**17%**

Income

**\$110,000 and above**

Average Income in Group

**\$177,399**

Families in Group

**15%**

# PERCENT OF FAMILY INCOME needed to attend full time:

## PRIVATE FOUR-YEAR NONDOCTORAL INSTITUTION

	Net Price	% of Income Needed to Pay Net Price
\$0–30,000	15,058	<b>91</b>
\$30,000–48,000	15,878	<b>41</b>
\$48,000–75,000	17,129	<b>28</b>
\$75,000–110,000	20,284	<b>22</b>
\$110,000 and above	22,345	<b>13</b>

Students would have to work 44 hours a week, on average, at federal minimum wage to pay for college expenses to attend a private four-year nondoctoral institution full time.

Source: Income data: U.S. Census Bureau; Net price data: U.S. Department of Education.

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## WHAT INVESTMENT DOES THE STATE MAKE to financial aid programs to make college more affordable?

### TOTAL STATE FINANCIAL AID DOLLARS PER STUDENT AT PUBLIC TWO- AND FOUR-YEAR INSTITUTIONS

	2004	2007	2013	National Average, 2013
<b>Need-Based Aid</b>	275	345	293	474
<b>Other Aid</b>	501	572	626	210

### TOTAL STATE FINANCIAL AID DOLLARS PER STUDENT AT PRIVATE INSTITUTIONS

	2004	2007	2013	National Average, 2013
<b>Need-Based Aid</b>	499	606	636	644
<b>Other Aid</b>	1653	2102	1957	221

Data Source: National Association of State Student Grant and Aid Programs and the U.S. Department of Education.

## HOW MUCH IS ANNUAL UNDERGRADUATE BORROWING for students who earn and do not earn degrees?

- ▶ Students who enroll in public research institutions typically borrow \$3,178 annually.
- ▶ Students who enroll at public four-year nondoctoral institutions typically borrow \$4,721 annually.
- ▶ Students who enroll at private four-year nondoctoral institutions typically borrow \$4,396 annually.
- ▶ In contrast, students who enroll at public two-year institutions borrow \$3,249 annually.

Data Source: U.S. Department of Education.

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# WHAT CONSIDERATIONS SHOULD STATES take into account in establishing policies on college affordability?

## Workforce Needs

- ▶ By 2020, 62 percent of jobs in Kentucky will require a postsecondary credential.
- ▶ Kentucky is 45th in terms of states with the highest percentage of jobs that will require a postsecondary credential in the future.

## Educational Attainment

- ▶ As of 2014, 36 percent of young adults in Kentucky (ages 25-34) had an associate's degree or higher compared to 42 percent nationally.
- ▶ As of 2014, 31 percent of working age adults in Kentucky (ages 35-64) had an associate's degree or higher, compared to 40 percent nationally.

## Educational Attainment by Race/Ethnicity

- ▶ As of 2014, on average 32 percent of working age Kentucky state residents (age 25-64) have an associate's degree or higher. However, attainment varies by race: 33 percent of Whites have an associate's degree or higher but the other two most populous racial groups (Blacks and Hispanics) have attainment of only 25 percent and 22 percent respectively.

## Educational Pipeline in Kentucky

- ▶ In 2020, Kentucky's public high school graduates are projected to be 11 percent Black and 6 percent Hispanic.
- ▶ The total number of high school graduates at public institutions in Kentucky are projected to grow by 2 percent between 2020 and 2028.
- ▶ However, the percent of graduates that are Black will remain constant while the percent of graduates that are Hispanic in Kentucky is projected to increase by 4 percent. White high school graduates are projected to decline by 5 percent over the same time period.
- ▶ While the decline in White graduates is similar but slightly more pronounced than projections for the nation (4 percent decline in White graduates between 2020 and 2028), the flat growth in Black graduates is slightly below national trends (Blacks are projected to increase by 1 percent nationally between 2020 and 2028). The increase in Hispanic graduates is slightly above national trends (Hispanics are projected to increase by 2 percent nationally between 2020 and 2028).

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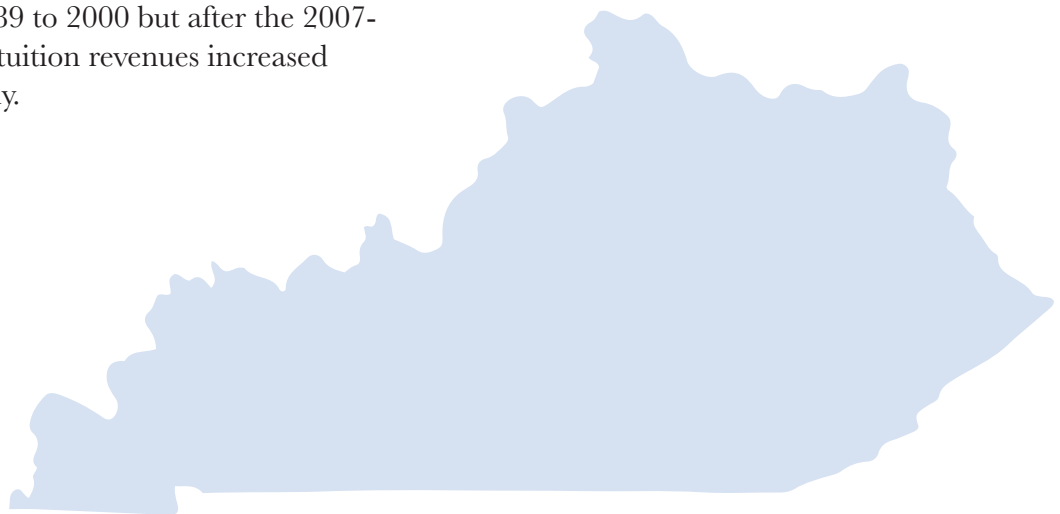


## Children in Poverty

- ▶ The percent of children living in poverty in Kentucky increased between 2005 and 2013, from 23 percent to 26 percent.
- ▶ In 2013 Kentucky was ranked 38th in terms of percent of children living in poverty. Rank order is from lowest to highest percentages of poverty.

## Student Share of Total State and Tuition Revenues for Public Higher Education

- ▶ In Kentucky, total student share of state and net tuition revenues per full time student was 27 percent in 1989, 30 percent in 2000, and 48 percent in 2014, adjusted for inflation. This pattern shows that net tuition revenues were increasing as a share of higher education funding from 1989 to 2000 but after the 2007-08 recession net tuition revenues increased even more rapidly.



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# POLICY QUESTIONS FOR STATE LEADERS

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- ▶ In what types of higher education institutions (sectors) has the state lost ground in college affordability?
- ▶ What are the economic circumstances of families in the state (by income quintiles, by different regions of the state, etc.)? What are the implications for college affordability?
- ▶ What is the projected demand for an educated workforce in the state? How far is your state from addressing this demand? To what extent is college affordability one of the barriers in educating more state residents?
- ▶ What are the gaps in college attainment between Whites and minority groups in your state? How can state policies on college affordability help to narrow these gaps?
- ▶ How is tuition policy related, if at all, to the income of the students and families that the state must educate?
- ▶ If tuition policy is delegated to public institutions, how does the state provide oversight to ensure that tuition and other educational costs are affordable for students and families?
- ▶ In what ways can state policies related to tuition be more tightly coupled with state policies on institutional appropriations and financial aid to address college affordability?
- ▶ To what extent do tuition policies encourage access to higher education and completion of certificates and degrees? How do financial aid policies address the needs of both young and working-age students?
- ▶ In what ways has the state provided incentives for institutions to improve efficiency and productivity in order to reduce the overall costs to students?
- ▶ Research shows that students who work more than 20 hours a week are less likely to make progress toward or complete their certificate or degree programs. How is the state alleviating the need for students to work more than 20 hours a week so that they can focus more on earning their certificates and degrees?
- ▶ How much are students borrowing relative to the percent of family income needed to pay for postsecondary education?
- ▶ Are all state policies that influence college affordability inadvertently stratifying higher education by income or race?

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