

Report Findings¹

General Conclusion: The cost of higher education in Kentucky is outstripping the ability of Kentucky families to pay for it. The problem lies not with inadequate public support, but with a lack of cost control by colleges and universities.

There is a lack of accountability and transparency in higher education spending in Kentucky.

Finding #1: Higher education costs have been rising nationally faster than any other sector in the economy, including health care.

Since 1982/1984, tuition and fees have risen by 439%, while health care costs rose 251% over the same period.

Over this period, the quality of health care services has improved. It is highly debatable, however, that the quality of higher education has improved.

Finding #2: Although taxpayers kept real support per student constant, affordability—and therefore access—has declined and the responsibility lies within the institutions themselves.

College and university administrators and governing boards bear the primary responsibility for the increasing lack of higher education affordability and accessibility, and therefore only they can solve the problem.

The decline in affordability and accessibility has an inordinate negative effect on lower income families.

Increased taxpayer support for higher education is overpowered by tuition increases.

Finding #3: Higher education costs as a percentage of household income in Kentucky have continued to increase.

The household cost burden for public four-year universities and higher institutions in Kentucky increased from 12% of median household income in 2000 to 14.4% in 2006.

The household cost burden for the University of Kentucky increased from 10.3% in 2000 to 18% in 2006.

The average annual increase in the total price of attendance was 6.9% per year from 2000 to 2006, while median income rose by only 3% per year. If the growth rate in the total price of attendance was capped at the same growth rate as median income, the cost burden would have fallen significantly and access would have improved.

Visit www.kentuckyfamily.org for the full report.

¹ “The Growing Family Burden of Higher Education in Kentucky,” by Robert Martin.

Report Recommendations¹ :

Recommendation #1: Given Kentucky's low median income (48th among the 50 states), control of higher education costs should become a bigger priority for Kentucky lawmakers.

Recommendation #2: Because of the poor handling of costs in the past, control of attendance prices for colleges and universities should not be left exclusively in the hands of administrators of institutions of higher education.

Recommendation #3: Policymakers should act to lower the financial burden on Kentucky families for a college education and improve college access.

Components of Recommendation #3:

Proposal #1: Cap the increase in total attend price for a college education in Kentucky at the same growth rate as median household income (3%).

Proposal #2: Set the growth rate in directed state grants to low income students at a rate higher than the growth rate in median household income.

Proposal #3: Establish a "firewall" between the revenues generated by tuition/fees, federal student grants, state/local student grants, and the part of state appropriations dedicated to undergraduate instruction in order to prevent institutions from using undergraduate revenues to subsidize these other activities and to ensure that revenues the public wants applied to undergraduate education actually get applied to undergraduate education.

Proposal #4: Require governing boards to hold senior administrators responsible for effective cost control.

Proposal #5: Require each institution to report the number of non-academic staff members employed in each overhead activity for the last ten years and calculate the staff-to-student ratios for each activity and monitor trends. This should lead to a decline in staff-to-student ratios over time.

Proposal #6: Steer more high school graduates to 2-year institutions with shorter programs to teach marketable skills.

Proposal #7: Audit non-academic programs and activities colleges and universities engage in for effectiveness and financial self-sufficiency.

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