



Cost And Funding Of Higher Education In Kentucky

Research Report No. 444

Prepared By

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Cost And Funding Of Higher Education In Kentucky

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Abstract

Enrollment in Kentucky's 4-year public universities has steadily grown in recent years; growth in the state's 2-year system has been higher but inconsistent. From 2000 to 2012, 4-year undergraduate and graduate enrollment increased more than 20 percent; enrollment in 2-year institutions increased more than 63 percent. Tuition and fees revenue surpassed state funds as the largest revenue source for the state's public education institutions in FY 2010. Tuition and fees for full-time resident undergraduate students have been rising steadily. Over the period of academic years 2002 to 2014, the 2-year and 4-year institutions' tuition and mandatory fees increased 177 percent on average. In FY 2011, undergraduate students received \$540.5 million in federal student loan aid at the state's public institutions. In FY 2012, total research expenditures by Kentucky public higher education institutions were \$484 million; total public service expenditures were \$716 million.

Foreword

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Summary

This report covers the public institutions of higher education in Kentucky. These are the Kentucky Community and Technical College System (KCTCS), a system of 2-year schools, and eight 4-year universities: Eastern Kentucky University, Kentucky State University, Morehead State University, Murray State University, Northern Kentucky University, the University of Kentucky, the University of Louisville, and Western Kentucky University.

The Kentucky Postsecondary Education Improvement Act of 1997 established major goals for the state's higher education system to be achieved by 2020. Originally created as the Commonwealth Merit Scholarship in 1998, the Kentucky Educational Excellence Scholarship has become an important source of financial aid for many Kentucky students. Senate Bill 1, enacted in 2009, revised academic content standards to promote a more successful transition from one educational level to another. Included in the bill was a modified annual statewide assessment program to be implemented in academic year (AY) 2012 that would include the revised standards. House Bill 160, enacted in 2010, aimed to facilitate transfers from 2-year to 4-year institutions.

Enrollment has increased steadily at Kentucky's 4-year public universities, although growth has been minimal at times. Enrollment has also increased at 2-year institutions, but growth has been inconsistent. From fall 2000 to fall 2012, 4-year undergraduate and graduate enrollment increased 20.6 percent; enrollment at KCTCS 2-year institutions increased 63.1 percent.

Since AY 2001, the number of associate degrees has increased the most, 105 percent. Total bachelor's degrees awarded have increased somewhat. The number of higher degrees awarded has also increased over time.

Over a 3-year period, overall baccalaureate 6-year graduation rates of the 4-year universities were relatively stable at just below 50 percent. Rates for underprepared and underrepresented minority students declined slightly; rates for low-income students increased modestly. Rates vary significantly by institution. There was a spike in the 3-year graduation rate for the 2009 KCTCS cohort, but that decreased significantly for the 2010 cohort.

Of students who graduated from the state's 4-year universities in 2011, 63 percent were employed in Kentucky in 2012. Of students who graduated from the state's 2-year institutions in 2011, nearly 77 percent were employed in Kentucky in 2012.

In FY 2010, tuition and fees revenue surpassed state funds as the largest source of revenue for the state's public institutions.

In FY 2011, only Kentucky State University and the University of Kentucky had less than one-half of graduates without debt. More than two-thirds of graduates of Eastern Kentucky University, Morehead University, and Northern Kentucky University had debt. Average student debt per institution ranged from less than \$19,000 to more than \$36,000.

Among the Kentucky public 4-year universities, tuition and fees are the highest at the University of Kentucky, but charges are nearly the same at the University of Louisville. The gap in cost among the 4-year universities has widened in recent years. Each Kentucky public 4-year university's tuition and fees fall within the middle half of the range at its benchmark universities.

States are trying to address concerns about affordability. In the 2013 Regular Session, the General Assembly created the Early Graduation Scholarship Certificate. Other states have implemented programs that offer matching funds for money placed in a 529 savings plan, up to a specific limit. Thirty-four states, which do not include Kentucky, provide for a tax deduction or credit for contributions to such a plan.

In FY 2012, total research expenditures were \$484 million. The University of Kentucky's expenditure of \$293 million, 61 percent of the state total, was the highest among its benchmarks. Total public service expenditures were \$716 million.

In AY 2012, Kentucky's public 4-year universities spent \$450.5 million on salaries (without benefits) for adjunct, non-tenure-track, tenure track, and tenured professors with teaching loads. These universities spent nearly \$1 billion on part-time and full-time administrators. All eight of the 4-year public universities spent more on administration and staff salaries than on instruction salaries.

In FY 2012, total retirement and other postemployment contributions by Kentucky's 4-year institutions were \$198.2 million; total employee health benefits were \$183 million.

Kentucky's institutions of higher education have implemented measures to reduce costs. For example, the University of Louisville introduced a voluntary separation incentive program, resulting in a savings of \$2.75 million. As part of a Guaranteed Energy Savings Performance Contract, Morehead State University switched from coal to gas, generating a savings of over \$13 million over 12 years.

Chapter 1

Overview Of Kentucky's Public Postsecondary Education System

The study covers Kentucky public postsecondary institutions. The eight 4-year universities are Eastern Kentucky University, Kentucky State University, Morehead State University, Murray State University, Northern Kentucky University, the University of Kentucky (UK), the University of Louisville, and Western Kentucky University. The Kentucky Community and Technical College System (KCTCS) comprises 16 2-year institutions.

This report reviews the cost drivers of higher education and how students pay for higher education. The study covers public postsecondary institutions in Kentucky. The eight 4-year universities are Eastern Kentucky University, Kentucky State University, Morehead State University, Murray State University, Northern Kentucky University, the University of Kentucky (UK), the University of Louisville, and Western Kentucky University. The Kentucky Community and Technical College System (KCTCS) comprises 16 2-year institutions.

The 4-year institutions were created with different missions and continue to serve different purposes. UK and Kentucky State are the land-grant universities and provide public service to residents of Kentucky. The main public service program at UK is the Kentucky Cooperative Extension Service.¹

Louisville and UK are research universities. KRS 164.003 defines UK as “a major comprehensive research institution” and Louisville as “a premier, nationally recognized metropolitan research university.” The remaining 4-year universities and KCTCS emphasize teaching. KRS 164.003 refers to Eastern, Kentucky State, Morehead, Murray, Northern, and Western as “comprehensive universities” and identifies KCTCS as “a comprehensive community and technical college system.”

Information was gathered from statutes and other studies on the costs and affordability of higher education. Data from the Kentucky Council on Postsecondary Education (CPE), the state’s public institutions, and the Integrated Postsecondary Education Data System (IPEDS) were also analyzed for this report.

For simplicity, *University*, *University of Kentucky*, and *State* will be omitted from most university names in this report. For example, Eastern Kentucky University will be referred to as Eastern.

For simplicity, *University*, *University of Kentucky*, and *State* will be omitted from most university names in this report. For example, the University of Louisville will be referred to as Louisville; Eastern Kentucky University will be referred to as Eastern. This report references academic years (AY) using the second year of the period. For example, the academic year that begins in 2001 and ends in 2002 is denoted as AY 2002.

Major Conclusions

This report has five major conclusions.

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- From the fall of 2000 to the fall of 2012, enrollment in Kentucky public 2-year institutions increased by 63.1 percent; 4-year undergraduate and graduate enrollment increased by 20.6 percent. Fall enrollment in the state's 4-year institutions grew steadily from 2000 to 2012. Growth in the state's 2-year system has been inconsistent, with an annual increase and decrease of more than 10 percent in recent years.
- Overall baccalaureate 6-year graduation rates were relatively stable since 2006 at just below 50 percent for Kentucky's public 4-year universities. For the 2005 cohort, six of the eight 4-year institutions had a 6-year graduation rate below the median of their benchmark universities.
- Tuition and fees for full-time resident undergraduate students have steadily increased at all Kentucky public 4-year and 2-year institutions. From AY 2002 to AY 2014, the 2-year and 4-year institutions' tuition and mandatory fees increased by 177 percent on average. Tuition and fees for each Kentucky public 4-year institution fall within the middle half of tuition and fees of its benchmark universities.
- Tuition and fees revenue surpassed state funds as the largest revenue source for the state's public institutions in FY 2010. Revenue from tuition and fees is the only revenue source that has increased annually since FY 2005. Adjusted for inflation, average tuition and mandatory fees increased by 110 percent between AY 2002 and AY 2014.
- In AY 2012, Kentucky public 4-year institutions spent \$670 million on public service and \$484 million on research. KCTCS spent \$46 million on public service. Compared to their respective benchmarks, Eastern, Murray, and UK had the highest percentage of spending devoted to public service. Louisville ranked in the top quarter. Research as a share of total spending was below the median benchmark institution for each of the two research universities.

Key Changes To Higher Education In Kentucky

Kentucky Postsecondary Education Improvement Act Of 1997

A number of legislative changes, including the Kentucky Postsecondary Education Improvement Act of 1997, have shaped the state's higher education system.

House Bill 1, enacted as the Kentucky Postsecondary Improvement Act of 1997 in that year's first special session, sets goals for the state's higher education system to be achieved by 2020. These include a national top 20 public university ranking for UK and a comprehensive community and technical college system that is now the Kentucky Community and Technical College System (KRS 164.003).

Kentucky Council On Postsecondary Education. KRS 164.020 outlines the powers and duties of the Council on Postsecondary Education, which include creating the strategic plan for the state's postsecondary education system with advice from the Strategic Committee on Postsecondary Education.^a CPE must establish tuition amounts and authorize the minimum requirements for admission to the state postsecondary educational system. CPE receives advice from the strategic committee and the executive officers of the postsecondary education system when it formulates policies related to allocation of funds among the universities and KCTCS. CPE comprises the commissioner of education as a nonvoting ex officio member, a faculty member, a student member, and 13 citizen members appointed by the governor (KRS 164.011(1)).

Kentucky Educational Excellence Scholarship

The Kentucky Educational Excellence Scholarship (KEES) was originally created as the Commonwealth Merit Scholarship by Senate Bill 21 in the 1998 Regular Session. It became known as KEES through the passage of HB 93 and SB 125 in the 2000 Regular Session. KEES is funded through the state lottery and is based on a student's grade point average. Additional awards may be given based on performance on tests, including the ACT, the SAT, and examinations for Advanced Placement or International Baccalaureate. Eligibility requirements for high school students, postsecondary students, and participating institutions are defined in KRS 164.7874. According to CPE's data, KEES funds increased annually from AY 2002 to AY 2012. Approximately \$80 million went to Kentucky public college students in AY 2012.

^a The Strategic Committee on Postsecondary Education was identified as inactive by the 2012 Program Review report *Kentucky's Boards, Commissions, And Similar Entities*.

Improving College Readiness

SB 1, enacted in the 2009 Regular Session, called for a revision of academic content standards to promote a more successful transition from one educational level to another. The bill also called for a modified annual statewide assessment program to be implemented in AY 2012 that would include the revised standards. As a result, the modified state student assessment requires a college readiness examination for specific subject areas for 10th-grade students and an ACT examination for 11th-grade students (KRS 158.6453(5)). CPE must collaborate with the Kentucky Board of Education, the Kentucky Department of Education, and postsecondary education institutions to

ensure that academic content requirements for successful entry into postsecondary education programs are aligned with high school content standards and that students who master the high school academic content standards shall not need remedial courses (KRS 164.020(35)).

Each postsecondary education institution was required to develop core academic content standards for reading and math for its introductory courses (KRS 164.302(1)). In AY 2012, 58.2 percent of high school graduates in the state who enrolled in a Kentucky public or private college met the statewide readiness standards in English, math, and reading. This was an improvement of just over 6 percentage points from AY 2011, which was the baseline.²

Improved Transfer From 2-Year To 4-Year Institutions

HB 160, enacted in the 2010 Regular Session, aimed to facilitate students' transfer from 2-year to 4-year institutions. A primary provision of the new law was that CPE, working with the public universities and community and technical colleges, must help execute a statewide agreement. This agreement pertained to public universities' bachelor's degree programs accepting and fully crediting KCTCS coursework (KRS 164.2951(2)). Transfer rates from KCTCS to 4-year institutions have improved each year from AY 2010 to AY 2012. In AY 2012, more than 12,000 KCTCS students transferred to a 4-year Kentucky public or independent institution compared to more than 8,000 in AY 2010.³

Studies On Costs Of Higher Education

Nationally, total costs at public 4-year institutions increased at a faster rate from academic year (AY) 2004 to AY 2014 than in either of the two previous decades. There is no consensus for why higher education costs are rising.

Total costs at public 4-year institutions, including room and board, increased at a faster rate from AY 2004 to AY 2014 than in either of the two previous decades.⁴ There is no consensus for why higher education costs are rising. Noted reasons include additional nonteaching staff, increased competition among colleges to provide the best experience, and higher costs for noninstructional activities.⁵

Some studies contend that price increases may not relate to more expenditures. For instance, one report notes that spending per student in public institutions has flattened or declined since 2000. It asserts that recent tuition increases are primarily due to public funding not keeping up with inflation and increased enrollment.⁶ Nationwide, total state inflation-adjusted appropriations declined by 19 percent from AY 2008 to AY 2013. Full-time equivalent enrollment in public institutions increased by 11 percent.⁷

State Trends In Affordability

Studies in Kentucky indicate that students and their families are now paying a higher share of higher education costs than in the past.

Studies in Kentucky show several trends regarding higher education affordability. In its first report, the Higher Education Work Group noted that Kentucky students and their families are now paying a larger share of higher education costs.⁸ One study showed that the financial responsibility for higher education has shifted from the state to students in the last 10 years.⁹

A study prepared for CPE noted a similar trend and the role of financial aid programs. The study showed that college costs increased faster than families' ability to pay and surpassed available funds in student aid programs.¹⁰ The Higher Education Work Group also found that rising tuition costs exceeded modest increases in federal and state financial aid.¹¹

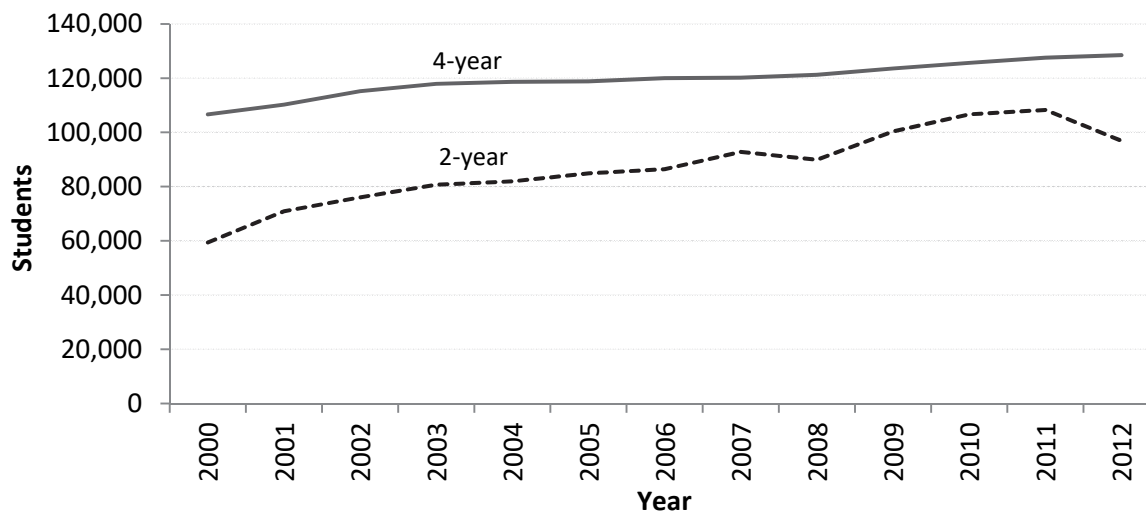
Enrollment Levels And Graduation Rates

Enrollment

From fall 2000 to fall 2012, enrollment in the state's public 2-year institutions increased by 63 percent; undergraduate and graduate enrollment in the 4-year institutions increased by more than 20 percent.

Figure 1.A shows the trend in fall enrollment. From 2000 to 2012, enrollment in Kentucky public 2-year institutions increased by 63.1 percent; 4-year undergraduate and graduate enrollment increased by 20.6 percent. In fall 2012, 128,501 undergraduate, graduate, and postdoctoral students were enrolled in a Kentucky public 4-year university; 96,914 students were enrolled in a Kentucky public 2-year institution. Fall enrollment has steadily increased for Kentucky 4-year public institutions, although growth has been minimal at times. Fall enrollment for 2-year institutions increased in all but 2 years.

Figure 1.A
Enrollment In Kentucky Public Higher Education Institutions
Fall 2000 To Fall 2012

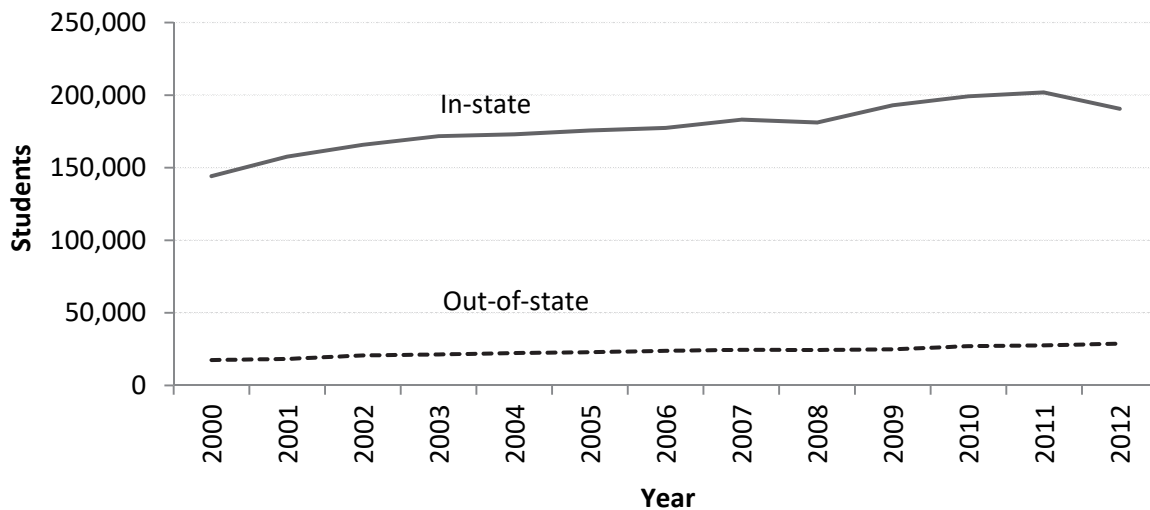


Note: Undergraduate, graduate, and postdoctoral students are included.
Source: Kentucky Council on Postsecondary Educ.

In fall 2012, 85 percent of all students were in-state residents, 13 percent were out-of-state residents, and 3 percent were part of the reciprocity category according to data provided by the Council on Postsecondary Education.

Most students attending Kentucky’s public universities are in-state residents, with modest growth in most years from 2000 to 2012. The out-of-state student population attending Kentucky’s public universities has remained stable. Figure 1.B illustrates these trends. In the fall of 2012, 190,603 in-state and 28,810 out-of-state undergraduate, graduate, and postdoctoral students were enrolled in a Kentucky public 4-year or 2-year institution.^b In the fall of 2012, 85 percent of all students were in-state residents, 13 percent were out-of-state residents, and 3 percent belonged to the reciprocity category, according to data provided by CPE.^c

**Figure 1.B
 In-State And Out-Of-State Students Enrolled
 In Kentucky Public Higher Education Institutions
 Fall 2000 To Fall 2012**



Source: Kentucky Council on Postsecondary Educ.

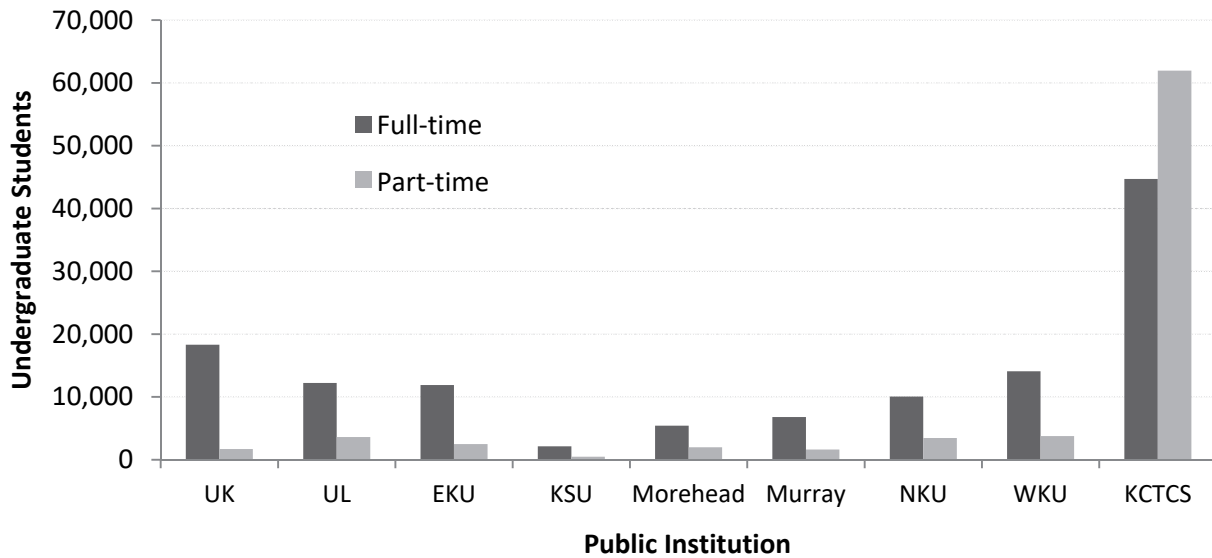
^b Fewer students are shown in this graph than the previous one because not all students are considered in-state or out-of-state. The remaining 6,002 students are in the “reciprocity” category. This refers to reciprocity agreements that some schools make with schools in other states to allow out-of-state students to receive a significant discount or pay the same price as a resident student.

^c Percentages do not total to 100 because of rounding.

In fall 2010, 81 percent of undergraduate students at Kentucky public 4-year universities and 42 percent of KCTCS students were full time.

In fall 2010, 81 percent of undergraduate students at Kentucky public 4-year universities were full-time students and 19 percent were part-time students. In fall 2010, 42 percent of KCTCS students were full time and 58 percent were part time. Figure 1.C shows the variation of full-time and part-time students per institution.

**Figure 1.C
Full-Time And Part-Time Undergraduate Students
At Kentucky Public Higher Education Institutions
Fall 2010**

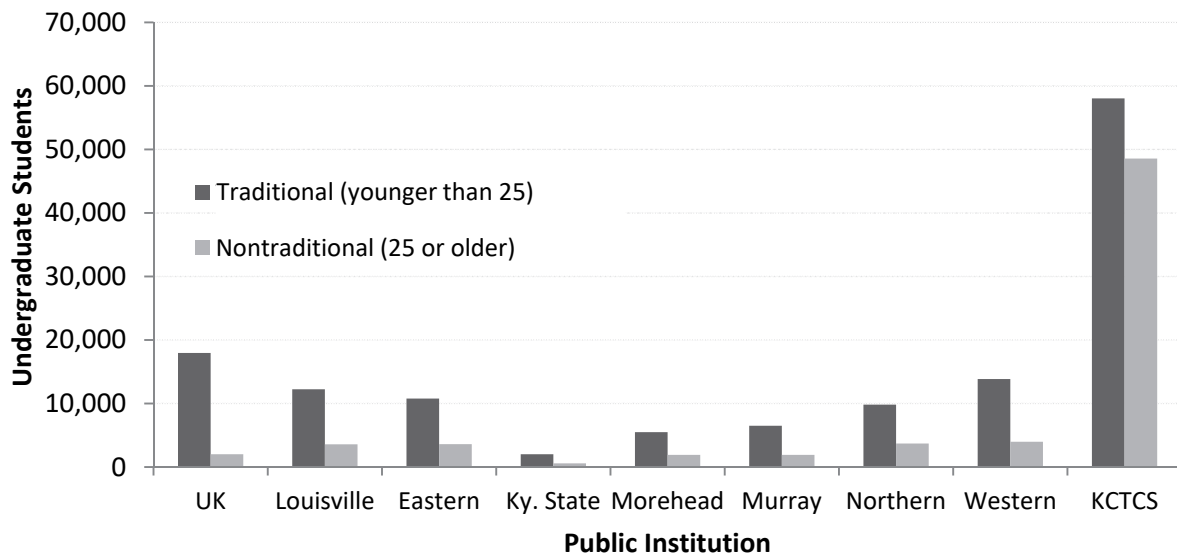


Source: Kentucky Council on Postsecondary Educ.

In fall 2010, 79 percent of undergraduate students at public 4-year universities were traditional students and 21 percent were nontraditional (25 or older) students. At KCTCS, 54 percent of students were traditional and 46 percent were nontraditional.

In fall 2010, 79 percent of undergraduate students at Kentucky public 4-year universities were traditional students and 21 percent were nontraditional students (students 25 or older). In the same semester, 54 percent of KCTCS students were traditional and 46 percent were nontraditional. Figure 1.D shows the variation among institutions.

**Figure 1.D
 Traditional And Nontraditional Undergraduate Students
 At Kentucky Public Higher Education Institutions
 Fall 2010**



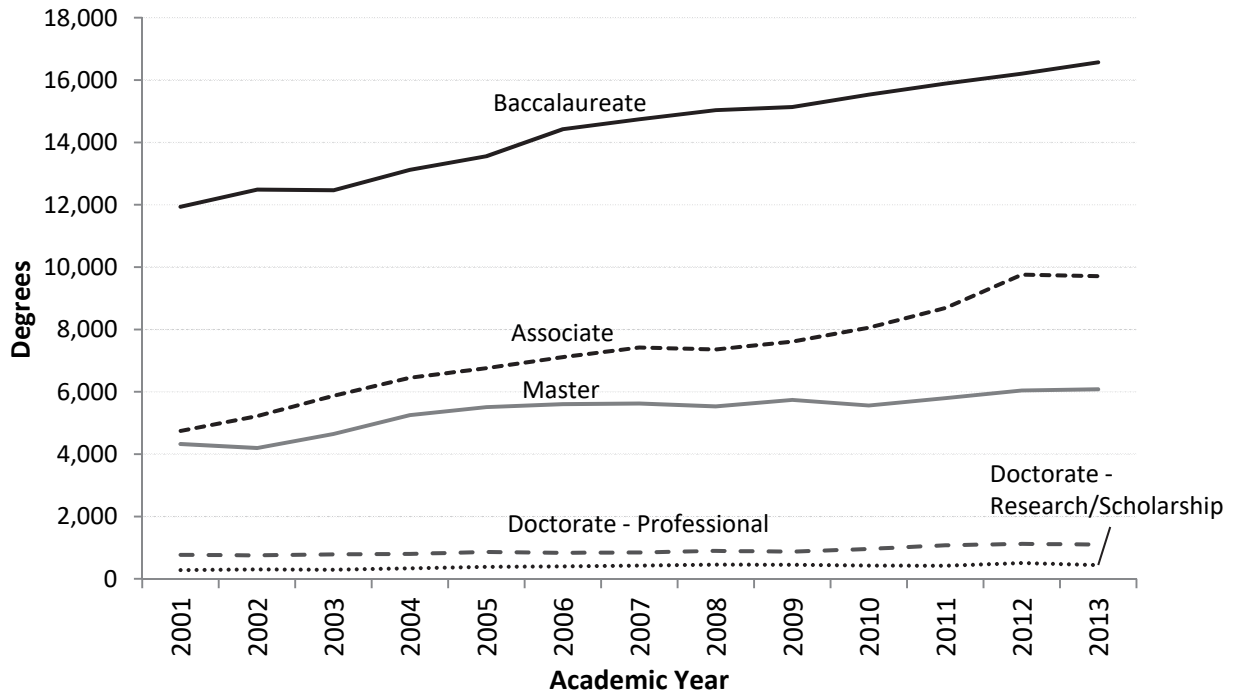
Source: Kentucky Council on Postsecondary Educ.

Degrees Awarded

To advance the number of degrees and credentials conferred, CPE formed two new committees comprising representatives from each of the state’s public institutions. They focused on student success and academic quality standards.¹² CPE also awarded mini-grants to some schools for specific degree completions. For example, CPE provided mini-grants to three public institutions for continued enrollment and graduation of students who were close to completing a bachelor’s degree. The focus was the underlying reasons for student attrition.¹³

Figure 1.E shows the total number of degrees awarded by Kentucky public institutions in AY 2001 to AY 2013. Associate degrees increased the most, 105 percent. Total bachelor’s degrees awarded increased by 39 percent, master’s degrees increased by 41 percent, professional doctorate degrees increased by 44 percent, and research doctorate degrees increased by 57 percent.

Figure 1.E
Degrees Awarded By Kentucky Public Higher Education Institutions
Academic Years 2001 To 2013



Source: Kentucky Council on Postsecondary Educ.

The state's public institutions awarded nearly 34,000 degrees in AY 2013.

As shown in Table 1.1, Kentucky public 2-year and 4-year institutions awarded 33,939 degrees in AY 2013. KCTCS awarded more than 90 percent of the associate degrees.

**Table 1.1
 Degrees Awarded By Kentucky Public Higher Education Institutions
 Academic Year 2013**

Institution	Associate	Baccalaureate	Masters	Doctorate - Professional	Doctorate - Research/Scholarship
UK	-	4,022	1,275	559	305
Louisville	28	2,731	1,366	375	140
Eastern	208	2,358	773	9	-
Ky. State	45	206	50	-	-
Morehead	180	1,116	446	16	-
Murray	12	1,399	694	-	-
Northern	98	2,109	491	149	13*
Western	267	2,627	983	-	14*
KCTCS	8,875	-	-	-	-
Total	9,713	16,568	6,078	1,108	472

*Listed as doctors-other.

Note: The 593 degrees not counted in the table include various certificates and specialists.

Source: Kentucky Council on Postsecondary Educ.

Graduation Rates

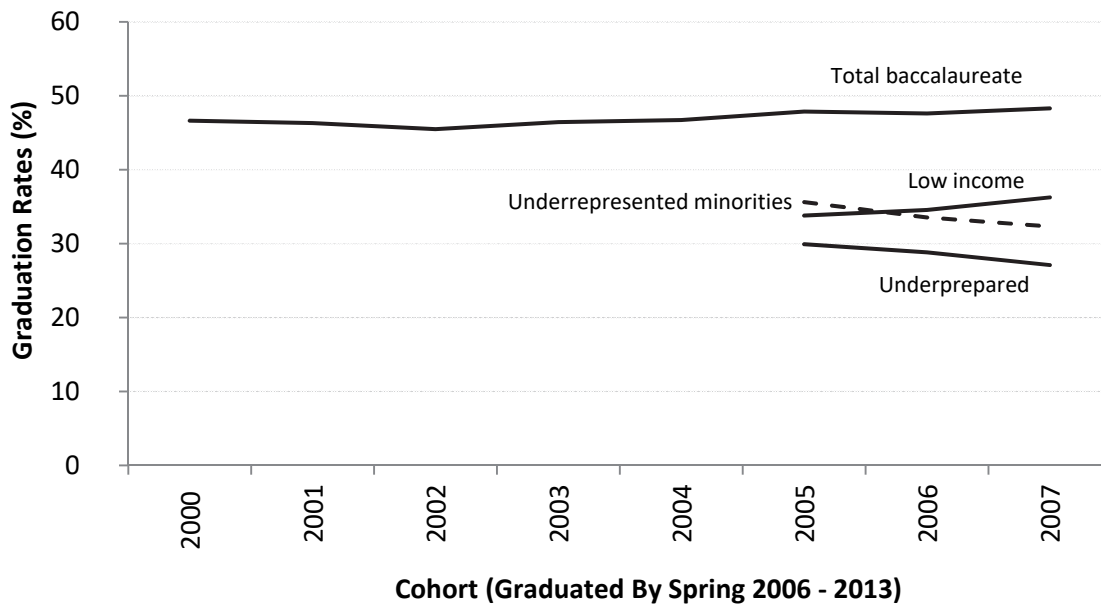
For the three cohorts reviewed, baccalaureate 6-year graduation rates were stable at just below 50 percent for the state's 4-year public universities.

Graduation rates are often used to measure an institution's success in educating its students. Figure 1.F shows the 6-year graduation rate for the state's 4-year public universities for three recent cohorts.^d For cohort 2007, the 6-year baccalaureate graduation rate for Kentucky public 4-year universities was 48.3 percent. It was 36.3 percent for low-income students, 27.1 percent for underprepared students, and 32.3 percent for underrepresented minorities.

^d A cohort is the students who enroll in a specific year. The 6-year graduation rate for the 2005 cohort, for example, is calculated based on the number of its students who graduate by 2011.

From cohort 2000 to cohort 2007, overall baccalaureate 6-year graduation rates were relatively stable, ranging from 46 percent to 48 percent. Rates for underprepared and underrepresented minority students declined slightly over the 3 years shown in the figure; rates for low-income students increased modestly.^e

Figure 1.F
6-Year Graduation Rates For Kentucky Public 4-Year Universities
2000 To 2007 Cohorts

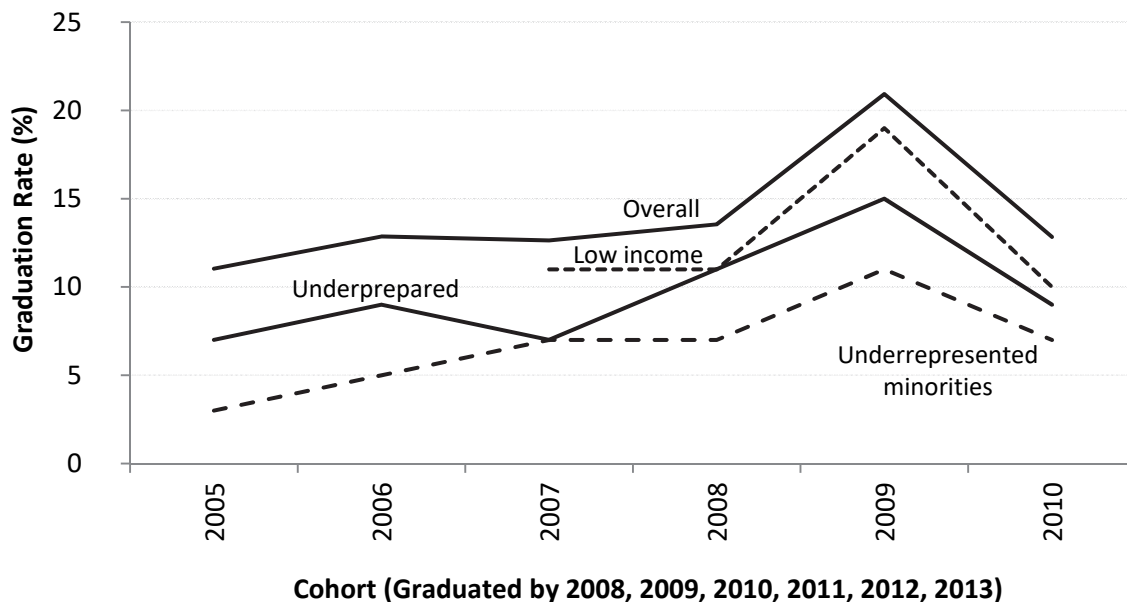


Source: Kentucky Council on Postsecondary Educ.

^e Underrepresented minority students are those who are Black or African American; American Indian or Alaskan Native; Hispanic or Latino; Native Hawaiian or Other Pacific Islander; or those of two or more races.

Figure 1.G displays the 3-year graduation rate for six cohorts at KCTCS. For the 2010 cohort, the 3-year associate degree graduation rate at Kentucky public 2-year institutions was 13 percent. It was 10 percent for low-income students, 9 percent for underprepared students, and 7 percent for underrepresented minorities. There was a sharp increase in the 3-year graduation rate for the 2009 cohort and a significant decrease for the 2010 cohort. This pattern was also seen among low-income, underprepared, and underrepresented minority students.

Figure 1.G
3-Year Graduation Rates For KCTCS
2005 To 2010 Cohorts



Source: Kentucky Council on Postsecondary Educ.

For the state's 4-year universities, 4-year graduation rates are low compared to the rates of their benchmark institutions.

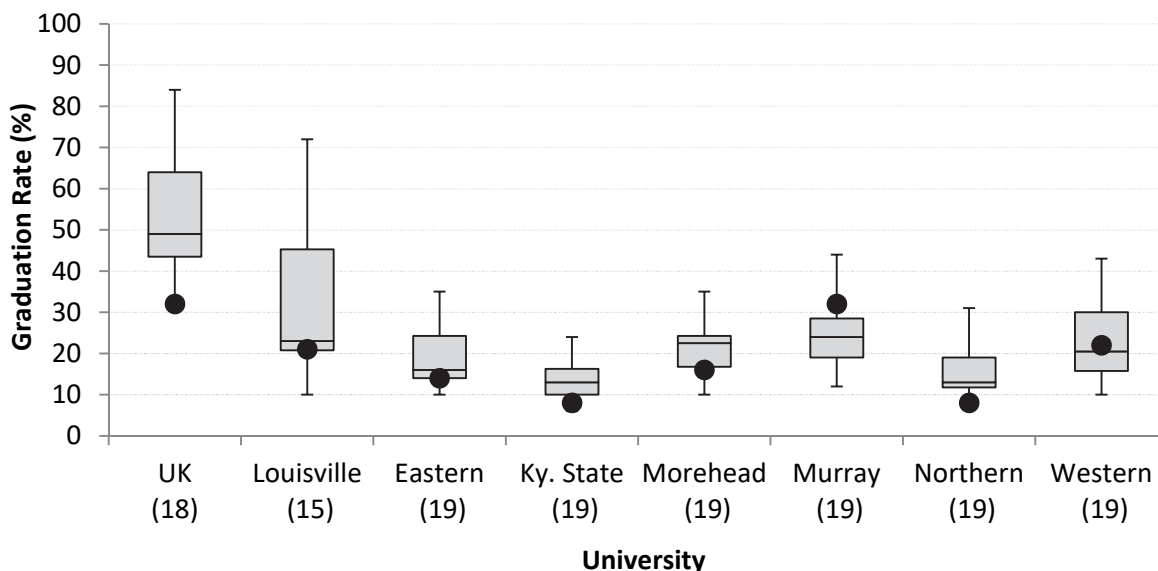
Figure 1.H displays the 4-year graduation rates for Kentucky's 4-year institutions compared to their benchmark institutions.^f The figure shows each Kentucky university's graduation rate represented as the dot; the highest and lowest rates of its benchmarks, linked by the vertical line; the middle half of its benchmarks' rates in the gray box; and the median graduation rate represented as the line within the box. For example, Louisville's graduation rate is 21 percent, the highest rate among its

^f The benchmark institutions used in this study were approved by CPE for 2006-2010. Each institution currently uses its own benchmarks, but they were not available in time for analysis in this study. The CPE benchmarks and the current institutionally chosen benchmarks are listed in the appendix to this report.

benchmarks is 72 percent, the lowest is 10 percent, the middle one-half of rates range from 20.75 percent to 45.25 percent, and the median graduation rate is 23 percent.

Four-year graduation rates among Kentucky universities are low compared to those of the benchmark institutions. Murray has the fourth highest 4-year graduation rate at 32 percent compared to its benchmarks. Western is the other school with a 4-year graduation rate above the median. Kentucky State's 8 percent graduation rate is one of the third lowest among its benchmarks. Northern has the second lowest 4-year graduation rate at 8 percent compared to its benchmarks. UK is tied with the University of Arizona for the lowest 4-year graduation rate of 32 percent among its benchmarks.

Figure 1.H
4-Year Graduation Rates For Undergraduates In Kentucky
Public 4-Year Universities Compared To Their Benchmarks
Cohort 2007 (Graduate By Spring 2011)

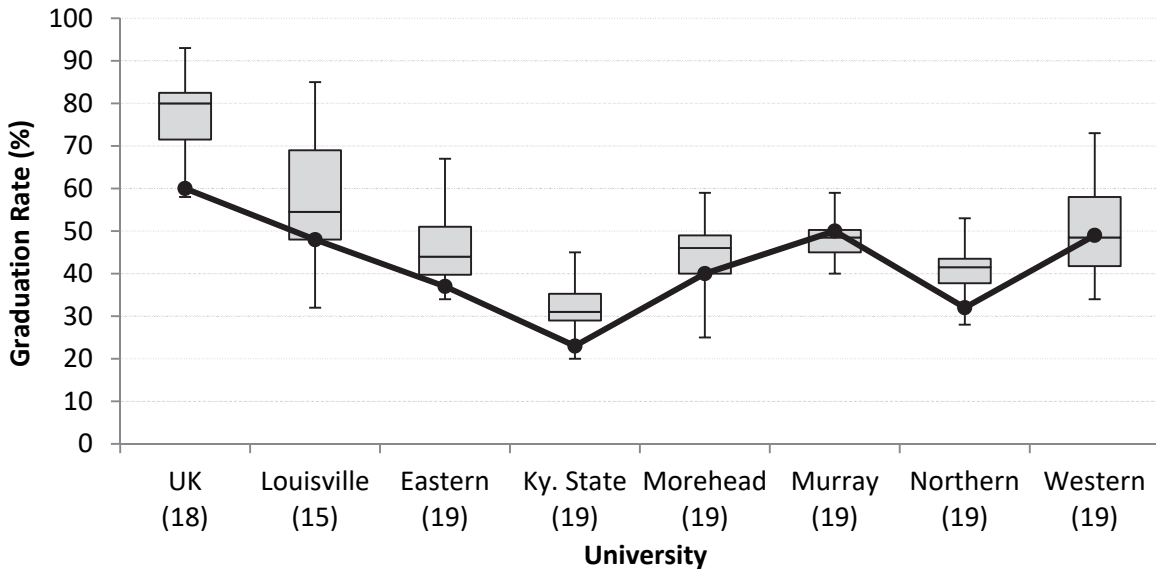


Note: In the parentheses under each school name is the number of benchmarks used for each Kentucky school. In the graph, the black dots represent the graduation rate of each Kentucky university. The ends of the tails are the maximum and the minimum graduation rates. The box encompasses half of the benchmarks' graduation rates. The line within the box is the median graduation rate.

Source: US. Natl. Center for Educ. Statistics. Integrated Postsecondary Educ. Data System.

Figure 1.I displays the 6-year graduation rates for undergraduates in Kentucky 4-year public universities. According to the graph, Murray’s graduation rate is better than that of approximately 75 percent of its benchmarks. Kentucky State’s 23 percent rate is among the second lowest compared to its benchmarks. Similarly, Eastern has the second lowest rate among its benchmarks with a rate of 37 percent. At 32 percent, Northern has the second lowest rate compared to its benchmarks. UK’s 60 percent graduation is second lowest among its benchmarks

Figure 1.I
6-Year Graduation Rates For Undergraduates In Kentucky
Public 4-Year Universities Compared To Their Benchmarks
Cohort 2005 (Graduate By Spring 2011)



Note: In the parentheses under each school name is the number of benchmarks used for each Kentucky school. In the graph, the black dots represent each Kentucky university’s graduation rate. The ends of the tails are the maximum and the minimum graduation rates. The box encompasses half of the benchmarks’ graduation rates. The line within the box is the median graduation rate.

Source: US. Natl. Center for Educ. Statistics. Integrated Postsecondary Educ. Data System.

Benefits Of Higher Education

A 2013 report from The College Board discusses some benefits associated with higher education. Generally, it notes that individuals with higher levels of education have higher incomes and are more likely to be employed than high school graduates.¹⁴

For example, the median earnings of individuals with a bachelor's degree (no advanced degree) are 65 percent higher than the median earnings of high school graduates when considering a 40-year full-time working life.¹⁵ Over time, the financial return of college degrees and the gaps in earnings by education level have increased. Governments benefit from increased tax revenues from degree holders and less spending on public assistance programs for them.¹⁶

Another study analyzed factors affecting wages such as the degree a graduate obtains, the school that awarded the degree, and the field in which the degree was earned.¹⁷ Many holders of short-term credentials, such as associate degrees and occupational certificates, will earn more than graduates with bachelor's degrees.¹⁸ Graduates from flagship institutions entering the labor market directly after graduation, on average, do not earn more than graduates from regional schools.¹⁹ The study found that degrees in technical fields produce much greater returns than degrees in the liberal arts.²⁰

Employment Of Kentucky Graduates

Approximately 50 percent or more of graduates from 4-year public universities in 2011 were employed in Kentucky in 2012. For 15 of 16 2-year community and technical colleges, at least two-thirds of the graduates in 2011 were employed in Kentucky in 2012. This includes seven institutions with more than 80 percent employed.

As shown in Table 1.2, approximately 50 percent or more graduates of 2011 from the state's 4-year public universities were employed in Kentucky in 2012. Note that other states' employment data were not available, so the numbers shown do not indicate the percentages of graduates employed. Approximately 65 percent or more of graduates from Eastern, Louisville, Morehead, and Western were employed in Kentucky in 2012.

**Table 1.2
 Employment In Kentucky Of Graduates
 Of Kentucky Public 4-Year Universities**

University	Graduates In 2011	Employed In Kentucky In 2012	
		Number	%
UK	2,655	1,583	59.6%
Louisville	1,894	1,354	71.5
Eastern	1,537	1,106	72.0
Ky. State	151	93	61.6
Morehead	697	471	67.6
Murray	1,053	595	56.5
Northern	1,704	851	49.9
Western	1,935	1,258	65.0
Total	11,626	7,311	62.9%

Note: These counts include only distinct degree earners and not total degrees earned. Graduates are listed in the academic year in which they earned their first degree. Only graduates who earned a bachelor's degree from an in-state, public 4-year institution are included. Graduates who earned a degree in academic year AY 2008 to AY 2011 but were reenrolled at an in-state public or independent institution at any point during AY 2012 are not included. Graduates were considered to be employed in Kentucky if they earned wages greater than zero dollars during any quarter of 2012 from an employer covered by the Kentucky Unemployment Insurance system.
 Source: Kentucky Council on Postsecondary Educ.

Table 1.3 shows that at least two-thirds of the graduates in 2011 from 15 of 16 2-year community and technical colleges were employed in Kentucky in 2012. Seven institutions had more than 80 percent of their 2011 graduates employed in Kentucky in 2012.

Overall, the 2-year institutions had a greater percentage of their graduates employed, but the 4-year institutions had nearly three times as many graduates employed.

Table 1.3
Employment In Kentucky Of Graduates Of KCTCS Colleges

College	Graduates In 2011	Employed In Kentucky In 2012	
		Number	%
Ashland Community and Technical College	234	174	74.4%
Big Sandy Community and Technical College	128	104	81.3
Bluegrass Community and Technical College	488	403	82.6
Bowling Green Technical College	193	167	86.5
Elizabethtown Community and Technical College	306	230	75.2
Gateway Community and Technical College	176	118	67.0
Hazard Community and Technical College	219	173	79.0
Henderson Community College	130	92	70.8
Hopkinsville Community College	236	114	48.3
Jefferson Community and Technical College	535	428	80.0
Madisonville Community College	253	204	80.6
Maysville Community and Technical College	154	126	81.8
Owensboro Community and Technical College	262	212	80.9
Somerset Community College	295	235	79.7
Southeast Ky. Community and Technical College	176	119	67.6
West Ky. Community and Technical College	301	235	78.1
Total	4,086	3,134	76.7%

Note: These counts include only distinct degree earners and not total degrees earned. Graduates are listed in the academic year in which they earned their first degree. Only graduates who earned an associate degree from an in-state, public 2-year institution are included. Graduates who earned a degree in AY 2008 to AY 2011 but were reenrolled at an in-state public or independent institution at any point during AY 2012 are not included. Graduates were considered to be employed in Kentucky if they earned wages greater than zero dollars during any quarter of 2012 from an employer covered by the Kentucky Unemployment Insurance system.

Source: Kentucky Council on Postsecondary Educ.

When comparing the state's public 4-year institutions with the 2-year institutions, the 2-year system had a greater percentage of its 2011 graduates employed in 2012. However, it had a much smaller number of graduates than the 4-year institutions.

Chapter 2

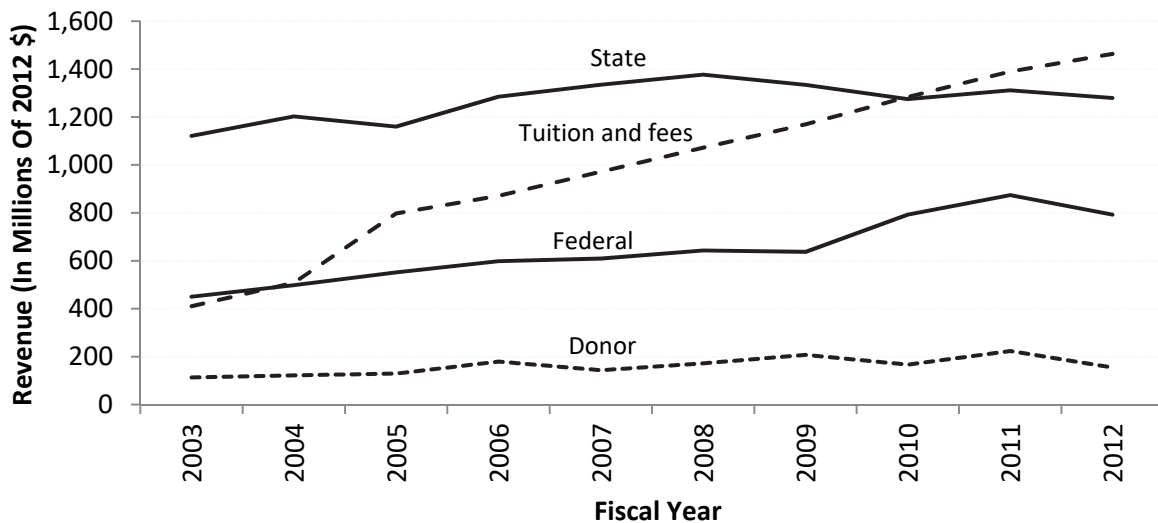
Revenue Sources For Kentucky Public Higher Education Institutions

Sources Of Funding

Tuition and fee revenue surpassed state funds as the largest revenue source for Kentucky's public higher education institutions in FY 2010. Adjusted for inflation, it is the only revenue source to have increased each year since FY 2003.

Figure 2.A depicts federal, state, and donor funds, as well as tuition and fees revenue for Kentucky's public higher education institutions from FY 2003 to FY 2012. Tuition and fees, which surpassed state funds as the largest revenue source in FY 2010, is the only major revenue source to increase each year. In FY 2012, approximate values of revenue sources were tuition and fees, \$1.46 billion; state funds, \$1.28 billion; federal funds, \$793 million; and donor funds, \$156 million. From FY 2005 to FY 2012, approximate increases for these sources were tuition and fees, 83 percent; state funds, 10 percent; federal funds, 44 percent; and donor funds, 20 percent.

Figure 2.A
Major Revenue Sources For Kentucky Public Higher Education Institutions
FY 2003 To FY 2012



Note: Some data for tuition and fees revenue are missing prior to FY 2005. Eastern did not report data for FY 2002, Kentucky State did not report data for FY 2002 and FY 2003, and UK did not report data for FY 2002 to FY 2004.

Sources: Kentucky. Council on Postsecondary Educ.; inflation rates are from the US Bureau of Labor Statistics.

Total net general fund appropriations for public higher education peaked at more than \$1 billion in FY 2008 and decreased to \$725 million in FY 2012.

Table 2.1 shows net general fund appropriations for Kentucky public higher education institutions in FY 2002 and FY 2012. Between these years, total revenue peaked in FY 2008 with total net general fund appropriations slightly over \$1 billion. UK and Louisville had less net general fund appropriations in FY 2012 than in FY 2002. The six comprehensive universities and KCTCS had higher net general fund appropriations in FY 2012. Eastern, Morehead, and Murray had increases of less than 5 percent. Overall, total net general fund appropriations for Kentucky public higher education institutions increased nearly 5 percent since FY 2002.

**Table 2.1
Net General Fund Appropriations
For Kentucky Public Higher Education Institutions
FY 2002 And FY 2012**

Institution	FY 2002	FY 2012	% Change
UK	\$284,780,300	\$283,869,300	-0.3%
Louisville	144,176,800	141,194,800	-2.1
Eastern	65,608,000	67,673,700	3.1
Ky. State	20,017,300	23,537,400	17.6
Morehead	39,276,100	41,016,400	4.4
Murray	47,750,500	48,005,800	0.5
Northern	40,158,988	46,835,100	16.6
Western	63,545,000	72,425,200	14.0
KCTCS	167,860,800	191,455,700	14.1
Total	\$873,173,788	\$916,013,400	4.9%

Note: Net general fund appropriations do not include debt service and the Louisville hospital contract. Figures shown may differ from enacted appropriations because of budget reduction orders.
Source: Kentucky. Council on Postsecondary Educ.

Types Of Student Funding

Student funding includes grants, scholarships, and loans.

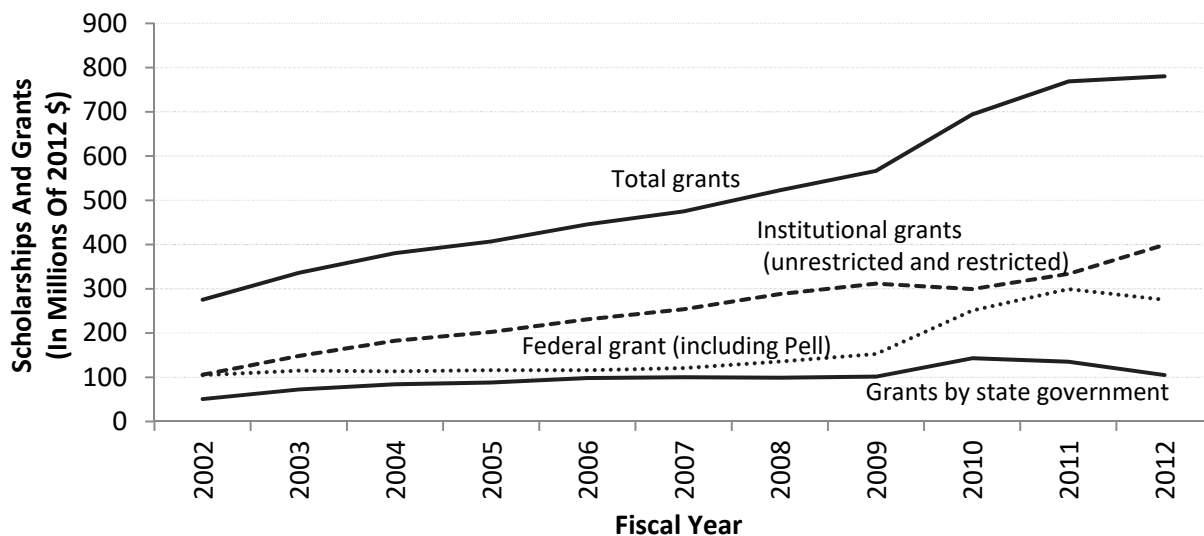
Grants And Scholarships

Total grant revenue in FY 2012 was approximately \$780 million, an increase of 183 percent since FY 2002.

Figure 2.B depicts total scholarship and fellowship grants, institutional grants, federal grants, and state government grants over time for Kentucky's public higher education institutions. The largest source of grant funds is institutional grants. Institutional grants are expenditures for scholarships and fellowships funded by private sources and net assets of the institution. In the figure, matching dollars for federal, state, and local grants are included.

In FY 2012, total grant revenue was approximately \$780 million, institutional grants were \$400 million, federal grants were \$275 million, and state grants were \$105 million. From FY 2002 to FY 2012, total grants increased by 183 percent, institutional grants increased by 277 percent, federal grants increased by 162 percent, and state grants increased by 107 percent.

Figure 2.B
Scholarship And Fellowship Grant Aid
For Kentucky Public Higher Education Institutions
FY 2002 To FY 2012

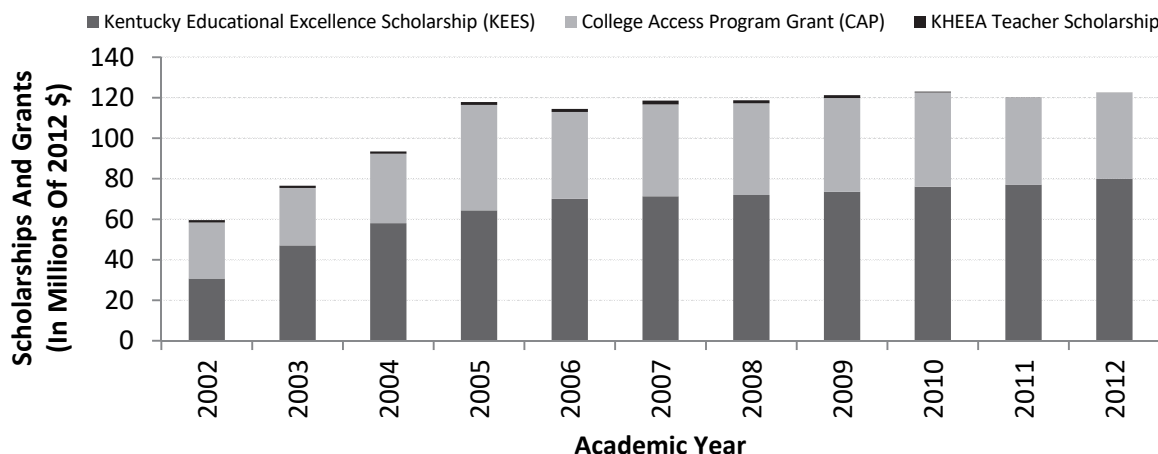


Sources: Kentucky. Council on Postsecondary Educ.; inflation rates are from the US Bureau of Labor Statistics.

Most state scholarship and grant funding for students is from lottery proceeds. Total funding, which was more than \$120 million in AY 2012, has been stable for 8 years.

Most state scholarship and grant funding for students is from lottery proceeds. Figure 2.C illustrates these various program funds for Kentucky’s public university students. Total funding, which was more than \$120 million in AY 2012, has been stable for 8 years. Funding for KEES, the largest scholarship program, has increased annually from AY 2002 to AY 2012.

Figure 2.C
Lottery-Funded Scholarships And Grants For Students
At Kentucky Public Higher Education Institutions
Academic Years 2002 To 2012



Note: KHEEA = Kentucky Higher Education Assistance Authority. Inflation was based on the first year of the academic year.

Sources: Kentucky. Council on Postsecondary Educ.; inflation rates are from the US Bureau of Labor Statistics.

Student Loans

Undergraduate students attending the state's public higher education institutions received \$540.5 million in federal student loan aid in FY 2011.

As shown in Table 2.2, undergraduate students at the state's public higher education institutions received \$540.5 million in federal student loan aid in FY 2011.

Table 2.2
Federal Student Loan Aid Received By Undergraduate
Students At Kentucky Public Higher Education Institutions
FY 2011

Institution Type	Aid Received (In Millions \$)
4-year	\$364.9
2-year	175.5
Total	\$540.5

Note: Numbers do not add to the total shown because of rounding.
Source: Prepared by LRC staff based on information provided by the Kentucky Council on Postsecondary Educ.

Overall, 56 percent of graduates of 4-year universities in FY 2011 had debt, with an average debt of more than \$24,000. Only Kentucky State and UK had less than one-half of graduates without debt.

Significant percentages of students graduate with debt. Table 2.3 illustrates data regarding graduates who accumulate student loan debt and the average debt as of FY 2011. Only Kentucky State and UK had less than one-half of graduates without debt. More than two-thirds of graduates of Eastern, Morehead, and Northern had debt. Average student debt per institution ranged from less than \$19,000 to more than \$36,000.

**Table 2.3
 Student Debt For Graduates
 Of Kentucky Public 4-Year Universities
 FY 2011**

Institution	% With Debt	Average Federal Loan Debt	Average Debt
UK	40%	\$16,374	\$21,774
Louisville	50	13,871	19,812
Eastern	68	23,392	24,224
Ky. State	30	36,293	36,293
Morehead	69	28,238	29,462
Murray	54	18,920	19,881
Northern	75	18,002	18,882
Western	62	21,318	22,560

Source: Kentucky. Council on Postsecondary Educ.

Tuition And Fees

Nationally, average published tuition and fees at public 4-year institutions increased by 19 percent beyond the rate of inflation from AY 2004 to AY 2009 and by another 27 percent from AY 2009 to AY 2014.²¹ In Kentucky, tuition and fees have been increasing as well.

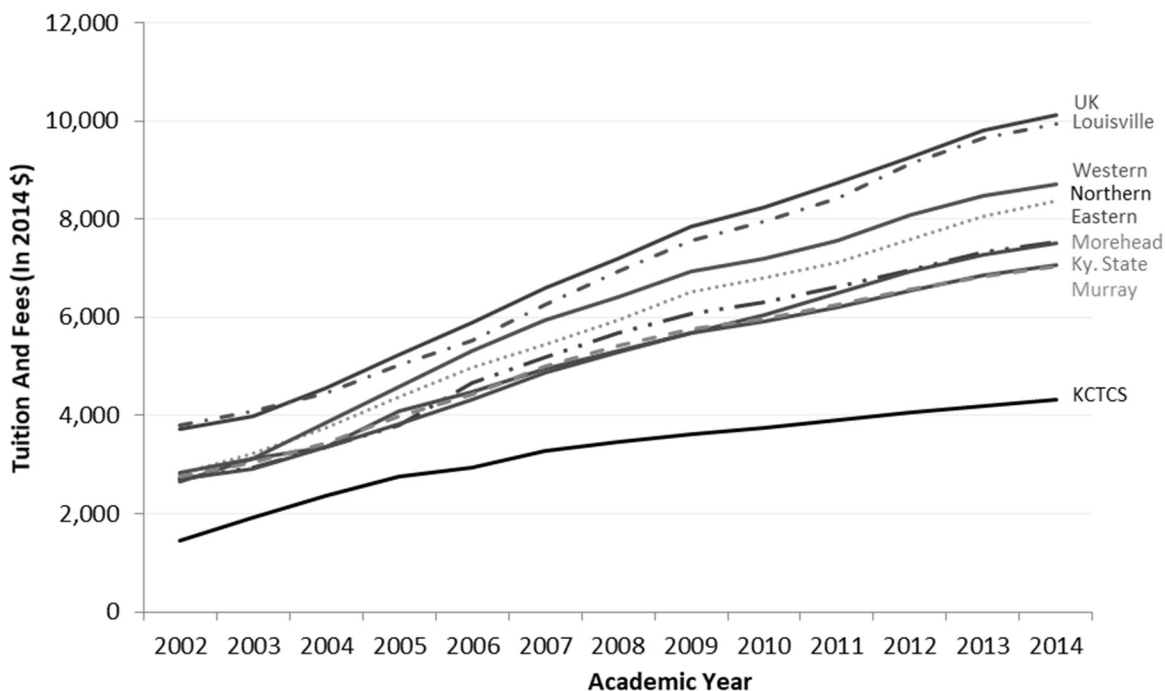
From AY 2002 to AY 2014, the 2-year and 4-year institutions' tuition and mandatory fees increased 177 percent on average.

Figure 2.D shows the annual tuition and mandatory fees for full-time resident undergraduate students at each of the state's public higher education institutions. Tuition and fees for full-time resident undergraduate students have steadily increased at all Kentucky public 4-year and 2-year institutions. From AY 2002 to AY 2014, the 2-year and 4-year institutions' tuition and mandatory fees increased 177 percent on average. Western's tuition and fees increased by 207 percent, the most during this time period. Murray also had a comparatively large increase in tuition and fees, 156 percent. Kentucky's public 4-year institutions' tuition and fees fall within the middle half compared to their benchmarks.

Tuition and fees are highest at UK, but charges are nearly the same at Louisville. In recent years, cost differences among public 4-year universities have widened.

Tuition and fees are the highest at UK, although charges are nearly the same at Louisville. In recent years, cost differences have widened among public 4-year institutions. In AY 2002, the difference between the most expensive and least expensive comprehensive universities was less than \$200. UK was approximately \$1,000 more expensive than the average comprehensive university. In AY 2014, the most expensive comprehensive university is approximately \$1,400 more expensive than the least expensive comprehensive university. UK is approximately \$2,400 more expensive than the average comprehensive university.

Figure 2.D
Annual Tuition And Mandatory Fees
For Full-Time Resident Undergraduate Students
Academic Years 2002 To 2014



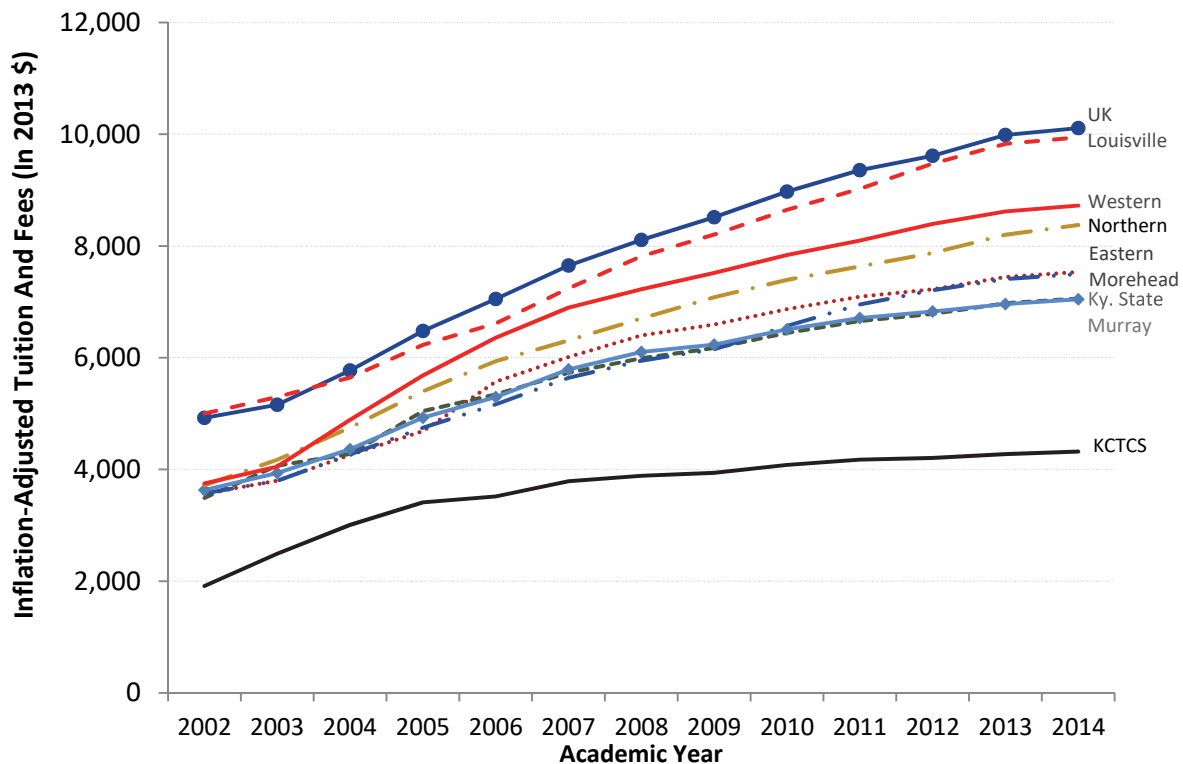
Note: Inflation is based on the first year of the academic year. Because their annual values and trends are so similar, the lines for Kentucky State and Murray overlap in most years.

Sources: Kentucky. Council on Postsecondary Educ.; inflation rates are from the US Bureau of Labor Statistics.

After adjusting for inflation, average annual tuition and mandatory fees increased 110 percent from AY 2002 to AY 2014.

Figure 2.E shows the inflation-adjusted annual tuition and mandatory fees for full-time resident undergraduate students at each of the state’s public higher education institutions. After adjusting for inflation, average annual tuition and mandatory fees increased by 110 percent from AY 2002 to AY 2014.

Figure 2.E
Inflation-Adjusted Annual Tuition And Mandatory Fees
For Full-Time Resident Undergraduate Students
Academic Years 2002 To 2014

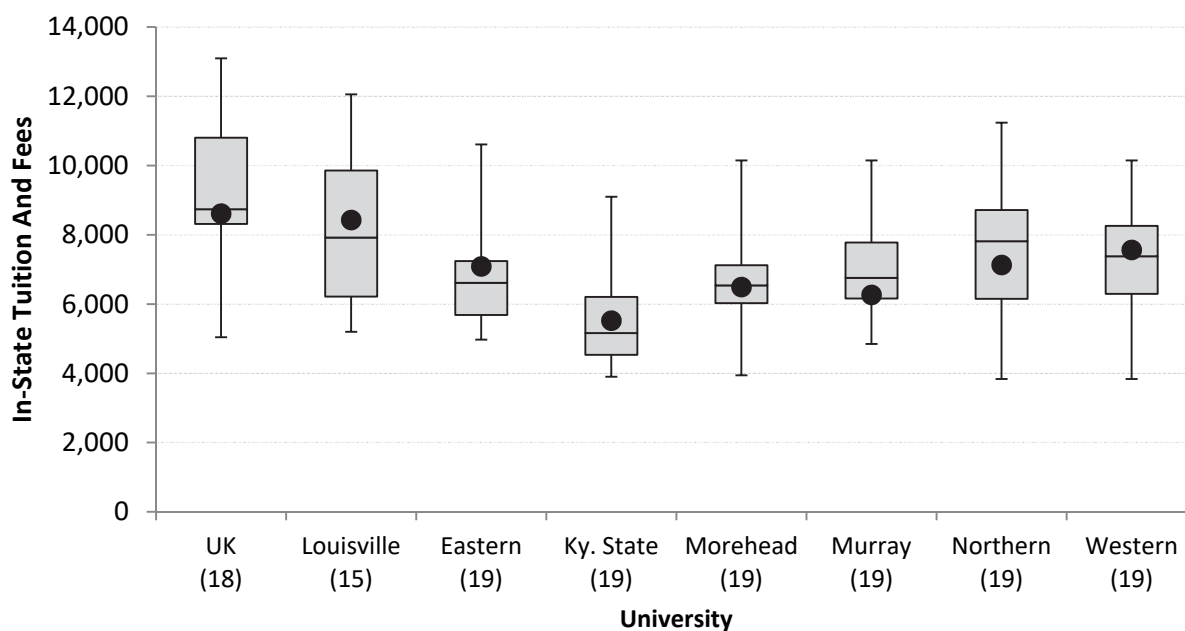


Note: Inflation is based on the first year of the academic year. The cumulative inflation rate from 2001 to 2013 is 31.9 percent. Because their annual values and trends are so similar, the lines for Kentucky State and Murray overlap in most years.
 Sources: Kentucky. Council on Postsecondary Educ.; inflation rates are from the US Bureau of Labor Statistics.

Tuition and fees for all Kentucky public 4-year universities are within the middle half compared to their benchmarks.

Figure 2.F shows the annual tuition and mandatory fees for full-time resident undergraduate students at each of the state's public 4-year universities compared to their benchmarks. The benchmarks used for each school are listed in the appendix to this report. Each Kentucky university's tuition and fees is within the middle half of its benchmarks. UK, Morehead, Murray, and Northern have lower tuition and fees than the median values but higher tuition and fees than the lowest quarter of benchmark universities. Louisville, Eastern, Kentucky State, and Western have higher tuition and fees than the median value, but lower tuition and fees than the highest quarter of benchmark universities.

Figure 2.F
Published In-State Tuition And Fees For Kentucky Public 4-Year Universities Compared To Their Benchmarks
Academic Year 2011



Note: In the parentheses under each school name is the number of benchmark universities used for it. In the graph, the black dots represent the Kentucky universities' in-state tuition and fees. The ends of the tails are the maximum and minimum in-state tuition and fees among benchmarks. The box encompasses one-half of the benchmark universities' in-state tuition and fees. The line within the box is the median value of in-state tuition and fees for benchmarks.

Source: US. Natl. Center for Educ. Statistics. Integrated Postsecondary Educ. Data System.

Auxiliary Revenue

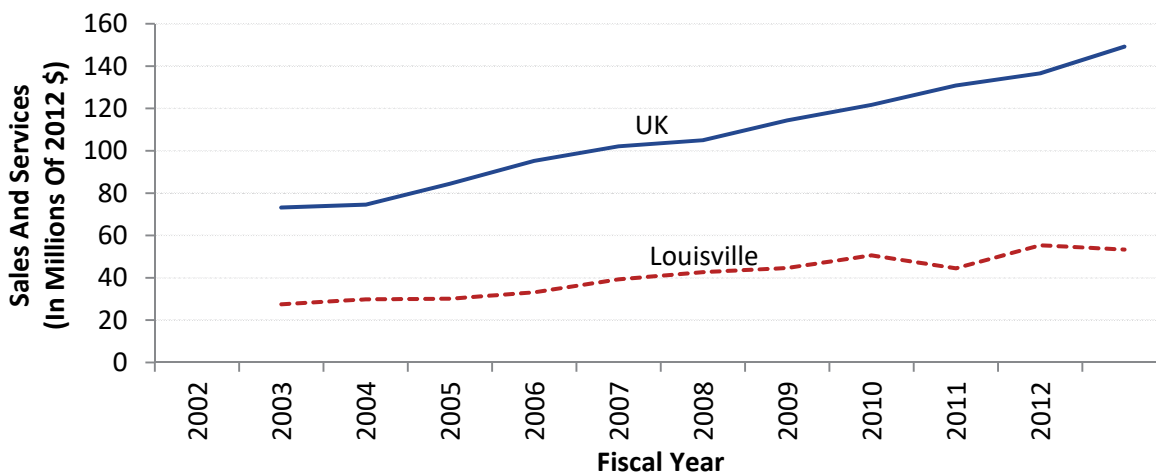
Figures 2.G and 2.H show auxiliary revenue since FY 2002 for Kentucky’s public higher education institutions. Note that the scale is more than 5 times as high for Figure 2.G as for Figure 2.H.

Auxiliary revenue is defined by IPEDS as the sales and services of auxiliary enterprises, after deducting discounts and allowances are revenues (net of discounts and allowances such as scholarships) generated by auxiliary enterprises that exist to furnish a service to students, faculty, or staff, and that charge a fee that is directly related to the cost of the service. Examples are residence halls, food services, student health services, intercollegiate athletics, college unions, college stores, and movie theaters.²²

UK has more auxiliary revenue than other state public institutions.

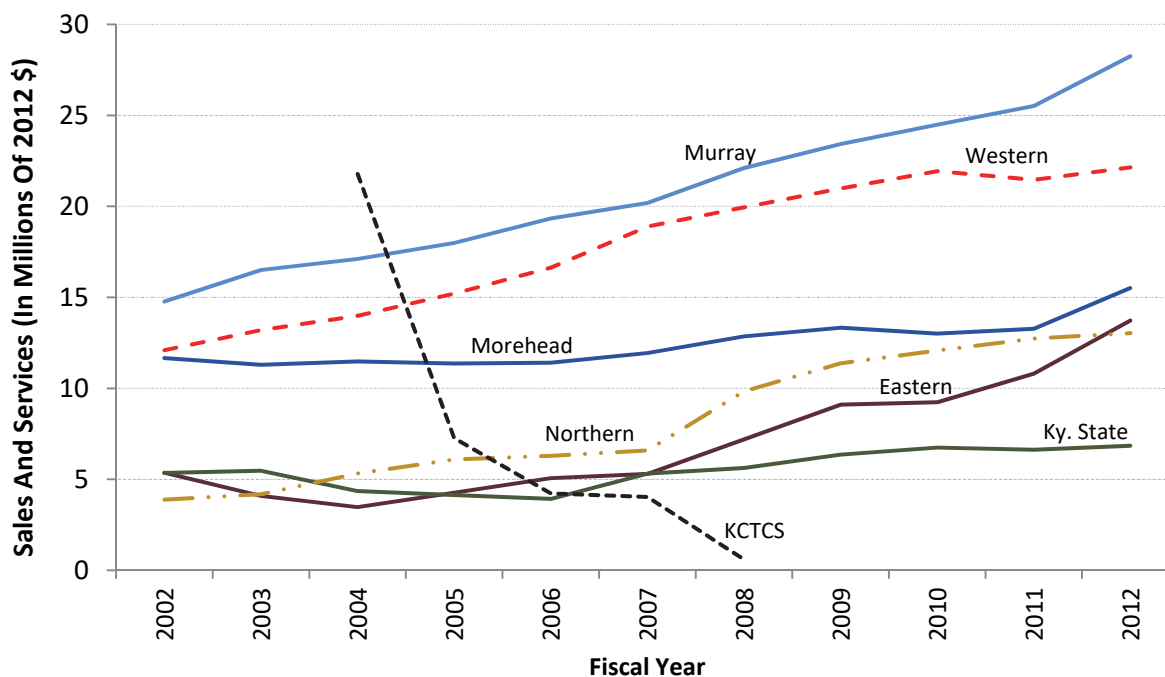
UK has the most auxiliary revenue. KCTCS does not have auxiliary revenue past FY 2008, when it sold its bookstore. KCTCS also does not have dorms or an athletic department. Among the comprehensive universities, most had annual auxiliary revenue of approximately \$15 million or less in FY 2012. Auxiliary revenue has increased the most for Murray and Western. As of FY 2012, Murray’s auxiliary revenue was more than \$28 million and Western’s auxiliary revenue was more than \$22 million.

Figure 2.G
Sales And Services Of Auxiliary Enterprises For UK And Louisville
FY 2002 To FY 2012



Note: Inflation is based on the first year of the academic year.
 Sources: Kentucky. Council on Postsecondary Educ.; US. Natl. Center for Educ. Statistics. Integrated Postsecondary Educ. Data System; inflation rates are from the US Bureau of Labor Statistics.

Figure 2.H
Sales And Services Of Auxiliary Enterprises
For Kentucky Public Comprehensive Universities And KCTCS
FY 2002 To FY 2012



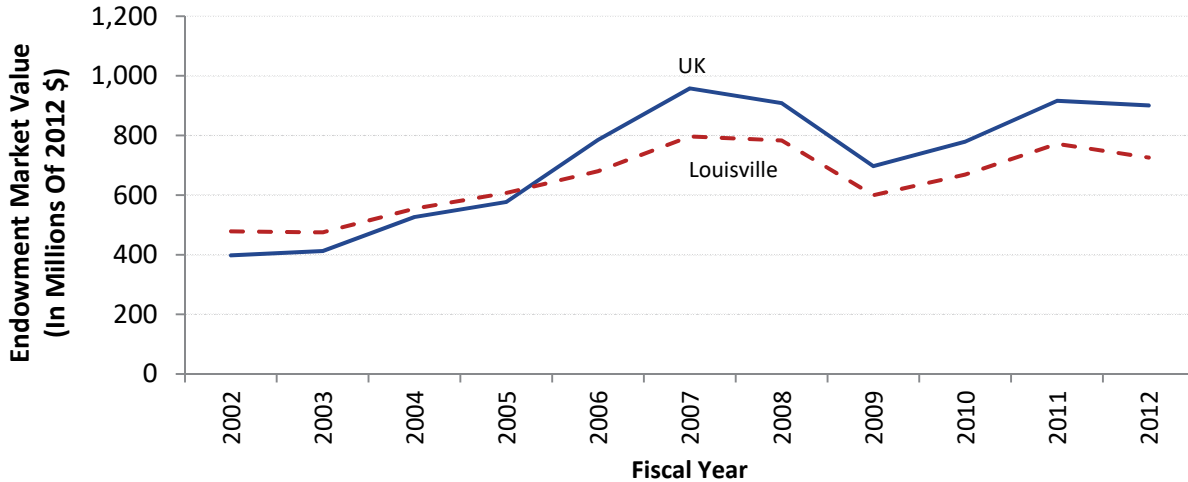
Sources: Kentucky. Council on Postsecondary Educ.; US. Natl. Center for Educ. Statistics. Integrated Postsecondary Educ. Data System; inflation rates are from the US Bureau of Labor Statistics.

Endowments

As of FY 2012, total market values of endowments were much higher at UK (\$900 million) and Louisville (\$726 million). With an endowment of more than \$100 million, Western had the largest endowment among the comprehensive universities.

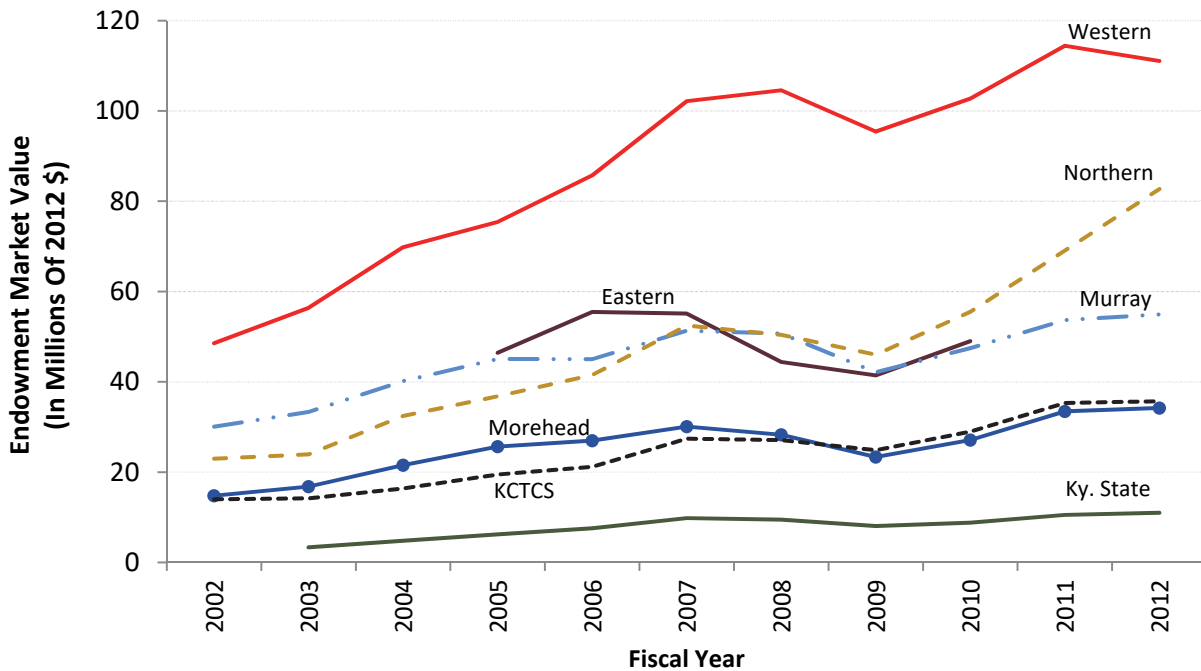
Figures 2.I and Figure 2.J show the total market value of endowments of the state's 4-year schools. Note that the scale is 10 times as high in Figure 2.I as in Figure 2.J. Each school's endowment decreased from FY 2008 to FY 2009. The total market value of endowments is higher at both UK and Louisville than at the comprehensive universities. In FY 2012, UK had a \$900 million endowment; Louisville had a \$726 million endowment. The endowment at each school was lower in FY 2012 than in the peak year FY 2007. Western was the only comprehensive university with an endowment of more than \$100 million in FY 2012. Kentucky State's endowment of \$11 million was the smallest.

Figure 2.I
Total Market Value Of Endowments For UK And Louisville
FY 2002 To FY 2012



Sources: Kentucky. Council on Postsecondary Educ.; inflation rates are from the US Bureau of Labor Statistics.

Figure 2.J
Total Market Value Of Endowments For Kentucky
Public Comprehensive Universities And KCTCS
FY 2002 To FY 2012



Sources: Kentucky. Council on Postsecondary Educ.; inflation rates are from the US Bureau of Labor Statistics.

Improving Affordability

Kentucky

Kentucky has financial assistance programs designed to make a college education more affordable. SB 61, enacted in the 2013 Regular Session, created the Early Graduation Scholarship Certificate (KRS 158.142). It also recalculated the KEES formula so that students who graduated early could receive the equivalent 4-year scholarship (KRS 164.7879).

Other States

Some states match funds up to a specific limit for contributions to a 529 savings plan. There are no federal taxes on earnings from such a plan used for qualified education expenses, and earnings are usually not subject to state tax. Thirty-four states, not including Kentucky, provide for a tax deduction or credit for contributions to the plan.

A 529 savings plan is a tax-advantage plan that encourages saving for future college expenses. These plans are usually sponsored by the state or a state agency and are authorized by the Internal Revenue Code, Section 529. There are no federal taxes on earnings used for qualified education expenses, and such earnings are usually not subject to state tax. Thirty-four states, which do not include Kentucky, provide a tax deduction or credit for plan contributions. Of the states with deductions, a few provide deductions for the entire contribution, but most provide a specified maximum. For example, Mississippi provides up to a 20 percent deduction of the annual contribution for a maximum of \$5,000 for individual and \$10,000 for joint returns. In the handful of states with tax credits for contributions, the credit is for a specified percentage up to a maximum. For example, Indiana provides a 20 percent credit for annual contributions up to \$5,000 for individual and \$10,000 for joint returns.²³

Most of these programs aim to benefit low-income families and are need-based.²⁴ Some states, such as Arkansas, Colorado, Kansas, Louisiana, Maine, Missouri, Nevada, North Dakota, Rhode Island, Utah, and West Virginia, have implemented programs that offer matching funds for amounts placed in a 529 savings plan up to a specific limit.²⁵ Kentucky's 529 Savings Program does not offer a savings match program for students.²⁶

As an example, Rhode Island's CollegeBound*fund* Matching Grant Program matches deposits into the 529 account up to \$1,000 per year for a 5-year maximum for certain qualifying students. Participating students were required to show need and open the account prior to their 11th birthday.²⁷

Other states have a variation of this program, offering a one-time donation to a savings account when it is opened before a certain

date, often the child's first birthday. The donations are usually \$100, automatically placed in the child's account upon the opening of the account.²⁸

Many programs have now been suspended due to lack of funding. Rhode Island, for example, stopped accepting new applicants to its program after the 2012 matching year.²⁹ Nevada's Silver State Matching Grant Program is still in effect, but grants are based on available funds, and there is no guarantee that the program will continue to operate.³⁰ Arkansas's Aspiring Scholars Matching Grant Program is also still in effect.³¹

A Colorado program provides stipends to any student attending a participating college or university within the state. Those attending a public college must be classified as undergraduate students and eligible for in-state tuition. There are no income qualifications for those attending a public institution. The fund offers each student a stipend based on the number of credit hours taken in the current semester; the student can receive stipend funding for up to 145 hours.³²

The Michigan Promise Scholarship, which is no longer active due to lack of funding, was designed to reward students who completed 2 years of postsecondary education. Students received up to \$4,000 in installments. They were required to complete 2 years of their program within the first 4 years of enrollment and maintain a 2.5 GPA.³³

Oregon HB 3472, enacted in the 2013 Regular Session, requires the Higher Education Coordinating Commission to consider creating a pilot program known as Pay Forward, Pay Back. The program would allow students in Oregon to enroll in an institution without paying tuition and fees. Instead, students would be required to sign binding agreements to pay the state or institution a specific percentage of the student's income after graduation for a certain number of years. If the commission determines that a pilot program is needed, it must submit a proposal for the pilot program in the 2015 legislative session. The bill also requires the commission to study whether certain public higher education institutions could successfully freeze tuition rates that would ensure the same tuition rate for incoming undergraduate students for 4 years.

Federal Government

The maximum Pell Grant increases to \$5,645 for the 2013-2014 award year. The federal “Pay as You Earn” plan, implemented in 2012, enables students to cap their monthly student loan payment at 10 percent of their earnings.

At the federal level, the maximum Pell Grant increases to \$5,645 for the 2013-2014 award year.³⁴ The “Pay as You Earn” plan, implemented in 2012, enables students to cap their monthly student loan payments at 10 percent of their earnings. Other recent proposals from the Obama administration include lowering federal loan rates, doubling the number of work study jobs available to students, and making the American Opportunity Tax Credit permanent.³⁵

President Obama proposed a federally administered college rating system. Colleges would be evaluated on average tuition cost per student, number of low-income students enrolled, and how well they ensure that students are graduating with a low amount of debt.

President Obama also proposed a federally administered college rating system. Colleges would be evaluated on average tuition cost per student, number of low-income students enrolled, and how well the colleges ensure students are graduating with a low amount of debt. The intent is to help students and parents be more aware of the costs involved when applying to certain colleges and help reduce debt. The president announced that he would ask Congress to enact legislation for highly rated colleges in this system to receive more financial aid funding. This means that a low-income student who selected a highly rated school might receive more grant money or a lower loan rate.³⁶

Chapter 3

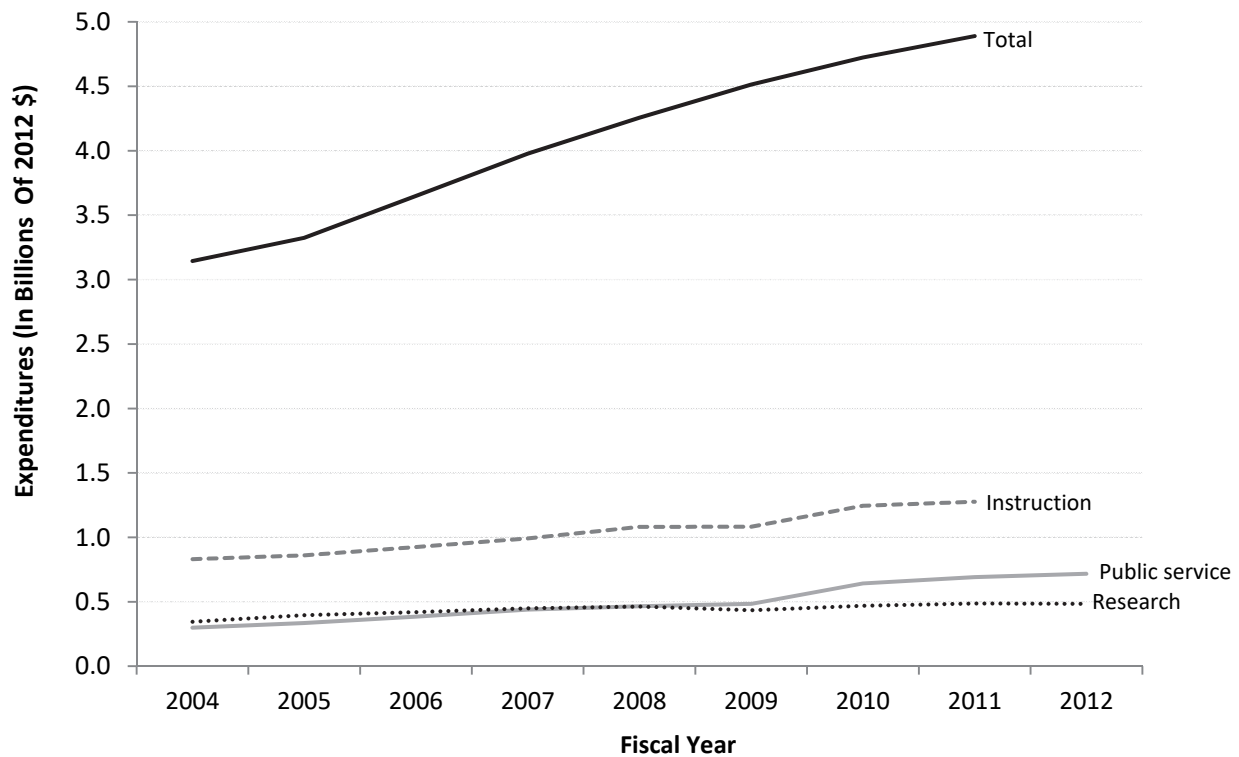
Expenditures In Kentucky's Public Higher Education System

Types Of Expenditures

From FY 2004 to FY 2011, total expenditures increased 55 percent among the state's public postsecondary institutions.

Figure 3.A shows total expenditures and three major types of expenditures for Kentucky's public higher education institutions from FY 2004 to FY 2012. Over this period, total expenditures increased 55 percent, expenditures for instruction increased 54 percent, public service expenses increased by 132 percent, and research expenses increased by 41 percent. The increase in public service expenditures was driven by UK, where the increase was 269 percent.

Figure 3.A
Expenditures By Kentucky Public Higher Education Institutions
FY 2004 To FY 2012



Note: For UK, FY 2004 does not include maintenance and operation expenditures in research. Institutions did not verify data for total expenditures and instruction, and 2012 was not reported.

Sources: Kentucky. Council on Postsecondary Educ.; US. Natl. Center for Educ. Statistics. Integrated Postsecondary Educ. Data System.

In FY 2011, Kentucky public institutions had \$4.9 billion in total expenditures, which included \$1.28 billion for instruction, \$691 million for public service, and \$487 million for research. Proportionally, 26 percent was expenditures for instruction, 14 percent was for public service, and 10 percent was for research. Other expenditures include academic support, student services, institutional support, operation and maintenance of plant, scholarship and fellowship expenses, auxiliary enterprises, hospital services, and independent operations.

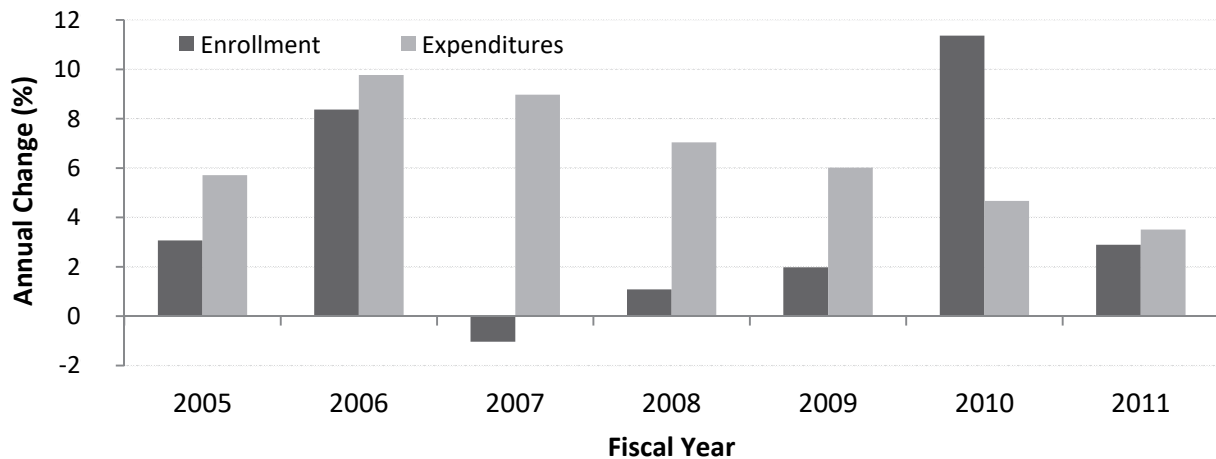
In FY 2011, UK had 65 percent of the public service expenditures; Louisville had 14 percent. The comprehensive universities had 15 percent. Eastern had nearly one-half of the \$103 million in total public service expenditures for the comprehensive institutions. KCTCS had 7 percent of public service expenditures.^a

In FY 2011, UK had 63 percent of the research expenditures; Louisville had 31 percent. The comprehensive institutions had the remaining 6 percent. KCTCS had no research expenditures.

^a Numbers do not add to 100 percent because of rounding.

Figure 3.B shows the reported full-time equivalent (FTE) undergraduate and graduate enrollment growth rates and the total expenditure growth rate for Kentucky public institutions from FY 2005 to FY 2011. FTE enrollment increased every year except FY 2007. Total expenditures increased every year during this time period and at a greater rate than FTE enrollment with the exception of FY 2010, when FTE enrollment increased approximately 11 percent and total expenditures increased approximately 5 percent. From FY 2004 to FY 2011, FTE enrollment increased approximately 31 percent and total expenditures increased approximately 55 percent.

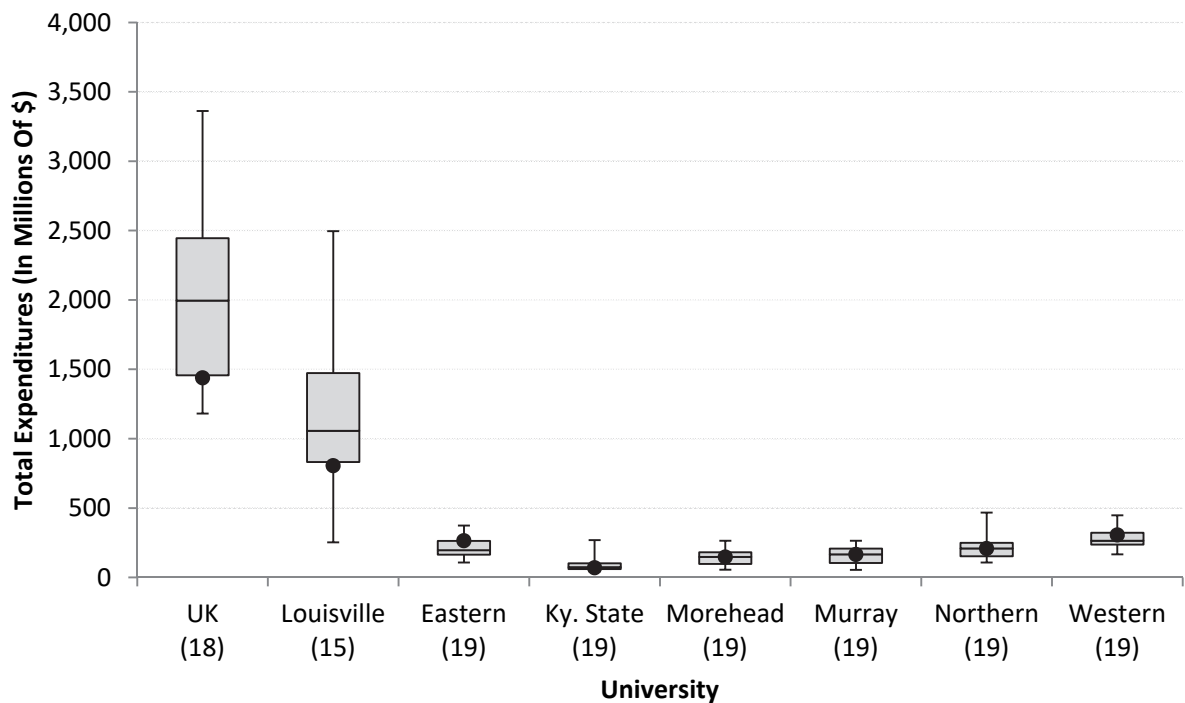
Figure 3.B
Annual Change In Full-Time-Equivalent Enrollment
And Total Expenditures For Kentucky Public Higher Education Institutions
FY 2005 To FY 2011



Source: US. Natl. Center for Educ. Statistics. Integrated Postsecondary Educ. Data System.

As shown in Figure 3.C, UK's and Louisville's total expenditures were approximately one-fourth the level of the highest of their benchmarks. Kentucky State spent less than the median of total expenditures but more than the bottom quarter of its benchmarks. Total expenditures for Morehead, Murray, and Northern were approximately in the median value of their benchmarks. Western spent more than the median total expenditure value but less than the top quarter of its benchmarks. Eastern's total expenditures were approximately at the top quarter of its benchmarks.

Figure 3.C
Total Expenditures For Kentucky Public 4-Year
Universities Compared To Their Benchmarks
FY 2011



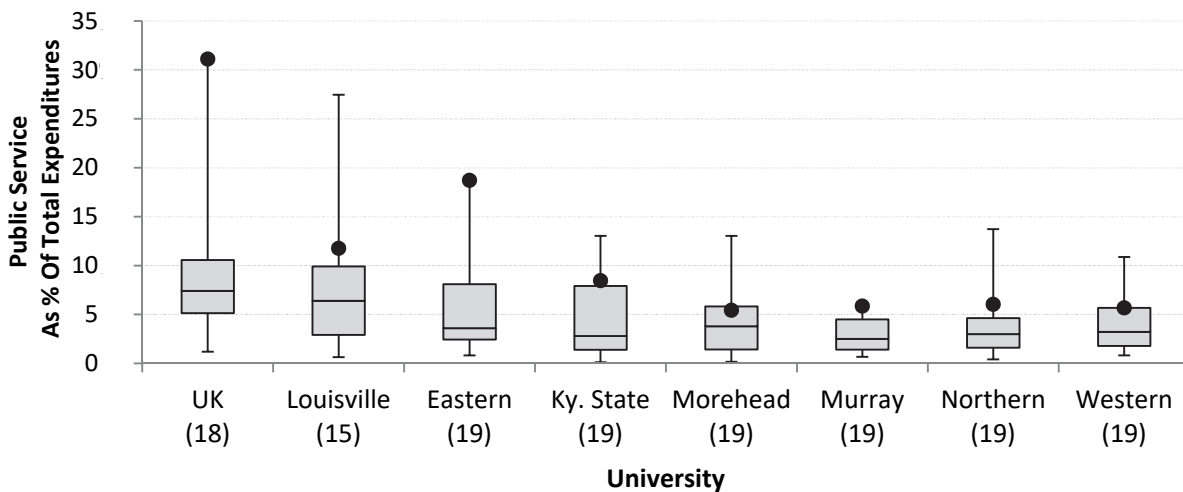
Note: Total expenditures exclude hospital expenditures. In the parentheses under each school name is the number of benchmark universities used for it. In the graph, the black dots represent the Kentucky universities' expenditures. The ends of the tails are the maximum and minimum expenditures among benchmarks. The box encompasses one-half of the benchmark universities' expenditures. The line within the box is the median value of expenditures among benchmarks.

Source: US. Natl. Center for Educ. Statistics. Integrated Postsecondary Educ. Data System.

At every Kentucky public 4-year university, the percentage of expenditures devoted to public service was greater than the median of its benchmarks.

Figure 3.D shows that at each Kentucky public 4-year university, the percentage of expenditures devoted to public service was greater than the median benchmark. UK, Eastern, and Murray spent the greatest percentage of expenditures on public service compared to the benchmarks. UK and Eastern also spent the largest amount of money on public service (not as a percentage of total expenditures). In FY 2011, UK spent \$448 million on public service expenditures. That is nearly 15 times the amount that the University of Virginia (the lowest) spent on public service, or over 3 times the median of public service expenditures. That year, Eastern spent nearly \$50 million on public service. That is approximately 31 times the amount Indiana State (the lowest) spent on public service, or almost 6 times the median public service expenditures. Louisville, Kentucky State, and Northern (as a percentage of total expenditures) spent in the top quarter compared to their benchmarks. Western and Morehead (as a percentage of total expenditures) spent almost at the top quarter level.

Figure 3.D
Public Service Expenditures As A Percentage Of Total Expenditures
For Kentucky Public 4-Year Universities Compared To Their Benchmarks
FY 2011



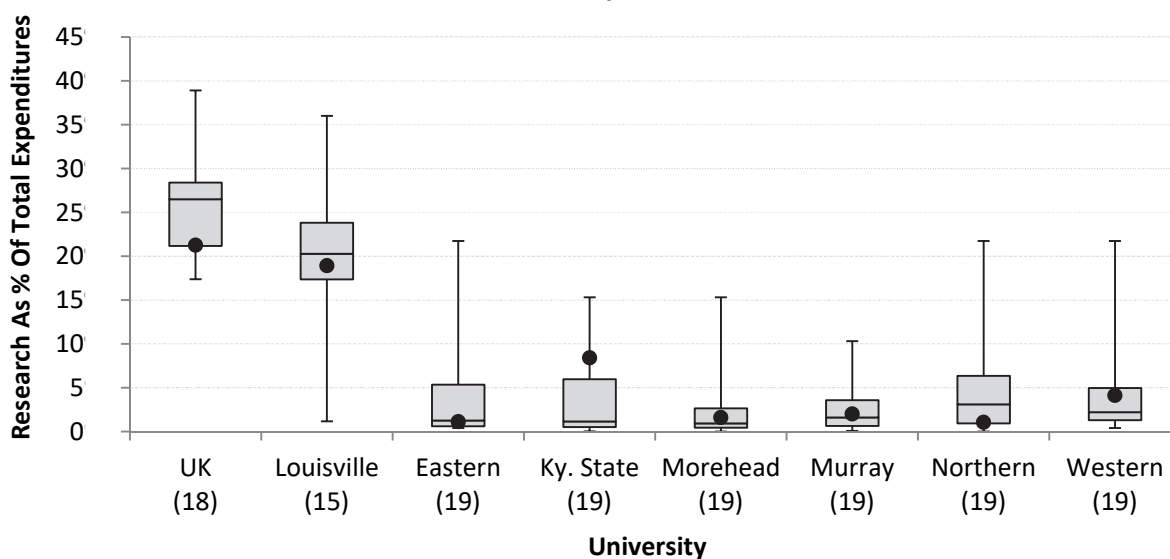
Note: Total expenditures exclude hospital expenditures. In the parentheses under each school name is the number of benchmark universities used for it. In the graph, the black dots represent the Kentucky universities' public service expenditures as a percentage of total expenditures. The ends of the tails are the maximum and minimum percentages among benchmarks. The box encompasses one-half of the benchmark universities' percentages. The line within the box is the median percentage among benchmarks.

Sources: Kentucky. Council on Postsecondary Educ.; US. Natl. Center for Educ. Statistics. Integrated Postsecondary Educ. Data System.

As a percentage of total expenditures, four of the state's 4-year universities, including UK, spent less on research than the median of their benchmarks.

Research expenditures by the state's 4-year public universities are shown in Figure 3.E. UK, Louisville, Eastern, and Northern each spent less than the median benchmark on research as a percentage of total expenditures. Morehead, Murray, and Western spent more than the median percentage of research expenditures, and Kentucky State's percentage of research expenditures was in the top quarter compared to its benchmarks.

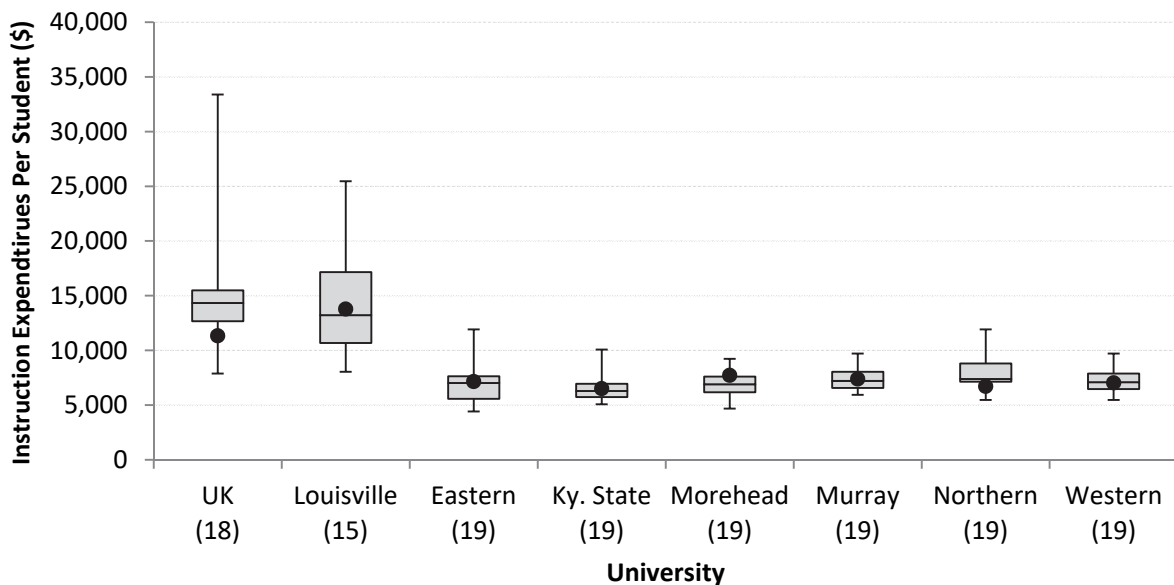
Figure 3.E
Research Expenditures As A Percentage Of Total Expenditures
For Kentucky Public 4-Year Universities Compared To Their Benchmarks
FY 2011



Note: Total expenditures exclude hospital expenditures. In the parentheses under each school name is the number of benchmark universities used for it. In the graph, the black dots represent the Kentucky universities' research expenditures as a percentage of total expenditures. The ends of the tails are the maximum and minimum percentages among benchmarks. The box encompasses one-half of the benchmark universities' percentages. The line within the box is the median percentage among benchmarks.
Source: US. Natl. Center for Educ. Statistics. Integrated Postsecondary Educ. Data System.

Instruction expenditures among the state’s 4-year universities in FY 2011 are shown in Figure 3.F. UK, Northern, and Western each spent less than the median of their benchmarks on instruction per reported full-time equivalent undergraduate and graduate student. UK and Northern spent in the bottom 25 percent of their benchmarks at approximately \$11,300 per FTE student and approximately \$6,700 per FTE student, respectively. However, UK had the second highest instruction expenditure per FTE student among Kentucky public 4-year universities. Louisville, Eastern, Kentucky State, Morehead, and Murray spent more than the median instruction expenditures compared to their benchmarks. Morehead spent in the top 25 percent compared to its benchmarks, approximately \$7,700 per FTE student. Louisville spent the most out of the Kentucky public 4-year universities at slightly under \$13,800 per FTE student, and Kentucky State spent the least at nearly \$6,500 per FTE student.

Figure 3.F
Instruction Expenditures Per Full-Time Equivalent Student For Kentucky Public 4-Year Universities Compared To Their Benchmarks FY 2011

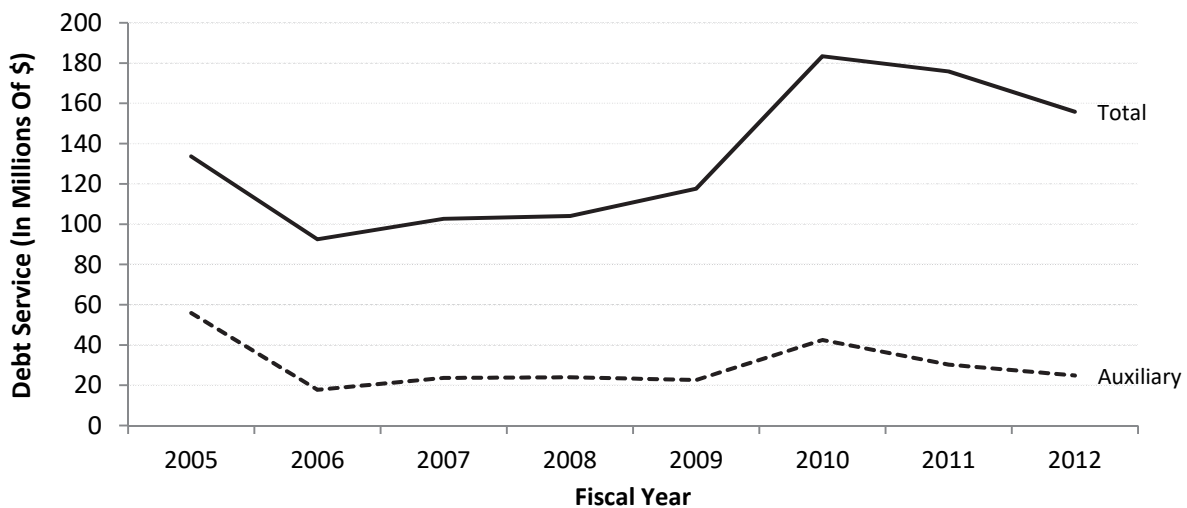


Note: Total expenditures exclude hospital expenditures. *Per Student* means per full-time equivalent (FTE) student. FTE enrollment is the reported value and includes undergraduate and graduate students. In the parentheses under each school name is the number of benchmark universities used for it. In the graph, the black dots represent the Kentucky universities’ instruction expenditures per student. The ends of the tails are the maximum and minimum instruction expenditures per student among benchmarks. The box encompasses one-half of such expenses among benchmark universities. The middle line in the box is the median instruction expenditures per student among benchmarks.

Source: US. Natl. Center for Educ. Statistics. Integrated Postsecondary Educ. Data System.

Figure 3.G shows total and auxiliary debt service for Kentucky's public 4-year universities.^b Total debt includes state bonds, auxiliary debt, hospital debt, and other agency debt. The trends for total debt service and auxiliary debt service follow a similar pattern. In FY 2012, auxiliary debt service was \$24.9 million, or 16 percent of total debt, which was \$155.8 million. Only UK includes hospital debt, which was \$2.1 million in FY 2005 and \$45.7 million in FY 2012. Eastern, Kentucky State, Northern, and Western have no auxiliary debt over this time period, but they do have total debt.

Figure 3.G
Debt Service For Kentucky Public 4-Year Universities
FY 2005 To FY 2012



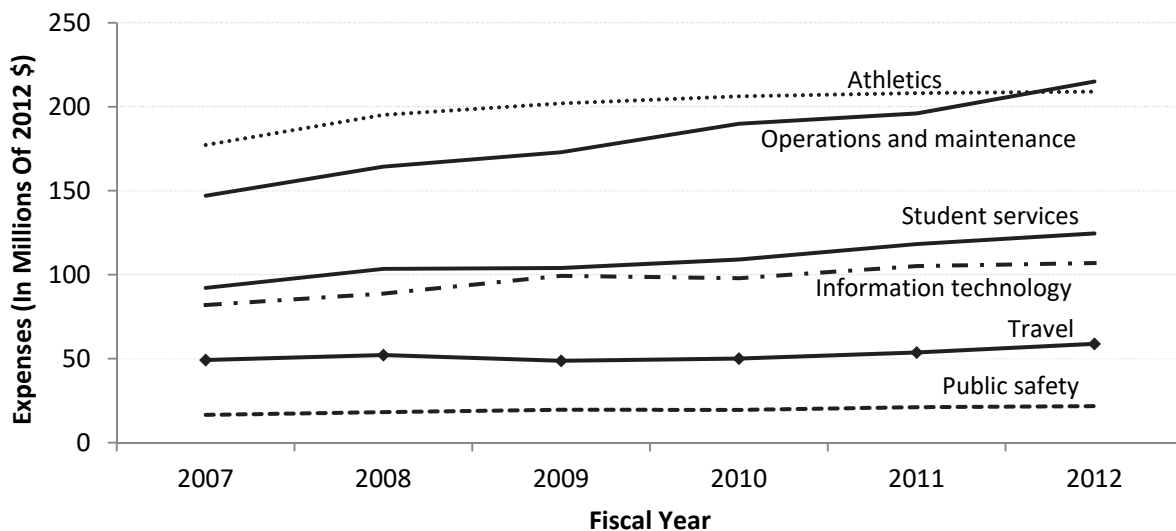
Note: Louisville excludes its hospital in its university accounting. UK includes its hospital for all years of data.
Source: Kentucky. Council on Postsecondary Educ.

^b Auxiliary debt is debt that is issued and will be repaid using revenue from an auxiliary service function, such as dining services.

In FY 2012, Kentucky State, Northern, and Western spent more on student services than athletics. The other 4-year universities spent more on athletics than student services.

Figure 3.H displays specified expenses in the state’s public 4-year institutions for 6 years. In FY 2012, Kentucky State and Northern spent more on student services than athletics. The other 4-year institutions spent more on athletics than student services. In FY 2012, UK spent \$73 million on athletics and Louisville spent \$72 million on athletics. They accounted for 67 percent of total athletic expenditures of \$215 million. In FY 2012, total operations and maintenance spending was \$209 million, student services was \$124 million, information technology was \$107 million, travel was \$59 million, and public safety was \$22 million.

**Figure 3.H
 Expenses By Selected Category For Kentucky Public 4-Year Universities
 FY 2007 To FY 2012**



Source: Kentucky. Council on Postsecondary Educ.

From FY 2007 to FY 2012, travel expenses at the 4-year public universities increased by 30.5 percent.

Table 3.1 shows travel expenses for the public 4-year institutions. Travel expenses include research conferences and meetings. UK and Louisville are both research institutions, which may explain why travel expenditures are much higher at those two universities than at other institutions. Western’s travel expenses increased by more than 60 percent between FY 2007 and FY 2012. According to Western, this is due to the relocation of the Kentucky Institute for International Studies from Murray to Western.³⁷ Kentucky State’s travel expenses increased nearly 60 percent but are still the lowest. Murray’s travel expenses decreased every year since FY 2007. Travel expenses for Western and Louisville increased every year since FY 2010. UK’s travel expenses increased slightly in FY 2011 and increased significantly in FY 2012. Overall, travel expenses increased from \$49.2 million in FY 2007 to \$58.8 million in FY 2012, an increase of 19.5 percent.

Table 3.1
Travel Expenses For Kentucky Public 4-Year Universities
FY 2007 And FY 2012

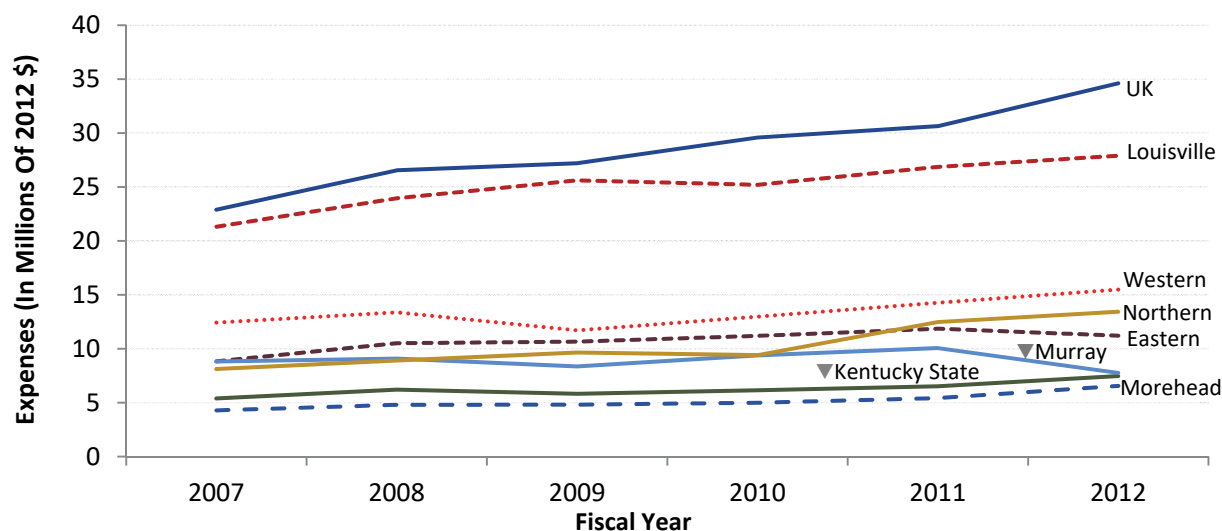
Institution	2007	2012	% Change
UK	\$15,813,001	\$19,256,729	21.8%
Louisville	14,249,308	17,674,435	24.0
Eastern	4,363,750	4,095,756	-6.1
Kentucky State	874,731	1,385,875	58.4
Morehead	2,627,530	2,982,508	13.5
Murray	4,441,124	2,848,930	-35.9
Northern	1,567,800	2,112,900	34.8
Western	5,241,377	8,401,239	60.3
Total	\$49,178,621	\$58,758,372	19.5%

Source: Kentucky. Council on Postsecondary Educ.

In FY 2012, UK spent \$35 million and Louisville spent \$28 million on student services. Among comprehensives universities, such spending ranged from \$7 million (Morehead) to \$16 million (Western).

Student services expenses for the state's 4-year institutions are shown in Figure 3.I. In FY 2012, UK spent \$35 million and Louisville spent \$28 million on student services. Among comprehensives universities, such spending ranged from \$7 million (Morehead) to \$16 million (Western).

Figure 3.I
Student Services Expenses For Kentucky Public 4-Year Public Universities
FY 2007 To FY 2012

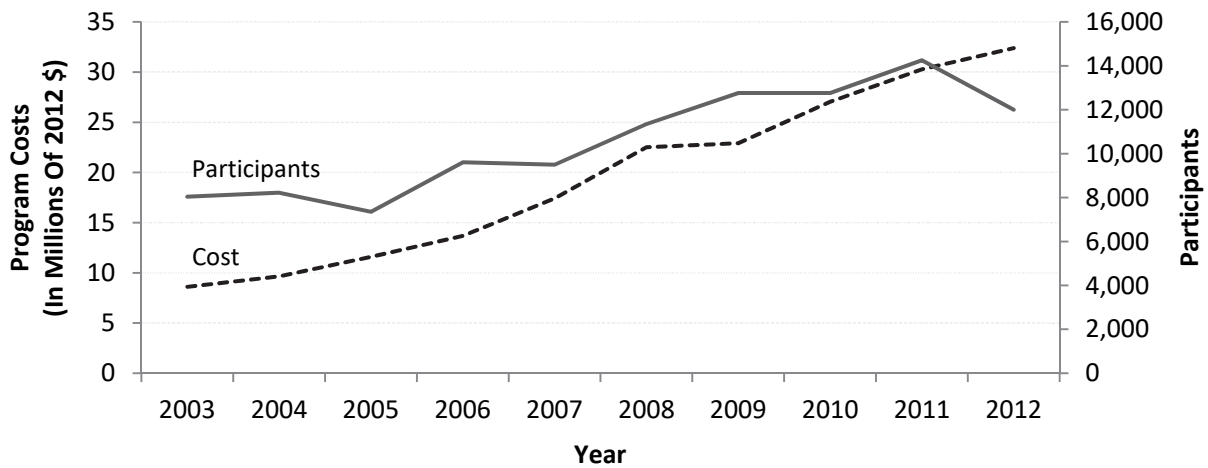


Note: CPE defines *student support* as “total expenditures on student support, by category.” Eastern notes that it “includes salaries and M&O.” Murray states that it “includes SS administration, social and cultural development, counseling and career guidance, financial aid administration, student health services, administration and records, admissions and records, and other.” Northern states that student services are “FD2A reported unrestricted (less athletics).” Louisville notes that it “includes enrollment management (admissions, financial aid administration, etc.), academic advising, student life, health services, and career services.”

Source: Kentucky. Council on Postsecondary Educ.

Figure 3.J shows expenses of state-mandated tuition waivers. In 2012, costs grew even though the number of participants decreased significantly from the previous year. The number of participants and the cost may not be directly correlated because students take varying numbers of credit hours.

Figure 3.J
State-Mandated Tuition Waivers Program
For Kentucky Public Higher Education Institutions
2003 To 2012



Source: Kentucky. Council on Postsecondary Educ.

In six of the nine public institutions, faculty and staff were the majority of participants in the state-mandated tuition waivers program during AY 2012.

Table 3.2 displays the number of faculty and staff participants and associated costs for participation in the state-mandated tuition waiver programs for 1 school year. It also depicts the total number and cost of program participants. In six of the nine public institutions, faculty and staff were the majority of participants in the state-mandated tuition waivers program for the school year. Overall, half of the participants and associated costs were from faculty and staff involvement in the program.

Table 3.2
State-Mandated Tuition Waivers Program
Academic Year 2012

Institution	Faculty And Staff		Total State-Mandated Waivers	
	Participants	Cost	Participants	Cost
UK	1,213	\$4,794,405	1,558	\$6,851,529
Louisville	789	2,832,559	1,233	5,381,895
Eastern	690	2,457,100	1,285	4,617,200
Kentucky State	45	113,687	88	258,292
Morehead	515	1,815,845	745	2,835,156
Murray	573	1,135,876	826	1,944,920
Northern	132	488,601	315	1,290,624
Western	704	2,574,200	1,093	4,680,500
KCTCS	1,738	1,047,091	4,858	4,538,685
Total	6,399	\$17,259,363	12,001	\$32,398,801

Note: Due to rounding, figures may not sum to total shown.

Source: Kentucky. Council on Postsecondary Educ.

Faculty And Staff Expenses

Table 3.3 shows information on salaries for full-time tenured and tenure-track faculty members with a teaching load in AY 2012. UK has the most full-time tenure and tenure-track faculty members, 1,289. Average salary is \$1,510 more at UK than at Louisville. Kentucky State has the fewest full-time tenure and tenure-track faculty, 107.

Table 3.3
Full-Time Tenured And Tenure-Track Faculty Members
With A Teaching Load In Kentucky Public Higher Education Institutions
Academic Year 2012

Institution	Number	Total Salaries	Average Salary
UK	1,289	\$120,605,160	\$93,565
Louisville	707	65,082,778	92,055
Eastern	551	39,788,011	72,211
Kentucky State	107	6,331,164	59,170
Morehead	299	18,412,188	61,579
Murray	338	22,760,944	67,340
Northern	371	*	*
Western	574	39,492,000	68,801
KCTCS	754	44,660,769	59,232
Total	4,990	**	**

* Northern did not report total salaries (without benefits) for tenured and tenure-track professors. It did report a total of \$41,517,400 in salaries (without benefits) for all tenured, tenure-track, and nontenured faculty members with a teaching load. Their average salary is \$75,900.

** This calculation could not be made because the necessary data were not provided.

Source: Kentucky. Council on Postsecondary Educ.

On average, UK pays nearly \$23,000 more in salaries for full-time, non-tenure-track faculty than KCTCS.

Table 3.4 presents the number of full-time, non-tenure-track faculty at the state institutions, with related salary information. KCTCS has more than 1,100 full-time, non-tenure-track faculty. The second highest, UK, has fewer than 400 full-time non-tenure-track faculty. On average, UK pays nearly \$23,000 more than KCTCS. Kentucky State has the fewest full-time, non-tenure track faculty.

Table 3.4
Full-Time Non-Tenure-Track Faculty Members
With A Teaching Load In Kentucky Public Higher Education Institutions
Academic Year 2012

Institution	Number	Total Salaries	Average Salary
UK	378	\$26,745,080	\$70,754
Louisville	216	14,111,099	65,329
Eastern	129	4,253,711	32,975
Kentucky State	25	1,178,155	47,126
Morehead	82	3,211,495	39,165
Murray	83	3,734,394	44,993
Northern	176	*	*
Western	195	8,478,910	43,482
KCTCS	1,126	54,131,683	48,074
Total	2,410	**	**

Note: Faculty without a teaching load were not reported. These members are usually service and research faculty members.

* Northern did not report total salaries (without benefits) for non-tenure-track faculty with a teaching load. It did report a total of \$41,517,400 in salaries (without benefits) for all tenured, tenure-track, and nontenured faculty members with a teaching load. The average salary is \$75,900.

** This calculation could not be made because the necessary data were not provided.

Source: Kentucky. Council on Postsecondary Educ.

Table 3.5 illustrates the number of adjunct faculty members in the state's public institutions along with salary information. KCTCS has the most adjunct faculty members, nearly 2,700. It also pays the most in total salaries for these positions. Kentucky State has only 30 adjunct faculty members, with an average salary of less than \$2,200. The highest average salaries for adjunct faculty members are at UK, Louisville, and Eastern.

Table 3.5
Adjunct Faculty Members In Kentucky Public Higher Education Institutions
Academic Year 2012

Institution	Number	Total Salaries (Without Benefits)	Average Salary (Without Benefits)
UK	387	\$8,894,074	\$22,982
Louisville	419	8,888,839	21,214
Eastern	435	8,016,035	18,428
Kentucky State	30	65,589	2,186
Morehead	98	917,478	9,362
Murray	258	1,359,893	5,271
Northern	403	3,833,100	9,511
Western	429	2,866,260	6,681
KCTCS	2,697	21,797,234	8,082
Total	4,898	\$56,638,501	\$11,564

Note: Adjunct faculty are part time. Part time may vary greatly, requiring one to four classes per year. Figures may not sum to total shown, due to rounding.

Source: Kentucky. Council on Postsecondary Educ.

Table 3.6 shows the number of and salary information for administrators and staff in the state's institutions for AY 2012. Administration and staff include those who maintain facilities and provide information technology support, office clerical staff, executive personnel, and professionals who are not faculty. KCTCS has the most part-time administrators and staff, more than 2,300. UK has the most full-time individuals, nearly 8,300. Louisville has the highest average part-time pay at over \$35,000. Among full-time staff, UK has the highest average pay at just less than \$60,000.

Table 3.6
Part-Time And Full-Time Administrators And Staff
In Kentucky Public Higher Education Institutions
Academic Year 2012

Institution	Part Time			Full Time		
	Number	Cost	Average Pay	Number	Cost	Average Pay
UK	1,328	\$25,367,82	\$19,102	8,292	\$496,352,49	\$59,859
Louisville	232		33,653	3,871	186,752,269	48,243
Eastern	538		1,318	1,668	68,337,841	40,970
Kentucky	25		14,914	389	17,443,652	44,842
Morehead	145		10,620	791	30,405,549	38,439
Murray	92		10,322	961	34,822,547	36,236
Northern	100		*	1,021	*	*
Western	673		6,562	1,551	64,072,243	41,310
KCTCS	2,347		5,208	3,326		35,660
Total	5,551		**	21,799		**

Note: Data provided did not differentiate between administrators and staff.

* Northern did not provide data for part-time and full-time salaries (without benefits). It provided a total: \$46,507,600. The average full-time and part-time administrator and staff salary is \$41,488.

** This calculation could not be made because the necessary data were not provided.

Source: Kentucky. Council on Postsecondary Educ.

In AY 2012, Kentucky's public 4-year institutions spent \$450.5 million toward salaries (without benefits) for adjunct, non-tenure-track, tenure-track, and tenured professors with teaching loads.

Information on adjunct, non-tenure-track, tenure-track, and tenured faculty with teaching loads over time is shown in Table 3.7.^c In AY 2012, Kentucky's public 4-year institutions spent \$450.5 million toward salaries (without benefits) for adjunct, non-tenure-track, tenure-track, and tenured professors with teaching loads. From AY 2003 to AY 2012, salaries for total adjunct, non-tenure-track, tenure-track, and tenured professors with teaching loads increased 42.4 percent at Kentucky's 4-year institutions, excluding Kentucky State.^d Costs increased by at least 43 percent at all institutions except Morehead (19 percent), Eastern (29.5 percent), and Murray (29.9 percent).

**Table 3.7
 Adjunct, Non-Tenure-Track, Tenure-Track, And Tenured Faculty
 With Teaching Loads, Total Cost In Kentucky Public 4-Year Universities
 Academic Years 2003 And 2012**

Institution	2003	2012	% Change
UK	\$109,279,715	\$156,244,314	43.0%
Louisville	56,697,033	88,082,715	55.4
Eastern	40,203,117	52,057,757	29.5
Ky. State	*	7,574,908	**
Morehead	18,917,050	22,541,161	19.2
Murray	21,444,289	27,855,231	29.9
Northern	29,409,700	45,350,500	54.2
Western	35,097,560	50,837,170	44.8
Total	**	\$450,543,756	**

* Data not provided.

** This calculation could not be made because the necessary data were not provided.

Source: Kentucky. Council on Postsecondary Educ.

Table 3.8 provides information on part-time and full-time administrators and staff. In AY 2012, public 4-year institutions spent \$986 million on part-time and full-time administrators. From AY 2003 to AY 2012, part-time and full-time administrator and staff salaries increased 50 percent at Kentucky's 4-year institutions, excluding Kentucky State and Murray.^e Northern had the largest increase at 96 percent. Increases in the total cost of

^c Teaching load per faculty member can vary across years. A faculty member could teach one class per year or up to four classes a semester. Class sizes vary by discipline and undergraduate versus graduate status.

^d Eastern and Western did not provide data for AY 2002, Kentucky State did not provide data for AY 2002 to AY 2005, and UK did not provide data for AY 2006.

^e Eastern and Western did not provide data for AY 2002; Kentucky State did not provide data for AY 2002 through AY 2005; Murray did not provide data for AY 2002 through AY 2009; and UK did not provide data for AY 2006.

administrators and staff were less than 40 percent at Morehead and UK.

Table 3.8
Total Cost For Part-Time And Full-Time Administrators And Staff
In Kentucky Public 4-Year Universities
Academic Years 2003 And 2012

Institution	AY 2003	2012	% Change
UK	\$375,031,995	\$521,720,319	39.1%
Louisville	115,109,025	194,559,737	69.0
Eastern	45,901,281	69,046,726	50.4
Kentucky State	*	17,816,515	**
Morehead	23,171,940	31,945,465	37.9
Murray	*	35,772,188	**
Northern	23,771,500	46,507,600	95.6
Western	38,445,722	68,488,478	78.1
Total	**	\$985,857,028	**

* Data not provided.

** This calculation could not be made because the necessary data were not provided.

Source: Kentucky. Council on Postsecondary Educ.

All eight of the 4-year public universities spent more on administration and staff salaries than on instructional salaries. They spent more than twice as much on salaries for part-time and full-time administrators in AY 2012 (\$985.9 million) as they did for adjunct, non-tenure-track, tenure-track, and tenured professors with teaching loads (\$450.5 million). All eight of the 4-year public universities spent more on administration and staff salaries than instruction salaries from AY 2002 to AY 2012, except Northern, whose instruction salaries were greater than administration and staff salaries until AY 2012. In AY 2012, Louisville and Kentucky State spent more than twice as much on administration and staff salaries as on salaries of instructional staff. UK spent more than three times as much on administration and staff salaries as on salaries of instructional staff. The comprehensive institutions spent slightly more on administration and staff than on instructional faculty members. These large expenditures may be caused by administration and staff requirements for research, public service, and UK's hospital. UK and Kentucky State are land-grants with a public service mission. UK and Louisville are research institutions.

Table 3.9 includes retirement and other postemployment contributions for Kentucky’s public 4-year institutions in FY 2003 and FY 2012. The total increase was approximately 111 percent. Northern increased its retirement and other postemployment contributions the most, 210 percent. Kentucky State increased its retirement and postemployment contributions the least, 70.4 percent. In FY 2012, total retirement and other postemployment contributions by Kentucky’s 4-year public universities was \$198 million. It is unknown how many total employees are at each institution.

Table 3.9
Retirement And Other Postemployment Contributions
For Kentucky Public 4-Year Universities
FY 2003 And FY 2012

Institution	FY 2003	FY 2012	% Change
UK	\$45,560,000	\$88,999,926	95.3%
Louisville	13,322,794	36,606,564	174.8
Eastern	9,005,310	17,944,000	99.3
Kentucky State	2,130,863	3,632,050	70.4
Morehead	5,020,766	8,768,283	74.6
Murray	5,791,233	10,544,011	82.1
Northern	4,061,000	12,580,000	209.8
Western	9,196,813	19,082,971	107.5
Total	\$94,088,779	\$198,157,805	110.6%

Note: Lexington Community College is included in UK’s data for FY 2002 to FY 2005.
 Source: Kentucky. Council on Postsecondary Educ.

The employee health benefit expenses for the state's 4-year institutions are shown in Table 3.10. In FY 2012, total employee health benefits paid by Kentucky 4-year universities was \$183 million. From FY 2002 to FY 2012, Louisville's health benefit expenses increased the most, 198.5 percent, and Kentucky State's health benefit expenses increased the least, 18.5 percent. These expenses have increased every year for most universities. UK is an exception; in FY 2011, employee health benefit expenses decreased by 10 percent and then increased by 12 percent the following year.

Table 3.10
Employee Health Benefit Expenses For Kentucky Public 4-Year Universities
FY 2003 To FY 2012

University	FY 2003	FY 2012	% Change
UK	*	\$87,533,849	**
Louisville	\$13,322,794	39,766,419	198.5%
Eastern	8,103,180	17,055,329	110.5
Kentucky State	1,564,500	1,853,430	18.5
Morehead	3,929,563	6,533,599	66.3
Murray	3,872,014	8,334,529	115.3
Northern	3,902,000	9,937,000	154.7
Western	7,069,295	12,031,209	70.2
Total	**	\$183,045,364	**

Note: Eastern excludes dental and vision; Western includes vision.

* Data not provided.

** This calculation could not be made because the necessary data were not provided.

Source: Kentucky. Council on Postsecondary Educ.

Cost Control Measures

Kentucky

Kentucky's public institutions have cut costs in areas such as personnel and infrastructure.

Kentucky's higher education institutions have implemented various measures to reduce costs, but such reductions are relatively small compared to total costs. Personnel costs have been reduced through voluntary separation incentive programs and wellness initiatives and health management. The voluntary separation incentive program, introduced by Louisville, saved \$2.75 million. Morehead's wellness and health management program saved \$1.2 million.³⁸

Institutions have also reduced energy and infrastructure costs. Kentucky State improved its energy usage through projects at six facilities, through roof replacements, insulation, and other energy-

efficiency projects. As part of a Guaranteed Energy Savings Performance Contract, Morehead switched from coal to gas, saving \$13 million over 12 years. Murray saved \$350,000 through projects that reduced energy use per kilowatt hour charges. Northern saved money on facility construction by purchasing two assisted living/nursing home facilities close to campus. It is anticipated that Northern will save \$14 million to \$15 million by renovating existing facilities instead of building new ones for residence halls and overflow parking.³⁹

Universities have also refinanced debt to reduce costs. For example, Louisville consolidated some of its long-term debt, saving \$4.08 million.⁴⁰

Several institutions have plans for other cost-saving measures. Kentucky State will conduct more energy efficiency and infrastructure improvement projects. Louisville and Western both intend to reduce costs through improved procurement methods. Anticipated savings are \$200,000 annually for Western and \$750,000 for Louisville. Murray and Northern each plan to reduce health care costs. Murray estimates saving \$700,000 through its insurance plan's prescription drug carve-out. Northern estimates an annual savings of \$700,000 by self-insuring medical benefits. Other institutions will reduce costs through academic and administrative changes. Morehead and Northern will evaluate academic programs to identify improvements or realign resources. Murray is planning a major administrative restructuring in 2015 to save money. Louisville will seek to consolidate some administrative activities.⁴¹

Other States

Other states have implemented or proposed various measures to control costs.

A study by the Connecticut State University System noted that cost avoidances and reductions saved millions of dollars since 2007. An electricity reverse auction in 2007 generated an estimated \$2.3 million in annual cost avoidance. Additional cost control measures were implemented through permanent and one-time reductions. Permanent reductions included a number of personnel-related actions. The system office reduced personnel by 32 percent. A 10 percent reduction in management personnel throughout the university system saved an estimated \$2.8 million in FY 2011. One-time spending reductions affected students and staff. An ongoing headcount freeze first implemented in May 2008 saved an estimated \$11.5 million. A 1-year salary freeze saved approximately \$12.2 million. Other areas of one-time reductions

were furlough days, restrictions on travel, equipment, and supplies.⁴²

Rising costs have led to some states and institutions proposing or implementing enrollment caps. According to a 2010 newspaper article, the University of Florida was seeking to decrease enrollment by 4,000 students by 2012. An official with the Nevada System of Higher Education discussed possibly capping enrollment for the first time. California's public universities were dealing with large decreases in state funding that may have led to severe tuition increases, faculty furloughs, and reduced course availability. The University of California's enrollment of California-resident first-year students decreased by 6 percent within its 10 campuses, approximately 2,300 students. California State University sought to decrease its enrollment by 40,000 students over 2 years. San Jose State University reduced its enrollment by 3,000 students in 2009 and was expected to reduce it by an additional 2,500 students in 2010.⁴³

Oklahoma state law limits tuition and fees. At the comprehensive, regional, and 2-year institutions, combined averages of tuition and fees shall be less than the averaged tuition and fees at peer institutions (Okla. Stat. tit. 70, sec. 3218.8).

An Arizona bill, which was not enacted, would prevent public universities in the state from increasing tuition for in-state undergraduates at a rate higher than that of inflation.⁴⁴

Appendix

Benchmarks

For this report, analysis is based on the Council on Postsecondary Education (CPE) benchmarks approved for 2006 to 2010. Institutions may choose their own benchmarks, which may differ from those of CPE. This appendix lists both types of benchmarks for each institution.

Institutions are the main campuses unless otherwise noted. The current name is used if an institution's name changed since it was initially made a benchmark.

University Of Kentucky	
(19 benchmarks identified by CPE, 11 benchmarks identified by the university)	
CPE And University (9)	
Michigan State Univ.	Univ. of Michigan–Ann Arbor
Ohio State Univ.	Univ. of Minnesota–Twin Cities
Univ. of Arizona	Univ. of North Carolina–Chapel Hill
Univ. of Florida	Univ. of Wisconsin–Madison
Univ. of Iowa	Univ. of Michigan–Ann Arbor
CPE Only (8)	
North Carolina State Univ.	Univ. of California–Los Angeles
Pennsylvania State Univ.*	Univ. of Georgia
Purdue Univ.	Univ. of Illinois–Urbana-Champaign
Texas A&M Univ.	Univ. of Maryland–College Park
University Only (2)	
Univ. of California–Davis	Univ. of Missouri–Columbia

* Not used in the analysis because of different reporting practices.

University Of Louisville	
(17 benchmarks, all identified by both CPE and the university)	
Buffalo College–State Univ. of New York	Univ. of Iowa
State Univ. of New York–Stony Brook	Univ. of North Carolina–Chapel Hill
Temple Univ.*	Univ. of Pittsburgh*
Univ. of Alabama–Birmingham	Univ. of South Carolina–Columbia
Univ. of California–Irvine	Univ. of South Florida
Univ. of California–San Diego	Univ. of Utah
Univ. of New Mexico	Virginia Commonwealth Univ.
Univ. of Cincinnati	Wayne State Univ.
Univ. of Illinois–Chicago	

* Not used in the analysis because of different reporting practices.

Eastern Kentucky University(19 benchmarks identified by CPE, 56 benchmarks identified by the university)

CPE And University (8)

Arkansas State Univ.	Univ. of Central Missouri
Kennesaw State Univ.	Univ. of Southern Indiana
Indiana State Univ.	Univ. of Tennessee–Chattanooga
Sam Houston State Univ.	Western Carolina Univ.

CPE Only (11)

California State Univ.–Chico	Univ. of Michigan–Flint
Eastern Michigan State Univ.	Univ. of North Carolina–Greensboro
Minnesota State Univ.–Mankato	Univ. of Northern Iowa
Northern Michigan Univ.	Univ. of Wisconsin–Oshkosh
Sonoma State Univ.	Wichita State Univ.
Univ. of Massachusetts–Boston	

University Only (48)

Appalachian State Univ.	Purdue Univ.–Calumet Campus
Arkansas Tech Univ.	Radford Univ.
Austin Peay State Univ.	Southeastern Louisiana Univ.
Ball State Univ.	Southern Illinois Univ. Edwardsville
Cleveland State Univ.	Southeast Missouri State Univ.
College of Charleston	Stephen F. Austin State Univ.
Eastern Illinois Univ.	Tarleton State Univ.
East Tennessee State Univ.	Tennessee Technological Univ.
Florida Gulf Coast Univ.	Troy Univ.
Georgia Southern Univ.	Univ. of Arkansas–Little Rock
Illinois State Univ.	Univ. of Central Arkansas
Indiana Univ.–Purdue Univ.–Fort Wayne	Univ. of Central Oklahoma
Jacksonville State Univ.	Univ. of Louisiana–Monroe
James Madison Univ.	Univ. of North Carolina–Charlotte
Lamar Univ.	Univ. of North Carolina–Wilmington
Louisiana Tech Univ.	Univ. of North Florida
Marshall Univ.	Univ. of South Alabama
McNeese State Univ.	Univ. of Tennessee–Martin
Missouri State Univ.	Univ. of West Florida
Morehead State Univ.	Univ. of West Georgia
Murray State Univ.	Valdosta State Univ.
Northeastern State Univ.	Western Illinois Univ.
Northern Kentucky Univ.	Western Kentucky Univ.
Northwestern State Univ. of Louisiana	Youngstown State Univ.

Kentucky State University

(19 benchmarks, all identified by both CPE and the university)

Alcorn State Univ.	Midwestern State Univ.
Angelo State Univ.	Nicholls State Univ.
Cameron Univ.	Savannah State Univ.
Castleton State College	Southeastern Oklahoma State Univ.
Delaware State Univ.	Southern Arkansas Univ.
Delta State Univ.	Sul Ross State Univ.
Eastern New Mexico Univ.	Univ. of Maryland–Eastern Shore
Francis Marion Univ.	Univ. of North Carolina–Pembroke
Grambling State Univ.	Univ. of Texas–Pan American
Lincoln Univ.	

Morehead State University

(19 benchmarks, all identified by both CPE and the university)

Angelo State Univ.	Lincoln Univ.
Arkansas State Univ.	Mansfield Univ. of Pennsylvania
Clarion Univ. of Pennsylvania	Southeast Missouri State Univ.
Delta State Univ.	Univ. of Central Missouri
Eastern Washington Univ.	Univ. of Nebraska–Kearney
Edinboro Univ. of Pennsylvania	Univ. of Tennessee–Chattanooga
Fort Hays State Univ.	Univ. of Tennessee–Martin
Frostburg State Univ.	Western Carolina Univ.
Indiana State Univ.	Western Illinois Univ.
Lamar Univ.	

Note: These benchmarks are used when reviewing comparative data. Morehead State also routinely does comparisons with in-state regional universities.

Murray State University(19 benchmarks identified by CPE, 14 benchmarks identified by the university)

CPE And University (3)

Eastern Illinois Univ.	Univ. of Tennessee–Martin
Southeast Missouri State Univ.	

CPE Only (16)

Central Connecticut State Univ.	Rhode Island College
Eastern Washington Univ.	Stephen F. Austin State Univ.
Frostburg State Univ.	Univ. of Central Missouri
Indiana State Univ.	Univ. of Montevallo
Northwest Missouri State Univ.	Univ. of Nebraska–Omaha
Oakland Univ.	Univ. of Tennessee–Chattanooga
Pittsburg State Univ.	Western Carolina Univ.
Plymouth State Univ.	Western Illinois Univ.

University Only (11)

Austin Peay State Univ.	Northern Kentucky Univ.
Belmont Univ.	Southern Illinois Univ.–Edwardsville
Eastern Kentucky Univ.	Tennessee State Univ.
Jacksonville State Univ.	Tennessee Technological Univ.
Kentucky State Univ.	Western Kentucky Univ.
Morehead State Univ.	

Northern Kentucky University(19 benchmarks, all identified by both CPE and the university)

Buffalo College–State Univ. of New York	Univ. of Massachusetts–Boston
California Univ. of Pennsylvania	Univ. of Michigan–Flint
Eastern Michigan Univ.	Univ. of Nebraska–Omaha
Florida Atlantic Univ.–Boca Raton	Univ. of Southern Maine
Indiana State Univ.	Univ. of Tennessee–Chattanooga
Kean Univ.	Western Connecticut State Univ.
Oakland Univ.	Wichita State Univ.
Purdue Univ.–Calumet Campus	William Paterson Univ. of New Jersey
Salem State Univ.	Youngstown State Univ.
Univ. of Akron–Main Campus	

Western Kentucky University

(19 benchmarks identified by CPE, 18 benchmarks identified by the university)

CPE And University (5)

Ball State Univ.	Middle Tennessee State Univ.
Florida Atlantic Univ.	Towson Univ.
Indiana State Univ.	

CPE Only (14)

California State Univ.–Chico	Oakland Univ.
California State Univ.–Fresno	Stephen F. Austin State Univ.
Eastern Illinois Univ.	Univ. of Central Missouri
Eastern Michigan Univ.	Univ. of Northern Iowa
Missouri State Univ.–Springfield	Western Illinois Univ.
Montclair State Univ.	Wichita State Univ.
Northern Arizona Univ.	Youngstown State Univ.

University Only (13)

Appalachian State Univ.	Northern Illinois Univ.
Bowling Green State Univ.	Ohio Univ.
Central Michigan Univ.	Univ. of North Carolina–Charlotte
East Carolina Univ.	Univ. of North Carolina–Greensboro
East Tennessee State Univ.	Univ. of South Alabama
Illinois State Univ.	Univ. of Southern Mississippi
James Madison Univ.	

Kentucky Community and Technical College System

(19 benchmark states identified by CPE, 18 benchmark states identified by KCTCS)

CPE And KCTCS (18)

	Minnesota
Arizona	Nebraska
Arkansas	New Mexico
Colorado	North Carolina
Georgia	Ohio
Illinois	Oregon
Indiana	South Carolina
Iowa	Virginia
Kansas	Washington
Michigan	Minnesota

CPE Only (1)

Wisconsin

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