



An Overview of Kentucky's Tuition Setting Process for Public Postsecondary Institutions

Travis Powell

Executive Vice President and General Counsel
Council on Postsecondary Education

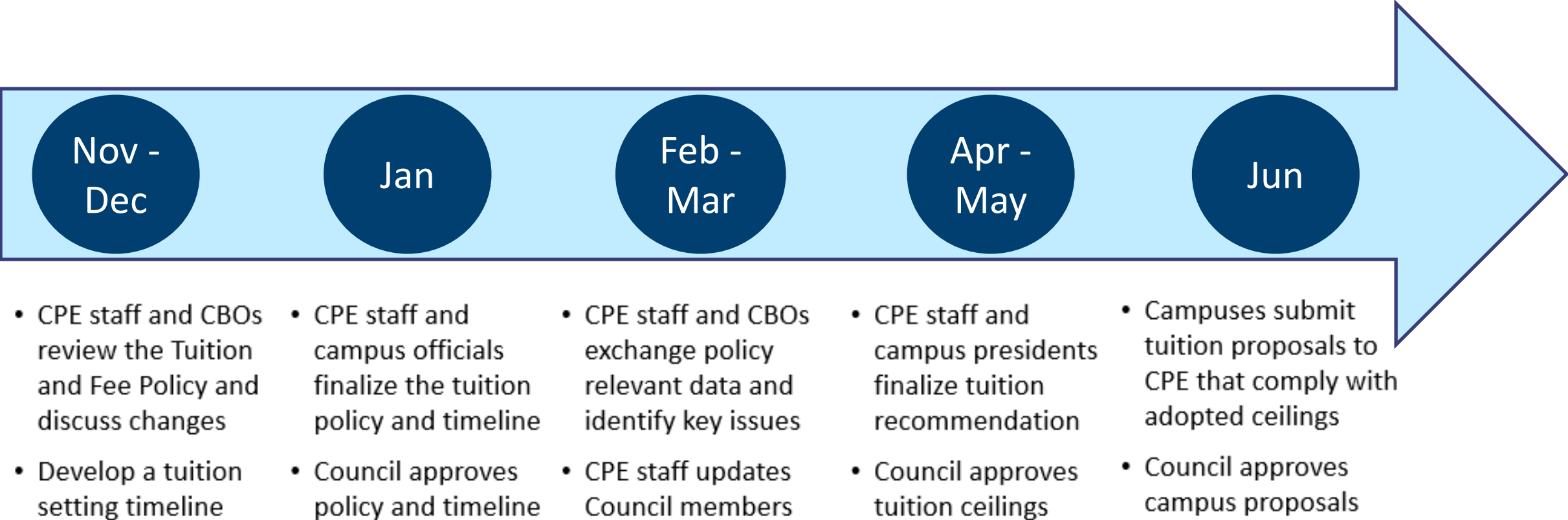
June 3, 2026

Statutory Authority for Tuition Setting

- CPE has statutory authority to “determine tuition” at Kentucky public colleges and universities (KRS 164.020)
- Since 2009, the Council has exercised that authority by:
 - adopting the annual *Tuition and Mandatory Fee Policy*
 - establishing ceilings for resident undergraduate tuition and fees
 - applying nonresident rate floors (or executing a Memorandum of Understanding with an institution)
 - allowing institutions to charge market-competitive rates for graduate and online tuition
- Tuition setting is a collaborative process involving Council members, CPE staff, campus presidents and chief budget officers, and institution governing boards

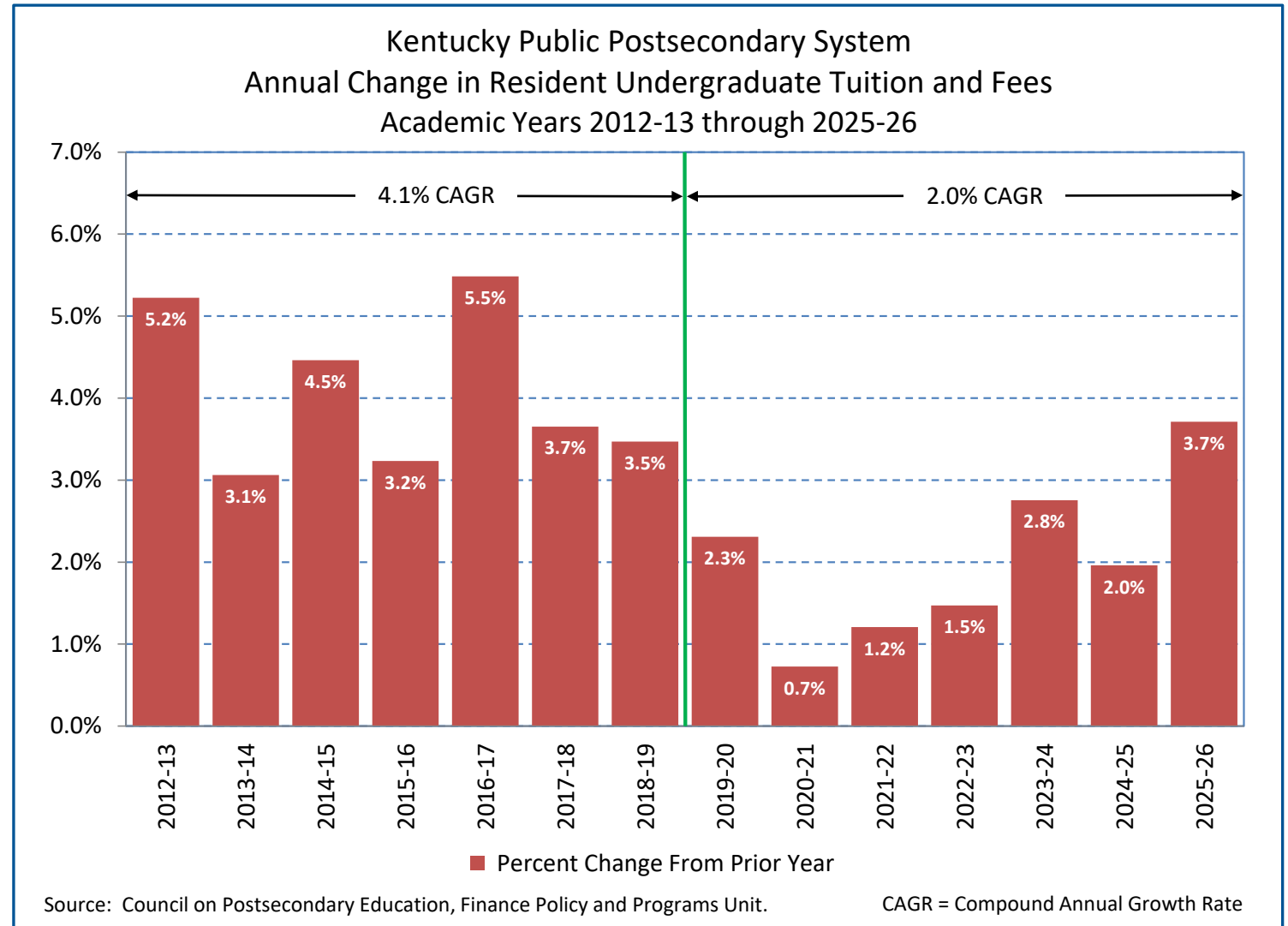
Tuition Setting Timeline

Process completed annually, unless the Council approves a two-year ceiling



Impact of Tuition Ceilings

- Recent increases in tuition are among the lowest in 20 years
- Between 2013 and 2019, resident undergraduate tuition increased at an average annual rate of 4.1% per year
- Over the past 7 years, tuition grew at an average rate of 2.0% per year, a reduction of about half the rate of the prior period
- Maintaining affordability to combat enrollment declines has been a high priority since 2019



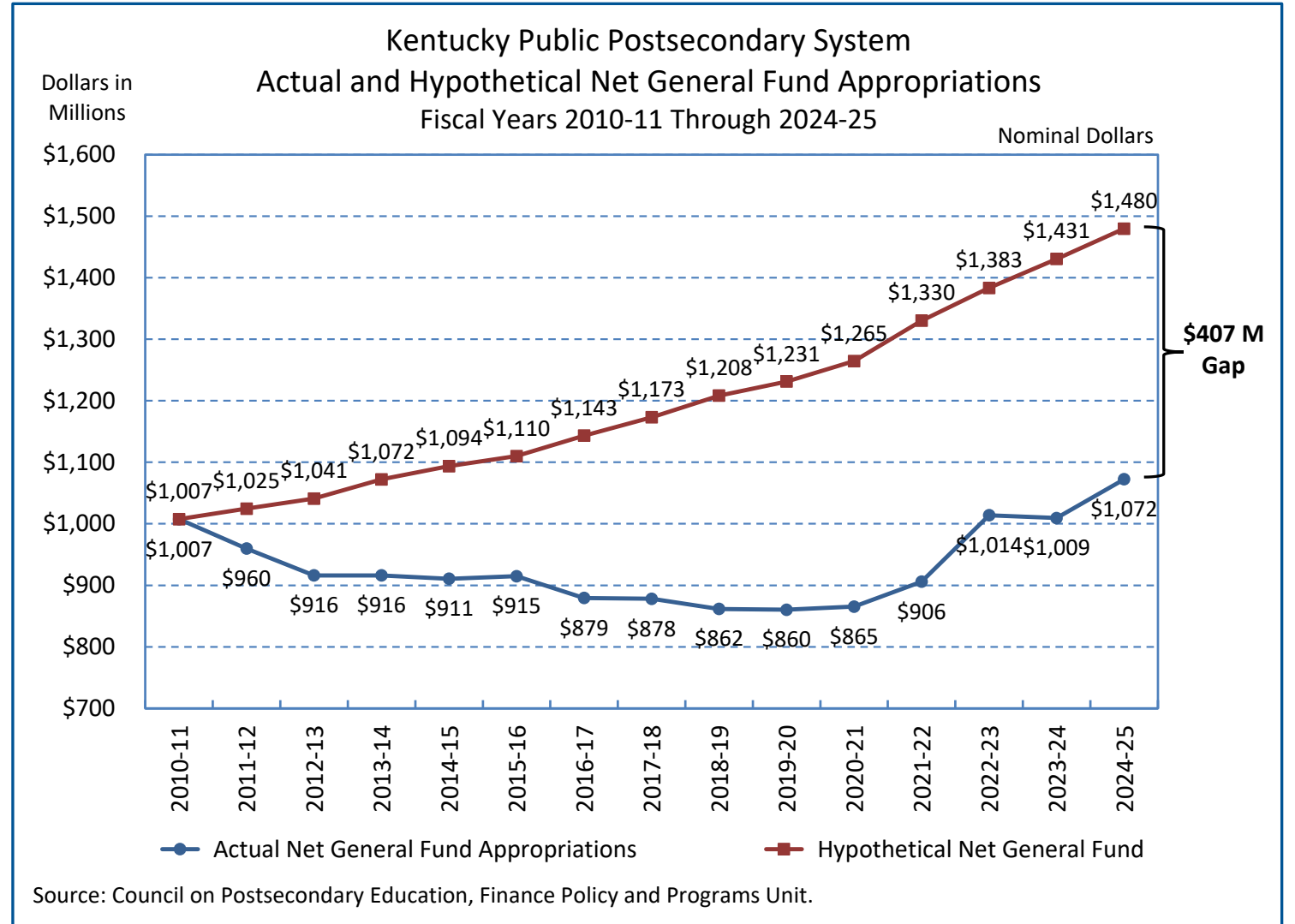
Policy Relevant Data

- Stakeholders use a data-driven approach to establish the rationale for tuition increases and enhance transparency
- Every tuition cycle, CPE staff and campus officials review policy-relevant data and identify key issues, including:

Key Issues	Policy Relevant Data
State funding	Interstate price comparisons
Recent tuition increases	Student financial aid
Impact of inflation	Net price comparisons
Trends in college spending	Average loan debt
Trends in enrollment	Student share of public funds

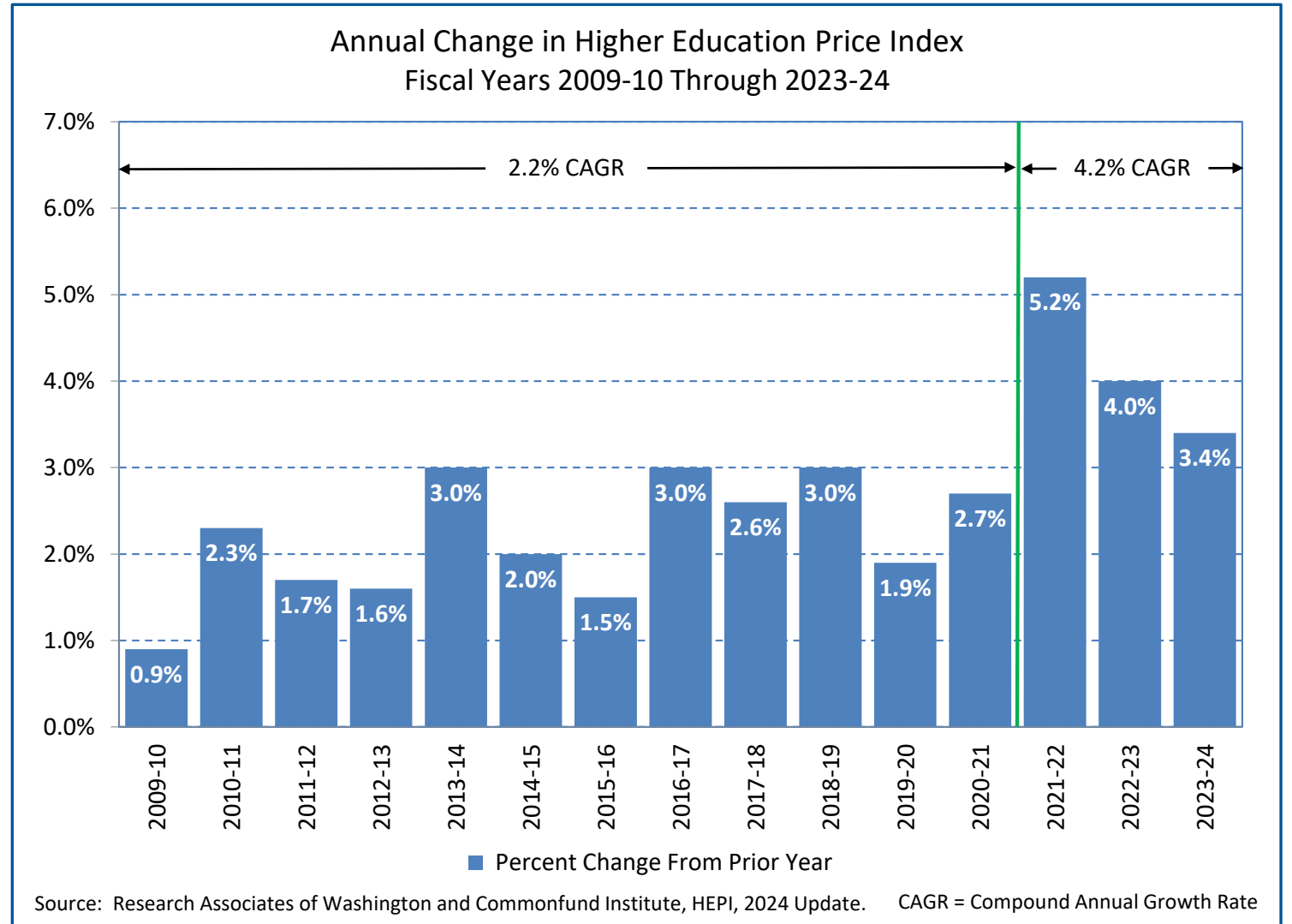
Key Issue - State Funding

- By 2010, following the Great Recession, most states began reinvesting in higher education
- For a decade, state support for campus operations in Kentucky did not keep pace with inflation
- Between 2011 and 2020, system net General Fund decreased seven out of nine years, falling from \$1.0 B to \$860M
- If state support had kept pace with inflation, institutions would have had \$407M more in 2025



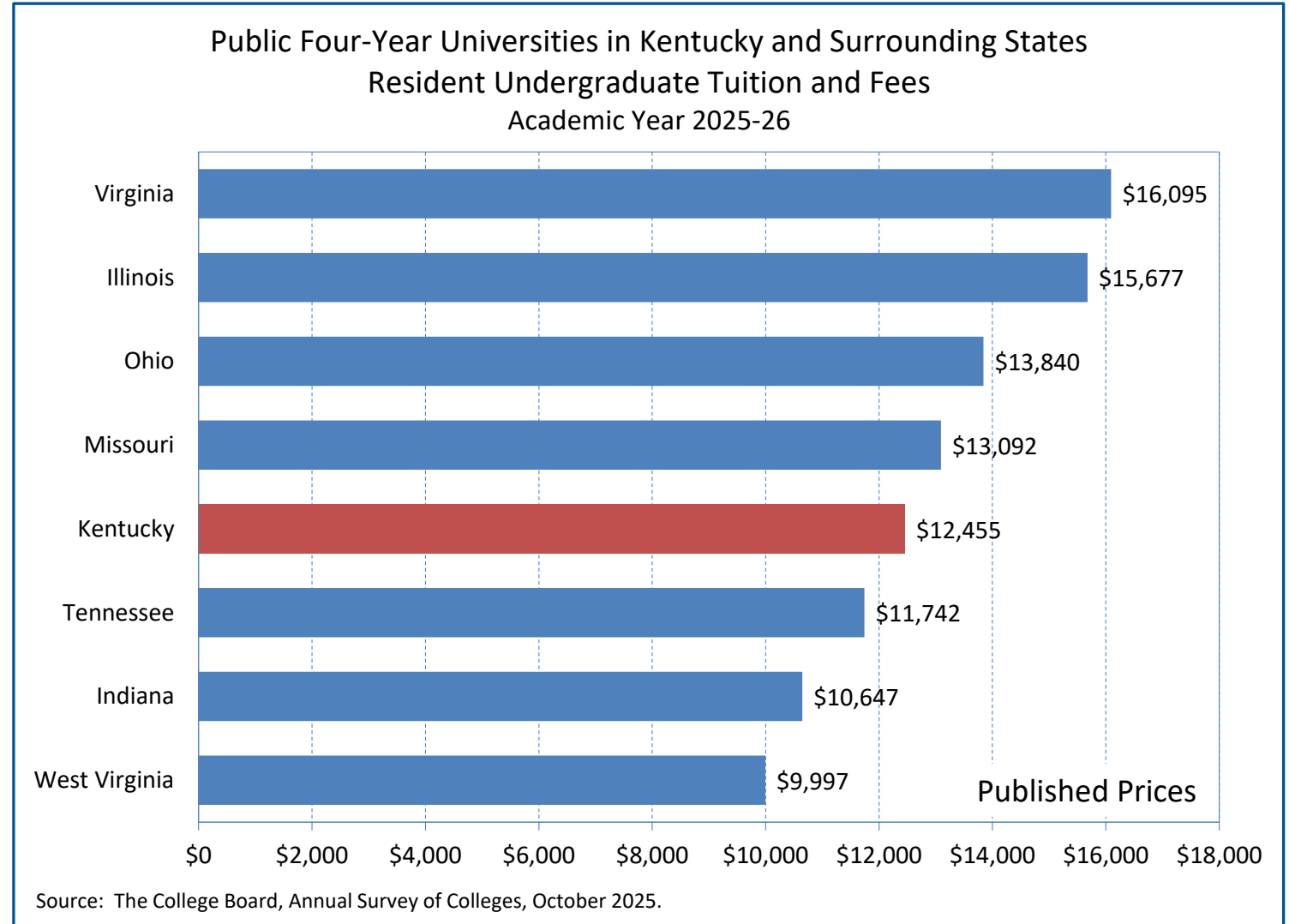
Key Issue - Impact of Inflation

- In recent years, higher education costs have grown at an unprecedented pace
- In 2022, inflation measured using the HEPI grew by 5.2%, its largest increase in 20 years
- In 2023 and 2024, costs rose 4.0% and 3.4%, respectively
- In no single year between 2010 and 2021 did growth in the HEPI exceed 3.0%
- The average growth rate nearly doubled the past three years



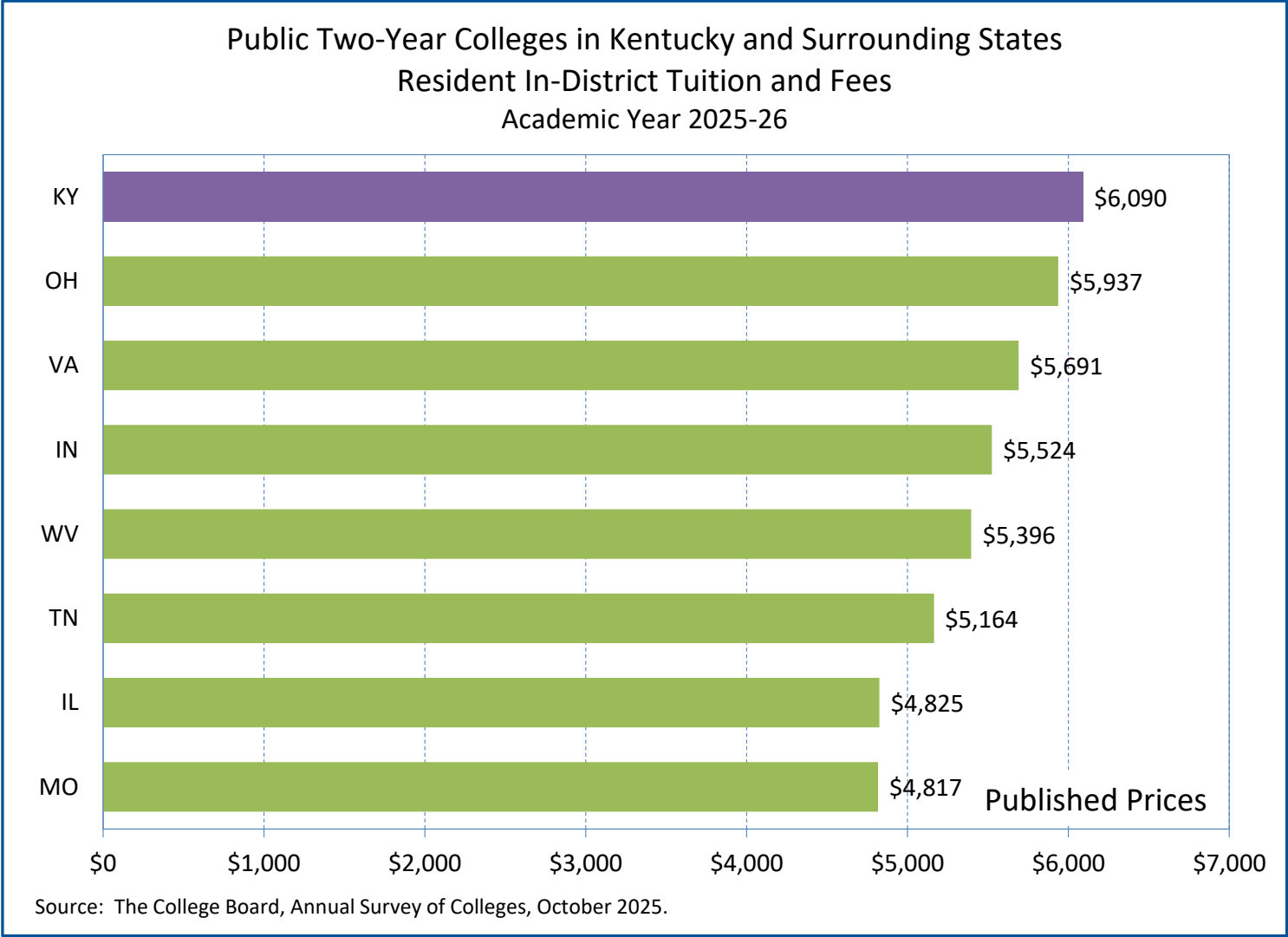
Policy Relevant Data - Interstate Price Comparison

- Compared to surrounding states, resident undergraduate tuition and fees at Kentucky universities are below the median
- Sticker prices at the universities have ranked near the median for over a decade
- Between 2019 and 2026, the aggregate increase in resident undergraduate tuition and fees at Kentucky universities (+16%) was at the SREB median (+16%)



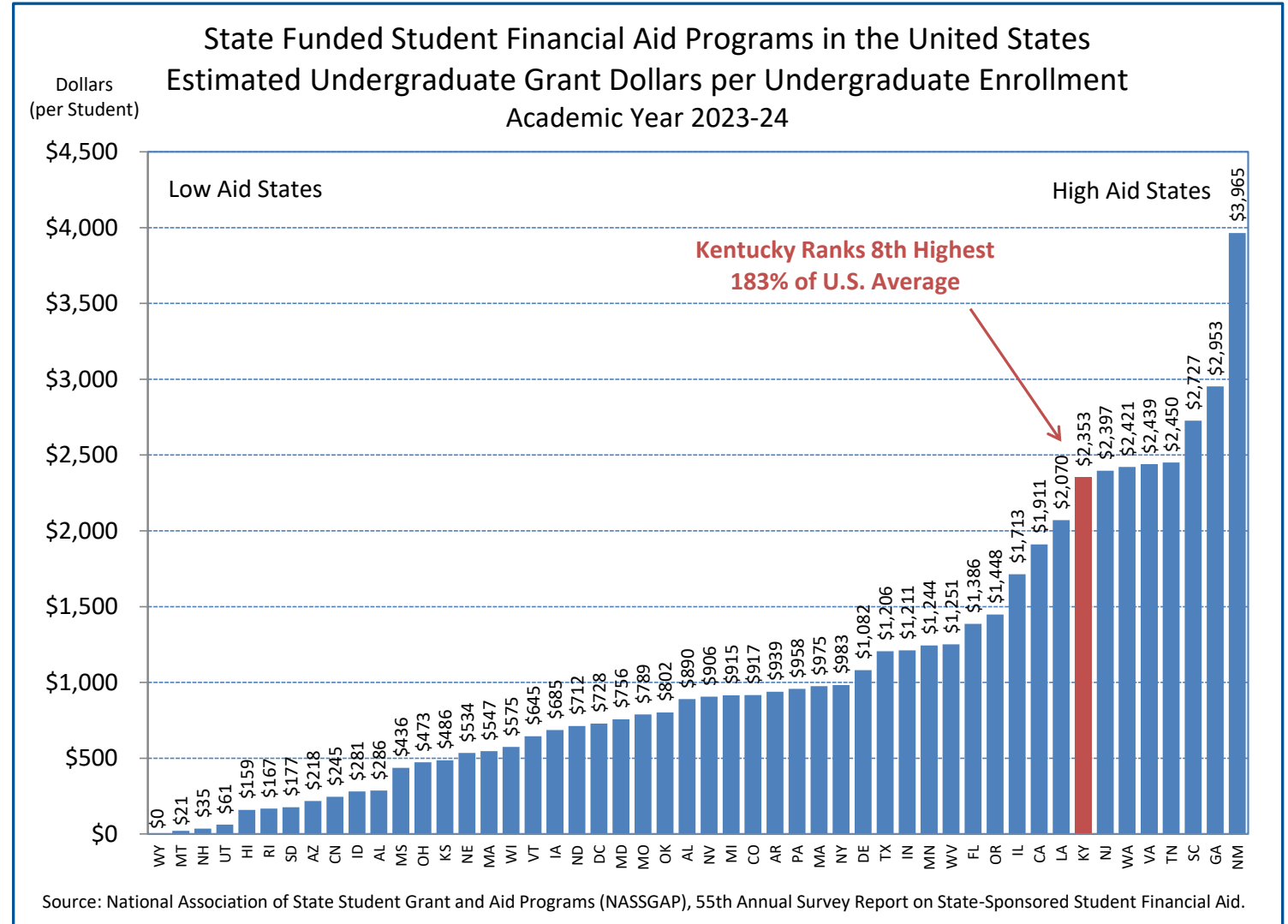
Policy Relevant Data - Interstate Price Comparison (Cont'd)

- Resident tuition and fees at KCTCS institutions rank highest among similar institutions in surrounding states
- Unlike many peer institutions, KCTCS does not receive local appropriations, which has increased the system's reliance on tuition and fee revenue
- Between 2019 and 2026, the increase in resident tuition and fees at KCTCS (+15%) was just above the SREB median (+14%)



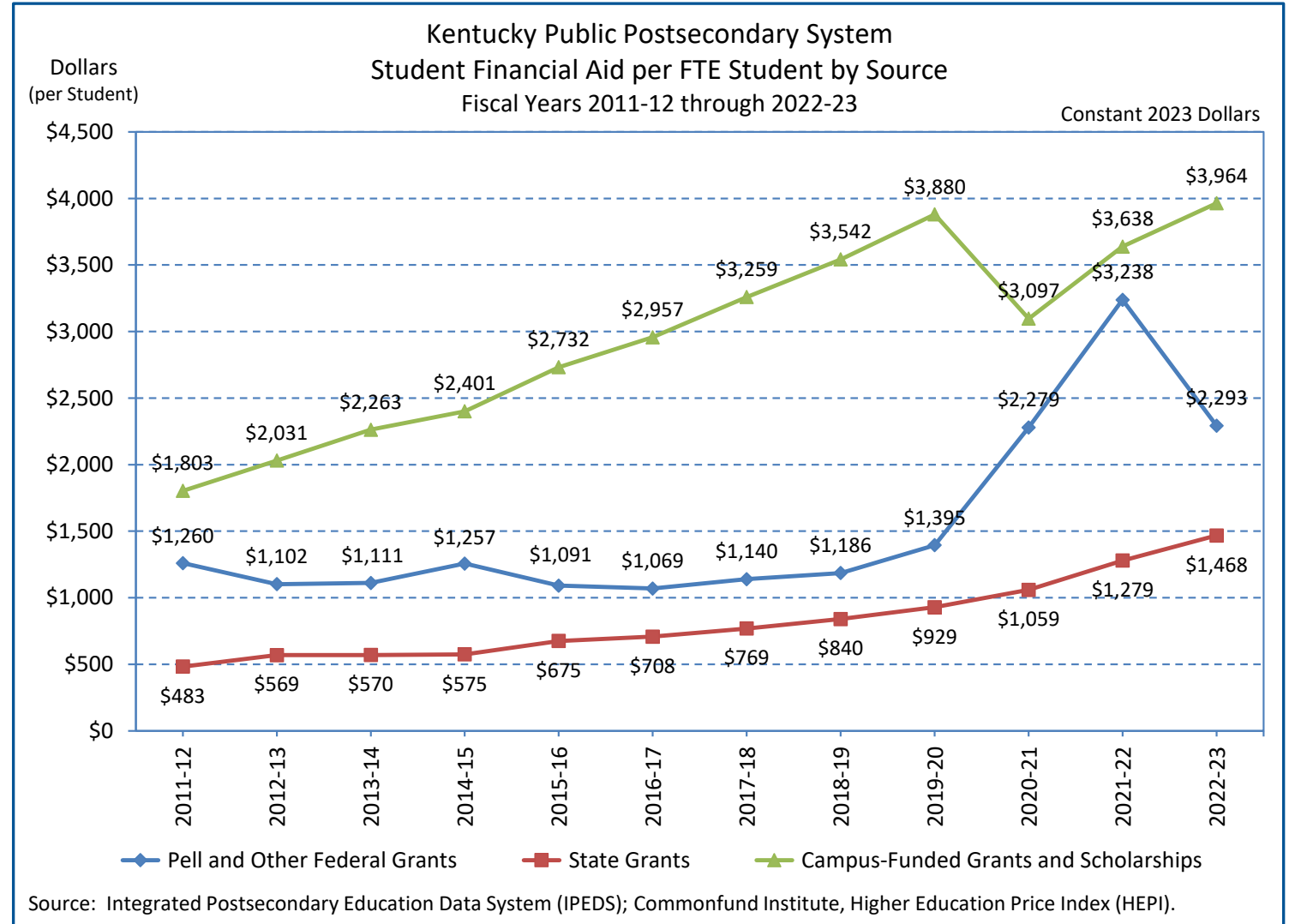
Policy Relevant Data – State Funded Student Financial Aid

- While CPE monitors sticker prices, few students pay full published prices due to the availability of financial aid
- Sources of student aid include federal, state, and institutional
- In terms of state funded grant aid, Kentucky is a high aid state and has been for over a decade
- In 2023-24, the state spent \$2,353 per student in estimated undergraduate grant dollars, ranking 8th highest in the U.S.



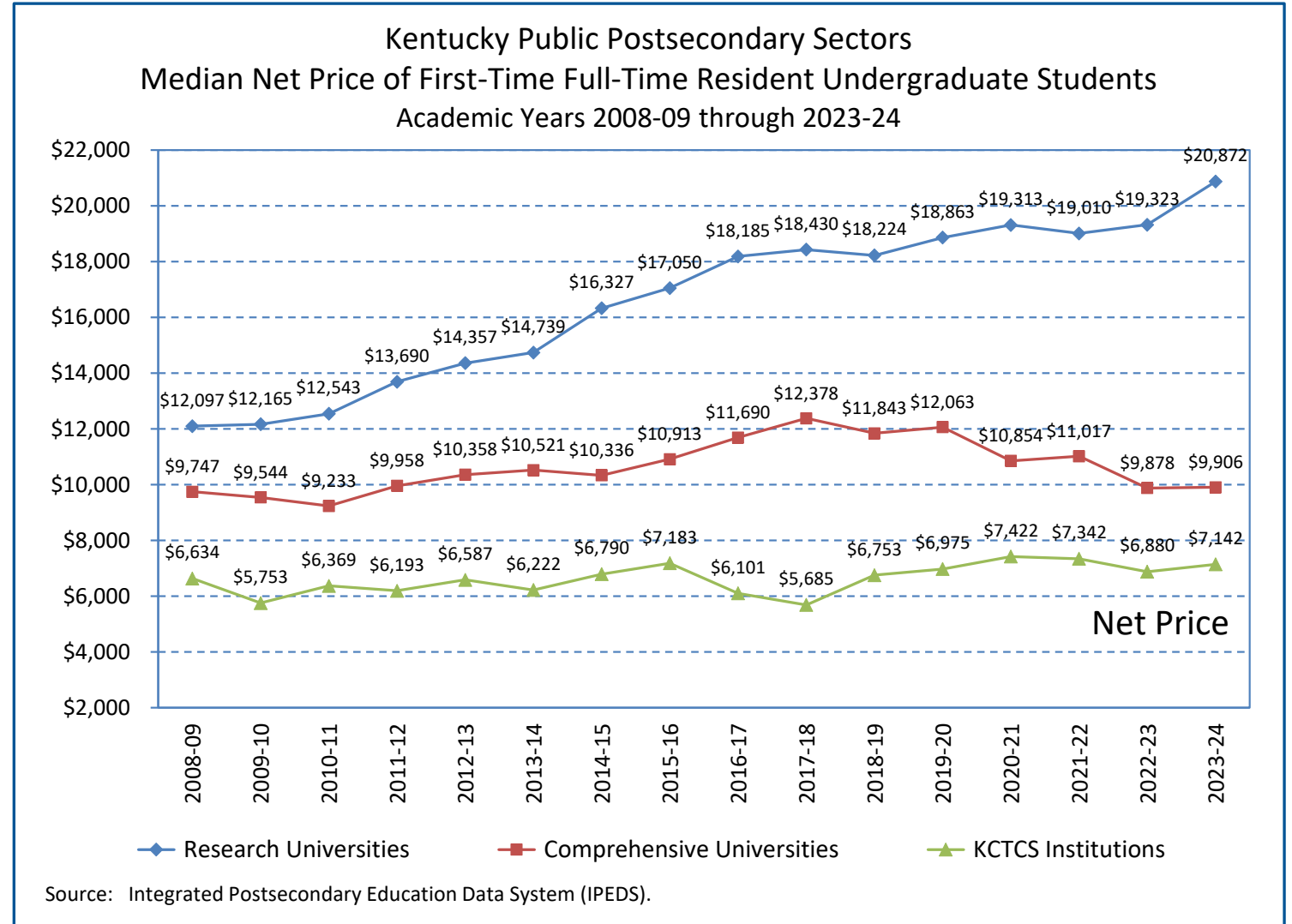
Policy Relevant Data - Student Financial Aid by Source

- Between 2012 and 2019, federal aid grants per student remained relatively flat (fell by \$74 or 6%)
- Federal aid spiked in 2022 due to an infusion of COVID funds
- State aid per student grew every year since 2012, increasing by \$985 per student or 204%
- Institutional aid grew by \$2,161 per student or 120% since 2012
- Campus funded student financial aid is larger than both federal and state sources combined



Policy Relevant Data - Trends in Net College Price

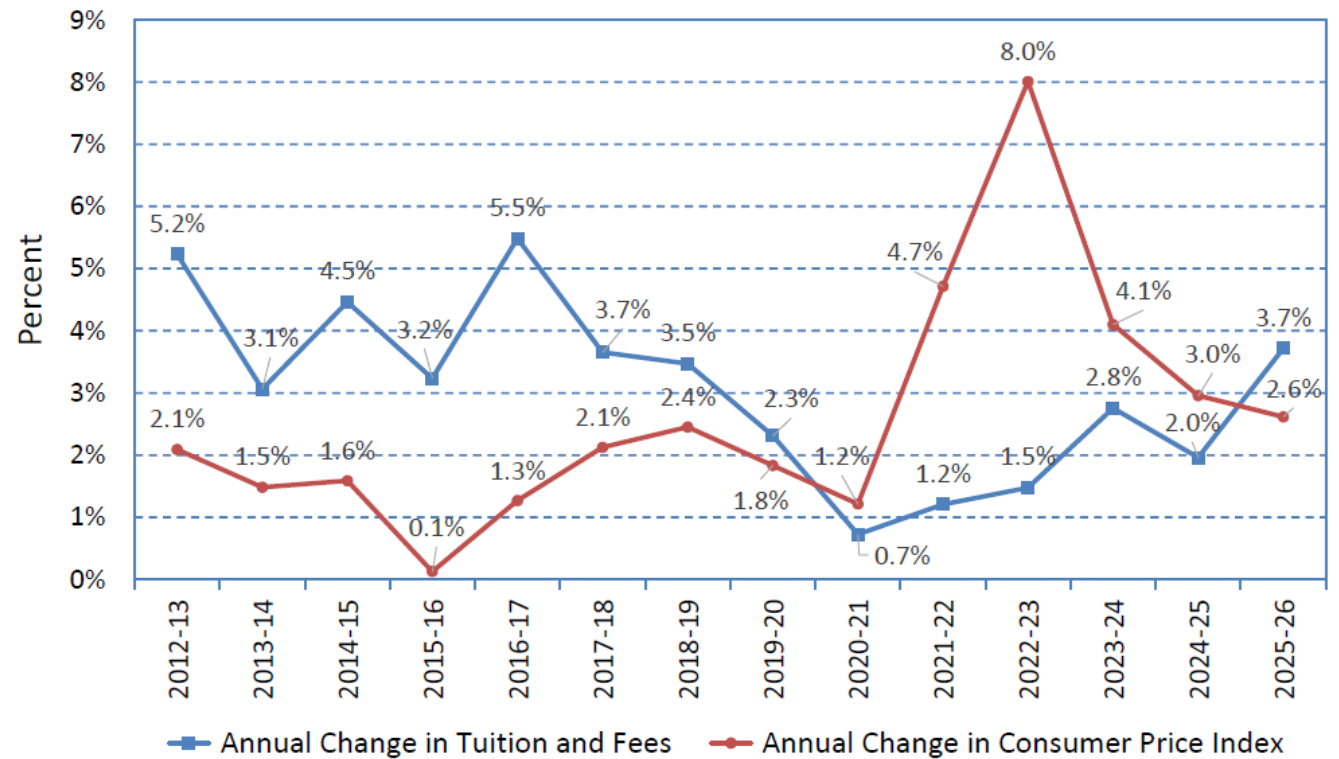
- Over the past 16 years, trends in net college price have been positive within comprehensive and two-year college sectors
- Although net price fluctuated at KCTCS between 2009 and 2024, the overall trend was flat
- At the comprehensives, net price trended up between 2011 and 2018, but trended down since
- After 16 years, net price is only up \$246 at KCTCS and up \$131 at comprehensive universities



Policy Relevant Data – Tuition/Fees and Consumer Price Index

- Kentucky’s average annual increase in tuition and fees was below the rate of increase in the Consumer Price Index (CPI) between 2021 and 2025
- The CPI is the broadest-based measure of changes in prices impacting consumers, covering 93% of the U.S. population

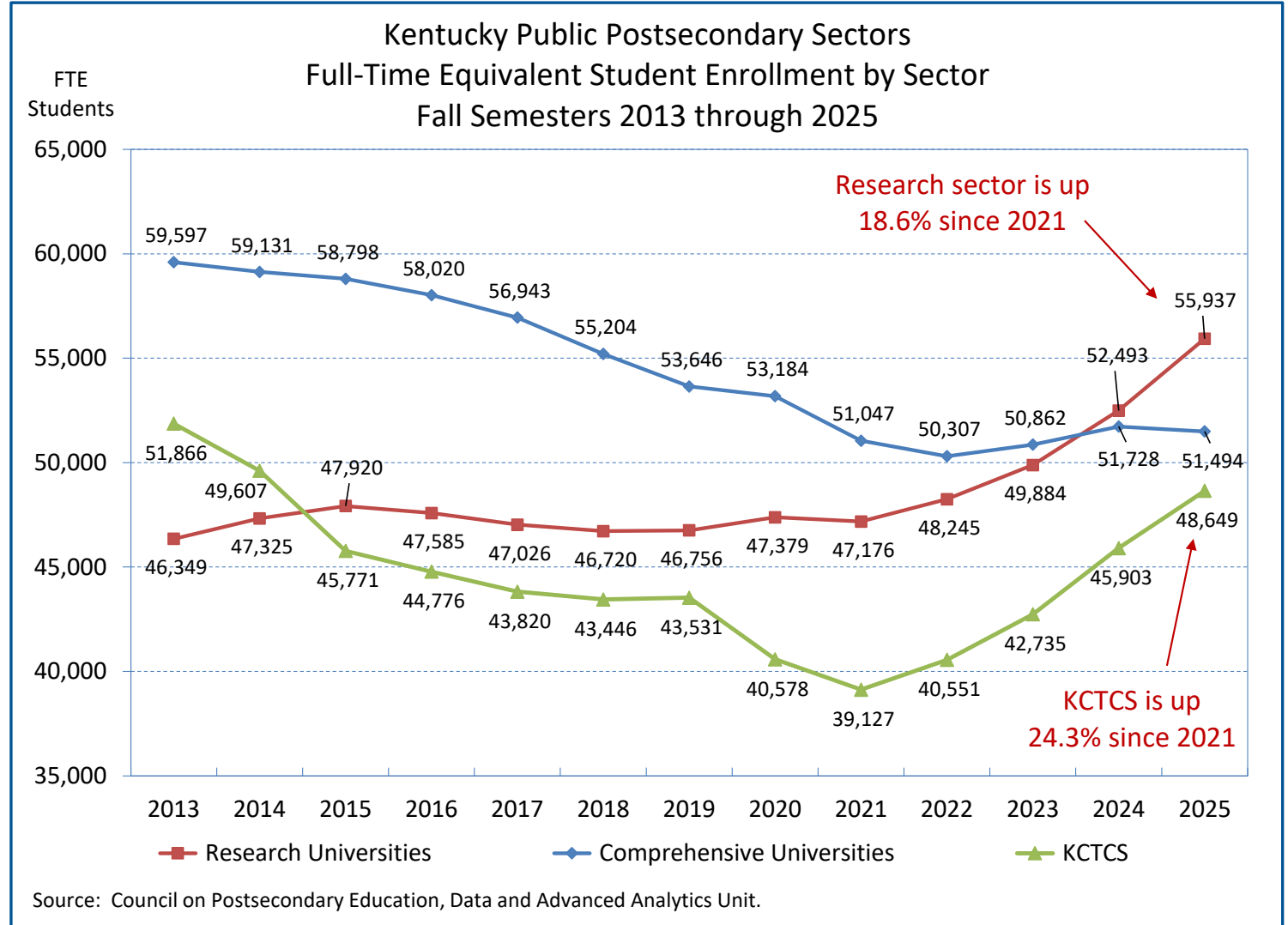
Kentucky Public Postsecondary System
Change in Tuition and Fees and Consumer Price Index
Academic Years 2012-13 Through 2025-26



Source: Council on Postsecondary Education, Finance and Budget Unit.

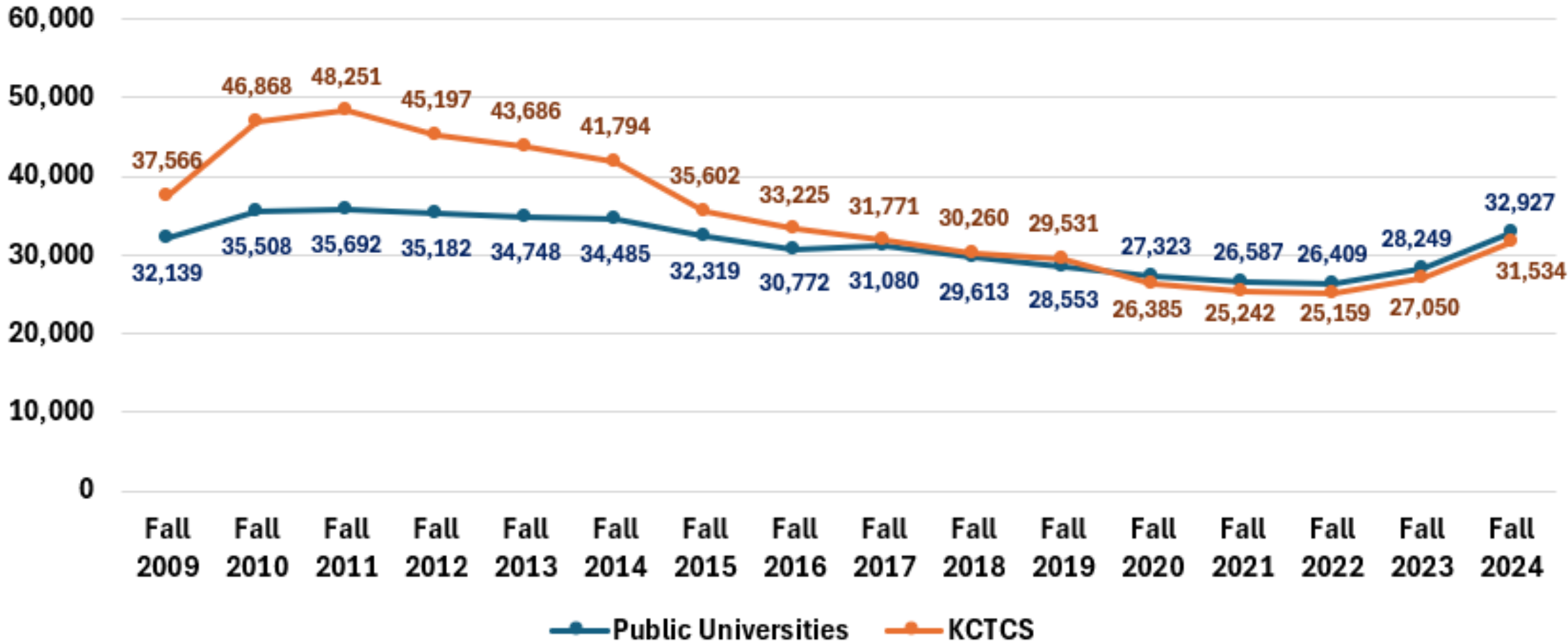
Key Issue – Enrollment Trends

- In 2021, a Council resolution charged staff and campus leaders to implement strategies to address declining enrollment
- One strategy pursued by stakeholders was the adoption of historically low tuition ceilings
- Since 2021, FTE enrollment has been:
 - up 9,522 students or 24.3% at KCTCS institutions
 - up 8,761 students or 18.6% at research universities
 - up 447 students or 0.9% at comprehensive universities



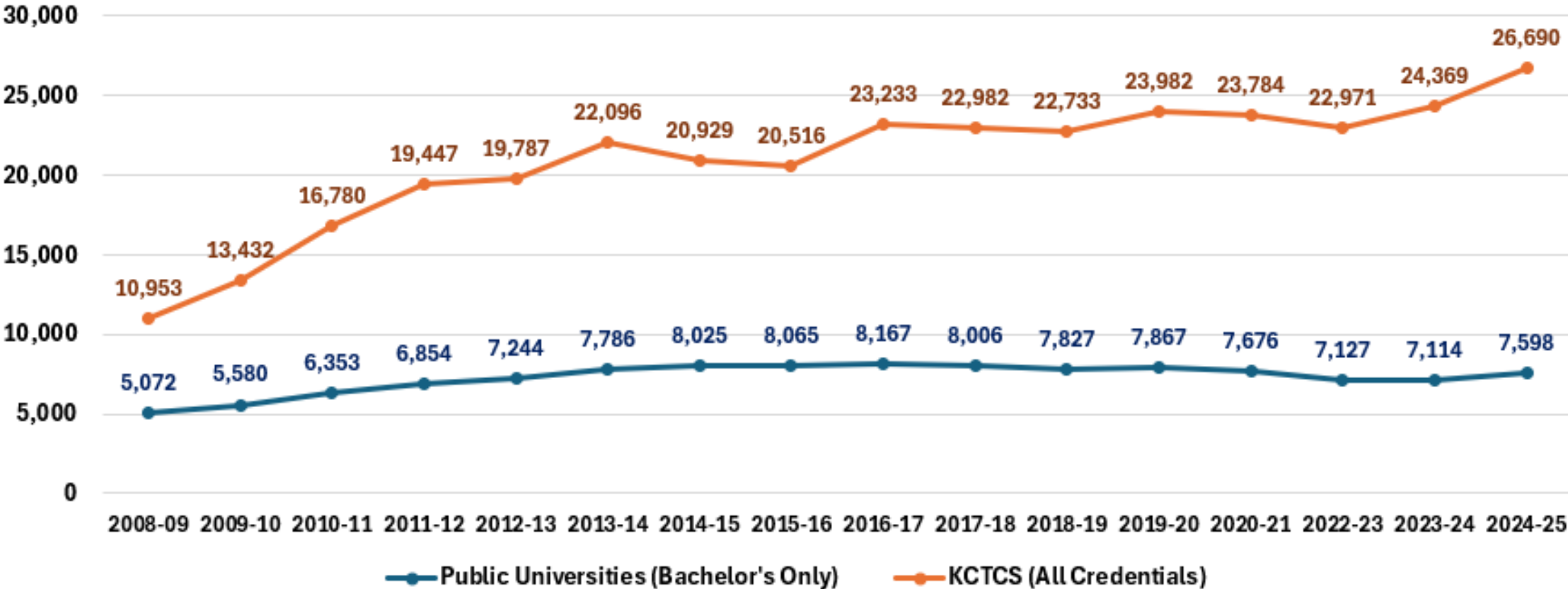
Low Income Undergraduate Enrollment

Kentucky Low Income Undergraduate Enrollment by Sector, 2009-2024



Low Income Undergraduate Degrees and Credentials

Kentucky Low Income Undergraduate Degrees and Credentials by Sector, 2008-2009 to 2024-2025



Average loan balance of public undergraduate borrowers at completion

All borrowers (KCTCS and Four-Year)



Down 10.7%

KCTCS borrowers



Down 2.1%

Public university borrowers



Down 7.2%

Percentage of graduates from Kentucky public institutions with zero debt

All Graduates (KCTCS and Four-Year)



Up 14.0 percentage points

KCTCS Graduates



Up 13.4 percentage points

Four-Year Public University Graduates



Up 7.9 percentage points

Student Outcomes - Retention and Graduation Rates

Retention Rates

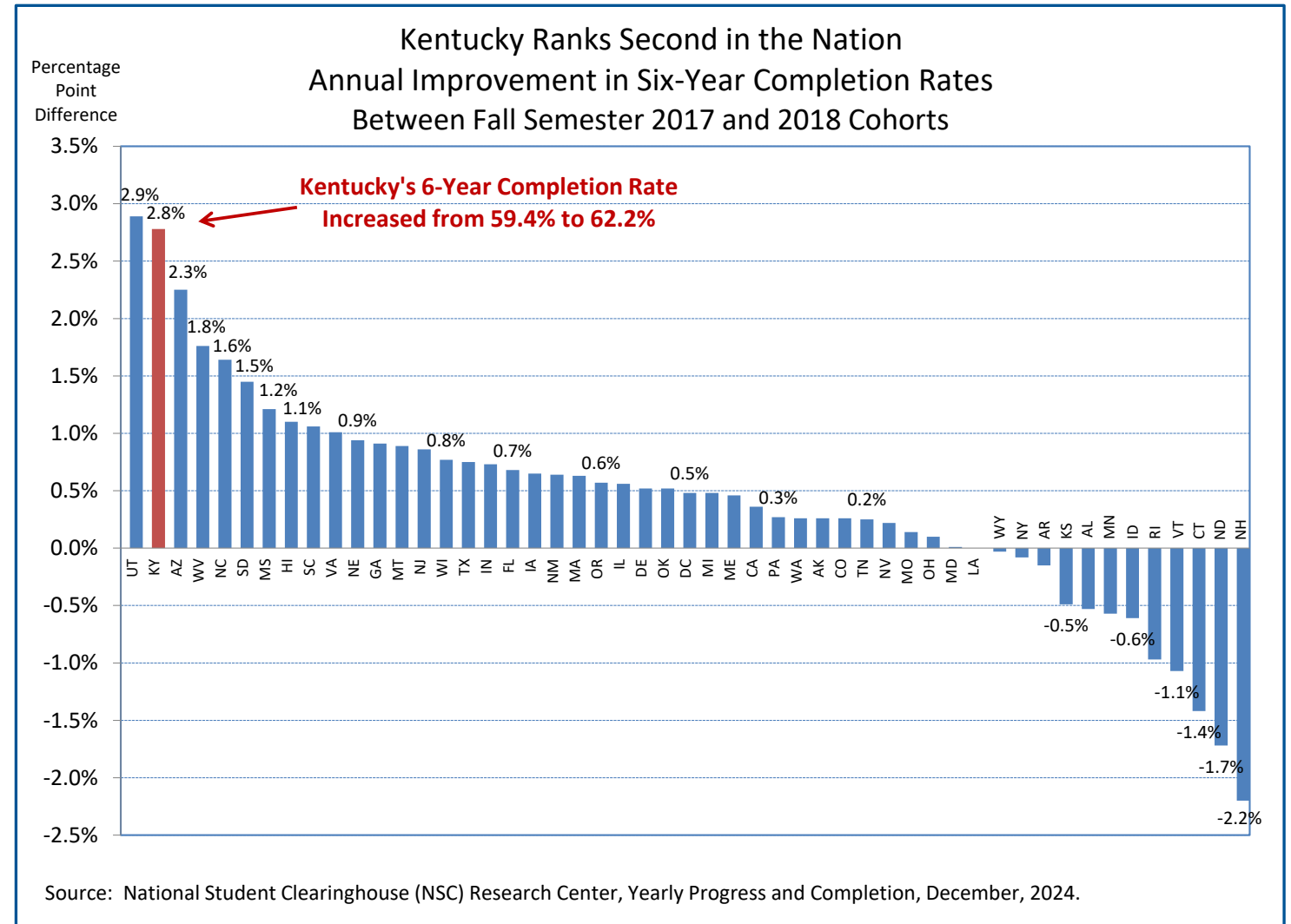
- Between 2013 and 2024, 1st to 2nd year retention rates at KCTCS increased from 50.8 percent to 61.9 percent, an 11.1 ppt change
- Over the same period, retention rates at the public universities grew from 74.7 percent to 80.2 percent, a 5.5 ppt gain

Graduation Rates

- Between 2015 and 2025, the three-year graduation rate at KCTCS increased from 26.5 percent to 51.1 percent, a 24.6 ppt change
- Over the same period, the six-year graduation rate at public universities grew from 48.9 percent to 61.1 percent, or +12.2 ppts

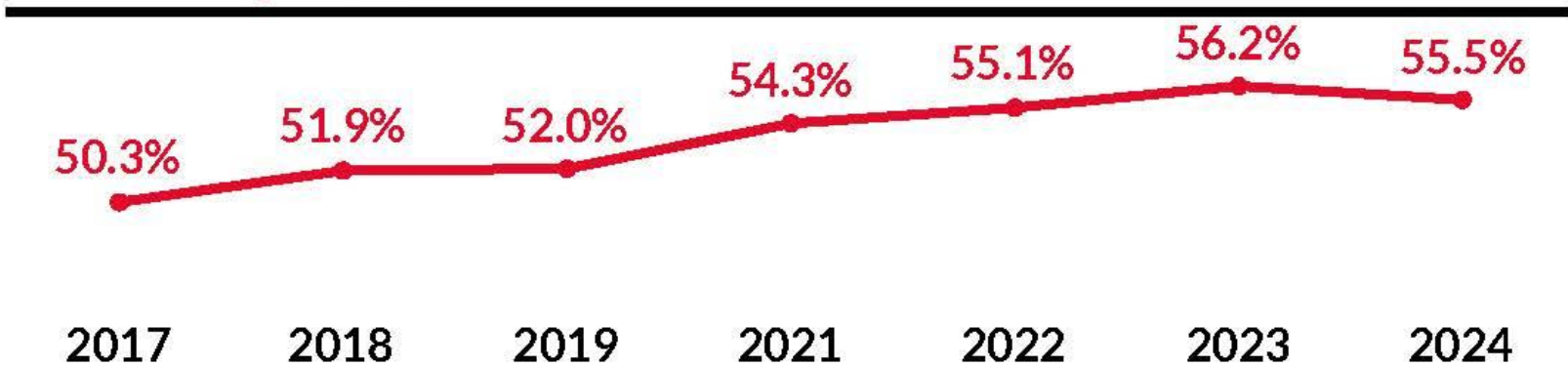
Student Outcomes – Completion Rate Improvement

- This chart shows the percentage point change in completion rates by state between fall semester 2017 and 2018 student cohorts
- From 2023 to 2024, Kentucky increased its six-year completion rate by 2.8 percentage points, from 59.4% to 62.2%
- This rate of improvement ranked Kentucky 2nd highest in the U.S., only 1/10th of a point behind Utah
- With this gain, KY surpassed the national completion rate of 61.1%



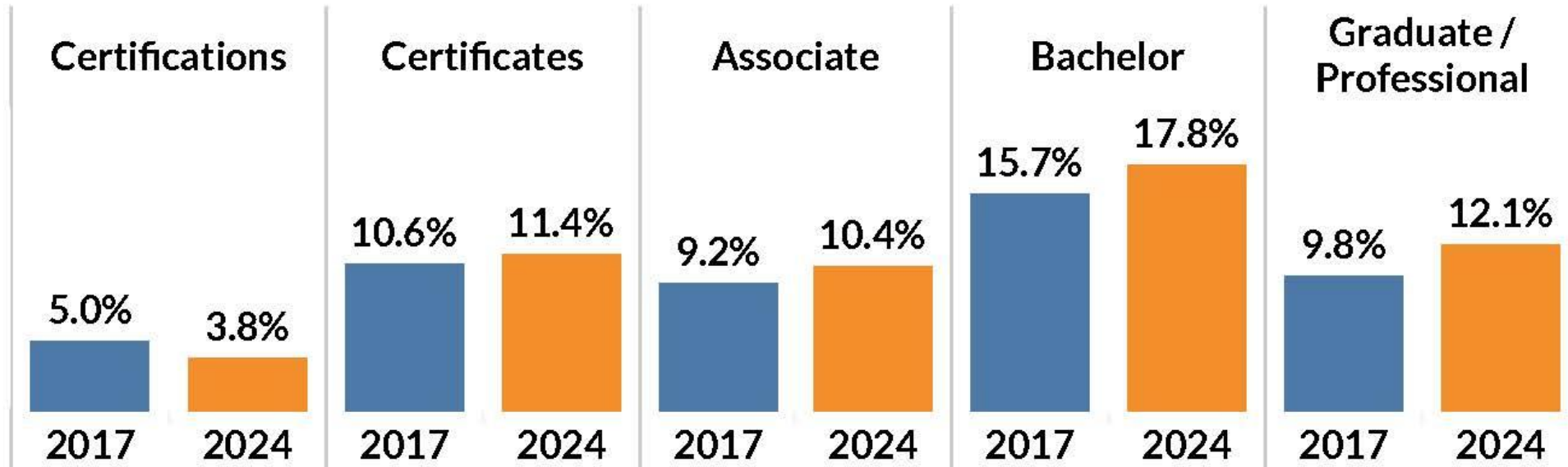
Statewide Educational Attainment

Goal: 60% by 2030



Note: 2020 omitted because of pandemic-era ACS data suppression

Educational Attainment of Kentucky Adults by Credential Type



Questions?



Twitter: CPENews and CPEPres



Website: <http://cpe.ky.gov>



Facebook: KYCPE