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Paying for College in Kentucky

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Tuition and Fees

- Lower in most of south than in nation as a whole, but higher in Kentucky, especially in two-year publics.
- Nationally there is a clear inverse relationship between state appropriations and tuition levels.
- Tuition policy cannot be separated from appropriations to institutions and student aid policy.

The Student Perspective

- Net price – not sticker price – determines financial burden.
- Non-tuition costs of attendance are the real burden for many students.

Grant Aid

- Need-based vs. non-need-based
- Equity / efficiency
- Large number of students don't apply for aid.
- KEES goes very high up the income scale.
- Institutional grants are not targeted on those with need.

Independent Students

- Difficult to differentiate among them
- Income is not easy to interpret
- By definition, putting yourself through school is a challenge.
- Going to college full-time right after high school increases chances of completion and maximizes pay-off to investment.

Affordability

- Not a simple yes / no question
- Paying for college involves prioritizing and making sacrifices.
- Ability to pay vs. willingness to pay
- At higher incomes, higher percentages of income are reasonable.

Debt

- Typical borrower graduates with about \$20,000 of debt.
- One third don't borrow at all.
- Repayment ability depends on income after leaving school.
- More difficult for students from low-income families to repay their loans.
- Federal income-based repayment:

In 10 years:

\$30,000 pays back \$17,000

\$40,000 pays back \$27,000

Tuition Solutions?

- Assuring access while maintaining revenues and quality
- Differential net tuition based on ability-to-pay
- Differences in price-sensitivity across income groups
- Equity and efficiency
- No magic bullets (tuition freezes, 4-yr locked-in tuition, etc.)

Keeping College Affordable

- Reasonable published tuition levels
- Adequate revenues for institutions
- Ample and well-targeted grant aid
- Protection against unmanageable debt.
- Information about student aid, the benefits of higher education, the advantages and implications of borrowing.
- Public policy informed by data and careful analysis.