Statewide Initiatives Decreasing Debt Among Undergraduate Completers at Kentucky Public Institutions

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Balancing Student Debt: Accessibility vs. Management

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Balancing Student Debt

- Student loans provide **access to higher education** and the **potential to increased economic mobility.**
- Federal loans provide **reasonable borrowing options** to students such that they can earn a degree and the ROI needed to achieve upward mobility.
- Absent federal student loans, the **private market is unlikely to provide affordable terms** if any terms at all.
  - Experimental research suggests that students who enroll at institutions not opted into federal loan programs earn fewer credits per term and are less likely to complete.

Sources: American Enterprise Institute

Student Debt Initiatives

- However, student debt loads can swell, impacting enrollment and completion, if not well managed.
- It is important that campuses and states collaborate to **balance postsecondary access with the long-term financial benefits of a credential.**
- In Kentucky, campuses, CPE, and state leaders collaborate to **increase access to financial aid, resources, and counseling, and suppress college costs.**
  - Students' Right to Know
  - FAFSA Days
  - Annual tuition increase limits

Impact

- Contrary to public discourse about growing levels of student debt, **average debt at graduation is declining for students enrolled at Kentucky public institutions.**
- Importantly, we also expect that declining low-income enrollment is part of the story. Collaborative effort to boost enrollment and completion of low-income students will be critical if Kentucky is to reach its 60x30 goal.
  - Strategic agenda
  - Campus efforts
  - Performance-based funding premiums

Methodology

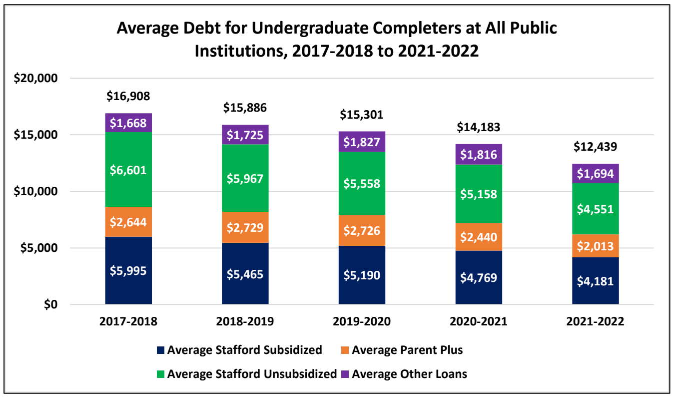
Measuring Graduate Debt

- We measure graduate debt for each student as the total debt accumulated from first enrollment through the end of the academic year in which they earned their **highest credential on record**.
- Using this methodology, we find conclusive evidence that, over the last five years, **average debt at graduation** and the **proportion of graduates with debt have declined across sector.**

All Public Sector Completers

CPE Higher Education Matters HIGHER EDUCATION Matters

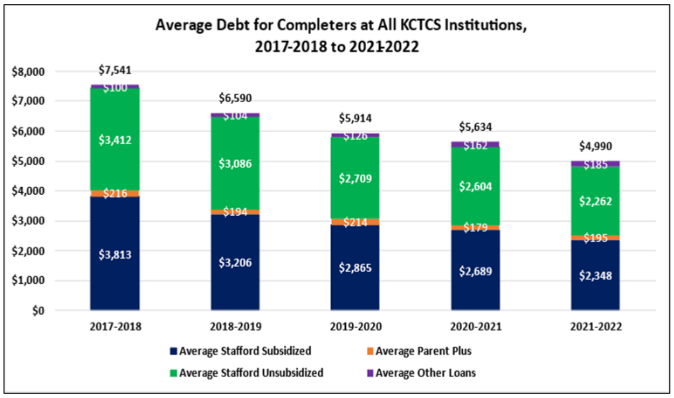
All Public Institutions



- Among all graduates, average debt declined from **$16,908 to $12,439**, a decrease of **$4,469 or 26.4%.**
- Among graduates with debt, average debt declined from **$29,008 to $26,368**, a decrease of **$2,640 or 9.1%** (not pictured).
  - **$3,531 or 10.7%** for URM students
  - **$2,914 or 10.7%** for low-income students

KCTCS Completers

All KCTCS Completers



- Among all graduates, average debt declined from **$7,541 to $4,990**, a decrease of **$2,551 or 33.8%.**
- The proportion of graduates with debt declined from **48.8% to 35.2%.**
- Among graduates with debt, average debt declined from **$15,466 to $14,178**, a decrease of **$1,288 or 8.3%** (not pictured).
  - **$2,609 or 15.0%** for URM students
  - **$1,406 or 8.8%** for LI students

Four-Year Undergraduate Completers

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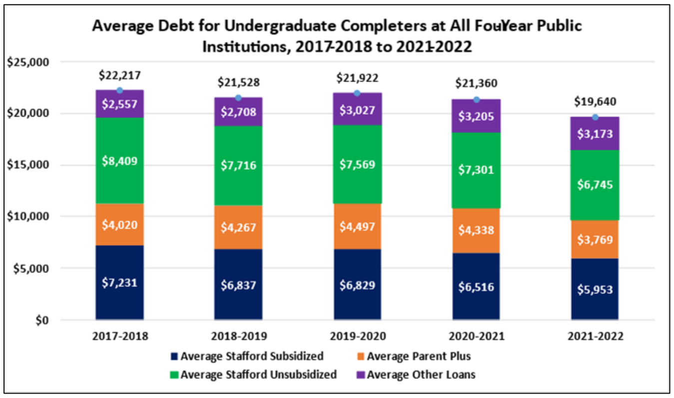
Four-Year Undergraduate Completers



- Among all graduates, average debt declined from **$22,217 to $19,640**, a decrease of **$2,577 or 11.6%.**
- The proportion of graduates with debt declined from **63.7 to 58.8%.**
- Among graduates with debt, average debt declined from **$34,885 to $33,427**, a decrease of **$1,458 or 4.2%** (not pictured).
  - **$1,616 or 4.3%** for URM students
  - **$1,923 or 5.7%** for LI students

Opportunity and Future Research

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Opportunity and Future Research

- The population of non-dual credit low-income undergraduates has decreased **29.3%** at four-year publics and **20.4%** at KCTCS over the past five years.
- CPE and state leaders are considering premium adjustments to the state performance funding model to reengage this population of students.
- In the future, we would find value in conducting a national scan that investigates how population-based premiums in performance-based funding impact enrollment and success of low-income learners.

Thank You