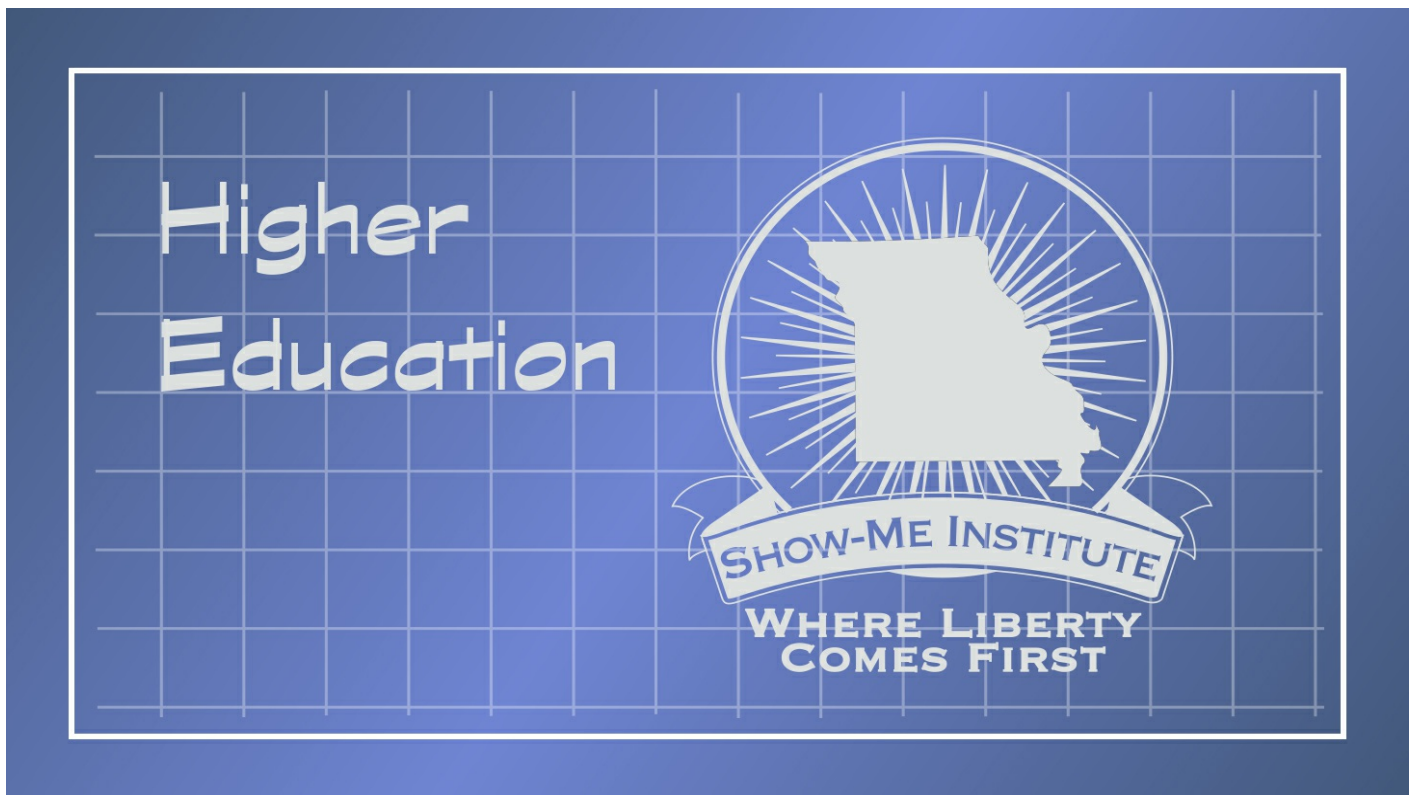




2018 Blueprint: Higher Education

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THE PROBLEM: The University of Missouri system, and higher education in the United States in general, are at a crossroads. Tuition is rising, resulting in over \$1 trillion in student loan debt nationwide. At the same time, students who fail to secure high-paying jobs are facing serious financial problems. In the Show-Me State, enrollment at the University of Missouri-Columbia continues to drop. The current freshman class is about 14 percent smaller than the previous year's and is the smallest incoming class in almost 20 years.

THE SOLUTION: *Higher education reform.*

Reform in Missouri should focus on reducing costs through innovation to attract more students. Universities could help reduce costs by encouraging competency-based education (CBE), which can reduce the time that students must spend in the classroom by granting accreditation when a student shows that she has mastered the subject matter. These programs allow students to pursue a degree while simultaneously protecting them from excessive costs and loan defaults. At the same time, the state could promote income-share agreements (ISAs), which provide an alternative to student loans whereby a student agrees to pay a percentage of future income in exchange for present financial aid.

WHO ELSE DOES IT? Schools across the nation, such as Texas A&M, Purdue, University of Michigan, and University of Wisconsin, offer CBE degrees. Purdue has a self-funding ISA

program in which it loans money to current students and then reinvests returns into future student borrowing.

THE OPPORTUNITY: Recent upheaval at Missouri's largest university has given us a chance to step back and evaluate how best to improve the higher education environment and provide cost-effective options to students. The University of Missouri system made progress in protecting free speech this past summer; now it should focus on reducing costs to help draw more students to our public universities.

KEY POINTS

- Higher education can greatly increase a student's financial prospects, but not everyone who spends money at a university comes out in the black.
- CBE programs can reduce tuition costs and the time a student must spend in class.
- By reinvesting earnings, ISAs can fund future degrees.

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For a printable version of this article, click on the link below. You can also view the entire [2018 Missouri Blueprint](#) online.

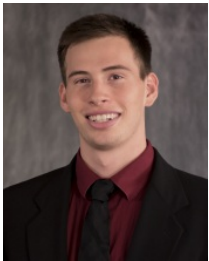
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Mission Statement

Advancing liberty with responsibility by promoting market solutions for Missouri public policy.

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