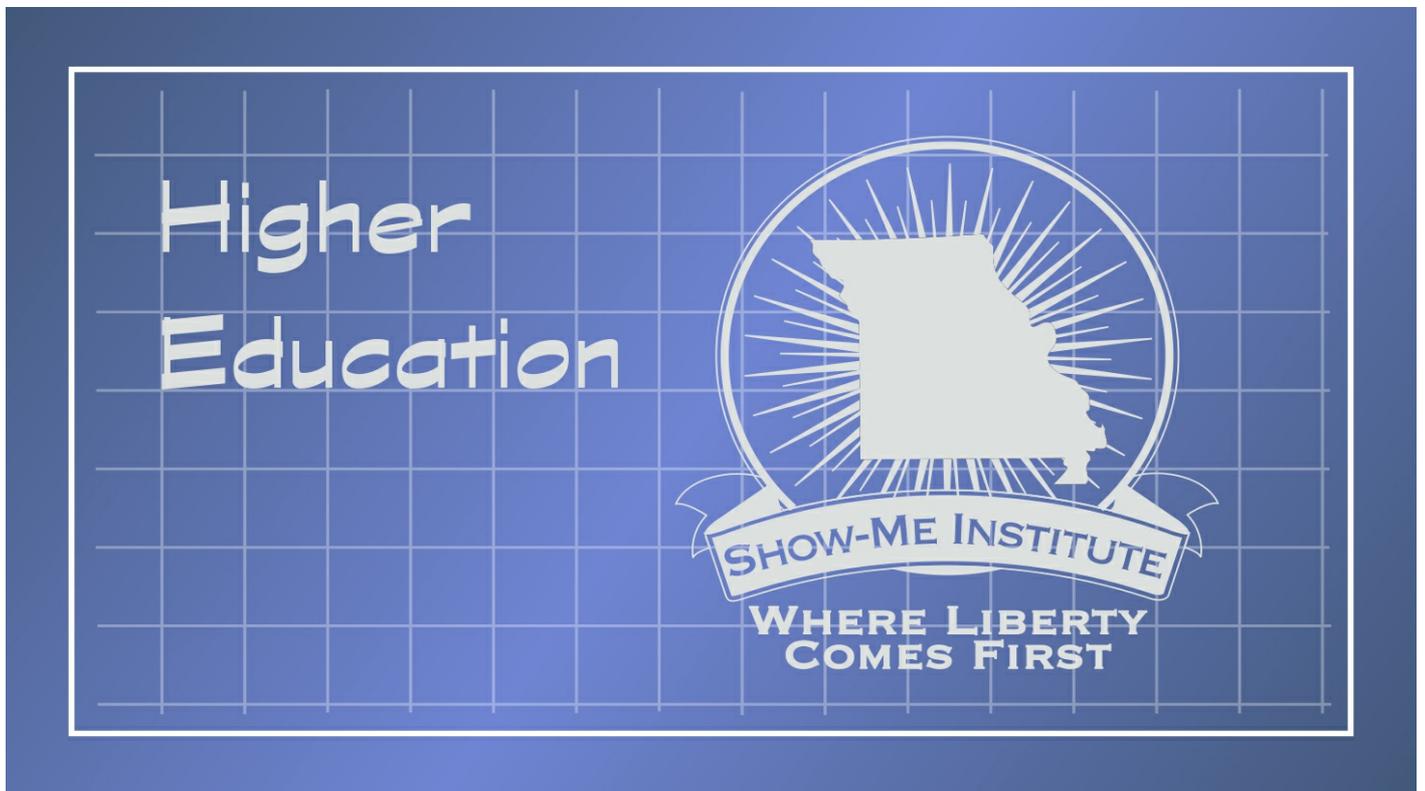




2018 Blueprint: Higher Education

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By: Michael Q. McShane Michael Highsmith Emily Stahly

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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 [Missouri Blueprint_Higher Education.pdf](#)

About the Author



*Michael McShane
Senior Fellow of Education Policy*

Mike McShane is Senior Fellow of Education Policy for the Show-Me Institute. He is a former high school teacher and earned his PhD in Education Policy at the University of Arkansas. Before coming to the Show-Me Institute, Mike worked at the American Enterprise Institute as a research fellow.



*Michael Highsmith
Policy Researcher*

Michael was a policy researcher at the Show-Me Institute. A native of Saint Louis, he earned a Bachelor of Science degree in business administration with emphasis in economics at Saint Louis University. Michael researched budget and tax policy with the Show-Me Institute.



*Emily Stahly
Analyst*

Emily Stahly is an analyst at the Show-Me Institute. She earned her B.A. in politics from Hillsdale College in Michigan and is researching education with the Show-Me Institute.

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

Show-Me Institute

5297 Washington Place 3645 Troost Avenue
Saint Louis, MO 63108 Kansas City, MO 64109
Phone: (314) 454-0647 Phone: (816) 287-0370
Fax: (314) 454-0667

Email: info@showmeinstitute.org

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