



## Associated Students of the UNIVERSITY of MISSOURI

# College produces benefits for students & society.

**At a time when student debt is reaching historic proportions, we had the first ever major cut to higher education absent an economic downturn. This hurts students, sure, but it also hurts the Missouri economy.**

**College is becoming less affordable. The cuts to higher education made in FY 2018 were the only significant cuts to higher education to occur absent the presence of an economic downturn.<sup>1</sup>**

- Of the Governor's \$146 million in FY 2017 withholdings, 52 percent—or \$82 million—came from institutions of higher education preparing tomorrow's workers, leaders, and innovators.
- As part of the FY 2018 budget, House Bill 3 slashed higher education spending by 6.58 percent. This was actually *higher* than the Governor's proposed 10 percent reduction.
- The Governor elected to withhold an additional \$24 million designated for higher education from the approve FY 2018 budget.

**These cuts to higher education—leading to tuition increases ranging from 2.1 to 6 percent—comes at a time when student debt is historic in its magnitude.**

- 44.2 million students and their families currently owe \$1.44 trillion in student debt.<sup>2</sup>
- 53 percent of Missouri students have taken out loans in their name; the same percentage reported that finances were one of their primary sources of stress.<sup>3</sup>
- Average student debt is approximately \$30,000.<sup>4</sup> This contributes to why 20 percent of students report being unable to take our loans for other items, and explains why students are delaying making major life decisions, like marriage, starting a family, or buying a home.<sup>5</sup>
- Student loan delinquency is at 11.9%, representing large numbers of people whose lives are being derailed by something that's supposed by a lifelong investment.
- While pre-FY 2018 tuition remained flat despite declining state support, fees and textbook costs rose precipitously. From 1998-2016, textbook prices increased by 181% compared with 48% price increases throughout the economy.<sup>6</sup>

Funding higher education makes sense: Federal, state, and local governments spend fewer dollars on college graduates compared with non-graduates, and earn more from them in state taxes. In fact, someone who completes college saves taxpayers \$109,000 compared with someone who drops out.<sup>7</sup> A college education is increasingly necessary for upward mobility, and is a bulwark against automation and a boon for Missouri's economy.

<sup>1</sup> UM System Vice President for Finance and Chief Financial Officer

<sup>2</sup> Student Loan Hero Student Debt Statistics 2017

<sup>3</sup> Missouri Assessment of College Health Behaviors

<sup>4</sup> LendEDU Student Debt Statistics 2017

<sup>5</sup> Association of Credit and Collection Professionals (ACA)

<sup>6</sup> American Enterprise Institute (AEI)

<sup>7</sup> Caroll and Erkut 2009. "The Benefits to Taxpayers from Increases in Educational Attainment."