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## Why are student loans necessary

### Trend:

Although the underlying costs of higher education have remained relatively stable, Oregon's decreasing investment in our higher education system have placed more of a burden on students and families.

- In 1990, about two-thirds of higher education costs were borne by the State. Now it's only just over one-quarter.
- Students are asked to pick up the slack, whether in the form of personal savings or student loans.
- In response to budgetary shortfalls, it is easier to underfund higher education than other services because the gap will ultimately be made up through student loans or by out-of-state tuition.

### Effect:

This results in a long-term divestment in Oregon's economy.

- Students graduating with student loans have decreased or delayed economic activity.
- This decreased or delayed economic activity calls into question economic forecasts. A decade ago, there was only about \$300 billion in such loans outstanding, and now \$1.1 trillion. New York Times May 14 2014