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## **Colorado Lawmakers Pass Bill That Would Send State Money to Students Instead of Institutions**

By SARA HEBEL

Colorado is poised to become the first state to provide sizable public funds for higher education directly to students through a voucherlike program.

The state's House of Representatives passed legislation on Tuesday that would put in place such a system, and Colorado's governor, Bill Owens, a Republican, is expected to sign the measure. The State Senate endorsed the financing plan earlier this month.

Under the bill, which would take effect in July 2005, lawmakers would allocate money each year to a new College Opportunity Fund, to be used for stipends to Colorado residents who enroll in undergraduate programs at either public or private institutions in the state.

Those attending a public college would be eligible for the full stipend, estimated to be about \$2,400 in the first year of the program. Those attending a private college would have to demonstrate financial need and would be eligible to receive half the amount provided to public-college students.

The legislation would also allow public colleges to negotiate contracts with the state to receive additional aid to help pay for some activities, like rural education and graduate- and professional-degree programs.

Proponents of the bill argued that the new system for financing higher education would help the state and its institutions deal with a tight budget while establishing performance agreements for colleges to follow. To participate in the program, both public and private institutions would have to agree to meet certain goals -- like improving graduation and retention rates -- that they would negotiate with the Colorado Commission on Higher Education, the state's coordinating board.

Advocates also hope that the plan would help encourage more people to attend college because it would allow the state to tell high-school students that Colorado was setting aside money for each of them to use.

Many college officials support the financing plan because it would give them new operating flexibilities in exchange for receiving less money directly from the state. Strict limits that Colorado's Constitution imposes on state spending and revenues have restricted appropriations for public colleges and how much institutions can raise tuition and fees.

The legislation would allow public colleges to issue their own bonds and to increase tuition by greater amounts than they can now. The General Assembly would have the authority, though, to approve or

deny any proposed rate changes.

Elizabeth Hoffman, president of the University of Colorado System, praised the plan's passage. "I am appreciative of the legislature's support in working with us on solutions to protect the integrity, the quality, and the traditions of this great university for future generations," Ms. Hoffman said in a written statement.

Late last year, University of Colorado officials released a study that said the state could run out of money for higher education by the 2009 fiscal year if Colorado's economy continued to grow as slowly as it has.

"I know what a difficult decision it was for them," Ms. Hoffman said. "I also know that this is only the first step in addressing the severe financial challenges we are facing in higher education."

For instance, she and others want a measure to appear on the ballot this fall that would ask voters to overturn some of the state's constitutional spending limits.

Opponents of the financing bill had argued that state lawmakers would have been better off focusing solely on efforts to change the state Constitution as a way of confronting the budget challenges facing colleges.

The opponents said that the new financing plan could make things worse for public colleges by spending scarce dollars on private colleges. In the end, the opponents said, the legislation would not guarantee any overall increase in the amount of money available to higher education.

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