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Vouchers: Higher-ed savior?

Proponents say bill to spur enrollment

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Friday, December 13, 2002 - Colorado will be the first state to give subsidies to college students rather than schools if lawmakers approve a plan hammered out Thursday.

Lawmakers and educators appointed by Gov. Bill Owens 18 months ago unanimously finalized the plan to issue vouchers to all students who want to go to a public college in Colorado. The vouchers would be worth up to \$18,666 over four years.

The plan will be put forth to legislators in the spring and could be in place as early as the 2004-05 school year.

The state now subsidizes students by sending money directly to colleges and universities. But educators think the plan will motivate more students to attend college if they see the money in their name, creating a psychological boost that college is possible.

The plan is largely inspired by the fact that Colorado is last in the nation in sending poor students to college and sends only 38 percent of all high school graduates on to higher education.

"I think you'll see a dramatic increase in the number of young people who go to college," said state Rep. Keith King, R-Colorado Springs, who will sponsor the proposal. "Most taxpayers don't realize how much we subsidize higher education and this puts it in front of them in real dollars."

High school students will get a letter in the mail saying their college savings account awaits them.

That, coupled with a 25 percent reduction in community college tuition, will make an attractive college gateway for those who never thought college was possible, said Tim Foster, director of the Colorado Commission on Higher Education. "We're really trying to improve our participation rate," Foster said.

Students and their parents would still pay tuition ranging from \$2,564 a year at the University of Colorado to \$1,229 at community colleges. But they could make up part of the difference with financial aid as they do today.

While the plan overhauls how state higher education is financed, the state appropriation remains the same: \$635 million.

"I think any time you offer financial support to families for college, it's helpful," said Patricia Gould, a counselor at Denver East High School. "And seeing community college as a viable gateway is important to a lot of kids because they're working or because of their grades."

Some high school counselors were skeptical Thursday about the plan. "Will the federal government count the vouchers as income for purposes of federal financial aid?" asked Diane Lloyd, counseling chairwoman at Denver West High School, where 75 percent of the students receive free lunches. "Our students become skeptical because a lot of them are working to support their families and the

federal government says they make too much for financial aid."

The vouchers aren't considered income because they can be used only for a specific purpose, said Bridget Mullen, budget analyst for the Colorado Commission on Higher Education.

Since the state money would go into an account in the name of the student at the college he or she chooses rather than directly to the schools, colleges could be freed from the constitutional revenue restrictions established by the 1992 Taxpayer's Bill of Rights, or TABOR.

TABOR prevents state agencies from increasing fees - including tuition - at a rate faster than inflation and population growth. Once a school's state funding is reduced to 10 percent of its budget, it becomes eligible as an enterprise - such as the Colorado Lottery or Division of Wildlife - and free from TABOR restrictions.

The plan would cap tuition increases at 5 percent for most schools in the first year, including the state's biggest - CU and Colorado State. Future tuition increases would depend on performance measures such as graduation rates and retention.

College presidents worry about limitations on raising tuition.

"I'm not saying we should have carte blanche but you're subjecting the institutions to the market forces without the ability to price the product," said Colorado State president Albert Yates.

University of Colorado president Betsy Hoffman said she will lobby for enterprise-status in a bill side-by-side with the voucher bill. "If our state support is less than 10 percent we shouldn't have to jump through all the hoops we jump through to spend our own money to expand our football stadium or to grant new degree programs," she said.

CU currently relies on state support for 14 percent to 15 percent of its budget, she said.

How voucher plan would work

Undergraduate vouchers will give a student up to \$18,666 over four years; master's level voucher up to \$16,000. Doctoral programs will be financed with a block grant.

Subsidies will be limited to 140 hours for undergraduates and 60 hours for master level programs.

Community college tuition will be lowered by 25 percent to \$1,300 annually.

The vouchers will be limited to students attending public schools. Private school vouchers may come later.

Tuition increases will be held to 5 percent the first year for most schools and thereafter tied to performance measures.

Adoption will allow schools to seek enterprise status freeing them from the revenue and tuition restrictions of the Taxpayer's Bill of Rights.