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# The Bell Policy Center

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## College Affordability Act

### Senate Bill 14-001

Testimony to the House Education Committee  
 Frank Waterous, Ph.D., Senior Policy Analyst  
 April 21, 2014

My name is Frank Waterous, and I am a senior policy analyst with the Bell Policy Center. The Bell is a non-partisan, non-profit research and policy organization founded on progressive values and dedicated to expanding opportunity for all Coloradans.

**The Bell Policy Center strongly supports Senate Bill 14-001.<sup>1</sup> The implementation of a 6 percent cap on undergraduate in-state tuition increases is a needed step in ensuring that costs do not put post-secondary education out of reach for Colorado's students and families. Combined with this cap, the bill's significant \$100 million reinvestment in both the operation of our public post-secondary system and in student financial aid is crucial for revitalizing the state's role in supporting affordable post-secondary education as a gateway to opportunity for all Coloradans.**

Since the Bell Policy Center's founding, we have stressed that one of the essential functions and obligations of government is to support the development of an educated citizenry and workforce. A significant part of our advocacy efforts has centered on maintaining access to affordable post-secondary education as a key gateway to the "Cycle of Opportunity" that underlies and informs the Bell's work.<sup>2</sup> We fundamentally believe that Colorado cannot continue to shift more and more of the funding responsibility for our public post-secondary education system onto students and families without compromising access to opportunity. Tuition paid by Colorado students and families now accounts for 69 percent of total per-student post-secondary education revenues, compared to just 32 percent 15 years ago.<sup>3</sup>

In 2010, the Bell reluctantly supported Senate Bill 3, which – among other things – offered governing boards limited tuition flexibility for a five-year period. We did so because we saw it as the lesser of two policy evils in the context of rapidly diminishing state financial support for public post-secondary education. But at the same time, we noted in our testimony two significant concerns as caveats to our support:

- First, we expressed concern about the 9 percent tuition increases allowed in the bill. We encouraged the legislature to "consider if a lower limit might be advisable as a threshold, given the potential impact on students and families."
- Second, we stressed our concern that the bill did not address the "fundamental importance of increasing ... state need-based financial aid," noting that the literature

was clear that “states cannot and should not rely solely on the expanded institutional aid resulting from tuition increases when trying to make up for lost state revenues.”<sup>4</sup>

**Our strong support for SB14-001 rests on the fact that it squarely and significantly addresses both of these concerns raised by us back in 2010.**

- **Tuition increases:** The bill eliminates the 9 percent threshold for undergraduate in-state tuition increases and caps them at 6 percent, stating that “it is in the best interest of students and the institutions ... to help ensure the affordable, quality education that is fundamental to Colorado’s economic development.” We couldn’t agree more.
- **State-funded financial aid:** The bill makes a historic \$40 million increased investment in student financial aid – \$30 million for need-based grants, \$5 million for work-study opportunities and \$5 million for merit-based awards. We applaud this significant step and appreciate its recognition of the importance of state-funded financial aid as a key element in maintaining post-secondary access and affordability.

However, without wanting to detract in any way from our enthusiasm about this key investment, as a matter of public policy we agree with JBC staff’s recommendation from this year’s Higher Education briefing document that the \$5 million for merit aid would be better redirected instead to expand the need-based aid increase. While we understand and appreciate the desires of those who support merit aid as a way of keeping top Colorado students in our state, we would echo JBC staff’s conclusion that “the state’s resources would be best focused in the need-based arena rather than on merit-based aid.”<sup>5</sup> In our view, need-based aid creates *opportunity*, while merit-based aid provides *options*.

This one point of policy disagreement, though, in no way diminishes our strong support for the bill.

In conclusion, **the Bell Policy Center believes that Senate Bill 14-001 is an important step forward in ensuring that public post-secondary education is accessible and affordable for all of Colorado’s students and families.** We thank Representatives Garcia and McLachlan for bringing the bill to you today, and urge you to support it. Finally, we appreciate the opportunity to share this testimony with you. If you have any questions, or if I can provide further information, please contact me at 303-297-0456 or [waterous@bellpolicy.org](mailto:waterous@bellpolicy.org).

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#### Endnotes

<sup>1</sup> The bill’s main provisions are based on Gov. John Hickenlooper’s 2014-15 budget request for the Colorado Department of Higher Education. See [transmittal letter and budget overview](#).

<sup>2</sup> Bell Policy Center, *What is the Cycle of Opportunity?* The Bell introduced the Cycle of Opportunity concept in 2002 to illustrate how we believe opportunity is created and sustained in the 21st Century.

<sup>3</sup> Colorado Commission on Higher Education, *Tuition and Fees Report, Fiscal Year 2013-14*, January 2014.

<sup>4</sup> Waterous, Frank, Testimony to the House Education Committee on Senate Bill 10-003, *Concerning higher education flexibility to improve the financial position of state institutions of higher education*, May 6, 2010.

<sup>5</sup> Bickel, Amanda, *FY 2014-15 Staff Budget Briefing, Department of Higher Education*, Colorado General Assembly, Joint Budget Committee, Dec. 3, 2013.