



# The Bell Policy Center

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## **Colorado lags in student financial aid**

### **State isn't doing enough to help needy kids go to college**

**By Spiros Protopsaltis, Policy Analyst**

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As Colorado continues to disinvest in public higher education, one group is hurting more than the rest: hard working and able low- and moderate-income students.

In a world of increasingly scarce resources, where do we draw the line between "need" and "merit" to ensure that all our young people have the opportunity to continue their education beyond high school?

Colorado has a dismal track record when it comes to helping its neediest kids go to college. In fact, we rank 45th among all states in giving young adults from low-income families that chance. The combined impact of cutting need-based financial aid and increasing tuition is likely to widen the attendance gap among students from different socioeconomic backgrounds.

In a perfect world, there would be enough aid available to help every young person who is prepared to go to college. But Colorado is far from perfect. Despite increases in need-based financial aid programs over the past four years, the state currently meets only 8 percent of documented student need, falling about \$540 million short. And last year, due to the enormous pressure on the state's budget, the legislature reduced this aid by \$5.5 million, or 11 percent.

The smaller merit-based program has sustained even deeper cuts, and Colorado deserves credit for not protecting this program at the expense of need-based programs. But we believe a large portion of state merit aid should go to kids who both achieve academic excellence and demonstrate financial need. Because while more than half of students who receive merit-based scholarships come from families that can afford to send them to college anyway, access to financial aid is the single most important tool for increasing access for students with limited resources.

It is well documented that merit aid fails to expand access for underrepresented students, as well as depletes funds from the need-based programs that make all the difference in whether a talented low-income student can attend college. Supporters counter that merit aid is important because it helps Colorado keep the best and brightest students in our state colleges. But between 1989 and 2001, we were the second largest net importer of college freshmen and graduates educated elsewhere. In other words, we attract many more students and graduates than we lose, making the "brain drain" argument difficult to support.

Another problem with our merit aid program is that thousands of eligible students who qualify for the award do not receive it due to lack of funding. For example, the 10,552 students who received an award last year got an average of \$1,339 (undergraduate students) and \$2,521 (graduate students), which not only covers just a fraction of college costs, but cannot rival the offers made by many out-of-state wealthy public and private institutions.



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Most important, the majority of students who receive merit aid come from families with a relatively high ability to pay for college. Of the 70 percent of recipients who reported financial data last year, almost half came from families with incomes of more than \$50,000, more than 25 percent with incomes over \$75,000, and more than 11 percent with incomes over \$100,000. At some institutions, almost 30 percent of merit aid recipients come from families with over \$100,000 income. In a state that is ranked near the bottom in providing postsecondary access to low-income students and is unable to provide sufficient need-based aid, this raises serious questions about our priorities and the effectiveness of merit aid.

Many states use a combination of merit and need criteria in determining eligibility or in setting award amounts, and some even set income caps. Other suggestions on improving merit aid programs include collecting financial data as part of the application process, implementing a sliding-scale merit-need combination to replace the "one size fits all" approach, and using an expanded definition of merit that includes extracurricular activities and other criteria often used in the college admissions process.

Colorado recently missed an opportunity to move in the right direction when Rep. Angie Paccione (D-Ft. Collins) introduced legislation that would have allocated 70 percent of merit aid to low- and moderate-income students (with family incomes up to approximately \$65,000). The other 30 percent would have been set aside for students regardless of their financial status. Regrettably, the Colorado Commission on Higher Education (CCHE) opposed the legislation, which was defeated in the House Education Committee by a 6-5 vote. This was surprising to those who have listened to CCHE say that "affordability for lower-income families and students a priority" and have witnessed some promising actions to achieve that goal in recent years.

However, even more perplexing are the changes to the merit aid program adopted by CCHE in the week following defeat of the bill. Currently, a student must have a 3.0 GPA to qualify for merit aid. But CCHE raised the academic requirements to 3.75 for initial qualification and to 3.5 for renewal of the award. Research indicates that this increase will favor students from well-funded school districts, who are usually upper-income and non-minority, and will further hinder postsecondary access for low- and moderate-income students. This makes securing a significant portion of merit aid for needy students even more imperative now.

At a time when education beyond high school is more important than ever and mounting tuition increases are hurting students and families with limited financial resources, we must reexamine our priorities. If we agree that opportunity is at the heart of our democratic system, we must do a better job of leveling the playing field for all students willing and able to pursue a postsecondary education. The well-off will always have an opportunity to go to college; it's the rest of our kids we should make a special effort to help, especially during difficult budget times.

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