

## Child College Savings Accounts (HB19-1280)

Testimony to the House Finance Committee

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Madame Chair and members of the committee, thank you for this opportunity to testify on behalf of House Bill 19-1280. My name is Amanda Valenta and I'm a policy analyst on work and learning at the Bell Policy Center. We provide policymakers, advocates, and the public with reliable resources to create a practical policy agenda that promotes economic mobility for every Coloradan.

State investment in higher education has [declined across the country](#) since 2000, and despite increases in the last few years, Colorado still has not reached pre-recession funding levels. In 2000, about 68 percent of the cost of college was paid for by taxpayers, with students and families contributing about one-third. Since then, that ratio has nearly flipped. In 2017, tuition accounted for [70 percent](#) of Colorado higher education revenue. Even though a boost to higher education funding seems to be secured this legislative session, along with flat tuition for most public institutions, college remains unaffordable for most Colorado families. Child college savings accounts will help all families — not just the very wealthy — prepare for this expensive, [but necessary](#) milestone.

Although state and federal aid for higher education exists, such programs are insufficient, particularly for low-income students and students of color who rely on them and who are less likely than their affluent and white peers to have access to family financial support. The total student debt load held by Americans has risen to about \$1.5 trillion and [average debt loads are higher](#) for Pell recipients and black students than for their non-Pell and white peers, respectively (at both public and private nonprofit schools). Additionally, students who take out loans for college have a [higher risk of dropping out](#).

But there are effective ways to help families prepare financially and avoid such high debt burdens. A [2013 study](#) shows children with \$500 in assets designated for school are three times more likely to enroll in college and two and a half times more likely to graduate than a child without such savings. These effects are larger for low- and middle-income students. A [randomized controlled trial](#) of a state-funded child savings account in Oklahoma finds universal, automatic accounts help equalize college opportunity across social class. Universal access to such programs is key — without it, savings accounts become a path to college not for all Coloradans, but for a privileged few.

As our workforce changes and the [demand for postsecondary education increases](#), child savings accounts are a long-term investment in Colorado's students and their families. Assets like these help young people aspire to college and [better avoid debt](#) when they get there, and [disrupt cycles of inequality](#) that persist in our education system and our economy. While we welcome this initial seed funding, programs like these are only successful if they represent long-term commitments to families. People make major financial and life decisions around promises like this and if the funding mechanism is not long term and sustainable, we will not be doing right by Colorado kids and families. We urge the legislature to identify a long-term, accountable funding stream so this commitment is dependable and effective.

Thank you for your time. I'm happy to answer questions.