

**NOTE: The governor signed this measure on 5/9/2014.**

# An Act

HOUSE BILL 14-1319

BY REPRESENTATIVE(S) Ferrandino and Holbert, Garcia, Szabo, Buckner, Coram, Court, Duran, Fields, Hamner, Humphrey, Joshi, Landgraf, Lawrence, Moreno, Murray, Navarro, Pettersen, Rankin, Salazar, Schafer, Scott, Sonnenberg, Wright, Wilson, Ginal, Kraft-Tharp, Lebsock, McLachlan, Mitsch Bush, Rosenthal, Ryden, Tyler, Vigil, Young, Hullinghorst, Kagan, Lee;

also SENATOR(S) Lambert and Todd, Aguilar, Cadman, Crowder, Grantham, Guzman, Herpin, Johnston, Lundberg, Marble, Newell, Renfroe, Rivera, Scheffel, Tochtrop, Ulibarri, Kefalas, Kerr, Steadman.

CONCERNING THE CREATION OF AN OUTCOMES-BASED FUNDING MODEL FOR HIGHER EDUCATION, AND, IN CONNECTION THEREWITH, MAKING AND REDUCING APPROPRIATIONS.

*Be it enacted by the General Assembly of the State of Colorado:*

**SECTION 1.** In Colorado Revised Statutes, **add** part 3 to article 18 of title 23 as follows:

## PART 3 HIGHER EDUCATION FUNDING

**23-18-301. Legislative declaration.** (1) THE GENERAL ASSEMBLY

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*Capital letters indicate new material added to existing statutes; dashes through words indicate deletions from existing statutes and such material not part of act.*

FINDS AND DECLARES THAT:

(a) HIGHER EDUCATION IS AN ECONOMIC ENGINE FOR COLORADO, HELPS TO CREATE AN INFORMED CITIZENRY, AND CONTRIBUTES SIGNIFICANTLY TO COLORADO'S SUPERIOR QUALITY OF LIFE;

(b) IN ORDER TO ENSURE THE STATE'S ONGOING SOCIAL, CULTURAL, AND ECONOMIC VIBRANCY, FUNDING FOR HIGHER EDUCATION SHOULD BE BASED ON THE NEEDS OF THE STATE, THE PEOPLE OF COLORADO, AND THE STUDENTS;

(c) COLORADO CURRENTLY RANKS THIRD IN THE UNITED STATES IN THE PERCENTAGE OF ITS CITIZENS BETWEEN THE AGES OF TWENTY-FIVE AND SIXTY-FOUR WITH A COLLEGE DEGREE, LARGELY DUE TO THE MIGRATION OF COLLEGE-EDUCATED ADULTS FROM OTHER STATES AND COUNTRIES;

(d) IN ORDER TO ENSURE THAT COLORADO STUDENTS HAVE ACCESS TO A POSTSECONDARY EDUCATION THAT WILL ALLOW THEM TO COMPETE FOR JOBS IN COLORADO'S INCREASINGLY HIGH-TECH ECONOMY AND THE GLOBAL ECONOMY, IT IS ESSENTIAL THAT COLORADO MAKE WISE USE OF ITS INVESTMENT IN HIGHER EDUCATION TO INCREASE THE NUMBER OF COLORADANS WHO HAVE EARNED A HIGH-QUALITY POSTSECONDARY CREDENTIAL;

(e) IT IS IMPORTANT THAT THE STATE OF COLORADO ENSURES THAT ALL COLORADANS HAVE ACCESS TO AFFORDABLE HIGHER EDUCATION, REGARDLESS OF INCOME, RACE, GENDER, AGE, OR ACADEMIC PREPARATION, AND THAT HIGHER EDUCATION SERVICES ARE AVAILABLE IN ALL GEOGRAPHIC AREAS OF THE STATE, INCLUDING RURAL AREAS, HISTORICALLY UNDERSERVED AREAS, AND AREAS WITH LOW EDUCATIONAL ATTAINMENT;

(f) IN PARTICULAR, IT IS CRITICAL THAT THE RATE OF POSTSECONDARY PARTICIPATION BY LOW-INCOME COLORADANS AND MINORITIES, WHO ARE CURRENTLY UNDER-REPRESENTED, BE INCREASED AT COLORADO'S INSTITUTIONS OF HIGHER EDUCATION; AND

(g) COLORADO'S LIMITED STATE RESOURCES MUST BE USED IN A WAY THAT PROVIDES INCENTIVES FOR STATE INSTITUTIONS OF HIGHER EDUCATION TO ACHIEVE THE POLICY GOALS ADOPTED BY THE GENERAL

ASSEMBLY AND THE COLORADO COMMISSION ON HIGHER EDUCATION.

(2) THE GENERAL ASSEMBLY FURTHER FINDS AND DECLARES THAT:

(a) IN ORDER FOR THE GENERAL ASSEMBLY TO PERFORM ITS DUTY TO EXERCISE OVERSIGHT AND ENSURE THAT TAX DOLLARS ARE BEING USED TO ACHIEVE STATED POLICY GOALS, HIGHER EDUCATION MUST BE FUNDED IN A MANNER THAT IS TRANSPARENT AND UNDERSTANDABLE;

(b) THESE GOALS CAN BE ACCOMPLISHED BY THE GENERAL ASSEMBLY ESTABLISHING PERFORMANCE METRICS THAT ARE CONSISTENT AND PREDICTABLE BUT THAT MAY BE AMENDED, AS APPROPRIATE, TO REFLECT THE CHANGING GOALS OF THE STATE AND OF INSTITUTIONS;

(c) WITH A CONSISTENT AND PREDICTABLE FUNDING MODEL FOR HIGHER EDUCATION, STATE INSTITUTIONS OF HIGHER EDUCATION WILL BE ABLE TO ENGAGE IN LONG-TERM FINANCIAL PLANNING THAT WILL BENEFIT STUDENTS THROUGH MORE PREDICTABLE TUITION AND FEES; AND

(d) IF HIGHER EDUCATION IS FUNDED IN A MANNER THAT IS TRANSPARENT AND UNDERSTANDABLE, COLORADANS, AND ESPECIALLY COLORADO TAXPAYERS, WILL MORE EASILY UNDERSTAND THE BENEFIT REALIZED FROM COLORADO'S INVESTMENT IN ITS HIGHER EDUCATION SYSTEM.

**23-18-302. Definitions.** AS USED IN THIS PART 3, UNLESS THE CONTEXT OTHERWISE REQUIRES:

(1) "AREA VOCATIONAL SCHOOL" HAS THE SAME MEANING AS PROVIDED IN SECTION 23-60-103 (1).

(2) "COMMISSION" MEANS THE COLORADO COMMISSION ON HIGHER EDUCATION ESTABLISHED PURSUANT TO SECTION 23-1-102.

(3) "COMMUNITY COLLEGE" MEANS A COMMUNITY AND TECHNICAL COLLEGE DESCRIBED IN SECTION 23-60-205 THAT IS GOVERNED BY THE STATE BOARD FOR COMMUNITY COLLEGES AND OCCUPATIONAL EDUCATION OR THE BOARD OF TRUSTEES FOR COLORADO MESA UNIVERSITY.

(4) "DEPARTMENT" MEANS THE COLORADO DEPARTMENT OF HIGHER

EDUCATION ESTABLISHED PURSUANT TO SECTION 24-1-114, C.R.S.

(5) "LOCAL DISTRICT JUNIOR COLLEGE" MEANS A JUNIOR COLLEGE OPERATING PURSUANT TO ARTICLE 71 OF THIS TITLE.

(6) "MASTER PLAN" MEANS THE MASTER PLAN CREATED PURSUANT TO SECTION 23-1-108.

(7) "PELL-ELIGIBLE STUDENT" MEANS AN UNDERGRADUATE STUDENT WHO QUALIFIES FOR THE FEDERAL PELL GRANT OR FOR A GRANT THROUGH A SUCCESSOR PROGRAM.

(8) "STATE INSTITUTION OF HIGHER EDUCATION" OR "INSTITUTION" HAS THE SAME MEANING AS DEFINED IN SECTION 23-18-102 (10).

(9) "TOTAL GOVERNING BOARD APPROPRIATION" MEANS, FOR A FISCAL YEAR, THE SUM OF THE AMOUNT APPROPRIATED TO THE GOVERNING BOARD OF A STATE INSTITUTION OF HIGHER EDUCATION FOR A FEE-FOR-SERVICE CONTRACT NEGOTIATED PURSUANT TO SECTION 23-18-303 AND THE AMOUNT STATED AS REAPPROPRIATED SPENDING AUTHORITY IN THE GENERAL APPROPRIATIONS ACT FOR THE GOVERNING BOARD TO EXPEND STIPENDS RECEIVED PURSUANT TO SECTION 23-18-202 ON BEHALF OF ELIGIBLE UNDERGRADUATE STUDENTS.

(10) "TOTAL STATE APPROPRIATION" MEANS, FOR A STATE FISCAL YEAR, THE SUM OF THE TOTAL AMOUNT APPROPRIATED TO THE GOVERNING BOARDS OF THE STATE INSTITUTIONS OF HIGHER EDUCATION FOR FEE-FOR-SERVICE CONTRACTS DETERMINED PURSUANT TO SECTION 23-18-303, AND THE AMOUNT OF THE APPROPRIATION TO THE COLLEGE OPPORTUNITY FUND ESTABLISHED IN SECTION 23-18-202 FOR STUDENT STIPENDS.

**23-18-303. Fee-for-service contracts - authorization.** (1) FOR THE 2015-16 STATE FISCAL YEAR AND EACH FISCAL YEAR THEREAFTER, THE GOVERNING BOARD OF A STATE INSTITUTION OF HIGHER EDUCATION MAY ANNUALLY NEGOTIATE A FEE-FOR-SERVICE CONTRACT WITH THE DEPARTMENT FOR THE DELIVERY OF HIGHER EDUCATION SERVICES BY THE INSTITUTION FOR THE BENEFIT OF THE STATE AND ITS RESIDENTS. SPECIALTY EDUCATION PROGRAMS, AREA VOCATIONAL SCHOOLS, AND LOCAL DISTRICT JUNIOR COLLEGES ARE FUNDED PURSUANT TO THE PROVISIONS OF SECTION

23-18-304.

(2) EACH FEE-FOR-SERVICE CONTRACT MUST INCLUDE INSTITUTIONAL ROLE AND MISSION FUNDING AS DESCRIBED IN SUBSECTION (3) OF THIS SECTION AND INSTITUTIONAL PERFORMANCE FUNDING AS DESCRIBED IN SUBSECTION (4) OF THIS SECTION. IT IS THE INTENT OF THE GENERAL ASSEMBLY THAT THE COMPONENTS OF THE FEE-FOR-SERVICE CONTRACTS DEVELOPED BY THE COMMISSION BE FAIRLY BALANCED BETWEEN ROLE AND MISSION FACTORS AND PERFORMANCE METRICS.

(3) **Role and mission funding.** THE INSTITUTIONAL ROLE AND MISSION COMPONENT OF THE FEE-FOR-SERVICE CONTRACT IS BASED ON THE FOLLOWING FACTORS, AS DETERMINED BY THE COMMISSION PURSUANT TO SECTION 23-18-306:

(a) **Institutional mission.** ROLE AND MISSION FUNDING MUST INCLUDE AN AMOUNT FOR EACH GOVERNING BOARD TO OFFSET THE COSTS INCURRED IN PROVIDING UNDERGRADUATE PROGRAMS AT EACH INSTITUTION. IN ESTABLISHING THE COMPONENTS OF THIS FACTOR, THE COMMISSION SHALL INCLUDE, AT A MINIMUM:

(I) THE SELECTIVITY OF THE INSTITUTION;

(II) THE NUMBER OF CAMPUSES OF THE INSTITUTION;

(III) THE RURAL OR URBAN LOCATION OF THE INSTITUTION;

(IV) LOW STUDENT ENROLLMENT AT AN INSTITUTION OR A CAMPUS OF AN INSTITUTION THAT AFFECTS THE ABILITY OF THE INSTITUTION OR CAMPUS TO MEET OPERATIONAL COSTS;

(V) UNDERGRADUATE OR CERTIFICATE PROGRAMS THAT HAVE A HIGH COST PER STUDENT; AND

(VI) WHETHER THE INSTITUTION CONDUCTS RESEARCH.

(b) **Support services for Pell-eligible, first-generation, and underserved undergraduate students.** ROLE AND MISSION FUNDING MUST INCLUDE AN AMOUNT FOR EACH GOVERNING BOARD TO OFFSET THE COSTS INCURRED IN PROVIDING ADDITIONAL SUPPORT SERVICES TO PELL-ELIGIBLE

UNDERGRADUATE STUDENTS ENROLLED IN THE INSTITUTION. THE AMOUNT OF FUNDING FOR SUPPORT SERVICES FOR EACH PELL-ELIGIBLE UNDERGRADUATE STUDENT ENROLLED IN THE INSTITUTION MUST BE AT LEAST EQUAL TO TEN PERCENT OF THE AMOUNT OF THE COLLEGE OPPORTUNITY FUND STIPEND, AS SET BY THE GENERAL ASSEMBLY PURSUANT TO SECTION 23-18-202, FOR THE APPLICABLE STATE FISCAL YEAR. THE COMMISSION MAY INCLUDE AN AMOUNT FOR EACH GOVERNING BOARD TO OFFSET THE COSTS INCURRED IN PROVIDING SUPPORT SERVICES TO FIRST-GENERATION UNDERGRADUATE STUDENTS ENROLLED IN THE INSTITUTION AFTER THE COMMISSION ESTABLISHES IN CONSULTATION WITH THE INSTITUTIONS A CONSISTENT DEFINITION AND DATA COLLECTION METHOD FOR IDENTIFYING THIS STUDENT POPULATION. THE COMMISSION MAY ALSO INCLUDE AN AMOUNT FOR EACH GOVERNING BOARD TO OFFSET THE COSTS INCURRED IN PROVIDING SUPPORT SERVICES TO UNDERGRADUATE STUDENTS WHO ARE IDENTIFIED AS UNDERSERVED AFTER THE COMMISSION ESTABLISHES IN CONSULTATION WITH THE INSTITUTIONS A CONSISTENT DEFINITION AND DATA COLLECTION METHOD FOR IDENTIFYING UNDERSERVED STUDENTS.

(c) **Graduate programs.** ROLE AND MISSION FUNDING MUST INCLUDE AN AMOUNT FOR EACH ELIGIBLE GOVERNING BOARD TO OFFSET THE COSTS INCURRED IN PROVIDING GRADUATE PROGRAMS AT INSTITUTIONS THAT ARE AUTHORIZED TO PROVIDE GRADUATE PROGRAMS. IN ESTABLISHING THE COMPONENTS OF THIS FACTOR, THE COMMISSION SHALL INCLUDE, AT A MINIMUM, AN AMOUNT FOR EACH GRADUATE STUDENT ENROLLED IN AN INSTITUTION, WHICH AMOUNT SHALL BE BASED ON THE SUBJECT AND LEVEL OF THE GRADUATE PROGRAM. IN DETERMINING THE AMOUNT OF FUNDING, THE COMMISSION SHALL CONSIDER PROGRAMS THAT HAVE A HIGH COST PER STUDENT, INCLUDING BUT NOT LIMITED TO PROGRAMS IN THE FIELDS OF LAW, BUSINESS, SCIENCE, TECHNOLOGY, ENGINEERING, AND MATHEMATICS.

(d) **Remediation.** ROLE AND MISSION FUNDING MUST INCLUDE AN AMOUNT FOR EACH ELIGIBLE GOVERNING BOARD TO OFFSET THE COSTS INCURRED IN PROVIDING EFFECTIVE BASIC SKILLS COURSES FOR STUDENTS ENROLLED AT AN INSTITUTION THAT IS AUTHORIZED TO PROVIDE BASIC SKILLS COURSES AND THE COSTS INCURRED IN PROVIDING APPROVED SUPPLEMENTAL ACADEMIC INSTRUCTION PURSUANT TO SECTION 23-1-113 (1.5) (a) (II). IN ESTABLISHING THE COMPONENTS OF THIS FACTOR, THE COMMISSION SHALL DETERMINE HOW TO MEASURE SUCCESSFUL

REMEDICATION, WHICH MEASURE MAY INCLUDE A STUDENT'S SUCCESSFUL COMPLETION OF A FIRST-LEVEL COLLEGE COURSE IN THE AREA OF REMEDIATION, INCLUDING ENGLISH OR MATH. THE COMMISSION MAY ALSO INCLUDE COMPONENTS RELATING TO THE SPEED OF A STUDENT'S REMEDIATION AND THE COST OF REMEDIATION TO THE STUDENT.

(e) **Additional role and mission factors.** THE COMMISSION MAY ESTABLISH UP TO TWO ADDITIONAL FACTORS RELATING TO ROLE AND MISSION FUNDING. THE FACTORS MUST BE DISTINGUISHABLE FROM EACH OTHER AND FROM THE FACTORS DESCRIBED IN PARAGRAPHS (a) TO (d) OF THIS SUBSECTION (3). THE ADDITIONAL FACTORS THE COMMISSION MAY CONSIDER INCLUDE, BUT NEED NOT BE LIMITED TO, INSTITUTION AFFORDABILITY, COST STUDIES, TECHNOLOGY TRANSFER, AND PROVISION OF CAREER AND TECHNICAL PROGRAMS.

(4) **Performance funding.** THE INSTITUTIONAL PERFORMANCE FUNDING COMPONENT OF THE FEE-FOR-SERVICE CONTRACT IS BASED ON THE FOLLOWING METRICS, AS DETERMINED BY THE COMMISSION PURSUANT TO SECTION 23-18-306:

(a) **Completion.** PERFORMANCE FUNDING MUST INCLUDE AN AMOUNT FOR EACH GOVERNING BOARD FOR EACH CERTIFICATE OR DEGREE AWARDED BY THE INSTITUTION, AND, FOR THE GOVERNING BOARD OF AN INSTITUTION WITH A COMMUNITY COLLEGE ROLE AND MISSION, AN AMOUNT FOR EACH COMMUNITY COLLEGE STUDENT WHO TRANSFERS FROM A COMMUNITY COLLEGE TO ANOTHER INSTITUTION AFTER COMPLETION OF A CERTAIN NUMBER OF CREDIT HOURS. THE COMMISSION SHALL ESTABLISH THE AMOUNT AWARDED FOR EACH TYPE OF CREDENTIAL BASED ON THE SUBJECT AND LEVEL OF THE CREDENTIAL AND, FOR TRANSFERS FROM COMMUNITY COLLEGES, AND THE AMOUNT AWARDED AND, IN CONSULTATION WITH THE INSTITUTIONS, THE NUMBER OF CREDIT HOURS TO BE COMPLETED PRIOR TO TRANSFER. THE COMMISSION SHALL INCREASE THE VALUE OF EACH CREDENTIAL EARNED BY OR TRANSFER COMPLETED BY A PELL-ELIGIBLE UNDERGRADUATE STUDENT AND MAY INCREASE THE VALUE OF EACH CREDENTIAL EARNED OR TRANSFER COMPLETED BY A FIRST-GENERATION OR UNDERSERVED UNDERGRADUATE STUDENT IF THE COMMISSION IMPLEMENTS INCREASED FUNDING FOR THESE STUDENT POPULATIONS PURSUANT TO PARAGRAPH (b) OF SUBSECTION (3) OF THIS SECTION.

(b) **Retention.** PERFORMANCE FUNDING MUST INCLUDE AN AMOUNT FOR EACH GOVERNING BOARD BASED ON THE NUMBER OF STUDENTS ENROLLED IN AN INSTITUTION WHO MAKE ACADEMIC PROGRESS BY COMPLETING THIRTY CREDIT HOURS, SIXTY CREDIT HOURS, OR NINETY CREDIT HOURS. IN ESTABLISHING THE COMPONENTS OF THIS METRIC, THE COMMISSION MAY INCLUDE A COMPONENT RELATED TO AN INCREASE IN THE INSTITUTION'S RETENTION RATE. A COMMUNITY COLLEGE THAT RECEIVES A COMPLETION INCENTIVE FOR A TRANSFERRING STUDENT IS NOT ELIGIBLE FOR A RETENTION BONUS FOR THAT STUDENT IN THE SAME YEAR.

(c) **Additional performance metrics.** THE COMMISSION MAY ESTABLISH UP TO FOUR ADDITIONAL PERFORMANCE FUNDING METRICS THAT REFLECT AND SUPPORT THE POLICY GOALS ADOPTED BY THE COMMISSION IN THE MASTER PLAN. THE METRICS MUST BE DISTINGUISHABLE FROM EACH OTHER AND FROM THE METRICS DESCRIBED IN PARAGRAPHS (a) AND (b) OF THIS SUBSECTION (4). THE ADDITIONAL PERFORMANCE METRICS THE COMMISSION MAY CONSIDER INCLUDE, BUT NEED NOT BE LIMITED TO, WORKFORCE PLACEMENT, CLOSING THE ACHIEVEMENT GAP, LIMITING STUDENT LOAN DEBT, AND CONTROLLING INSTITUTIONAL ADMINISTRATIVE COSTS.

(5) THE BOARD OF TRUSTEES OF THE COLORADO SCHOOL OF MINES MAY STUDY AND RECOMMEND TO THE GENERAL ASSEMBLY A DIFFERENT FUNDING STRUCTURE, INCLUDING BUT NOT LIMITED TO A SPECIAL PURPOSE AUTHORITY AS DEFINED IN SECTION 24-77-102 (15), C.R.S., THAT STRENGTHENS THE INSTITUTION AND ITS SPECIALIZED EDUCATIONAL PROGRAMS WHILE ENSURING ACADEMIC QUALITY AND CONTINUED OPPORTUNITIES FOR RESIDENT STUDENTS WHO MEET THE ADMISSIONS CRITERIA OF THE INSTITUTION.

(6) NOTWITHSTANDING ANY PROVISION OF THIS SECTION TO THE CONTRARY, EACH FEE-FOR-SERVICE CONTRACT NEGOTIATED PURSUANT TO THIS SECTION IS SUBJECT TO THE PROVISIONS OF SECTION 23-18-305.

(7) IT IS THE INTENT OF THE GENERAL ASSEMBLY THAT A STATE INSTITUTION OF HIGHER EDUCATION THAT ENTERS INTO A FEE-FOR-SERVICE CONTRACT THAT INCLUDES BASIC SKILLS COURSES SHALL NOT CHARGE A STUDENT MORE PER CREDIT HOUR FOR A BASIC SKILLS COURSE THAN THE STUDENT WOULD PAY PER CREDIT HOUR FOR A GENERAL EDUCATION COURSE.



(8) (a) NOTWITHSTANDING ANY PROVISION OF LAW TO THE CONTRARY, AN INSTITUTION MAY USE FUNDING PROVIDED PURSUANT TO THIS SECTION AS FINANCIAL ASSISTANCE FOR IN-STATE STUDENTS TO REDUCE THE STUDENT'S SHARE OF IN-STATE TUITION, AS DEFINED IN SECTION 23-18-102.

(b) FOR AN INSTITUTION THAT USES FUNDING RECEIVED PURSUANT TO THIS SECTION TO PROVIDE FINANCIAL ASSISTANCE FOR IN-STATE STUDENTS, "STUDENT'S SHARE OF IN-STATE TUITION", FOR PURPOSES OF PARTS 1 AND 2 OF THIS ARTICLE, HAS THE SAME MEANING AS SET FORTH IN SECTION 23-18-102, LESS THE AMOUNT OF ANY FINANCIAL ASSISTANCE AWARDED TO THE STUDENT PURSUANT TO PARAGRAPH (a) OF THIS SUBSECTION (8).

**23-18-304. Funding for specialty education programs - area vocational schools - local district junior colleges.** (1) (a) (I) FOR THE 2015-16 STATE FISCAL YEAR AND EACH FISCAL YEAR THEREAFTER, THE BOARD OF REGENTS OF THE UNIVERSITY OF COLORADO MAY ANNUALLY NEGOTIATE A FEE-FOR-SERVICE CONTRACT WITH THE DEPARTMENT FOR THE DELIVERY OF SPECIALTY EDUCATION SERVICES PROVIDED BY THE HEALTH SCIENCES CENTER CAMPUS OF THE UNIVERSITY OF COLORADO, ESTABLISHED PURSUANT TO SECTION 23-20-101. FOR THE 2015-16 STATE FISCAL YEAR AND EACH FISCAL YEAR THEREAFTER, THE BOARD OF GOVERNORS OF THE COLORADO STATE UNIVERSITY SYSTEM MAY ANNUALLY NEGOTIATE FEE-FOR-SERVICE CONTRACTS WITH THE DEPARTMENT FOR THE DELIVERY OF SPECIALTY EDUCATION SERVICES PURSUANT TO PART 3 AND PARTS 5 TO 8 OF ARTICLE 31 OF THIS TITLE, AND THE VETERINARY MEDICINE PROGRAM AT COLORADO STATE UNIVERSITY, ESTABLISHED PURSUANT TO SECTION 23-31-101. THE AMOUNT OF EACH FEE-FOR-SERVICE CONTRACT NEGOTIATED PURSUANT TO THIS SECTION MUST BE EQUAL TO THE AMOUNT OF THE FEE-FOR-SERVICE CONTRACT FOR THE CAMPUS, SERVICE, OR PROGRAM FOR THE PRECEDING STATE FISCAL YEAR, INCREASED OR DECREASED BY A PERCENTAGE EQUAL TO THE PERCENTAGE CHANGE IN THE TOTAL STATE APPROPRIATION FOR THE APPLICABLE STATE FISCAL YEAR FROM THE TOTAL STATE APPROPRIATION FOR THE PRECEDING STATE FISCAL YEAR.

(II) NOTWITHSTANDING THE PROVISIONS OF SUBPARAGRAPH (I) OF THIS PARAGRAPH (a) TO THE CONTRARY, THE FEE-FOR-SERVICE CONTRACT FOR THE HEALTH SCIENCES CENTER CAMPUS OF THE UNIVERSITY OF

COLORADO AND THE VETERINARY MEDICINE PROGRAM AT COLORADO STATE UNIVERSITY MAY INCREASE BY A PERCENTAGE THAT IS GREATER THAN THE PERCENTAGE CHANGE IN THE TOTAL STATE APPROPRIATION FOR THE APPLICABLE FISCAL YEAR FROM THE TOTAL STATE APPROPRIATION FOR THE PRECEDING STATE FISCAL YEAR AND MAY DECREASE BY A PERCENTAGE THAT IS LESS THAN THE PERCENTAGE CHANGE IN THE TOTAL STATE APPROPRIATION FOR THE APPLICABLE FISCAL YEAR FROM THE TOTAL STATE APPROPRIATION FOR THE PRECEDING STATE FISCAL YEAR. IN DETERMINING THE AMOUNT OF THE FEE-FOR-SERVICE CONTRACTS, THE DEPARTMENT SHALL TAKE INTO ACCOUNT THE FACT THAT THE HEALTH SCIENCES CENTER CAMPUS AT THE UNIVERSITY OF COLORADO AND THE VETERINARY MEDICINE PROGRAM AT COLORADO STATE UNIVERSITY ARE HIGH-COST, LOW-ENROLLMENT PROGRAMS.

(b) IF, UPON THE RECOMMENDATION OF THE COMMISSION AND THE DEPARTMENT, THE JOINT BUDGET COMMITTEE DETERMINES THAT AN EDUCATIONAL PROGRAM THAT IS NOT INCLUDED IN PARAGRAPH (a) OF THIS SUBSECTION (1) SHOULD RECEIVE FUNDING AS A SPECIALTY EDUCATION PROGRAM PURSUANT TO THIS SECTION, THE JOINT BUDGET COMMITTEE MAY INTRODUCE LEGISLATION THAT DESIGNATES THE PROGRAM AS A SPECIALTY EDUCATION PROGRAM FUNDED PURSUANT TO THIS SECTION.

(2) (a) EXCEPT AS PROVIDED IN PARAGRAPH (b) OF THIS SUBSECTION (2), FOR THE 2015-16 STATE FISCAL YEAR AND EACH FISCAL YEAR THEREAFTER, THE DIRECT GRANTS MADE TO ELIGIBLE AREA VOCATIONAL SCHOOLS PURSUANT TO PART 3 OF ARTICLE 71 OF THIS TITLE FOR A STATE FISCAL YEAR MUST BE EQUAL TO THE AMOUNT OF THE GRANTS MADE IN THE PRECEDING STATE FISCAL YEAR, INCREASED OR DECREASED BY A PERCENTAGE EQUAL TO THE PERCENTAGE CHANGE IN THE TOTAL STATE APPROPRIATION FOR THE APPLICABLE STATE FISCAL YEAR FROM THE TOTAL STATE APPROPRIATION FOR THE PRECEDING STATE FISCAL YEAR.

(b) AFTER CONSIDERING THE STATUS OF THE PERFORMANCE CONTRACTS WITH THE AREA VOCATIONAL SCHOOLS PURSUANT TO SECTION 23-5-129, THE COMMISSION MAY RECOMMEND AS PART OF ITS BUDGET REQUEST THAT DIRECT GRANTS TO AREA VOCATIONAL SCHOOLS INCREASE BY A PERCENTAGE THAT IS GREATER THAN THE PERCENTAGE CHANGE IN THE TOTAL STATE APPROPRIATION FOR THE PRECEDING STATE FISCAL YEAR OR DECREASE BY A PERCENTAGE THAT IS LESS THAN THE PERCENTAGE CHANGE IN THE TOTAL STATE APPROPRIATION FOR THE APPLICABLE FISCAL YEAR

FROM THE TOTAL STATE APPROPRIATION FOR THE PRECEDING STATE FISCAL YEAR.

(3)(a) EXCEPT AS PROVIDED IN PARAGRAPH (b) OF THIS SUBSECTION (3), FOR THE 2015-16 STATE FISCAL YEAR AND EACH FISCAL YEAR THEREAFTER, THE DIRECT GRANTS MADE TO ELIGIBLE JUNIOR COLLEGE DISTRICTS PURSUANT TO PART 3 OF ARTICLE 71 OF THIS TITLE FOR A STATE FISCAL YEAR MUST BE EQUAL TO THE AMOUNT OF THE GRANTS MADE IN THE PRECEDING STATE FISCAL YEAR, INCREASED OR DECREASED BY A PERCENTAGE EQUAL TO THE PERCENTAGE CHANGE IN THE TOTAL STATE APPROPRIATION FOR THE APPLICABLE STATE FISCAL YEAR FROM THE TOTAL STATE APPROPRIATION FOR THE PRECEDING STATE FISCAL YEAR.

(b) AFTER CONSIDERING THE STATUS OF THE PERFORMANCE CONTRACTS WITH THE LOCAL DISTRICT JUNIOR COLLEGES PURSUANT TO SECTION 23-5-129, THE COMMISSION MAY RECOMMEND AS PART OF ITS BUDGET REQUEST THAT DIRECT GRANTS TO LOCAL DISTRICT JUNIOR COLLEGES INCREASE BY A PERCENTAGE THAT IS GREATER THAN THE PERCENTAGE CHANGE IN THE TOTAL STATE APPROPRIATION FOR THE PRECEDING STATE FISCAL YEAR OR DECREASE BY A PERCENTAGE THAT IS LESS THAN THE PERCENTAGE CHANGE IN THE TOTAL STATE APPROPRIATION FOR THE APPLICABLE FISCAL YEAR FROM THE TOTAL STATE APPROPRIATION FOR THE PRECEDING STATE FISCAL YEAR.

(c) COLORADO MOUNTAIN COLLEGE MAY ELECT TO PARTICIPATE IN THE FUNDING PROVISIONS SPECIFIED IN SECTION 23-18-303 IN LIEU OF THE FUNDING PROVISIONS SPECIFIED IN PARAGRAPHS (a) AND (b) OF THIS SUBSECTION (3). COLORADO MOUNTAIN COLLEGE MUST NOTIFY THE COMMISSION BY AUGUST 1 OF ITS INTENTION TO PARTICIPATE IN THE FUNDING PROVISIONS SPECIFIED IN SECTION 23-18-303 FOR THE FOLLOWING STATE FISCAL YEAR. IF COLORADO MOUNTAIN COLLEGE ELECTS TO PARTICIPATE IN THE FUNDING PROVISIONS OF SECTION 23-18-303, THE DEPARTMENT SHALL APPLY THE FUNDING PROVISIONS OF SECTION 23-18-303 TO COLORADO MOUNTAIN COLLEGE IN THE SAME MANNER AS THEY ARE APPLIED TO ALL OTHER INSTITUTIONS, AND COLORADO MOUNTAIN COLLEGE MUST RECEIVE LEVELS OF FUNDING THAT ARE COMPARABLE TO THE FUNDING RECEIVED BY THE GOVERNING BOARDS IN ACCORDANCE WITH THE PROVISIONS OF SECTION 23-18-303.

(4) THE GOVERNING BOARDS OF INSTITUTIONS WITH SPECIALTY

EDUCATION PROGRAMS, THE AREA VOCATIONAL SCHOOLS, THE LOCAL DISTRICT JUNIOR COLLEGES, AND THE COMMISSION ARE ENCOURAGED TO DEVELOP FUNDING MODELS THAT INCLUDE SPECIFIC PERFORMANCE METRICS TO ENSURE THAT THESE PROGRAMS AND INSTITUTIONS ARE MEETING THE POLICY GOALS ESTABLISHED BY THE GENERAL ASSEMBLY AND ADOPTED BY THE COMMISSION IN ITS MASTER PLAN.

**23-18-305. Total appropriations - adjustments - fiscal emergency - resolution - financial hardship.** (1) (a) FOR THE 2015-16 STATE FISCAL YEAR THROUGH THE 2019-20 STATE FISCAL YEAR, THE TOTAL GOVERNING BOARD APPROPRIATION FOR A GOVERNING BOARD FOR A FISCAL YEAR SHALL NOT CHANGE FROM THE PRECEDING FISCAL YEAR BY A PERCENTAGE THAT IS MORE THAN FIVE PERCENTAGE POINTS LESS THAN OR FIVE PERCENTAGE POINTS GREATER THAN THE PERCENTAGE CHANGE IN THE TOTAL STATE APPROPRIATION FROM THE PRECEDING FISCAL YEAR. NOTWITHSTANDING ANY PROVISION OF THIS PART 3 TO THE CONTRARY, THE GENERAL ASSEMBLY IN THE ANNUAL GENERAL APPROPRIATIONS BILL SHALL ADJUST THE TOTAL GOVERNING BOARD APPROPRIATION FOR EACH GOVERNING BOARD AS NECESSARY TO COMPLY WITH THIS SECTION.

(b) BEGINNING WITH THE 2020-21 STATE FISCAL YEAR, IN ANY FISCAL YEAR THAT THE DEPARTMENT DETERMINES THAT IT IS APPROPRIATE TO ADJUST TOTAL GOVERNING BOARD APPROPRIATIONS AS PROVIDED IN PARAGRAPH (a) OF THIS SUBSECTION (1), THE DEPARTMENT MAY RECOMMEND THAT THE JOINT BUDGET COMMITTEE ADJUST THE TOTAL GOVERNING BOARD APPROPRIATIONS FOR EACH GOVERNING BOARD AS NECESSARY TO COMPLY WITH THE PROVISIONS OF PARAGRAPH (a) OF THIS SUBSECTION (1).

(2) (a) EXCEPT AS PROVIDED IN PARAGRAPH (b) OF THIS SUBSECTION (2), FOR THE 2015-16 STATE FISCAL YEAR AND EACH FISCAL YEAR THEREAFTER, THE TOTAL ANNUAL APPROPRIATION IN TRUST FOR ELIGIBLE UNDERGRADUATE STUDENTS TO THE COLLEGE OPPORTUNITY FUND PURSUANT TO SECTION 23-18-202 MUST BE AN AMOUNT EQUAL TO AT LEAST FIFTY-TWO AND FIVE-TENTHS PERCENT OF THE TOTAL STATE APPROPRIATION FOR THE APPLICABLE STATE FISCAL YEAR; EXCEPT THAT THE PERCENTAGE MAY BE LESS THAN FIFTY-TWO AND FIVE-TENTHS PERCENT AS A RESULT OF ADJUSTMENTS FOR ACTUAL ENROLLMENT MADE PURSUANT TO SECTION 23-18-202 (1) (c).

(b) (I) IF, DUE TO AN ECONOMIC DOWNTURN, THE DEPARTMENT AND THE COMMISSION DETERMINE THAT COMPLYING WITH THE COLLEGE OPPORTUNITY FUND STIPEND ALLOCATION REQUIREMENT SET FORTH IN PARAGRAPH (a) OF THIS SUBSECTION (2) RESULTS IN AN UNDUE BURDEN TO THE INSTITUTIONS, THE DEPARTMENT MAY SUBMIT AN ADDITIONAL BUDGET REQUEST THAT DOES NOT COMPLY WITH THE COLLEGE OPPORTUNITY FUND STIPEND ALLOCATION REQUIREMENT. TO APPROVE THE DEPARTMENT'S BUDGET REQUEST WAIVING THE COLLEGE OPPORTUNITY FUND STIPEND ALLOCATION REQUIREMENT, THE GENERAL ASSEMBLY MUST ADOPT A JOINT RESOLUTION BY SIMPLE MAJORITY IN BOTH CHAMBERS THAT DECLARES A FISCAL EMERGENCY.

(II) THE COLLEGE OPPORTUNITY FUND STIPEND ALLOCATION REQUIREMENT SET FORTH IN PARAGRAPH (a) OF THIS SUBSECTION (2) DOES NOT APPLY IN ANY STATE FISCAL YEAR FOR WHICH THE REVENUE ESTIMATE PREPARED BY THE LEGISLATIVE COUNCIL STAFF IN MARCH OF THE FISCAL YEAR PRIOR TO THE NEXT FISCAL YEAR INDICATES THAT THERE ARE EXCESS STATE REVENUES OF AT LEAST FIFTY MILLION DOLLARS THAT ARE REQUIRED TO BE REFUNDED PURSUANT TO SECTION 20 OF ARTICLE X OF THE STATE CONSTITUTION.

(3) IF AFTER APPLYING THE COLLEGE OPPORTUNITY FUND STIPEND ALLOCATION REQUIREMENT SET FORTH IN PARAGRAPH (a) OF SUBSECTION (2) OF THIS SECTION AND THE FEE-FOR-SERVICE PROVISIONS OF SECTION 23-18-303 THE DEPARTMENT DETERMINES THAT THIS HAS RESULTED IN FINANCIAL INSTABILITY FOR AND THE POTENTIAL CLOSURE OF AN INSTITUTION, THE DEPARTMENT MAY RECOMMEND TO THE JOINT BUDGET COMMITTEE THAT THE INSTITUTION BE TREATED AS A SPECIALTY EDUCATION PROGRAM PURSUANT TO THE PROVISIONS OF SECTION 23-18-304. THE JOINT BUDGET COMMITTEE MAY INTRODUCE LEGISLATION DESIGNATING THE INSTITUTION AS A SPECIALTY EDUCATION PROGRAM SUBJECT TO THE PROVISIONS OF SECTION 23-18-304 AND EXEMPTING THE INSTITUTION FROM ANY PROVISIONS OF THIS PART 3 FOR A SPECIFIED PERIOD OF TIME. AN INSTITUTION THAT RECEIVES AN EXEMPTION PURSUANT TO THIS SUBSECTION (3) SHALL, IN CONSULTATION WITH THE DEPARTMENT AND THE COMMISSION, SUBMIT A PLAN FOR ACHIEVING FINANCIAL STABILITY TO THE JOINT BUDGET COMMITTEE AND TO THE EDUCATION COMMITTEES OF THE HOUSE OF REPRESENTATIVES AND OF THE SENATE, OR ANY SUCCESSOR COMMITTEES.

(4) NOTWITHSTANDING ANY PROVISION OF THIS PART 3 TO THE CONTRARY, IN A FISCAL YEAR IN WHICH THE PROVISIONS OF SECTION 23-1-108(1.9) APPLY, PERFORMANCE-BASED FUNDING THAT A GOVERNING BOARD RECEIVES IS IN ADDITION TO ANY AMOUNTS THE GOVERNING BOARD RECEIVES PURSUANT TO A FEE-FOR-SERVICE CONTRACT PURSUANT TO SECTIONS 23-18-303 AND 23-1-304, A DIRECT GRANT THE GOVERNING BOARD RECEIVES PURSUANT TO SECTION 23-18-304 AND PART 3 OF ARTICLE 71 OF THIS TITLE, OR AMOUNTS THAT THE GOVERNING BOARD IS AUTHORIZED TO EXPEND PURSUANT TO THE COLLEGE OPPORTUNITY FUND PROGRAM CREATED IN PART 2 OF THIS ARTICLE.

**23-18-306. Duties and powers of the commission - department - role and mission factors and performance metrics - consultation with interested parties - facilitator.** (1) AS USED IN THIS SECTION, "INTERESTED PARTIES" INCLUDES BUT IS NOT LIMITED TO THE GOVERNING BOARDS OF INSTITUTIONS, INSTITUTION ADMINISTRATORS, HIGHER EDUCATION ADVOCATES, STUDENTS, FACULTY, NONPROFIT EDUCATION ORGANIZATIONS, AND MEMBERS OF THE BUSINESS COMMUNITY.

(2)(a) PURSUANT TO SECTION 23-18-303, NO LATER THAN JANUARY 1, 2015, THE COMMISSION SHALL DETERMINE, IN CONSULTATION WITH INTERESTED PARTIES, THE ROLE AND MISSION FACTORS AND PERFORMANCE FUNDING METRICS FOR FEE-FOR-SERVICE CONTRACTS ENTERED INTO PURSUANT TO SECTION 23-18-303. THE COMMISSION SHALL ESTABLISH THE COMPONENTS OF EACH FACTOR RELATING TO ROLE AND MISSION FUNDING, INCLUDING THE WEIGHT ASSOCIATED WITH EACH FACTOR, AND THE COMPONENTS OF EACH PERFORMANCE METRIC RELATING TO PERFORMANCE FUNDING, INCLUDING THE COMPONENTS OF EACH METRIC AND THE WEIGHT ASSOCIATED WITH EACH METRIC.

(b) THE COMMISSION SHALL DETERMINE, AND THE DEPARTMENT SHALL APPLY AND IMPLEMENT EACH ROLE AND MISSION FACTOR AND PERFORMANCE FUNDING METRIC PURSUANT TO THE FOLLOWING GUIDELINES:

(I) EACH ROLE AND MISSION FACTOR AND PERFORMANCE FUNDING METRIC MUST BE TIED TO THE POLICY GOALS ESTABLISHED BY THE GENERAL ASSEMBLY AND BY THE COMMISSION IN ITS MASTER PLAN;

(II) EACH ROLE AND MISSION FACTOR AND PERFORMANCE FUNDING

METRIC MUST BE TRANSPARENT AND MEASURABLE;

(III) EACH ROLE AND MISSION FACTOR MAY BE APPLIED DIFFERENTLY TO INSTITUTIONS, BUT TO THE EXTENT POSSIBLE, SIMILAR INSTITUTIONS MUST BE TREATED SIMILARLY; AND

(IV) EACH PERFORMANCE FUNDING METRIC MUST BE APPLIED UNIFORMLY TO ALL GOVERNING BOARDS. FOR EXAMPLE, THE PERFORMANCE FUNDING METRIC FOR RETENTION MUST BE MEASURED AND APPLIED TO A COMMUNITY COLLEGE IN THE SAME MANNER THAT IT IS MEASURED AND APPLIED TO A FOUR-YEAR INSTITUTION.

(3) (a) FROM MAY 2014 THROUGH DECEMBER 2014, THE COMMISSION SHALL CONVENE A SERIES OF MEETINGS WITH INTERESTED PARTIES TO DEVELOP THE ROLE AND MISSION FACTORS AND PERFORMANCE FUNDING METRICS FOR FEE-FOR-SERVICE CONTRACTS PURSUANT TO SUBSECTION (2) OF THIS SECTION.

(b) THE COMMISSION SHALL RETAIN A FACILITATOR TO ATTEND MEETINGS AND FACILITATE THE WORK OF THE COMMISSION. THE DEPARTMENT SHALL PROVIDE ANY ADDITIONAL NECESSARY STAFF SUPPORT TO THE COMMISSION.

(c) THE COMMISSION MAY ORGANIZE ITS WORK IN THE MANNER IT CHOOSES, INCLUDING CONVENING COMMITTEES OF INTERESTED PERSONS TO FOCUS ON SPECIFIC ROLE AND MISSION FACTORS OR PERFORMANCE FUNDING METRICS.

(d) AFTER DETERMINING THE INITIAL ROLE AND MISSION FACTORS AND PERFORMANCE FUNDING METRICS AND THE WEIGHTS ASSIGNED TO EACH FACTOR OR METRIC, THE COMMISSION MAY CONTINUE TO MEET WITH INTERESTED PARTIES TO REVIEW THE IMPLEMENTATION OF THE FEE-FOR-SERVICE MODEL AND TO MAKE RECOMMENDATIONS TO THE JOINT BUDGET COMMITTEE AND TO THE EDUCATION COMMITTEES OF THE HOUSE OF REPRESENTATIVES AND THE SENATE CONCERNING CHANGES TO THE FEE-FOR-SERVICE MODEL OR OTHER PROVISIONS OF THIS PART 3.

(4) BECAUSE THE IMPLEMENTATION OF THIS PART 3 MAY HAVE UNANTICIPATED RESULTS, ON JULY 1, 2016, AND EACH JULY 1 THEREAFTER THROUGH JULY 1, 2020, THE COMMISSION SHALL SUBMIT A WRITTEN

REPORT TO THE JOINT BUDGET COMMITTEE AND TO THE EDUCATION COMMITTEES OF THE HOUSE OF REPRESENTATIVES AND THE SENATE CONCERNING THE STATUS OF THE IMPLEMENTATION OF THIS PART 3, AND MAY RECOMMEND CHANGES TO THE PROVISIONS OF THIS PART 3.

(5) THE GENERAL ASSEMBLY FINDS AND DECLARES THAT IT IS VITAL THAT COLORADO'S HIGHER EDUCATION SYSTEM IS ACCESSIBLE AND AFFORDABLE FOR ALL COLORADANS. THE INSTITUTIONS' TUITION POLICIES ARE AN IMPORTANT COMPONENT OF ENSURING BOTH THE AFFORDABILITY AND SUSTAINABILITY OF COLORADO'S HIGHER EDUCATION SYSTEM. WITH THE EXPIRATION OF TUITION POLICIES IMPLEMENTED PURSUANT TO RECENT LEGISLATION, IT IS IMPERATIVE THAT THE COMMISSION AND THE GOVERNING BOARDS OF STATE INSTITUTIONS OF HIGHER EDUCATION, AS WELL AS OTHER INTERESTED PARTIES, WORK COOPERATIVELY TO STRUCTURE AN ONGOING TUITION POLICY FOR THE STATE. THEREFORE, BY NOVEMBER 1, 2015, THE COMMISSION SHALL SUBMIT TO THE JOINT BUDGET COMMITTEE AND TO THE EDUCATION COMMITTEES OF THE HOUSE OF REPRESENTATIVES AND THE SENATE TUITION POLICIES THAT ENSURE BOTH ACCESSIBLE AND AFFORDABLE HIGHER EDUCATION FOR COLORADO'S RESIDENTS. THE TUITION POLICIES MUST ALSO REFLECT THE LEVEL OF STATE FUNDING FOR INSTITUTIONS AND THE NEED OF EACH INSTITUTION TO ENHANCE THE QUALITY OF EDUCATIONAL PROGRAMS AND OFFERINGS AND STRENGTHEN THE FINANCIAL POSITION OF THE INSTITUTION. THE COMMISSION SHALL DEVELOP THE TUITION POLICY RECOMMENDATIONS IN CONSULTATION WITH THE GOVERNING BOARDS OF THE INSTITUTIONS AND OTHER INTERESTED PARTIES USING AN INCLUSIVE AND TRANSPARENT PROCESS.

(6) THE COMMISSION SHALL ADOPT ANY POLICIES OR PROCEDURES NECESSARY FOR THE UNIFORM APPLICATION AND IMPLEMENTATION OF THIS PART 3.

(7) THE DEPARTMENT SHALL COMPLY WITH THE REQUIREMENTS OF THIS PART 3 IN SUBMITTING ITS BUDGET REQUEST PURSUANT TO THE BUDGET PROCEDURES SPECIFIED IN PART 3 OF ARTICLE 37 OF TITLE 24, C.R.S.

**23-18-307. Budget provisions - reporting.** (1) AS PART OF THE DEPARTMENT'S 2014 PRESENTATION TO THE LEGISLATIVE COMMITTEES OF REFERENCE PURSUANT TO SECTION 2-7-203, C.R.S., THE DEPARTMENT SHALL REPORT ITS PROGRESS IN IMPLEMENTING THIS PART 3 AND SHALL



PROVIDE A DRAFT OF THE FACTORS AND METRICS, WITH THEIR WEIGHTS, THAT THE COMMISSION IS CONSIDERING PURSUANT TO SECTION 23-18-306.

(2) (a) BY NOVEMBER 1, 2014, THE DEPARTMENT AND THE COMMISSION SHALL SUBMIT A BUDGET REQUEST THAT INCLUDES THE TOTAL AMOUNT OF FUNDING REQUESTED FOR HIGHER EDUCATION FOR THE 2015-16 STATE FISCAL YEAR AND A DRAFT OF THE FACTORS AND METRICS, WITH THEIR WEIGHTS, THAT THE COMMISSION IS CONSIDERING PURSUANT TO SECTION 23-18-306 BUT THAT DOES NOT INCLUDE THE SPECIFIC ALLOCATION TO EACH GOVERNING BOARD.

(b) BY JANUARY 15, 2015, THE DEPARTMENT AND THE COMMISSION SHALL SUBMIT AN UPDATED BUDGET REQUEST THAT INCLUDES:

(I) A DETAILED DESCRIPTION OF THE FEE-FOR-SERVICE CONTRACT ROLE AND MISSION FUNDING FACTORS AND THE PERFORMANCE FUNDING METRICS AND THE VALUES ASSIGNED TO EACH FACTOR AND METRIC; AND

(II) THE FEE-FOR-SERVICE CONTRACT PROVISIONS OF SECTION 23-18-303 AS APPLIED TO EACH INSTITUTION, INCLUDING DETAILS OF THE FUNDING REQUESTED FOR EACH INSTITUTION FOR EACH ROLE AND MISSION FUNDING FACTOR AND EACH PERFORMANCE FUNDING METRIC.

(3) FOR THE 2016-17 STATE FISCAL YEAR AND EACH FISCAL YEAR THEREAFTER, THE DEPARTMENT AND THE COMMISSION SHALL SUBMIT A BUDGET REQUEST BY NOVEMBER 1 OF EACH YEAR THAT INCLUDES:

(a) A DETAILED DESCRIPTION OF THE FEE-FOR-SERVICE CONTRACT ROLE AND MISSION FUNDING FACTORS AND THE PERFORMANCE FUNDING METRICS AND THE VALUES ASSIGNED TO EACH FACTOR AND METRIC; AND

(b) THE FEE-FOR-SERVICE CONTRACT PROVISIONS OF SECTION 23-18-303 AS APPLIED TO EACH INSTITUTION, INCLUDING DETAILS OF THE FUNDING REQUESTED FOR EACH INSTITUTION FOR EACH ROLE AND MISSION FUNDING FACTOR AND EACH PERFORMANCE FUNDING METRIC.

(4) IN DEVELOPING THE ANNUAL GENERAL APPROPRIATIONS BILL, THE JOINT BUDGET COMMITTEE SHALL FOLLOW THE PROVISIONS OF SECTION 23-18-303 IN CALCULATING THE AMOUNTS OF FEE-FOR-SERVICE CONTRACTS, INCLUDING THE ROLE AND MISSION FUNDING FACTORS AND

PERFORMANCE FUNDING METRICS AS DETERMINED BY THE COMMISSION, BUT MAY APPLY DIFFERENT WEIGHTS TO THE FACTORS AND METRICS THAN THE VALUES DETERMINED BY THE COMMISSION. IF THE JOINT BUDGET COMMITTEE ALTERS THE VALUE OF A FACTOR OR METRIC, THE NEW VALUE SHALL BE APPLIED TO THE DETERMINATION OF ALL FEE-FOR-SERVICE CONTRACTS PURSUANT TO SECTION 23-18-303.

**SECTION 2.** In Colorado Revised Statutes, **amend** 23-1-109.7 as follows:

**23-1-109.7. Duties and powers of the commission with regard to the provision of educational services.** (1) ~~Beginning July 1, 2005, the commission shall be responsible for ensuring the provision of specific postsecondary educational services in the state. These educational services shall include but need not be limited to:~~

~~(a) Educational services in rural areas or communities in which the cost of delivering such services is not sustained by the amount received in student tuition;~~

~~(b) to (d) Repealed.~~

~~(e) Educational services required of the commission to meet its obligations under reciprocal agreements pursuant to section 23-1-112;~~

~~(f) Graduate school services;~~

~~(g) Educational services that may increase economic development opportunities in the state, including courses to assist students in career development and retraining; and~~

~~(h) Specialized educational services and professional degrees, including but not limited to the areas of dentistry, medicine, veterinary medicine, nursing, law, forestry, and engineering and programs that address identified state or national priorities.~~

(2) BEGINNING JULY 1, 2005, THE COMMISSION IS RESPONSIBLE FOR ENSURING THE PROVISION OF POSTSECONDARY EDUCATIONAL SERVICES PURSUANT TO PART 3 OF ARTICLE 18 OF THIS TITLE. The department of higher education on behalf of the commission shall annually enter into

fee-for-service contracts with one or more governing boards of institutions of higher education PURSUANT TO SECTION 23-18-303 to provide the higher education services specified in ~~subsection (1) of this section~~ 23-18-301. The department of higher education may contract with a governing board of an institution of higher education only to the extent that the contract remains consistent with any contract entered into pursuant to section 23-5-129 with the governing board.

(3) The commission shall make annual funding recommendations to the general assembly and the governor regarding the funding necessary for the department of higher education to contract on the commission's behalf for the provision of higher education services in the state, including but not limited to the services specified in ~~subsection (1) of this section~~ SECTIONS 23-18-301 AND 23-18-303. The general assembly shall annually appropriate to the commission an amount of general fund moneys to carry out the purposes of this section.

**SECTION 3.** In Colorado Revised Statutes, **repeal** 23-5-130.

**SECTION 4.** In Colorado Revised Statutes, 23-18-202, **amend** (1) (c), (2) (c), and (9) as follows:

**23-18-202. College opportunity fund - appropriations - payment of stipends - reimbursement - repeal.** (1) (c) If there are moneys remaining in the college opportunity fund OR IF THERE ARE INSUFFICIENT MONEYS IN THE COLLEGE OPPORTUNITY FUND after the final census date of the last academic term of each state fiscal year, as determined in accordance with this section, THE DEPARTMENT MAY TRANSFER up to ~~three~~ TEN percent of the amount annually authorized as cash spending authority in the general appropriations act for a governing board to ~~expend stipends received on behalf of eligible undergraduate students may be expended by the same governing board for postsecondary educational services purchased by the department if authorized through a fee-for-service contract entered into pursuant to sections 23-1-109.7 and 23-5-130. The department may transfer an equivalent amount in general fund spending authority from stipends to fee-for-service contracts to fulfill its fee-for-service contract obligations to a governing board pursuant to this paragraph (c) and section 23-5-130~~ ANNUAL TOTAL GOVERNING BOARD APPROPRIATION FOR THE INSTITUTION BETWEEN THE CASH SPENDING AUTHORITY FOR THE GOVERNING BOARD TO EXPEND STIPENDS RECEIVED ON BEHALF OF ELIGIBLE UNDERGRADUATE

STUDENTS AND A FEE-FOR-SERVICE CONTRACT FOR THE GOVERNING BOARD ENTERED INTO PURSUANT TO SECTIONS 23-1-109.7 AND 23-18-303.

(2) (c) The commission shall forward to the general assembly and governor, by November 1 of each year, a list of institutions eligible to receive stipends on behalf of eligible undergraduate students under the program. The commission shall annually request that the general assembly adjust the amount appropriated to the Colorado student loan program for the stipends, ~~to~~ WHICH AMOUNT MAY reflect ~~at least~~ inflation and enrollment growth in the state institutions of higher education.

(9) It is the intent of the general assembly that the college opportunity fund and fee-for-service contracts authorized pursuant to section ~~23-5-130~~ 23-18-303 be fully funded for enrollment growth.

**SECTION 5.** In Colorado Revised Statutes, 23-18-102, **amend** (12) as follows:

**23-18-102. Definitions.** As used in this article, unless the context otherwise requires:

(12) "Student's share of in-state tuition" means, EXCEPT AS PROVIDED IN SECTION 23-18-303 (8), the amount of total in-state tuition, less any amount paid on behalf of the student as a stipend.

**SECTION 6.** In Colorado Revised Statutes, 23-20-112, **add** (3) as follows:

**23-20-112. General powers of the board - repeal.**  
(3) (a) NOTWITHSTANDING ANY PROVISION OF LAW TO THE CONTRARY, AN INSTITUTION GOVERNED BY THE BOARD OF REGENTS MAY USE FUNDING PROVIDED PURSUANT TO SECTION 23-18-303 AS FINANCIAL ASSISTANCE FOR IN-STATE STUDENTS TO REDUCE THE STUDENT'S SHARE OF IN-STATE TUITION, AS DEFINED IN SECTION 23-18-102.

(b) FOR PURPOSES OF PARTS 1 AND 2 OF ARTICLE 18 OF THIS TITLE, FOR AN INSTITUTION GOVERNED BY THE BOARD OF REGENTS, "STUDENT'S SHARE OF IN-STATE TUITION" HAS THE SAME MEANING AS SET FORTH IN SECTION 23-18-102 LESS THE AMOUNT OF ANY FINANCIAL ASSISTANCE AWARDED TO THE STUDENT PURSUANT TO PARAGRAPH (a) OF THIS

SUBSECTION (3).

**SECTION 7.** In Colorado Revised Statutes, 23-71-301, **amend** (1) (a) as follows:

**23-71-301. Direct grants to junior college districts - occupational courses.** (1) (a) Any junior college district operating or organized and operating as such during the entire school year in which a grant is made shall be entitled to a direct grant, from funds appropriated for this purpose, in an amount specified annually by the general assembly PURSUANT TO SECTION 23-18-304. Procedures for the certification by junior college districts to the state board for community colleges and occupational education, referred to in this part 3 as the "board", of the numbers of students and the quarter or semester hours for which students are registered shall be prescribed by regulation of the board. No moneys shall be distributed under this section for any students other than those enrolled in postsecondary courses for credit in degree and certificate programs.

**SECTION 8.** In Colorado Revised Statutes, 23-71-303, **amend** (1) as follows:

**23-71-303. Distributions to area vocational schools.** (1) Any area vocational school operating or organized and operating as such during the entire school year may be reimbursed by the state in an amount specified annually by the general assembly PURSUANT TO SECTION 23-18-304. In no instance shall such reimbursement exceed the total direct cost of the vocational program per FTE.

**SECTION 9.** In Colorado Revised Statutes, 23-1-104, **amend** (1) (a) (I), (1) (b) (I), (1) (c) introductory portion, and (2) as follows:

**23-1-104. Financing the system of postsecondary education - report - repeal.** (1) (a) (I) For fiscal years 2011-12 through 2015-16, the general assembly shall make annual appropriations of moneys that are estimated to be received by an institution, under the direction and control of the governing board, as stipends, as defined in section 23-18-102, and through fee-for-service contracts, as authorized in sections 23-1-109.7 and ~~23-5-130~~ 23-18-303, as a single line item to each governing board for the operation of its campuses; except that, if the general assembly appropriates moneys, as described in paragraph (c) of this subsection (1), to the

Colorado state forest service, the agricultural experiment station department of the Colorado state university, or the Colorado state university cooperative extension service, such moneys shall not be included within the single line item appropriations described in this paragraph (a).

(b) (I) For the 2010-11 fiscal year and for fiscal years beginning on or after July 1, 2016, the general assembly shall make annual appropriations of general fund moneys, of cash funds received from tuition income, and of moneys that are estimated to be received by an institution, under the direction and control of the governing board, as stipends, as defined in section 23-18-102, and through fee-for-service contracts, as authorized in sections 23-1-109.7 and ~~23-5-130~~ 23-18-303, as a single line item to each governing board for the operation of its campuses; except that, if the general assembly appropriates moneys, as described in paragraph (c) of this subsection (1), to the Colorado state forest service, the agricultural experiment station department of the Colorado state university, or the Colorado state university cooperative extension service, such moneys shall not be included within the single line item appropriations described in this paragraph (b).

(c) In addition to any appropriations made pursuant to paragraph (a) or (b) of this subsection (1), the general assembly may make annual appropriations of general fund moneys and of moneys received pursuant to a fee-for-service contract negotiated by the board of governors of the Colorado state university system and the department of higher education, as described in section ~~23-5-130~~ 23-18-303, as separate line items to:

(2) Notwithstanding any provision of this section to the contrary, beginning in the 2011-12 fiscal year and for each fiscal year thereafter through the 2020-21 fiscal year, the general assembly shall appropriate moneys to the governing board of the Colorado school of mines in accordance with section 23-41-104.7, through fee-for-service contracts, as authorized in sections 23-1-109.7 and ~~23-5-130~~ 23-18-303, and as stipends, as defined in section 23-18-102, as a single line item to said governing board.

**SECTION 10.** In Colorado Revised Statutes, 23-1-108, **amend** (1.9) (a) (II) as follows:

**23-1-108. Duties and powers of the commission with regard to**

**systemwide planning.** (1.9) (a) (II) The commission's performance-based funding plan shall specifically address the manner in which the appropriation of performance-based funding will affect the college opportunity fund stipends authorized in section 23-18-202 and the fee-for-service contracts authorized in sections 23-1-109.7 and ~~23-5-130~~ 23-18-303. In fulfilling the requirements of subparagraph (I) of this paragraph (a), the commission shall analyze the effect of modifying the college opportunity fund stipend amounts for purposes of improving student retention, facilitating the success of transfers between institutions and between degree programs, and providing incentives for the timely completion of academic degrees. The modifications may include, but need not be limited to, differentiating stipend amounts based on each student's status as a freshman, sophomore, junior, or senior. In addition, the commission shall analyze the effect of limiting the amount of funding for credit hours earned in excess of one hundred forty credits for a baccalaureate degree, or seventy hours for an associate degree.

**SECTION 11.** In Colorado Revised Statutes, **amend** 23-18-101 as follows:

**23-18-101. Short title.** PARTS 1 AND 2 OF this article shall be known and may be cited as the "College Opportunity Fund Act".

**SECTION 12.** In Colorado Revised Statutes, 23-18-102, **amend** the introductory portion as follows:

**23-18-102. Definitions.** As used in PARTS 1 AND 2 OF this article, unless the context otherwise requires:

**SECTION 13.** In Colorado Revised Statutes, 23-20-138, **amend** (6) as follows:

**23-20-138. Health sciences center - definitions - accountable student program - creation.** (6) The fee-for-service contract negotiated between the board and the department of higher education pursuant to section ~~23-5-130~~ 23-18-303 shall specify the amount of funding for educational services provided to graduate students by the state of Colorado. A graduate student receiving educational services paid for by the state of Colorado is not eligible to be an accountable student.

**SECTION 14.** In Colorado Revised Statutes, 23-41-104.7, **amend** (1) as follows:

**23-41-104.7. Funding.** (1) Beginning in the 2011-12 fiscal year, Colorado school of mines shall use a portion of its fee-for-service funding negotiated pursuant to section ~~23-5-130~~ 23-18-303 to provide merit-based scholarships, need-based financial aid, and graduate student support to assist students with in-state classification to attend the institution, and shall increase said portion to ensure that, no later than the 2020-21 fiscal year and for each fiscal year thereafter, all said funding shall be used for said purposes, except as otherwise provided in paragraph (b) of subsection (2) of this section.

**SECTION 15.** In Colorado Revised Statutes, 24-1-114, **amend** (5) (b) as follows:

**24-1-114. Department of higher education - creation.** (5) (b) With respect to the Colorado commission on higher education and the universities, colleges, and boards specified in subsection (4) of this section, the executive director shall have only those powers, duties, and functions prescribed in article 1 of title 23, C.R.S.; except that the executive director of the Colorado commission on higher education is authorized to negotiate, implement, and monitor contracts, as described in sections 23-5-129 and ~~23-5-130~~ 23-18-303, C.R.S., with universities, colleges, and boards, in consultation with the Colorado commission on higher education.

**SECTION 16.** In Colorado Revised Statutes, 24-36-120, **amend** (4) (g) as follows:

**24-36-120. Authority to assess transaction fees.** (4) The state treasurer shall not assess a fee for an eligible transaction involving any of the following funds:

(g) The college opportunity fund created in ~~article 18 of title 23~~ SECTION 23-18-202, C.R.S.

**SECTION 17.** In Colorado Revised Statutes, 24-77-104.5, **amend** (4) (a) (III) and (4) (a) (IV) as follows:



**24-77-104.5. General fund exempt account - appropriations to critical needs fund - specification of uses for health care and education - definitions.** (4) (a) Funding for the benefit of students attending community colleges and other institutions of higher education, as used in subparagraph (III) of paragraph (b) of subsection (1) of this section, shall be limited to funding for:

(III) The college opportunity fund program created in PARTS 1 AND 2 OF article 18 of title 23, C.R.S.;

(IV) Fee-for-service contracts authorized pursuant to section ~~23-5-130~~ 23-18-303, C.R.S.; and

**SECTION 18. Appropriation.** In addition to any other appropriation, there is hereby appropriated, out of any moneys in the general fund not otherwise appropriated, to the department of higher education, for the fiscal year beginning July 1, 2013, the sum of \$45,207, or so much thereof as may be necessary, for allocation to the Colorado commission for higher education for administration costs related to the implementation of this act.

**SECTION 19. Appropriation - adjustments to the 2014 long bill.** (1) For the implementation of this act, the general fund appropriation made in the annual general appropriation act to the controlled maintenance trust fund created in section 24-75-302.5 (2) (a) Colorado Revised Statutes, for the fiscal year beginning July 1, 2014, is decreased by \$772,133.

(2) In addition to any other appropriation, there is hereby appropriated, out of any moneys in the general fund not otherwise appropriated, to the department of higher education, for the fiscal year beginning July 1, 2014, the sum of \$804,986 and 3.0 FTE, or so much thereof as may be necessary, to be allocated for the implementation of this act as follows:

(a) \$786,770 and 3.0 FTE for Colorado commission on higher education administration; and

(b) \$18,216 for legal services.

(3) In addition to any other appropriation, there is hereby

appropriated to the department of law, for the fiscal year beginning July 1, 2014, the sum of \$18,216, or so much thereof as may be necessary, for the provision of legal services for the department of higher education related to the implementation of this act. Said sum is from reappropriated funds received from the department of higher education out of the appropriation made in paragraph (b) of subsection (2) of this section.

**SECTION 20. Safety clause.** The general assembly hereby finds,

determines, and declares that this act is necessary for the immediate preservation of the public peace, health, and safety.

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Mark Ferrandino  
SPEAKER OF THE HOUSE  
OF REPRESENTATIVES

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Morgan Carroll  
PRESIDENT OF  
THE SENATE

---

Marilyn Eddins  
CHIEF CLERK OF THE HOUSE  
OF REPRESENTATIVES

---

Cindi L. Markwell  
SECRETARY OF  
THE SENATE

APPROVED \_\_\_\_\_

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John W. Hickenlooper  
GOVERNOR OF THE STATE OF COLORADO