

Second Regular Session  
Sixty-ninth General Assembly  
STATE OF COLORADO

**REENGROSSED**

*This Version Includes All Amendments  
Adopted in the House of Introduction*

LLS NO. 14-0314.02 Richard Sweetman x4333

**HOUSE BILL 14-1384**

**HOUSE SPONSORSHIP**

**Pettersen and McNulty**, Buckner, Garcia, Melton, Moreno, Ryden, Singer, Vigil

**SENATE SPONSORSHIP**

**Ulibarri and Crowder**,

**House Committees**

Education  
Appropriations

**Senate Committees**

**A BILL FOR AN ACT**

101 **CONCERNING RIGOR-BASED TUITION ASSISTANCE FOR STUDENTS AT**  
102 **POSTSECONDARY INSTITUTIONS.**

**Bill Summary**

*(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://www.leg.state.co.us/billsummaries>.)*

The bill creates the Colorado opportunity scholarship initiative (initiative) within the department of higher education (department) to:

- ! Award scholarships or grants based upon a rigor-based method to students who are classified as Colorado residents for tuition purposes; and

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.  
*Capital letters indicate new material to be added to existing statute.  
Dashes through the words indicate deletions from existing statute.*

HOUSE  
Amended 3rd Reading  
April 24, 2014

HOUSE  
Amended 2nd Reading  
April 23, 2014

- ! Develop the connections and community partnerships necessary to ensure that every Colorado student has the support needed to enter a postsecondary opportunity, persist and succeed, and enter his or her desired position in the workforce.

The bill creates the Colorado opportunity pipeline scholarship initiative advisory board (board) and requires the board to promulgate rules for administration of the initiative, including but not limited to the following:

- ! Criteria for eligibility of state agencies, nonprofit organizations, and public institutions of higher education to participate in the initiative;
- ! Criteria for eligibility of students to apply for and receive grants from the initiative;
- ! Rules establishing permissible uses of grant moneys from the initiative; and
- ! Criteria for evaluating the effectiveness of the initiative in improving higher education outcomes in the state.

The director of the initiative shall administer the initiative in accordance with rules promulgated by the board.

The bill creates the Colorado opportunity pipeline scholarship initiative fund (fund), which consists of:

- ! Any moneys appropriated to the fund by the general assembly;
- ! Any moneys transferred to the fund from any other fund; and
- ! Any moneys received by the department as gifts, grants, or donations.

The department is authorized to spend not more than 3% of the moneys annually appropriated to the fund to pay the direct and indirect costs of administering the initiative. The board may promulgate rules for the administration of the fund. For the 2015-2016 fiscal year, the general assembly shall appropriate \$30 million to the fund.

The members of the state workforce development council (state council) shall serve as members of the board. The state council shall identify staff members within the department of education, the department of higher education, and the department of labor and employment who shall assist the state council in fulfilling its duties as members of the board.

The financial need scholarship fund in the department is repealed, and any moneys remaining in the financial need scholarship fund are transferred to the fund.

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

1           **SECTION 1.** In Colorado Revised Statutes, **add** part 10 to article  
2   3.3 of title 23 as follows:

3   PART 10  
4    COLORADO OPPORTUNITY █  
5    SCHOLARSHIP INITIATIVE

6           **23-3.3-1001. Legislative declaration.** (1) THE GENERAL  
7   ASSEMBLY HEREBY DECLARES THAT THE COLORADO OPPORTUNITY █  
8   SCHOLARSHIP INITIATIVE CREATED IN THIS PART 10 IS INTENDED TO:

9                   (a) AWARD SCHOLARSHIPS OR GRANTS BASED UPON A  
10  RIGOR-BASED METHOD THAT EMPHASIZES STUDENT COMMITMENT TO  
11  ACADEMIC ACHIEVEMENT AND SUCCESSFUL PLACEMENT IN THE  
12  WORKFORCE AND ENSURING THAT PARTICIPATING STUDENTS AND  
13  INSTITUTIONS BE HELD ACCOUNTABLE THROUGH MEASURABLE OUTCOMES;  
14  AND

15                   (b) DEVELOP THE CONNECTIONS AND COMMUNITY PARTNERSHIPS  
16  NECESSARY TO ENSURE THAT EVERY COLORADO STUDENT HAS THE  
17  SUPPORT NEEDED TO ENTER A POSTSECONDARY OPPORTUNITY, PERSIST  
18  AND SUCCEED, AND ENTER HIS OR HER DESIRED POSITION IN THE  
19  WORKFORCE.

20                   (2) IT IS THE INTENT OF THE GENERAL ASSEMBLY TO MATCH  
21  NON-PROFIT AND PRIVATE FINANCIAL CONTRIBUTIONS TO THE COLORADO  
22  OPPORTUNITY SCHOLARSHIP INITIATIVE WITH ANNUAL CONTRIBUTIONS  
23  FROM THE GENERAL FUND SO THAT A SUSTAINABLE CORPUS IS CREATED TO  
24  FUND SCHOLARSHIP AWARDS IN FUTURE YEARS. WHENEVER PRACTICABLE,  
25  THE ANNUAL MATCH SHOULD BE IN AN AMOUNT THAT IS SIGNIFICANT  
26  ENOUGH TO ATTRACT CONTINUED INVESTMENT BY COMMUNITY PARTNERS.

27           **23-3.3-1002. Definitions.** AS USED IN THIS PART 10, UNLESS THE

1 CONTEXT OTHERWISE REQUIRES:

2 (1) "BOARD" MEANS THE COLORADO OPPORTUNITY [REDACTED]  
3 SCHOLARSHIP INITIATIVE ADVISORY BOARD CREATED IN SECTION  
4 23-3.3-1004.

5 (2) "DEPARTMENT" MEANS THE DEPARTMENT OF HIGHER  
6 EDUCATION CREATED PURSUANT TO SECTION 24-1-114, C.R.S.

7 (3) "DIRECTOR" MEANS THE DIRECTOR OF THE INITIATIVE.

8 (4) "EXECUTIVE DIRECTOR" MEANS THE EXECUTIVE DIRECTOR OF  
9 THE COLORADO COMMISSION ON HIGHER EDUCATION.

10 (5) "FUND" MEANS THE COLORADO OPPORTUNITY [REDACTED] SCHOLARSHIP  
11 INITIATIVE FUND CREATED IN SECTION 23-3.3-1005.

12 (6) "INITIATIVE" MEANS THE COLORADO OPPORTUNITY [REDACTED]  
13 SCHOLARSHIP INITIATIVE CREATED IN SECTION 23-3.3-1003.

14 (7) "NONPROFIT ORGANIZATION" MEANS A TAX-EXEMPT  
15 CHARITABLE OR SOCIAL WELFARE ORGANIZATION OPERATING UNDER  
16 SECTION 501 (c) (3) OR 501 (c) (4) OF TITLE 26 OF THE UNITED STATES  
17 CODE, THE FEDERAL "INTERNAL REVENUE CODE OF 1986", AS AMENDED.

18 (8) "PRECOLLEGIATE ORGANIZATION" MEANS A STATE- OR  
19 FEDERALLY FUNDED PROGRAM OFFERING POSTSECONDARY  
20 WORKFORCE-READY OPTIONS TO COLORADO STUDENTS.

21 (9) "TUITION ASSISTANCE" MEANS FINANCIAL ASSISTANCE TO AN  
22 ELIGIBLE STUDENT OF AN ELIGIBLE INSTITUTION, INCLUDING SUCH  
23 FINANCIAL ASSISTANCE AS IS NECESSARY TO PAY THE COSTS OF TUITION,  
24 FEES, BOOKS, HOUSING, FOOD, AND TRANSPORTATION.

25 **23-3.3-1003. Colorado opportunity [REDACTED] scholarship initiative**  
26 **- created - report.** (1) THERE IS CREATED THE COLORADO OPPORTUNITY  
27 [REDACTED] SCHOLARSHIP INITIATIVE WITHIN THE DEPARTMENT. THE EXECUTIVE

1 DIRECTOR OR HIS OR HER DESIGNEE SHALL APPOINT THE DIRECTOR OF THE  
2 INITIATIVE FROM EXISTING PERSONNEL WHO SHALL ADMINISTER THE  
3 INITIATIVE IN ACCORDANCE WITH RULES PROMULGATED BY THE BOARD  
4 PURSUANT TO SECTION 23-3.3-1004 (4).

5 (2) ON OR BEFORE JUNE 30, 2015, THE DIRECTOR OF THE  
6 INITIATIVE SHALL REPORT TO THE EDUCATION COMMITTEES OF THE HOUSE  
7 OF REPRESENTATIVES AND SENATE, OR TO ANY SUCCESSOR COMMITTEES,  
8 CONCERNING THE RECOMMENDATIONS PREPARED BY THE BOARD  
9 PURSUANT TO SECTION 23-3.3-1004 (4) (c).

10 **23-3.3-1004. Colorado opportunity scholarship initiative**

11 **advisory board - created - duties - rules.** (1) THERE IS CREATED THE  
12 COLORADO OPPORTUNITY SCHOLARSHIP INITIATIVE ADVISORY BOARD,  
13 WHICH SHALL CONSIST OF THE EXECUTIVE COMMITTEE OF THE STATE  
14 WORK FORCE DEVELOPMENT COUNCIL CREATED IN SECTION 24-46.3-101,  
15 C.R.S., AS DESCRIBED IN THE BYLAWS OF THE COUNCIL, AS WELL AS THE  
16 FOLLOWING THREE PERSONS, TO BE APPOINTED BY THE GOVERNOR OR HIS  
17 OR HER DESIGNEE:

18 (a) ONE PERSON REPRESENTING THE FOUR-YEAR RESEARCH  
19 INSTITUTIONS OF HIGHER EDUCATION IN THE STATE;

20 (b) ONE PERSON REPRESENTING THE SYSTEM OF FOUR-YEAR  
21 POSTSECONDARY INSTITUTIONS IN THE STATE; AND

22 (c) ONE PERSON REPRESENTING THE COMMUNITY COLLEGES AND  
23 AREA VOCATIONAL DISTRICTS OF THE STATE.

24 (2) THE GOVERNOR OR HIS OR HER DESIGNEE SHALL MAKE HIS OR  
25 HER APPOINTMENTS TO THE BOARD ON OR BEFORE AUGUST 1, 2014. THE  
26 MEMBERS OF THE BOARD SHALL ELECT PRESIDING OFFICERS FOR THE  
27 BOARD, INCLUDING A CHAIR AND VICE-CHAIR, FROM AMONG THE BOARD

1 MEMBERS APPOINTED PURSUANT TO SUBSECTION (1) OF THIS SECTION,  
2 WHICH PRESIDING OFFICERS SHALL SERVE TERMS OF TWO YEARS. BOARD  
3 MEMBERS MAY REELECT A PRESIDING OFFICER.

4 (3) EACH MEMBER OF THE BOARD APPOINTED BY THE GOVERNOR  
5 OR HIS OR HER DESIGNEE SHALL SERVE AT THE PLEASURE OF THE  
6 GOVERNOR OR HIS OR HER DESIGNEE FOR A TERM OF FOUR YEARS. THE  
7 GOVERNOR OR HIS OR HER DESIGNEE MAY REAPPOINT THE MEMBER FOR AN  
8 ADDITIONAL TERM OR TERMS. MEMBERS OF THE BOARD SHALL SERVE  
9 WITHOUT COMPENSATION.

10 (4) THE BOARD SHALL HOLD ITS FIRST MEETING ON OR BEFORE  
11 NOVEMBER 1, 2014, AT A TIME AND PLACE TO BE DESIGNATED BY THE  
12 EXECUTIVE DIRECTOR OR BY HIS OR HER DESIGNEE. THE BOARD SHALL  
13 MEET AT LEAST FOUR TIMES EACH YEAR AND SHALL CARRY OUT THE  
14 FOLLOWING DUTIES:

15 (a) PROMULGATE RULES FOR ADMINISTRATION OF THE INITIATIVE,  
16 INCLUDING BUT NOT LIMITED TO THE FOLLOWING:

17 (I) CRITERIA FOR ELIGIBILITY OF STATE AGENCIES, NONPROFIT  
18 ORGANIZATIONS, AND PUBLIC INSTITUTIONS OF HIGHER EDUCATION TO  
19 PARTICIPATE IN THE INITIATIVE;

20 (II) CRITERIA FOR ELIGIBILITY OF STUDENTS TO APPLY FOR AND  
21 RECEIVE GRANTS FROM THE INITIATIVE, WHICH CRITERIA SHALL INCLUDE  
22 CONSIDERATION OF AN APPLICANT STUDENT'S:

23 (A) COURSES OF STUDY;

24 (B) COMMITMENT TO ACADEMIC ACHIEVEMENT;

25 (C) WORK EXPERIENCE;

26 (D) COMMUNITY INVOLVEMENT; AND

27 (E) EXTRACURRICULAR ACTIVITIES;

1 (III) RULES ESTABLISHING PERMISSIBLE USES OF GRANT AND  
2 SCHOLARSHIP MONEYS FROM THE INITIATIVE, WHICH RULES SHALL  
3 STIPULATE THAT:

4 (A) NOT MORE THAN TEN PERCENT OF THE MONEYS IN THE  
5 FUND IN ANY FISCAL YEAR MAY BE AWARDED TO STATE AGENCIES AND  
6 NONPROFIT ORGANIZATIONS TO ASSIST SUCH AGENCIES AND  
7 ORGANIZATIONS WITH ENSURING THAT STUDENT-SUCCESS,  
8 PRECOLLEGIATE, POSTSECONDARY STUDENT SUPPORT SERVICES ARE  
9 AVAILABLE TO STUDENTS WHO ARE CLASSIFIED AS COLORADO RESIDENTS  
10 FOR TUITION PURPOSES; INCREASING THE CAPACITY FOR STUDENT SUPPORT  
11 SERVICES AT POSTSECONDARY INSTITUTIONS; AND DEVELOPING  
12 CONNECTIONS BETWEEN LOCAL EMPLOYERS, PUBLIC SCHOOLS,  
13 PRECOLLEGIATE ORGANIZATIONS, AND POSTSECONDARY INSTITUTIONS;

14 (B) OF THE MONEYS DESCRIBED IN SUB-SUBPARAGRAPH (A) OF  
15 THIS SUBPARAGRAPH (III), AT LEAST SEVENTY PERCENT MUST BE  
16 AWARDED TO NONGOVERNMENTAL ENTITIES;

17 (C) ANY MONEYS APPROPRIATED TO THE FUND THAT ARE NOT  
18 USED FOR THE PURPOSES DESCRIBED IN SUB-SUBPARAGRAPH (A) OF THIS  
19 SUBPARAGRAPH (III), OR TO PAY THE DIRECT AND INDIRECT COSTS OF  
20 ADMINISTERING THE INITIATIVE AS DESCRIBED IN SECTION 23-3.3-1005 (4),  
21 MUST BE USED TO BUILD A FINANCIAL CORPUS CAPABLE OF PROVIDING  
22 TUITION ASSISTANCE TO ELIGIBLE COLORADO STUDENTS IN COLORADO  
23 WHO WILL ATTEND ELIGIBLE INSTITUTIONS OF HIGHER EDUCATION WITHIN  
24 THE STATE. TUITION ASSISTANCE PROVIDED PURSUANT TO THIS  
25 SUB-SUBPARAGRAPH (B) MAY TAKE THE FORM OF DIRECT AWARDS,  
26 MATCHING INCENTIVES TO CREATE OR INCREASE THE NUMBER OF OTHER  
27 SCHOLARSHIPS, LOANS, OR ANY COMBINATION THEREOF.

1 (D) TO THE EXTENT PRACTICABLE, GRANTS OF TUITION  
2 ASSISTANCE MUST BE AWARDED TO STUDENTS REPRESENTING RURAL AND  
3 URBAN AREAS OF THE STATE AND TO STUDENTS ATTENDING PUBLIC  
4 VOCATIONAL SCHOOLS, COMMUNITY COLLEGES, FOUR-YEAR INSTITUTIONS  
5 OF HIGHER EDUCATION, AND RESEARCH INSTITUTIONS; AND

6 (E) TO THE EXTENT PRACTICABLE, TUITION ASSISTANCE MUST BE  
7 EVENLY DISTRIBUTED BETWEEN STUDENTS WHO ARE ELIGIBLE FOR  
8 FEDERAL PELL GRANTS AND STUDENTS WHOSE HOUSEHOLD INCOMES ARE  
9 BETWEEN ONE HUNDRED PERCENT AND TWO HUNDRED FIFTY PERCENT OF  
10 THE MAXIMUM PERMISSIBLE INCOME FOR THE PURPOSE OF DETERMINING  
11 ELIGIBILITY FOR PELL GRANTS;

12 (IV) CRITERIA FOR EVALUATING THE EFFECTIVENESS OF THE  
13 INITIATIVE IN IMPROVING HIGHER EDUCATION OUTCOMES IN THE STATE,  
14 WHICH CRITERIA MUST INCLUDE, BUT NEED NOT BE LIMITED TO:

15 (A) REDUCTIONS IN REMEDIATION RATES AND ASSOCIATED COSTS;

16 (B) INCREASES IN GRADUATION RATES;

17 (C) REDUCTIONS IN AVERAGE TIME REQUIRED TO EARN A DEGREE;

18 (D) INCREASES IN STUDENT RETENTION RATES;

19 (E) REDUCTIONS IN DISPARITIES BETWEEN THE ACADEMIC  
20 ACHIEVEMENTS OF CERTAIN STUDENT POPULATIONS BASED ON  
21 DEMOGRAPHIC, GEOGRAPHIC, AND ECONOMIC INDICATORS;

22 (F) ADOPTION OF BEST PRACTICES FOR STUDENT SUPPORT  
23 SERVICES;

24 (G) FULFILLMENT OF LOCAL WORKFORCE NEEDS;

25 (H) REDUCTIONS IN STUDENT LOAN DEBT;

26 (I) IMPROVEMENTS IN TUITION AFFORDABILITY; AND

27 (J) IMPROVEMENTS IN STUDENTS' ACCESS TO FEDERAL GRANT



1 PROGRAMS AND OTHER FEDERAL SOURCES OF SUPPORT FOR  
2 POSTSECONDARY STUDENTS;

3 (b) IDENTIFY AND CONSIDER THE FEASIBILITY OF POTENTIAL  
4 FUNDING SOURCES FOR THE INITIATIVE, INCLUDING BUT NOT LIMITED TO:

5 (I) THE IMPLEMENTATION OF AN INCOME TAX CREDIT FOR  
6 TAXPAYERS OF THE STATE WHO ELECT TO MAKE A CONTRIBUTION TO THE  
7 FUND; AND

8 (II) ANY FUNDRAISING FOR THE INITIATIVE THAT MAY RESULT  
9 FROM A MEMORANDUM OF UNDERSTANDING EXECUTED BETWEEN THE  
10 BOARD AND A NONPROFIT ORGANIZATION, AS DESCRIBED IN SUBSECTION  
11 (5) OF THIS SECTION; AND

12 (c) ON OR BEFORE MAY 30, 2015, PREPARE AND SUBMIT TO THE  
13 DIRECTOR ANY RECOMMENDATIONS THE BOARD HAS FOR THE GENERAL  
14 ASSEMBLY CONCERNING THE IMPLEMENTATION OF THE INITIATIVE. THE  
15 DIRECTOR SHALL REPORT THE RECOMMENDATIONS OF THE BOARD TO THE  
16 EDUCATION COMMITTEES OF THE HOUSE OF REPRESENTATIVES AND  
17 SENATE, OR TO ANY SUCCESSOR COMMITTEES, AS DESCRIBED IN SECTION  
18 23-3.3-1003 (2).

19 (5) THE BOARD MAY ENTER INTO A MEMORANDUM OF  
20 UNDERSTANDING WITH A NONPROFIT ORGANIZATION FOR THE PURPOSE OF  
21 RAISING MONEYS FOR THE INITIATIVE.

22 **23-3.3-1005. Colorado opportunity scholarship initiative**  
23 **fund - created - rules.** (1) THERE IS CREATED IN THE STATE TREASURY  
24 THE COLORADO OPPORTUNITY SCHOLARSHIP INITIATIVE FUND, WHICH  
25 CONSISTS OF:

26 (a) ANY MONEYS APPROPRIATED TO THE FUND BY THE GENERAL  
27 ASSEMBLY;

1 (b) ANY MONEYS TRANSFERRED TO THE FUND FROM ANY OTHER  
2 FUND; AND

3 (c) ANY MONEYS RECEIVED BY THE DEPARTMENT AS GIFTS,  
4 GRANTS, OR DONATIONS PURSUANT TO SUBSECTION (3) OF THIS SECTION.

5 (2) THE MONEYS IN THE FUND ARE CONTINUOUSLY APPROPRIATED  
6 TO THE DEPARTMENT FOR THE PURPOSES DESCRIBED IN THIS PART 10. ALL  
7 INTEREST DERIVED FROM THE DEPOSIT AND INVESTMENT OF MONEYS IN  
8 THE FUND MUST REMAIN IN THE FUND. ANY UNEXPENDED OR  
9 UNENCUMBERED MONEYS REMAINING IN THE FUND AT THE END OF A  
10 FISCAL YEAR MUST REMAIN IN THE FUND AND NOT BE TRANSFERRED OR  
11 CREDITED TO THE GENERAL FUND OR ANOTHER FUND.

12 (3) THE DEPARTMENT IS AUTHORIZED TO ACCEPT ANY GIFTS,  
13 GRANTS, OR DONATIONS FROM ANY PRIVATE OR PUBLIC SOURCE ON  
14 BEHALF OF THE STATE FOR THE PURPOSES DESCRIBED IN THIS PART 10. THE  
15 DEPARTMENT SHALL TRANSMIT ALL SUCH GIFTS, GRANTS, AND DONATIONS  
16 TO THE STATE TREASURER, WHO SHALL CREDIT THE SAME TO THE FUND.

17 (4) THE DEPARTMENT IS AUTHORIZED TO SPEND NOT MORE THAN  
18 THREE PERCENT OF THE MONEYS IN THE FUND TO PAY THE DIRECT AND  
19 INDIRECT COSTS OF ADMINISTERING THE INITIATIVE IN ANY FISCAL YEAR.

20 (5) THE BOARD MAY PROMULGATE RULES FOR THE  
21 ADMINISTRATION OF THE FUND.

22   
23 **SECTION 2.** In Colorado Revised Statutes, 24-46.3-101, **add** (9)  
24 as follows:

25 **24-46.3-101. State work force development council - creation**  
26 **- membership.** (9) (a) THE MEMBERS OF THE EXECUTIVE COMMITTEE OF  
27 THE STATE COUNCIL SHALL SERVE AS MEMBERS OF THE COLORADO

1 OPPORTUNITY ■ SCHOLARSHIP INITIATIVE ADVISORY BOARD CREATED  
2 PURSUANT TO SECTION 23-3.3-1004, C.R.S.

3 (b) THE EXECUTIVE COMMITTEE OF THE STATE COUNCIL SHALL  
4 IDENTIFY STAFF MEMBERS WITHIN THE DEPARTMENT OF EDUCATION  
5 CREATED PURSUANT TO SECTION 24-1-115, THE DEPARTMENT OF HIGHER  
6 EDUCATION CREATED PURSUANT TO SECTION 24-1-114, AND THE  
7 DEPARTMENT OF LABOR AND EMPLOYMENT CREATED PURSUANT TO  
8 SECTION 24-1-121 WHO SHALL BE CHARGED WITH ASSISTING THE STATE  
9 COUNCIL IN FULFILLING ITS DUTIES PURSUANT TO THIS SUBSECTION (9).

10 **SECTION 3.** In Colorado Revised Statutes, 23-3.1-206.2, **add** (3)  
11 as follows:

12 **23-3.1-206.2. Financial need scholarships and grants - fund -**  
13 **repeal.** (3) THIS SECTION IS REPEALED, EFFECTIVE SEPTEMBER 1, 2014.  
14 THE STATE TREASURER SHALL TRANSFER ANY MONEYS REMAINING IN THE  
15 FUND ON SUCH DATE TO THE COLORADO OPPORTUNITY ■ SCHOLARSHIP  
16 INITIATIVE FUND CREATED IN SECTION 23-3.3-1004.

17 **SECTION 4.** In Colorado Revised Statutes, 23-3.1-205.4, **amend**  
18 (1) (c) (I), (1) (c) (II); and **repeal** (1) (c) (III) and (1) (c) (IV) as follows:

19 **23-3.1-205.4. Collegeinvest fund - creation - control - use.**  
20 (1) (c) Notwithstanding any provision of paragraph (a) of this subsection  
21 (1) to the contrary, if the authority or any other division of the department  
22 sells, transfers, or enters into a contract with another entity concerning all  
23 or any portion of the authority's or division's interest in any student loans  
24 or student obligations, the authority or the division shall deposit the net  
25 proceeds of the sale, transfer, or contract as follows:

26 (I) Up to five million dollars shall remain in the reserve account  
27 in the collegeinvest fund, which account is hereby created, and may be

1 used: To fund the repurchase of student loans sold by the authority if a  
2 guarantee agency refuses to honor a claim filed with respect to any such  
3 loans on account of an event that occurred prior to the sale; and to pay all  
4 liabilities, costs, and expenses with respect to the authority's programs to  
5 undertake forgiveness of indebtedness under such student loans sold by  
6 the authority. ~~Any moneys remaining in the reserve account as of January~~  
7 ~~1, 2011, shall be transferred to the financial need scholarship fund created~~  
8 ~~in section 23-3.1-206.2.~~

9 (II) After the retention of the amount required in subparagraph (I)  
10 of this paragraph (c), up to five million dollars of the remaining proceeds  
11 shall remain in the transition account in the collegeinvest fund, which  
12 account is hereby created to pay costs and expenses associated with the  
13 transition and wind-down of the authority's student loan program. Any  
14 expenditure from the transition account in excess of one hundred  
15 thousand dollars shall require the approval of the executive director. ~~Any~~  
16 ~~moneys remaining in the transition account as of January 1, 2011, shall~~  
17 ~~be transferred to the financial need scholarship fund created in section~~  
18 ~~23-3.1-206.2.~~

19 (III) ~~After the retention of the amounts required in subparagraphs~~  
20 ~~(I) and (II) of this paragraph (c), up to fifteen million dollars of the~~  
21 ~~remaining proceeds shall be transferred to the financial need scholarship~~  
22 ~~fund created in section 23-3.1-206.2 to increase the availability of~~  
23 ~~financial need scholarships.~~

24 (IV) ~~After the retention of the amounts required by subparagraphs~~  
25 ~~(I) and (II) of this paragraph (c) and the transfers required by~~  
26 ~~subparagraphs (III) and (III.5) of this paragraph (c), any remaining~~  
27 ~~amount of the proceeds shall be transferred to the financial need~~

1 scholarship fund created in section ~~23-3.1-206.2~~ and may reduce the need  
2 for general fund appropriations in the same amount to the department for  
3 ~~need-based grants.~~

4           **SECTION 5. Act subject to petition - effective date.** This act  
5 takes effect at 12:01 a.m. on the day following the expiration of the  
6 ninety-day period after final adjournment of the general assembly (August  
7 6, 2014, if adjournment sine die is on May 7, 2014); except that, if a  
8 referendum petition is filed pursuant to section 1 (3) of article V of the  
9 state constitution against this act or an item, section, or part of this act  
10 within such period, then the act, item, section, or part will not take effect  
11 unless approved by the people at the general election to be held in  
12 November 2014 and, in such case, will take effect on the date of the  
13 official declaration of the vote thereon by the governor.