

**Second Regular Session
Sixty-fourth General Assembly
STATE OF COLORADO**

REENGROSSED

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

LLS NO. 04-0660.02 Michele Hanigsberg

SENATE BILL 04-189

SENATE SPONSORSHIP

Anderson

HOUSE SPONSORSHIP

King

Senate Committees

Education
Appropriations

House Committees

A BILL FOR AN ACT

101 **CONCERNING INSTITUTIONS OF HIGHER EDUCATION, AND MAKING AN**
102 **APPROPRIATION IN CONNECTION THEREWITH.**

Bill Summary

(Note: This summary applies to this bill as introduced and does not necessarily reflect any amendments that may be subsequently adopted.)

Establishes the college opportunity fund program ("program") in the department of higher education ("department"), which shall be administered by the Colorado student loan program ("CSLP"). Requires each state institution of higher education and participating private institution of higher education that does not receive loan services through the CSLP to pay an implementation fee and an on-going disbursement fee. Establishes the college opportunity fund ("fund") and specifies that the fund shall be a trust fund for the benefit of eligible undergraduate

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.

SENATE
3rd Reading Unamended
April 2, 2004

SENATE
Amended 2nd Reading
April 1, 2004

students ("students") and shall consist of a stipend for each student. Requires the general assembly, beginning with the state fiscal year commencing July 1, 2005, and for each state fiscal year thereafter, to make an annual appropriation to the CSLP, in trust for students, to the fund. Specifies that any unexpended and unencumbered moneys in the fund at the end of a fiscal year are the property of the trust and shall remain in the fund.

Requires a student to apply for the program, and requires the CSLP to determine the student's eligibility for the stipend. Specifies that, if a student does not apply for or is determined ineligible for the program, the student shall be responsible for paying the student's total in-state tuition amount. Sets out the process for an institution to receive the stipend on behalf of a student. Prohibits an institution from billing a student for any additional amount to make up for a reduction in the stipend amount or issues relating to the timing of stipend payments.

Requires a private institution of higher education to enter into a performance contract with the department if the institution wants to receive stipends paid on behalf of students. Specifies that a student who attends a private institution of higher education may receive 50% of the stipend amount and that the amount of the stipend for the student may increase in proportion to the percentage of unfunded enrollment growth that is appropriated to the governing boards.

For the state fiscal year commencing July 1, 2005, and for each state fiscal year thereafter, requires the Colorado commission on higher education ("commission"), in consultation with the governing boards and participating private institutions, to annually estimate the number of undergraduate full-time equivalent students who are eligible for stipends at each institution of higher education and to report the numbers during the annual budget cycle.

Specifies that, for the state fiscal year commencing July 1, 2005, and for state fiscal years thereafter, for a student attending a state institution of higher education, the specified amount of the stipend per credit hour shall be an amount set annually by the general assembly, which in no case shall exceed the student's total in-state tuition. Specifies that the student shall be responsible for paying the student's share of total in-state tuition, if any.

Limits the number of credit hours for which a student can receive a stipend to 140 credit hours, but allows the commission to grant a waiver of the limitation under specified circumstances. Requires the commission to establish a system to prorate the number of credit hours for which a student may receive a stipend from the fund if the student is a continuing student as of July 1, 2005. Specifies courses for which a student may not receive a stipend.

For the state fiscal year commencing July 1, 2005, and for each state fiscal year thereafter, requires the general assembly to appropriate

spending authority to each governing board for the amount of cash funds exempt estimated to be received by the governing board as stipends. Specifies that the spending authority for the stipends estimated to be received shall be calculated by multiplying the applicable per-credit-hour stipend by the number of undergraduate students eligible for a stipend who are estimated to be enrolled in the institution of higher education under the direction and control of the governing board. Requires the general assembly to make annual appropriations of general fund moneys, of cash funds received from tuition income, and of cash funds exempt that are estimated to be received by the governing board as stipends, as a single line item to each governing board for the operation of its campuses.

Specifies that the tuition increases from which the general assembly derived the total cash spending authority for each governing board shall be noted in a footnote to the general appropriations bill. Requires the commission and the state treasurer, in consultation with the governing boards, to cooperatively establish a disbursement schedule for stipends awarded to insure the most beneficial cash flow for the state and to minimize the cost to and effects on the state general fund.

Beginning July 1, 2004, requires a governing board of a state institution of higher education or a private institution of higher education that would like to receive stipends on behalf of students to negotiate a performance contract with the department that shall specify the performance goals the institution shall achieve during the period that it operates under the performance contract. Allows a state institution of higher education that enters into a performance contract with the department to request an exemption from the procurement code and the central motor vehicle fleet system.

Specifies that the governing board of a state institution of higher education, while operating under a performance contract, need not consult with nor obtain approval from the commission to create, modify, or eliminate academic and vocational programs offered by the institution, so long as such creations, modifications, and eliminations are consistent with the institution's statutory role and mission. Allows the commission to override the creation or modification of an academic or vocational program if the change is inconsistent with the institution's statutory role and mission.

Requires the commission, in consultation with the governing boards, to calculate the amount of enrollment growth that has not been funded for each governing board from state fiscal year 2000-01 through 2004-05. Specifies that, during the period that a governing board is operating pursuant to a performance contract, the commission may request, as part of the annual budget cycle, a general fund appropriation for each governing board for the amount of unfunded enrollment growth to the extent that there remains an amount of enrollment growth that is

unfunded for the governing board.

Specifies that while a state institution of higher education is operating pursuant to a performance contract, the general assembly retains the authority to approve tuition spending authority for the governing board of the institution.

Requires the commission to be responsible for ensuring the provision of specific postsecondary educational services in the state. Authorizes the department on behalf of the commission to enter into fee-for-service contracts with a governing board of an institution of higher education to provide the specified higher education services. Specifies that the department may only contract with the governing board of an institution of higher education to the extent that the contract remains consistent with the governing board's performance contract.

Beginning July 1, 2005, authorizes the governing board of a state institution of higher education to negotiate a fee-for-service contract with the department for the delivery of higher education services by the institution to the residents of the state of Colorado. Specifies the higher education services that may be the subject of the fee-for-service agreement. Requires the commission to make annual funding recommendations to the general assembly and the governor regarding the funding necessary for the department to contract on the commission's behalf for the provision of higher education services in the state. Requires the general assembly to annually appropriate to the commission an amount of general fund moneys to carry out the purposes the fee-for-service contracts.

Authorizes an institution of higher education or a group of institutions of higher education to be designated as an enterprise by resolution of the governing board of the institution or group of institutions for the purposes of section 20 of article X of the state constitution. Specifies that an institution of higher education or group of institutions of higher education may be designated as an enterprise only so long as the governing board of the institution or group of institutions retains authority to issue revenue bonds on behalf of the institution or group of institutions and the institution or group of institutions receives less than 10% of total annual revenues in grants from all Colorado state and local governments combined. Specifies that the term "grant" for the purposes of section 20 of article X of the state constitution does not include: Fees received by an institution pursuant to a fee-for-service contract between the department and the institution or the institution's governing board; or revenues received by an institution or group of institutions that have been paid on behalf of an eligible undergraduate student as stipends from the fund.

Makes conforming changes.

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

2 **SECTION 1. Legislative findings and declarations.** (1) The
3 general assembly finds that:

4 (a) For the future of the state of Colorado and its citizens, it is
5 imperative that an increased number of Coloradans pursue education
6 beyond high school;

7 (b) A postsecondary educational experience for Coloradans is
8 essential for the state to compete in the new global economy and to
9 develop a new generation of leaders and active participants in state and
10 local civic affairs;

11 (c) In particular, it is critical that the rate of postsecondary
12 participation by low-income Coloradans, males, and minorities, who are
13 currently under-represented, be increased at every Colorado state
14 institution of higher education; and

15 (d) It is appropriate to support programs that are designed to
16 encourage participation in postsecondary education, that increase citizens'
17 awareness of the value of and need for a postsecondary education, and
18 that make citizens aware of the financial support provided by the general
19 assembly to students and institutions of higher education.

20 (2) The general assembly further finds that without increased
21 resources, Colorado's system of public higher education will be
22 challenged in meeting the need for postsecondary education.

23 (3) The general assembly also finds that the governor created a
24 blue ribbon panel on higher education consisting of prominent Colorado
25 citizens, and the blue ribbon panel found that:

26 (a) Colorado is a paradox in terms of its citizens' overall
27 educational attainment level and the participation of its high school

1 students in higher education immediately following high school;

2 (b) During the past two decades, Colorado has been at the top or
3 near the top of all states for the highest percentage of its adult population
4 holding at least a bachelor's degree;

5 (c) According to a national report, Colorado was tied for
6 twenty-seventh among all states with only thirty-nine percent of its high
7 school freshmen going on within four years to attend a postsecondary
8 institution;

9 (d) A substantial number of Coloradans are not participating in
10 higher education, and, as a result, Colorado's citizens are not benefitting
11 from the current system or the current funding of higher education;

12 (e) Based on these findings, the blue ribbon panel set as a goal
13 increased access and opportunities for Coloradans by encouraging
14 participation of groups who are currently under-represented, specifically
15 low-income individuals, males, and minority groups, at every Colorado
16 state institution of higher education and increased participation of recent
17 high school graduates at those institutions; and

18 (f) The blue ribbon panel further recommended that the state
19 fundamentally change the process by which postsecondary education is
20 financed from that of funding institutions to funding individual students.

21 (4) The general assembly further finds that:

22 (a) Funding students can have the impact of strengthening
23 competition among institutions which in turn can lead to improved quality
24 and greater differentiation; and

25 (b) Greater resource flexibility for institutions can enhance more
26 educational opportunities for low-income and other under-represented
27 students, as well as increase educational excellence.

1 (5) Therefore, it is the intent of the general assembly that:

2 (a) This new funding system should encourage access and student
3 enrollment for undergraduate students while maintaining distinctive
4 missions of universities and colleges and encouraging geographical
5 access;

6 (b) All Colorado residents should have access to the college
7 opportunity fund; and

8 (c) Performance contracts should provide for greater flexibility
9 and a more focused accountability for institutions to students and the
10 people of Colorado.

11 (6) It is the intent of the general assembly in enacting this act to
12 fundamentally change the process by which the state finances
13 postsecondary education from funding institutions to funding individuals.

14 (7) It is the further intent of the general assembly that:

15 (a) The state, through the Colorado commission on higher
16 education, shall acquire from institutions of higher education specified
17 educational services and facilities required for the full development of
18 Colorado's educational and economic opportunities; and

19 (b) Such services shall be acquired under an agreement negotiated
20 between the commission and the institutional governing boards pursuant
21 to which the governing boards agree to provide specified educational
22 services and facilities in exchange for the commission's payment, on
23 behalf of the state, of agreed-upon charges.

24 (8) The general assembly finds and declares that:

25 (a) The provision of higher education services is a business; and

26 (b) For the purposes of determining whether an institution or
27 group of institutions may be designated as an enterprise, so long as the

1 institution or group of institutions receives less than ten percent of its
2 total annual revenues in grants from all Colorado state and local
3 governments combined, it is sufficient that the governing board of an
4 institution of higher education has authority to issue revenue bonds on
5 behalf of such institution or group of institutions.

6 (9) It is not the intent of the general assembly in enacting this act
7 to cause the closure of any institution of higher education.

8 (10) While it is the general assembly's intent to change the process
9 of funding for postsecondary education, funding for postsecondary
10 education is not an entitlement. During periods of revenue shortfalls, the
11 general assembly may use a variety of mechanisms to balance the state's
12 budget, including reducing appropriations to institutions of higher
13 education, decreasing the value of the stipend, or placing a limit on the
14 number of stipends funded under this act based upon the overall
15 budgetary needs of the state.

16 **SECTION 2.** Title 23, Colorado Revised Statutes, is amended
17 BY THE ADDITION OF A NEW ARTICLE to read:

18 **ARTICLE 18**

19 **College Opportunity Fund**

20 **PART 1**

21 **GENERAL PROVISIONS**

22 **23-18-101. Short title.** THIS ARTICLE SHALL BE KNOWN AND MAY
23 BE CITED AS THE "COLLEGE OPPORTUNITY FUND ACT".

24 **23-18-102. Definitions.** AS USED IN THIS ARTICLE, UNLESS THE
25 CONTEXT OTHERWISE REQUIRES:

26 _____
27 (1) "COLLEGE OPPORTUNITY FUND" OR "FUND" MEANS THE

1 COLLEGE OPPORTUNITY FUND CREATED IN SECTION 23-18-202.

2 (2) "COLLEGE OPPORTUNITY FUND PROGRAM" OR "PROGRAM"

3 MEANS THE COLLEGE OPPORTUNITY FUND PROGRAM CREATED IN THE

4 DEPARTMENT OF HIGHER EDUCATION PURSUANT TO SECTION 23-18-201 (1).

5 (3) "COMMISSION" MEANS THE COLORADO COMMISSION ON

6 HIGHER EDUCATION ESTABLISHED PURSUANT TO SECTION 23-1-102.

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

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

9 (5) (a) "ELIGIBLE UNDERGRADUATE STUDENT" MEANS:

10 (I) A STUDENT WHO IS ENROLLED AT A STATE INSTITUTION OF

11 HIGHER EDUCATION AND WHO IS CLASSIFIED AS AN IN-STATE STUDENT FOR

12 TUITION PURPOSES; OR

13 (II) A STUDENT WHO IS ENROLLED AT A PARTICIPATING PRIVATE

14 INSTITUTION OF HIGHER EDUCATION AND WHO:

15 (A) IS CLASSIFIED AS AN IN-STATE STUDENT FOR TUITION

16 PURPOSES;

17 (B) IS A GRADUATE OF A COLORADO HIGH SCHOOL;

18 (C) DEMONSTRATES FINANCIAL NEED THROUGH THE STUDENT'S

19 ELIGIBILITY FOR THE FEDERAL PELL GRANT, OR ITS SUCCESSOR PROGRAM;

20 AND

21 (D) MEETS ANY OTHER ELIGIBILITY REQUIREMENTS ESTABLISHED

22 BY THE COMMISSION.

23 (b) "ELIGIBLE UNDERGRADUATE STUDENT" SHALL NOT MEAN A

24 STUDENT ENROLLED IN AN OFF-CAMPUS, EXTENDED CAMPUS, OR

25 CONTINUING EDUCATION CLASS, THAT IS NOT SUPPORTED BY STATE

26 GENERAL FUND MONEYS, EXCEPT AS APPROVED BY THE COMMISSION.

27 (6) "GOVERNING BOARD" MEANS THE GOVERNING BODY OF A

1 STATE INSTITUTION OF HIGHER EDUCATION.

2 (7) "INSTITUTION OF HIGHER EDUCATION" MEANS A PARTICIPATING
3 PRIVATE INSTITUTION OF HIGHER EDUCATION OR A STATE INSTITUTION OF
4 HIGHER EDUCATION.

5 (8) "PARTICIPATING PRIVATE INSTITUTION OF HIGHER EDUCATION"
6 MEANS A PRIVATE INSTITUTION OF HIGHER EDUCATION THAT ENTERS INTO
7 A PERFORMANCE CONTRACT WITH THE DEPARTMENT PURSUANT TO
8 SECTION 23-5-128 AND AGREES TO PARTICIPATE IN THE PROGRAM.

9 (9) "PRIVATE INSTITUTION OF HIGHER EDUCATION" MEANS A
10 NOT-FOR-PROFIT COLLEGE OR UNIVERSITY THAT IS NOT PERVASIVELY
11 SECTARIAN AND THAT MAINTAINS ITS PRIMARY PLACE OF BUSINESS IN THE
12 STATE OF COLORADO, THAT OFFERS GENERAL BACCALAUREATE DEGREES
13 IN ARTS AND SCIENCES, AND THAT IS INSTITUTIONALLY ACCREDITED ON
14 THE BASIS OF AN ON-SITE REVIEW IN COLORADO BY ONE OF THE SIX
15 NATIONALLY RECOGNIZED REGIONAL ACCREDITING ASSOCIATIONS OR BY
16 AN ACCREDITING AGENCY DETERMINED BY THE COMMISSION TO BE
17 APPROPRIATE TO ITS EDUCATIONAL PURPOSES AND PROGRAMS.

18 (10) (a) "STATE INSTITUTION OF HIGHER EDUCATION" MEANS A
19 PUBLIC POSTSECONDARY INSTITUTION THAT IS GOVERNED BY:

20 (I) THE BOARD OF GOVERNORS OF THE COLORADO STATE
21 UNIVERSITY SYSTEM;

22 (II) THE BOARD OF REGENTS OF THE UNIVERSITY OF COLORADO;

23 (III) THE BOARD OF TRUSTEES OF THE COLORADO SCHOOL OF
24 MINES;

25 (IV) THE BOARD OF TRUSTEES OF THE UNIVERSITY OF NORTHERN
26 COLORADO;

27 (V) THE BOARD OF TRUSTEES OF ADAMS STATE COLLEGE;

1 (VI) THE BOARD OF TRUSTEES OF WESTERN STATE COLLEGE OF
2 COLORADO;
3 (VII) THE BOARD OF TRUSTEES OF MESA STATE COLLEGE;
4 (VIII) THE BOARD OF TRUSTEES FOR FORT LEWIS COLLEGE;
5 (IX) THE BOARD OF TRUSTEES FOR METROPOLITAN STATE
6 COLLEGE OF DENVER; OR
7 (X) THE STATE BOARD FOR COMMUNITY COLLEGES AND
8 OCCUPATIONAL EDUCATION.

9
10 (b) "STATE INSTITUTION OF HIGHER EDUCATION" DOES NOT
11 INCLUDE A JUNIOR COLLEGE THAT IS PART OF A JUNIOR COLLEGE DISTRICT
12 ORGANIZED PURSUANT TO ARTICLE 71 OF THIS TITLE.

13 (11) "STIPEND" MEANS THE AMOUNT OF MONEY PER CREDIT HOUR
14 SPECIFIED PURSUANT TO SECTION 23-18-202 (2) (b) HELD IN TRUST FOR
15 AND PAID ON BEHALF OF AN ELIGIBLE UNDERGRADUATE STUDENT
16 PURSUANT TO SECTION 23-18-202 (5).

17 (12) "STUDENT'S SHARE OF IN-STATE TUITION" MEANS THE AMOUNT
18 OF TOTAL IN-STATE TUITION, LESS ANY AMOUNT PAID ON BEHALF OF THE
19 STUDENT AS A STIPEND.

20 (13) "TOTAL IN-STATE TUITION" MEANS THE TOTAL AMOUNT OF
21 TUITION THAT IS PAID TO A STATE INSTITUTION OF HIGHER EDUCATION BY
22 OR ON BEHALF OF A STUDENT WHO IS ELIGIBLE TO PAY IN-STATE TUITION,
23 INCLUDING BUT NOT LIMITED TO THE AMOUNT OF THE STIPEND PAID ON
24 BEHALF OF THE STUDENT.

25 PART 2

26 COLLEGE OPPORTUNITY FUND PROGRAM

27 **23-18-201. College opportunity fund program - creation -**

1 **eligibility - guidelines.** (1) THERE IS HEREBY CREATED IN THE
2 DEPARTMENT OF HIGHER EDUCATION THE COLLEGE OPPORTUNITY FUND
3 PROGRAM, WHICH SHALL BE ADMINISTERED BY THE COLORADO STUDENT
4 LOAN PROGRAM. THE COLLEGE OPPORTUNITY FUND, CREATED IN SECTION
5 23-18-202, SHALL BE A TRUST FUND FOR THE BENEFIT OF ELIGIBLE
6 UNDERGRADUATE STUDENTS. IT SHALL CONSIST OF A STIPEND FOR EACH
7 UNDERGRADUATE STUDENT IN COLORADO WHO APPLIES FOR THE STIPEND
8 AND WHO IS ADMITTED AND REGISTERS TO ATTEND A STATE OR
9 PARTICIPATING PRIVATE INSTITUTION OF HIGHER EDUCATION AND IS
10 DETERMINED TO BE ELIGIBLE BY THE COLORADO STUDENT LOAN PROGRAM
11 TO RECEIVE A STIPEND. AN ELIGIBLE UNDERGRADUATE STUDENT MAY USE
12 THE STIPEND FOR UNDERGRADUATE COURSES TAKEN AT A STATE OR
13 PARTICIPATING PRIVATE INSTITUTION OF HIGHER EDUCATION AT A FIXED
14 RATE PER CREDIT HOUR, SET ANNUALLY BY THE GENERAL ASSEMBLY.

15 (2) A STUDENT OF A PRIVATE INSTITUTION OF HIGHER EDUCATION
16 SHALL BE A BENEFICIARY OF THE COLLEGE OPPORTUNITY FUND AND
17 ELIGIBLE TO PARTICIPATE IN THE COLLEGE OPPORTUNITY FUND PROGRAM
18 ONLY IF THE PRIVATE INSTITUTION OF HIGHER EDUCATION THAT THE
19 STUDENT ATTENDS HAS AGREED TO PARTICIPATE IN THE PROGRAM BY
20 ESTABLISHING A PERFORMANCE CONTRACT WITH THE DEPARTMENT
21 PURSUANT TO SECTION 23-5-128. THE DEPARTMENT SHALL INCLUDE EACH
22 PARTICIPATING PRIVATE INSTITUTION OF HIGHER EDUCATION AND ITS
23 STUDENTS WHO PARTICIPATE IN THE COLLEGE OPPORTUNITY FUND
24 PROGRAM IN THE STUDENT UNIT REPORTING DATA SYSTEM, IN ORDER TO
25 ENABLE THE STUDENTS OF THE PARTICIPATING PRIVATE INSTITUTION OF
26 HIGHER EDUCATION TO PARTICIPATE IN THE PROGRAM. THE PARTICIPATING
27 PRIVATE INSTITUTION OF HIGHER EDUCATION SHALL REIMBURSE THE

1 DEPARTMENT FOR THE ACTUAL EXPENSES ASSOCIATED WITH INCLUDING
2 THE INSTITUTION IN THE STUDENT UNIT REPORTING DATA SYSTEM.

3 (3) THE COLORADO STUDENT LOAN PROGRAM, IN CONSULTATION
4 WITH THE GOVERNING BOARDS, SHALL ADOPT THE NECESSARY POLICIES
5 FOR THE IMPLEMENTATION OF THIS PART 2, WHICH AT A MINIMUM SHALL
6 INCLUDE PROCEDURES FOR REQUESTING FUNDS FOR THE PROGRAM WHICH
7 ADHERE TO COMMISSION BUDGET GUIDELINES AND THE ANNUAL
8 BUDGETING CYCLE OF THE EXECUTIVE AND LEGISLATIVE BRANCHES.

9 (4) THE COLORADO STUDENT LOAN PROGRAM SHALL DIRECT ALL
10 STATE AND PARTICIPATING PRIVATE INSTITUTIONS OF HIGHER EDUCATION
11 TO REQUIRE RESIDENT UNDERGRADUATE STUDENTS TO APPLY FOR THE
12 PROGRAM. IF A STUDENT IS CLASSIFIED AS AN IN-STATE STUDENT FOR
13 TUITION PURPOSES AT A STATE INSTITUTION OF HIGHER EDUCATION AND
14 DOES NOT APPLY FOR THE PROGRAM OR IS NOT ELIGIBLE FOR THE
15 PROGRAM, THE STUDENT SHALL BE RESPONSIBLE FOR PAYING THE
16 STUDENT'S TOTAL IN-STATE TUITION AMOUNT.

17 **23-18-202. College opportunity fund - appropriations -**
18 **payment of stipends - reimbursement.** (1) (a) BEGINNING WITH THE
19 STATE FISCAL YEAR COMMENCING JULY 1, 2005, AND FOR EACH STATE
20 FISCAL YEAR THEREAFTER, THE GENERAL ASSEMBLY SHALL MAKE AN
21 ANNUAL APPROPRIATION, IN TRUST FOR ELIGIBLE UNDERGRADUATE
22 STUDENTS, TO THE COLLEGE OPPORTUNITY FUND, WHICH IS HEREBY
23 ESTABLISHED AS A TRUST FUND ACCOUNT WITH THE COLORADO STUDENT
24 LOAN PROGRAM. MONEYS APPROPRIATED TO THE COLLEGE OPPORTUNITY
25 FUND ARE FOR THE SOLE PURPOSE OF DISBURSEMENT ON BEHALF OF
26 ELIGIBLE UNDERGRADUATE STUDENTS IN ACCORDANCE WITH THIS PART 2
27 AND ARE NOT FOR THE GENERAL OPERATION OR ANY OTHER FUNCTION OF

1 THE COLORADO STUDENT LOAN PROGRAM. ANY UNEXPENDED AND
2 UNENCUMBERED MONEYS REMAINING IN THE COLLEGE OPPORTUNITY FUND
3 AT THE END OF A FISCAL YEAR ARE THE PROPERTY OF THE TRUST FUND AND
4 SHALL REMAIN IN THE FUND AND SHALL NOT BE CREDITED OR
5 TRANSFERRED TO THE GENERAL FUND OR ANY OTHER FUND.

6 (b) THE COLORADO STUDENT LOAN PROGRAM SHALL ADMINISTER
7 AND DISBURSE THE FUNDS IN THE COLLEGE OPPORTUNITY FUND ON BEHALF
8 OF ELIGIBLE UNDERGRADUATE STUDENTS AS PROVIDED IN THIS PART 2.
9 EACH STATE INSTITUTION OF HIGHER EDUCATION AND PARTICIPATING
10 PRIVATE INSTITUTION OF HIGHER EDUCATION THAT DOES NOT RECEIVE
11 LOAN ORIGATION AND DISBURSEMENT SERVICES THROUGH THE
12 COLORADO STUDENT LOAN PROGRAM SHALL PAY AN IMPLEMENTATION FEE
13 AND AN ON-GOING DISBURSEMENT FEE, THE AMOUNTS OF WHICH SHALL BE
14 DETERMINED BY THE COLORADO STUDENT LOAN PROGRAM.

15 (2) (a) FOR THE STATE FISCAL YEAR COMMENCING JULY 1, 2005,
16 AND FOR EACH STATE FISCAL YEAR THEREAFTER, THE COMMISSION, IN
17 CONSULTATION WITH THE GOVERNING BOARDS AND PARTICIPATING
18 PRIVATE INSTITUTIONS, SHALL ANNUALLY ESTIMATE THE NUMBER OF
19 UNDERGRADUATE FULL-TIME EQUIVALENT STUDENTS WHO ARE ELIGIBLE
20 FOR STIPENDS UNDER THIS PART 2 AT EACH STATE INSTITUTION OF HIGHER
21 EDUCATION AND EACH PARTICIPATING PRIVATE INSTITUTION OF HIGHER
22 EDUCATION. THE COMMISSION SHALL REPORT THE NUMBERS DURING THE
23 ANNUAL BUDGET CYCLE TO THE GOVERNOR AND TO THE JOINT BUDGET
24 COMMITTEE OF THE GENERAL ASSEMBLY FOR INCLUSION IN THE ANNUAL
25 GENERAL APPROPRIATIONS ACT.

26 (b) FOR THE STATE FISCAL YEAR COMMENCING JULY 1, 2005, AND
27 FOR STATE FISCAL YEARS THEREAFTER, FOR AN ELIGIBLE UNDERGRADUATE

1 STUDENT ATTENDING A STATE INSTITUTION OF HIGHER EDUCATION, THE
2 SPECIFIED AMOUNT OF THE STIPEND PER CREDIT HOUR SHALL BE AN
3 AMOUNT SET ANNUALLY BY THE GENERAL ASSEMBLY, WHICH IN NO CASE
4 SHALL EXCEED THE STUDENT'S TOTAL IN-STATE TUITION. THE VALUE OF
5 THE PER CREDIT HOUR STIPEND SHALL BE THE SAME FOR EACH ELIGIBLE
6 UNDERGRADUATE STUDENT, REGARDLESS OF THE STATE INSTITUTION OF
7 HIGHER EDUCATION THAT THE STUDENT ATTENDS. THE STUDENT SHALL BE
8 RESPONSIBLE FOR PAYING THE STUDENT'S SHARE OF TOTAL IN-STATE
9 TUITION, IF ANY.

10 (c) THE COMMISSION SHALL FORWARD TO THE GENERAL ASSEMBLY
11 AND GOVERNOR, BY NOVEMBER 1 OF EACH YEAR, A LIST OF INSTITUTIONS
12 ELIGIBLE TO RECEIVE STIPENDS ON BEHALF OF ELIGIBLE UNDERGRADUATE
13 STUDENTS UNDER THE PROGRAM. THE COMMISSION SHALL ANNUALLY
14 REQUEST THAT THE GENERAL ASSEMBLY ADJUST THE AMOUNT
15 APPROPRIATED TO THE COLORADO STUDENT LOAN PROGRAM FOR THE
16 STIPENDS TO REFLECT AT LEAST INFLATION AND ENROLLMENT GROWTH IN
17 THE STATE INSTITUTIONS OF HIGHER EDUCATION, CONSISTENT WITH THE
18 LEGISLATIVE INTENT SET FORTH IN PARAGRAPH (d) OF THIS SUBSECTION
19 (2).

20 (d) BEGINNING WITH THE STATE FISCAL YEAR COMMENCING JULY
21 1, 2006, THE COMMISSION, IN CONSULTATION WITH THE GOVERNING
22 BOARDS AND ANY PARTICIPATING PRIVATE INSTITUTIONS OF HIGHER
23 EDUCATION, SHALL REVIEW ANNUALLY THE AMOUNT OF THE STIPEND PER
24 CREDIT HOUR ESTABLISHED PURSUANT TO PARAGRAPH (b) OF THIS
25 SUBSECTION (2). FOLLOWING THE REVIEW, THE COMMISSION, IN
26 CONSULTATION WITH THE GOVERNING BOARDS AND PARTICIPATING
27 PRIVATE INSTITUTIONS, SHALL ANNUALLY MAKE RECOMMENDATIONS

1 REGARDING POSSIBLE ADJUSTMENTS TO THE AMOUNT OF THE STIPEND PER
2 CREDIT HOUR TO THE GOVERNOR AND THE JOINT BUDGET COMMITTEE OF
3 THE GENERAL ASSEMBLY FOR CONSIDERATION IN PREPARING THE ANNUAL
4 GENERAL APPROPRIATIONS ACT. IT IS THE INTENT OF THE GENERAL
5 ASSEMBLY THAT THE AMOUNT APPROPRIATED FOR STIPENDS INCREASE AT
6 LEAST AT THE RATE OF INFLATION AND ENROLLMENT GROWTH.

7 (e) AN ELIGIBLE UNDERGRADUATE STUDENT WHO ATTENDS A
8 PARTICIPATING PRIVATE INSTITUTION OF HIGHER EDUCATION MAY RECEIVE
9 FINANCIAL ASSISTANCE UNDER THIS PART 2 IN THE AMOUNT OF FIFTY
10 PERCENT OF THE STIPEND AMOUNT; EXCEPT THAT THE AMOUNT OF THE
11 STIPEND UNDER THIS PARAGRAPH (e) MAY INCREASE IN PROPORTION TO
12 THE PERCENT OF UNFUNDED ENROLLMENT GROWTH THAT IS APPROPRIATED
13 TO THE GOVERNING BOARDS PURSUANT TO SECTION 23-5-128 (8).

14 (3) (a) FOR THE STATE FISCAL YEAR COMMENCING JULY 1, 2005,
15 AND FOR EACH STATE FISCAL YEAR THEREAFTER, THE GENERAL ASSEMBLY
16 SHALL APPROPRIATE SPENDING AUTHORITY TO EACH GOVERNING BOARD
17 FOR THE CASH FUNDS EXEMPT ESTIMATED TO BE RECEIVED BY AN
18 INSTITUTION, UNDER THE DIRECTION AND CONTROL OF THE GOVERNING
19 BOARD, AS STIPENDS, CONSISTENT WITH THE PROVISIONS OF SECTION
20 23-1-104. THE SPENDING AUTHORITY FOR THE STIPENDS ESTIMATED TO BE
21 RECEIVED SHALL BE CALCULATED BY MULTIPLYING THE AMOUNT OF THE
22 APPLICABLE PER-CREDIT-HOUR STIPEND BY THE NUMBER OF ELIGIBLE
23 STUDENT CREDIT HOURS THAT ARE ESTIMATED TO BE ATTRIBUTABLE TO
24 EACH STATE INSTITUTION OF HIGHER EDUCATION UNDER THE DIRECTION
25 AND CONTROL OF THE GOVERNING BOARD.

26 (b) THE TUITION INCREASES FROM WHICH THE GENERAL ASSEMBLY
27 DERIVED THE TOTAL CASH SPENDING AUTHORITY FOR EACH GOVERNING

1 BOARD SHALL BE NOTED IN A FOOTNOTE IN THE ANNUAL GENERAL
2 APPROPRIATIONS ACT.

3 (c) IF AN INSTITUTION OF HIGHER EDUCATION IS DESIGNATED AS AN
4 ENTERPRISE PURSUANT TO SECTION 23-5-101.7, THE INSTITUTION SHALL
5 ANNUALLY ALLOCATE AT LEAST TWENTY PERCENT OF ANY INCREASE IN
6 TUITION REVENUES ABOVE INFLATION TO NEED-BASED FINANCIAL
7 ASSISTANCE.

8 (4) REGARDLESS OF WHEN AN INSTITUTION RECEIVES MONEYS IN
9 THE FORM OF A STIPEND ON BEHALF OF A STUDENT, OR IF THE STIPEND
10 AMOUNT IS REDUCED BY THE GENERAL ASSEMBLY, A STATE INSTITUTION
11 OF HIGHER EDUCATION SHALL NOT INCREASE THE STUDENT'S SHARE OF
12 IN-STATE TUITION TO MAKE UP FOR AN ACTUAL OR EFFECTIVE REDUCTION
13 DURING THE SAME FISCAL YEAR IN THE STIPEND AMOUNT FROM WHICH THE
14 TOTAL IN-STATE TUITION AMOUNT WAS CALCULATED OR FOR ISSUES
15 RELATING TO THE TIMING OF STIPEND PAYMENTS.

16 (5)(a) AFTER AN UNDERGRADUATE STUDENT HAS APPLIED FOR THE
17 PROGRAM, BEEN APPROVED FOR THE PROGRAM, AND ENROLLED IN A STATE
18 OR PARTICIPATING PRIVATE INSTITUTION OF HIGHER EDUCATION, THE
19 INSTITUTION SHALL REQUEST THAT THE COLORADO STUDENT LOAN
20 PROGRAM MAKE A STIPEND PAYMENT FROM THE COLLEGE OPPORTUNITY
21 FUND TO THE INSTITUTION ON BEHALF OF THE ELIGIBLE UNDERGRADUATE
22 STUDENT. A PAYMENT BY THE COLORADO STUDENT LOAN PROGRAM TO AN
23 INSTITUTION OF HIGHER EDUCATION FROM THE COLLEGE OPPORTUNITY
24 FUND SHALL NOT BE SUBJECT TO THE ASSESSMENT OF A TRANSACTION FEE
25 PURSUANT TO SECTION 24-36-120, C.R.S. THE STIPEND PAYMENT SHALL
26 BE PAID TO THE INSTITUTION UPON RECEIPT BY THE INSTITUTION OF THE
27 ELIGIBLE UNDERGRADUATE STUDENT'S AUTHORIZING SIGNATURE. THE

1 AMOUNT OF THE STIPEND PAID ON BEHALF OF AN ELIGIBLE
2 UNDERGRADUATE STUDENT SHALL BE APPLIED AGAINST THE STUDENT'S
3 TOTAL IN-STATE TUITION.

4 (b) THE STIPEND PAID BY THE COLORADO STUDENT LOAN
5 PROGRAM ON BEHALF OF THE ELIGIBLE UNDERGRADUATE STUDENT SHALL
6 BE NOTED ON THE STUDENT'S RECEIPT OF PAYMENT FROM THE STATE OR
7 PRIVATE INSTITUTION OF HIGHER EDUCATION AS THE "PAYMENT BY THE
8 STATE OF COLORADO, FROM THE COLLEGE OPPORTUNITY FUND".

9 (c) (I) AN ELIGIBLE UNDERGRADUATE STUDENT SHALL NOT
10 RECEIVE A STIPEND FROM THE COLLEGE OPPORTUNITY FUND FOR MORE
11 THAN ONE HUNDRED FORTY CREDIT HOURS DURING THE ELIGIBLE
12 UNDERGRADUATE STUDENT'S LIFETIME; EXCEPT THAT, IF AN ELIGIBLE
13 UNDERGRADUATE STUDENT HAS RECEIVED PAYMENT FOR A STIPEND FOR
14 ONE HUNDRED FORTY CREDIT HOURS AND THE STUDENT HAS RECEIVED A
15 BACHELOR'S DEGREE, THE ELIGIBLE UNDERGRADUATE STUDENT IS ELIGIBLE
16 TO RECEIVE STIPEND PAYMENTS FOR AN ADDITIONAL THIRTY
17 UNDERGRADUATE CREDIT HOURS.

18 (II) FOR AN ELIGIBLE UNDERGRADUATE STUDENT WHO IS
19 ENROLLED AS A CONTINUING STUDENT AS OF JULY 1, 2005, THE
20 COMMISSION SHALL DETERMINE THE NUMBER OF CREDIT HOURS FOR
21 WHICH THE STUDENT MAY RECEIVE A STIPEND FROM THE COLLEGE
22 OPPORTUNITY FUND, BASED ON THE NUMBER OF CREDIT HOURS THE
23 ELIGIBLE UNDERGRADUATE STUDENT HAS EARNED.

24 (d) (I) AN INSTITUTION OF HIGHER EDUCATION SHALL NOT RECEIVE
25 THE PAYMENT OF A STIPEND ON BEHALF OF AN ELIGIBLE UNDERGRADUATE
26 STUDENT FOR:

27 (A) BASIC SKILLS COURSES, AS DEFINED IN SECTION 23-1-113 (1)

1 (b) (II) (A.7);
2 (B) COURSES TAKEN PURSUANT TO THE "POSTSECONDARY
3 ENROLLMENT OPTIONS ACT", ARTICLE 35 OF TITLE 22, C.R.S.;
4 (C) HIGH SCHOOL FAST-TRACK COURSES TAKEN PURSUANT TO
5 SECTION 22-34-101, C.R.S.;
6 (D) INTERNATIONAL BACCALAUREATE COURSES; OR
7 (E) ADVANCED PLACEMENT COURSES.
8 (II) THE INSTITUTION OF HIGHER EDUCATION IN WHICH AN ELIGIBLE
9 UNDERGRADUATE STUDENT ENROLLS MAY CONTRACT WITH THE
10 DEPARTMENT PURSUANT TO SECTION 23-5-129 TO PROVIDE THE COURSES
11 SPECIFIED IN SUB-SUBPARAGRAPHS (A) TO (C) OF SUBPARAGRAPH (I) OF
12 THIS PARAGRAPH (d) FOR A FEE.
13 (e) NOTWITHSTANDING THE LIFETIME-CREDIT-HOUR LIMITATION
14 ESTABLISHED PURSUANT TO PARAGRAPH (c) OF THIS SUBSECTION (5), AN
15 ELIGIBLE UNDERGRADUATE STUDENT MAY APPLY TO THE COMMISSION FOR
16 A WAIVER OF THE LIMITATION. THE COMMISSION MAY GRANT A WAIVER
17 OF THE LIFETIME-CREDIT-HOUR LIMITATION IF IT FINDS:
18 (I) THAT EXTENUATING CIRCUMSTANCES EXIST RELATED TO THE
19 STUDENT'S HEALTH OR PHYSICAL ABILITY TO COMPLETE THE DEGREE
20 PROGRAM WITHIN THE LIFETIME-CREDIT-HOUR LIMIT;
21 (II) THAT THE DEGREE PROGRAM, AS APPROVED BY THE
22 COMMISSION, REQUIRES MORE THAN ONE HUNDRED TWENTY HOURS TO
23 COMPLETE;
24 (III) THAT, WHILE THE ELIGIBLE UNDERGRADUATE STUDENT WAS
25 ENROLLED IN A SPECIFIC DEGREE PROGRAM, THE COMMISSION APPROVED
26 AND THE INSTITUTION IMPLEMENTED AN ALTERATION OF DEGREE
27 REQUIREMENTS OR STANDARDS FOR THE SPECIFIC DEGREE; OR

1 (IV) THAT REQUIRING THE ELIGIBLE UNDERGRADUATE STUDENT TO
2 PAY THE FULL AMOUNT OF TOTAL IN-STATE TUITION FOR CREDIT HOURS
3 THAT EXCEED THE LIMITATION WOULD CAUSE A SUBSTANTIAL ECONOMIC
4 HARDSHIP ON THE STUDENT AND THE STUDENT'S FAMILY.

5 (6) IF AN ELIGIBLE UNDERGRADUATE STUDENT ENROLLS IN A CLASS
6 FOR WHICH THE STATE OR PARTICIPATING PRIVATE INSTITUTION OF HIGHER
7 EDUCATION RECEIVES A STIPEND PAYMENT PURSUANT TO SUBSECTION (5)
8 OF THIS SECTION AND THE ELIGIBLE UNDERGRADUATE STUDENT
9 SUBSEQUENTLY WITHDRAWS FROM THE CLASS ON OR PRIOR TO THE FINAL
10 DATE ON WHICH THE INSTITUTION PERMITS A STUDENT TO WITHDRAW
11 WITHOUT THE PAYMENT OF TUITION, THE INSTITUTION SHALL REIMBURSE
12 THE COLLEGE OPPORTUNITY FUND FOR THE PROPORTIONAL AMOUNT OF
13 THE STIPEND RECEIVED THAT CONFORMS TO THE GOVERNING BOARD'S
14 REFUND POLICY FOR THE CLASS FROM WHICH THE STUDENT WITHDREW.
15 THE CREDITS FOR WHICH THE STIPEND IS REFUNDED SHALL NOT COUNT
16 AGAINST THE ELIGIBLE UNDERGRADUATE STUDENT'S
17 LIFETIME-CREDIT-HOUR LIMITATION ESTABLISHED PURSUANT TO
18 PARAGRAPH (c) OF SUBSECTION (5) OF THIS SECTION.

19 (7) IT IS THE INTENT OF THE GENERAL ASSEMBLY THAT THE
20 AMOUNT OF A STIPEND RECEIVED BY A STATE INSTITUTION OF HIGHER
21 EDUCATION ON BEHALF OF AN ELIGIBLE UNDERGRADUATE STUDENT
22 PURSUANT TO THIS PART 2 SHALL NOT CONSTITUTE A GRANT FROM THE
23 STATE OF COLORADO PURSUANT TO SECTION 20 (2) (d) OF ARTICLE X OF
24 THE STATE CONSTITUTION.

25 **23-18-203. College opportunity fund - data retention.** (1) THE
26 COMMISSION, IN COOPERATION WITH THE STATE AND PARTICIPATING
27 PRIVATE INSTITUTIONS OF HIGHER EDUCATION, SHALL MAINTAIN A RECORD

1 OF THE NUMBER OF CREDIT HOURS FOR WHICH EACH ELIGIBLE
2 UNDERGRADUATE STUDENT RECEIVES A STIPEND FROM THE COLLEGE
3 OPPORTUNITY FUND. THE COMMISSION SHALL ALSO MAINTAIN ANY
4 CONFIDENTIAL INFORMATION CONCERNING ELIGIBLE UNDERGRADUATE
5 STUDENTS PARTICIPATING IN THE PROGRAM.

6 (2) THE COMMISSION, IN CONSULTATION WITH THE GOVERNING
7 BOARDS, SHALL DETERMINE BY POLICY WHEN TO FORWARD TO EACH STATE
8 AND PARTICIPATING PRIVATE INSTITUTION OF HIGHER EDUCATION A
9 REPORT ON THE NUMBER OF CREDIT HOURS ACCUMULATED BY EACH
10 ELIGIBLE UNDERGRADUATE STUDENT AGAINST THE LIFETIME-CREDIT-HOUR
11 LIMITATION ESTABLISHED PURSUANT TO SECTION 23-18-202 (5) (c). EACH
12 INSTITUTION SHALL MAKE THE INFORMATION ON THE NUMBER OF CREDIT
13 HOURS ACCUMULATED AGAINST THE LIMITATIONS AVAILABLE TO THE
14 STUDENT UPON REQUEST.

15 **23-18-204. College opportunity fund - advertisement -**
16 **disclosure. IF AN INSTITUTION OF HIGHER EDUCATION ADVERTISES, IN THE**
17 **FORM OF DIRECT MAIL, PRINT, RADIO, TELEVISION, OR VIA THE INTERNET,**
18 **A STUDENT'S ABILITY TO RECEIVE A STIPEND FROM THE COLLEGE**
19 **OPPORTUNITY FUND, THE INSTITUTION OF HIGHER EDUCATION SHALL**
20 **INCLUDE IN THE ADVERTISEMENT THE TOTAL COST OF ATTENDING THE**
21 **INSTITUTION, INCLUDING A STUDENT'S TOTAL TUITION COST PLUS**
22 **APPLICABLE FEES.**

23 **23-18-205. College opportunity fund - directive.** THE
24 COLORADO STUDENT LOAN PROGRAM AND THE STATE TREASURER, IN
25 CONSULTATION WITH THE GOVERNING BOARDS, SHALL COOPERATIVELY
26 ESTABLISH A DISBURSEMENT SCHEDULE FOR STIPENDS AWARDED
27 PURSUANT TO THIS PART 2.

1 **23-18-206. College opportunity fund - legislative declaration**

2 **- commission report.** (1) THE GENERAL ASSEMBLY FINDS THAT:

3 (a) NO OTHER STATE HAS TRIED TO CHANGE THE FUNDING OF
4 INSTITUTIONS OF HIGHER EDUCATION FROM THE INSTITUTION TO THE
5 STUDENT AS PROVIDED FOR IN THIS PART 2;

6 (b) BECAUSE THIS PART 2 CREATES A NEW AND UNTRIED PROGRAM,
7 IT IS ANTICIPATED THAT DURING THE EARLY YEARS OF ITS
8 IMPLEMENTATION, THERE MAY BE SOME UNANTICIPATED EFFECTS
9 REQUIRING ADDITIONAL STATUTORY CHANGES.

10 (2) (a) BEGINNING JULY 1, 2006, AND CONTINUING THROUGH JULY
11 1, 2009, THE COMMISSION SHALL SUBMIT TO THE EDUCATION COMMITTEES
12 OF THE SENATE AND HOUSE OF REPRESENTATIVES AND TO THE JOINT
13 BUDGET COMMITTEE OF THE GENERAL ASSEMBLY ANNUAL REPORTS ON THE
14 STATUS OF THE PROGRAM ESTABLISHED PURSUANT TO THIS PART 2. THE
15 ANNUAL REPORTS MAY INCLUDE, BUT ARE NOT LIMITED TO,
16 RECOMMENDED STATUTORY CHANGES.

17 (b) ON OR BEFORE JULY 1, 2010, THE COMMISSION SHALL SUBMIT
18 A FINAL REPORT TO THE EDUCATION COMMITTEES OF THE SENATE AND
19 HOUSE OF REPRESENTATIVES AND TO THE JOINT BUDGET COMMITTEE OF
20 THE GENERAL ASSEMBLY ON THE IMPLEMENTATION OF THE PROGRAM
21 ESTABLISHED PURSUANT TO THIS PART 2.

22 **SECTION 3.** Article 5 of title 23, Colorado Revised Statutes, is
23 amended BY THE ADDITION OF THE FOLLOWING NEW
24 SECTIONS to read:

25 **23-5-128. Governing boards - performance contract -**
26 **authorization - operations.** (1) AS USED IN THIS SECTION, UNLESS THE
27 CONTEXT OTHERWISE REQUIRES:

1 (a) "PRIVATE INSTITUTION OF HIGHER EDUCATION" SHALL HAVE
2 THE SAME MEANING AS PROVIDED IN SECTION 23-18-102 (11).

3 (b) "STATE INSTITUTION OF HIGHER EDUCATION" SHALL HAVE THE
4 SAME MEANING AS PROVIDED IN SECTION 23-18-102 (12).

5 (c) "UNFUNDED ENROLLMENT GROWTH" MEANS THE AMOUNT OF
6 ENROLLMENT GROWTH CALCULATED PURSUANT TO SUBSECTION (8) OF
7 THIS SECTION THAT HAS NOT BEEN FUNDED FOR EACH GOVERNING BOARD
8 FROM STATE FISCAL YEAR 2000-01 THROUGH 2004-05.

9 (2) (a) BEGINNING JULY 1, 2004, EACH GOVERNING BOARD OF A
10 STATE INSTITUTION OF HIGHER EDUCATION SHALL NEGOTIATE A
11 PERFORMANCE CONTRACT WITH THE DEPARTMENT OF HIGHER EDUCATION
12 THAT SHALL SPECIFY THE PERFORMANCE GOALS THE INSTITUTION SHALL
13 ACHIEVE DURING THE PERIOD THAT IT OPERATES UNDER THE
14 PERFORMANCE CONTRACT. A STATE INSTITUTION OF HIGHER EDUCATION'S
15 COMPLIANCE WITH THE GOALS SPECIFIED IN THE PERFORMANCE CONTRACT
16 MAY BE IN LIEU OF THE REQUIREMENTS OF ARTICLE 1 OF THIS TITLE AND
17 THE "HIGHER EDUCATION QUALITY ASSURANCE ACT", ARTICLE 13 OF THIS
18 TITLE, FOR THE PERIOD OF THE PERFORMANCE CONTRACT.

19 (b) IF A PRIVATE INSTITUTION OF HIGHER EDUCATION PLANS TO
20 ACCEPT STIPENDS PAID ON BEHALF OF ELIGIBLE UNDERGRADUATE
21 STUDENTS PURSUANT TO ARTICLE 18 OF THIS TITLE, THE PRIVATE
22 INSTITUTION OF HIGHER EDUCATION SHALL NEGOTIATE A PERFORMANCE
23 CONTRACT WITH THE DEPARTMENT OF HIGHER EDUCATION, WHICH SHALL
24 SPECIFY THE PERFORMANCE GOALS THE INSTITUTION SHALL ACHIEVE
25 DURING THE PERIOD THAT IT OPERATES UNDER THE PERFORMANCE
26 CONTRACT.

27 (c) THE SPECIFIED PROCEDURES AND GOALS SET FORTH IN THE

1 PERFORMANCE CONTRACT SHALL BE MEASURABLE AND TAILORED TO THE
2 ROLE AND MISSION OF EACH INSTITUTION THAT IS UNDER THE DIRECTION
3 AND CONTROL OF THE GOVERNING BOARD, AND MAY INCLUDE, BUT SHALL
4 NOT BE LIMITED TO:

5 (I) COLORADO RESIDENTS' ACCESS TO HIGHER EDUCATION;

6 (II) QUALITY;

7 (III) EFFICIENCY OF OPERATIONS; AND

8 (IV) THE NEEDS OF THE STATE.

9 (d) TO MEASURE PROGRESS TOWARD THE GOALS SPECIFIED IN THE
10 PERFORMANCE CONTRACT, THE FOLLOWING ISSUES MAY BE ADDRESSED:

11 (I) APPROPRIATE LEVELS OF STUDENT ENROLLMENT, TRANSFER,
12 RETENTION, AND GRADUATION RATES AND INSTITUTIONAL PROGRAMS
13 SPECIFICALLY DESIGNED TO ASSIST STUDENTS IN ACHIEVING THEIR
14 ACADEMIC AND, IN THE CASE OF COMMUNITY COLLEGES,
15 VOCATIONAL GOALS;

16 (II) STUDENT SATISFACTION AND STUDENT PERFORMANCE AFTER
17 GRADUATION, MEASURED BY INDICATORS APPROPRIATE TO THE
18 INSTITUTIONAL ROLE AND MISSION, SUCH AS EMPLOYMENT OR
19 ENROLLMENT IN GRADUATE PROGRAMS;

20 (III) COMPARATIVE COST AND PRODUCTIVITY DATA IN RELATION
21 TO PEER INSTITUTIONS;

22 (IV) ASSESSMENT OF THE QUALITY OF THE INSTITUTION'S
23 ACADEMIC AND, WHERE RELEVANT, VOCATIONAL PROGRAMS, INCLUDING
24 ASSESSMENT BY EXTERNAL REVIEWERS, SUCH AS ACCREDITATION BOARDS
25 AND EMPLOYERS, AND CONSIDERATION OF STUDENT PERFORMANCE ON
26 NATIONAL EXAMINATIONS; AND

27 (V) INCREASING FINANCIAL SUPPORT TO SUSTAIN AND ENHANCE

1 ESSENTIAL FUNCTIONS THAT MAY BE PARTIALLY STATE FUNDED,
2 INCLUDING BUT NOT LIMITED TO:

3 (A) THE PROVISION OF STUDENT FINANCIAL AID;

4 (B) IN THE CASE OF A STATE INSTITUTION OF HIGHER EDUCATION,
5 CAPITAL CONSTRUCTION;

6 (C) ASSESSMENT OF FINANCIAL INDICATORS COMPARED TO
7 NATIONAL BENCHMARKS COMMONLY USED TO MEASURE FINANCIAL
8 PERFORMANCE IN HIGHER EDUCATION ACCORDING TO THE TYPE OF
9 INSTITUTION; AND

10 (D) INCREASING FINANCIAL SUPPORT TO SUSTAIN AND ENHANCE
11 THE EDUCATIONAL MISSION OF THE INSTITUTION AND, IN THE CASE OF
12 INSTITUTIONS WITH A RESEARCH MISSION, INCREASING PUBLIC AND
13 PRIVATE RESEARCH CAPABILITIES AND COMPETITIVENESS.

14 (e) NOTWITHSTANDING ANY PROVISION OF THIS SUBSECTION (2) TO
15 THE CONTRARY, THE PROVISIONS OF THIS SUBSECTION (2) SHALL NOT
16 APPLY TO THE PERFORMANCE CONTRACT WITH THE COLORADO SCHOOL OF
17 MINES, AUTHORIZED BY SECTION 23-41-104.6, THAT IS IN PLACE ON JULY
18 1, 2004, UNTIL THE DEPARTMENT OF HIGHER EDUCATION RENEGOTIATES
19 THE PERFORMANCE CONTRACT WITH THE SCHOOL OF MINES, TO TAKE
20 EFFECT JULY 1, 2011.

21 (3) ALL PERFORMANCE CONTRACTS BETWEEN THE DEPARTMENT OF
22 HIGHER EDUCATION AND ANY STATE OR PRIVATE INSTITUTION OF HIGHER
23 EDUCATION SHALL BE REVIEWED AND APPROVED BY THE COLORADO
24 COMMISSION ON HIGHER EDUCATION BEFORE THE CONTRACT MAY BECOME
25 EFFECTIVE.

26 (4) NOTWITHSTANDING THE REQUIREMENTS OF ARTICLE 101 OF
27 TITLE 24, C.R.S., AND PART 11 OF ARTICLE 30 OF TITLE 24, C.R.S., A

1 GOVERNING BOARD OF A STATE INSTITUTION OF HIGHER EDUCATION THAT
2 OPERATES PURSUANT TO A PERFORMANCE CONTRACT NEGOTIATED
3 PURSUANT TO THIS SECTION MAY NEGOTIATE WITH THE DEPARTMENT OF
4 HIGHER EDUCATION, AFTER APPROVAL FROM THE COLORADO COMMISSION
5 ON HIGHER EDUCATION, A PROVISION IN THE PERFORMANCE CONTRACT TO
6 ALLOW AN EXEMPTION FROM THE PROCUREMENT CODE, ARTICLE 101 OF
7 TITLE 24, C.R.S., AND THE CENTRAL STATE MOTOR VEHICLE FLEET
8 SYSTEM, PART 11 OF ARTICLE 30 OF TITLE 24, C.R.S. THE EXECUTIVE
9 DIRECTOR OF THE DEPARTMENT OF HIGHER EDUCATION SHALL
10 COMMUNICATE IN WRITING WITH THE EXECUTIVE DIRECTOR OF THE
11 DEPARTMENT OF PERSONNEL REGARDING ANY EXEMPTIONS GRANTED
12 PURSUANT TO THIS SUBSECTION (4).

13 (5) BEGINNING JANUARY 2006, AND EACH JANUARY THEREAFTER,
14 THE DEPARTMENT OF HIGHER EDUCATION SHALL REPORT TO THE MEMBERS
15 OF THE EDUCATION COMMITTEES OF THE SENATE AND THE HOUSE OF
16 REPRESENTATIVES AND THE MEMBERS OF THE JOINT BUDGET COMMITTEE
17 OF THE GENERAL ASSEMBLY THE FINANCIAL EFFECT OF THE PROVISIONS OF
18 EACH PERFORMANCE CONTRACT WITH REGARD TO FUNDING FOR THE
19 AFFECTED GOVERNING BOARD OF A STATE INSTITUTION OF HIGHER
20 EDUCATION AND OVERALL FUNDING FOR THE STATEWIDE SYSTEM OF
21 HIGHER EDUCATION, ANY EXEMPTIONS GRANTED PURSUANT TO
22 SUBSECTION (4) OF THIS SECTION, AND A REVIEW OF EACH STATE OR
23 PRIVATE INSTITUTION'S OPERATIONS UNDER THE INSTITUTION'S
24 PERFORMANCE CONTRACT. THE TERM OF A PERFORMANCE CONTRACT MAY
25 BE UP TO TEN YEARS. THE DEPARTMENT OF HIGHER EDUCATION MAY
26 RENEW A PERFORMANCE CONTRACT AT ITS DISCRETION, WITH THE
27 AGREEMENT OF THE GOVERNING BOARD.

1 (6) WHILE OPERATING PURSUANT TO A PERFORMANCE CONTRACT
2 NEGOTIATED PURSUANT TO THIS SECTION, THE GOVERNING BOARD OF A
3 STATE INSTITUTION OF HIGHER EDUCATION:

4 (a) SHALL CONTINUE TO OPERATE AS THE GOVERNING BOARD FOR
5 THE INSTITUTION. IN ADDITION, AT THE REQUEST OF THE GOVERNING
6 BOARD, THE GOVERNOR MAY APPOINT ADDITIONAL ADVISORY MEMBERS
7 TO THE GOVERNING BOARD TO SUSTAIN AND ENHANCE THE ROLE AND
8 MISSION OF THE INSTITUTION. ADDITIONAL MEMBERS OF THE GOVERNING
9 BOARD SHALL SERVE AS NONVOTING MEMBERS OF THE BOARD. THE ROLE
10 OF THE ADVISORY MEMBERS SHALL BE TO IMPROVE THE GOVERNING
11 BOARD'S OPPORTUNITIES TO DEVELOP AND ENRICH THE ACADEMIC AND
12 RESEARCH PROGRAMS AT THE INSTITUTION.

13 (b) NEED NOT CONSULT WITH NOR OBTAIN APPROVAL FROM THE
14 COLORADO COMMISSION ON HIGHER EDUCATION TO CREATE, MODIFY, OR
15 ELIMINATE ACADEMIC AND VOCATIONAL PROGRAMS OFFERED BY THE
16 INSTITUTION, SO LONG AS SUCH CREATIONS, MODIFICATIONS, AND
17 ELIMINATIONS ARE CONSISTENT WITH THE INSTITUTION'S STATUTORY ROLE
18 AND MISSION. THE COLORADO COMMISSION ON HIGHER EDUCATION SHALL
19 HAVE THE AUTHORITY TO OVERRIDE ANY CREATION OR MODIFICATION OF
20 AN ACADEMIC OR VOCATIONAL PROGRAM IF THE CHANGE MADE BY THE
21 GOVERNING BOARD IS INCONSISTENT WITH THE INSTITUTION'S STATUTORY
22 ROLE AND MISSION.

23 (c) SHALL REPORT TO THE COLORADO COMMISSION ON HIGHER
24 EDUCATION ITS PLANS FOR ANY TUITION INCREASES FOR THE FOLLOWING
25 ACADEMIC YEAR FOR THE COMMISSION TO FORWARD TO THE GENERAL
26 ASSEMBLY DURING THE ANNUAL BUDGET PROCESS.

27 (7) WHILE OPERATING PURSUANT TO A PERFORMANCE CONTRACT

1 NEGOTIATED PURSUANT TO THIS SECTION, A STATE INSTITUTION OF HIGHER
2 EDUCATION SHALL:

3 (a) REMAIN ELIGIBLE FOR STATE-FUNDED CAPITAL CONSTRUCTION
4 PROJECTS AND CONTROLLED MAINTENANCE PROJECTS AS PROVIDED IN
5 SECTION 23-1-106;

6 (b) CONTINUE TO ADMIT COLORADO RESIDENT APPLICANTS WITHIN
7 THE REQUIREMENTS OF SECTION 23-1-113.5 WHO MEET THE ADMISSIONS
8 CRITERIA OF THE INSTITUTION.

9 (8) THE COLORADO COMMISSION ON HIGHER EDUCATION, IN
10 CONSULTATION WITH THE GOVERNING BOARDS, SHALL CALCULATE THE
11 AMOUNT OF UNFUNDED ENROLLMENT GROWTH. DURING THE PERIOD THAT
12 A GOVERNING BOARD IS OPERATING PURSUANT TO A PERFORMANCE
13 CONTRACT NEGOTIATED PURSUANT TO THIS SECTION, THE COLORADO
14 COMMISSION ON HIGHER EDUCATION MAY REQUEST, AS PART OF THE
15 ANNUAL BUDGET CYCLE, A GENERAL FUND APPROPRIATION FOR EACH
16 GOVERNING BOARD FOR THE AMOUNT OF UNFUNDED ENROLLMENT
17 GROWTH, TO THE EXTENT THAT THERE REMAINS AN AMOUNT OF
18 ENROLLMENT GROWTH THAT IS UNFUNDED FOR THE GOVERNING BOARD.

19 (9) THE COLORADO SCHOOL OF MINES, WHILE OPERATING UNDER
20 A PERFORMANCE CONTRACT PURSUANT TO SECTION 23-41-104.6, MAY
21 NEGOTIATE WITH THE COLORADO COMMISSION ON HIGHER EDUCATION FOR
22 EXEMPTIONS CONSISTENT WITH THE PROVISIONS OF SUBSECTION (4) OF
23 THIS SECTION.

24 (10) WHILE A STATE INSTITUTION OF HIGHER EDUCATION IS
25 OPERATING PURSUANT TO A PERFORMANCE CONTRACT NEGOTIATED
26 PURSUANT TO THIS SECTION, THE GENERAL ASSEMBLY RETAINS THE
27 AUTHORITY TO APPROVE TUITION SPENDING AUTHORITY FOR THE

1 GOVERNING BOARD OF THE INSTITUTION.

2 **23-5-129. Governing boards - fee-for-service contracts -**
3 **authorization.** (1) AS USED IN THIS SECTION, UNLESS THE CONTEXT
4 OTHERWISE REQUIRES:

5 (a) "COMMISSION" SHALL HAVE THE SAME MEANING AS PROVIDED
6 IN SECTION 23-18-102 (3).

7 (b) "DEPARTMENT" SHALL HAVE THE SAME MEANING AS PROVIDED
8 IN SECTION 23-18-102 (4).

9 (c) "STATE INSTITUTION OF HIGHER EDUCATION" SHALL HAVE THE
10 SAME MEANING AS PROVIDED IN SECTION 23-18-102 (10).

11 (2) BEGINNING JULY 1, 2005, THE GOVERNING BOARD OF A STATE
12 INSTITUTION OF HIGHER EDUCATION MAY ANNUALLY NEGOTIATE A
13 FEE-FOR-SERVICE CONTRACT WITH THE DEPARTMENT FOR THE DELIVERY
14 OF HIGHER EDUCATION SERVICES BY THE INSTITUTION TO THE RESIDENTS
15 OF THE STATE OF COLORADO. THESE SERVICES MAY INCLUDE, BUT NEED
16 NOT BE LIMITED TO:

17 (a) EDUCATIONAL SERVICES IN RURAL AREAS OR COMMUNITIES IN
18 WHICH THE COST OF DELIVERING THE EDUCATIONAL SERVICES IS NOT
19 SUSTAINED BY THE AMOUNT RECEIVED IN STUDENT TUITION;

20 (b) BASIC SKILLS COURSES, AS DEFINED IN SECTION 23-1-113 (1)

21 (b) (II) (A.7);

22 (c) EDUCATIONAL SERVICES ASSOCIATED WITH THE
23 "POSTSECONDARY ENROLLMENT OPTIONS ACT", ARTICLE 35 OF TITLE 22,
24 C.R.S.;

25 (d) EDUCATIONAL SERVICES ASSOCIATED WITH THE HIGH SCHOOL
26 FAST TRACK PROGRAM PURSUANT TO SECTION 22-34-101, C.R.S.;

27 (e) EDUCATIONAL SERVICES REQUIRED OF THE COMMISSION TO

1 MEET ITS OBLIGATIONS UNDER RECIPROCAL AGREEMENTS PURSUANT TO
2 SECTION 23-1-112;

3 (f) GRADUATE SCHOOL SERVICES;

4 (g) EDUCATIONAL SERVICES THAT MAY INCREASE ECONOMIC
5 DEVELOPMENT OPPORTUNITIES IN THE STATE, INCLUDING COURSES TO
6 ASSIST STUDENTS IN CAREER DEVELOPMENT AND RETRAINING; AND

7 (h) SPECIALIZED EDUCATIONAL SERVICES AND PROFESSIONAL
8 DEGREES, INCLUDING BUT NOT LIMITED TO THE AREAS OF DENTISTRY,
9 MEDICINE, VETERINARY MEDICINE, NURSING, LAW, FORESTRY, AND
10 ENGINEERING.

11 **SECTION 4.** Article 1 of title 23, Colorado Revised Statutes, is
12 amended BY THE ADDITION OF A NEW SECTION to read:

13 **23-1-109.7. Duties and powers of the commission with regard**
14 **to the provision of educational services. (1) BEGINNING JULY 1, 2005,**
15 **THE COMMISSION SHALL BE RESPONSIBLE FOR ENSURING THE PROVISION OF**
16 **SPECIFIC POSTSECONDARY EDUCATIONAL SERVICES IN THE STATE. THESE**
17 **EDUCATIONAL SERVICES SHALL INCLUDE BUT NEED NOT BE LIMITED TO:**

18 (a) EDUCATIONAL SERVICES IN RURAL AREAS OR COMMUNITIES IN
19 WHICH THE COST OF DELIVERING SUCH SERVICES IS NOT SUSTAINED BY THE
20 AMOUNT RECEIVED IN STUDENT TUITION;

21 (b) BASIC SKILLS COURSES, AS DEFINED IN SECTION 23-1-113 (1)
22 (b) (II) (A.7);

23 (c) EDUCATIONAL SERVICES ASSOCIATED WITH THE
24 "POSTSECONDARY ENROLLMENT OPTIONS ACT", ARTICLE 35 OF TITLE 22,
25 C.R.S.;

26 (d) EDUCATIONAL SERVICES ASSOCIATED WITH THE HIGH SCHOOL
27 FAST TRACK PROGRAM PURSUANT TO SECTION 22-34-101, C.R.S.;

1 (e) EDUCATIONAL SERVICES REQUIRED OF THE COMMISSION TO
2 MEET ITS OBLIGATIONS UNDER RECIPROCAL AGREEMENTS PURSUANT TO
3 SECTION 23-1-112;

4 (f) GRADUATE SCHOOL SERVICES;

5 (g) EDUCATIONAL SERVICES THAT MAY INCREASE ECONOMIC
6 DEVELOPMENT OPPORTUNITIES IN THE STATE, INCLUDING COURSES TO
7 ASSIST STUDENTS IN CAREER DEVELOPMENT AND RETRAINING; AND

8 (h) SPECIALIZED EDUCATIONAL SERVICES AND PROFESSIONAL
9 DEGREES, INCLUDING BUT NOT LIMITED TO THE AREAS OF DENTISTRY,
10 MEDICINE, VETERINARY MEDICINE, NURSING, LAW, FORESTRY, AND
11 ENGINEERING.

12 (2) THE DEPARTMENT OF HIGHER EDUCATION ON BEHALF OF THE
13 COMMISSION MAY ANNUALLY ENTER INTO FEE-FOR-SERVICE CONTRACTS
14 WITH ONE OR MORE GOVERNING BOARDS OF INSTITUTIONS OF HIGHER
15 EDUCATION TO PROVIDE THE HIGHER EDUCATION SERVICES SPECIFIED IN
16 SUBSECTION (1) OF THIS SECTION. THE DEPARTMENT OF HIGHER
17 EDUCATION MAY CONTRACT WITH A GOVERNING BOARD OF AN
18 INSTITUTION OF HIGHER EDUCATION ONLY TO THE EXTENT THAT THE
19 CONTRACT REMAINS CONSISTENT WITH ANY CONTRACT ENTERED INTO
20 PURSUANT TO SECTION 23-5-128 WITH THE GOVERNING BOARD.

21 (3) THE COMMISSION SHALL MAKE ANNUAL FUNDING
22 RECOMMENDATIONS TO THE GENERAL ASSEMBLY AND THE GOVERNOR
23 REGARDING THE FUNDING NECESSARY FOR THE DEPARTMENT OF HIGHER
24 EDUCATION TO CONTRACT ON THE COMMISSION'S BEHALF FOR THE
25 PROVISION OF HIGHER EDUCATION SERVICES IN THE STATE, INCLUDING BUT
26 NOT LIMITED TO THE SERVICES SPECIFIED IN SUBSECTION (1) OF THIS
27 SECTION. THE GENERAL ASSEMBLY SHALL ANNUALLY APPROPRIATE TO

1 THE COMMISSION AN AMOUNT OF GENERAL FUND MONEYS TO CARRY OUT
2 THE PURPOSES OF THIS SECTION.

3 **SECTION 5.** 23-1-113.3 (2) (a), Colorado Revised Statutes, is
4 amended to read:

5 **23-1-113.3. Commission directive - basic skills courses.**

6 (2) (a) Adams state college, Mesa state college, any local community
7 college, and any community college governed by the state board for
8 community colleges and occupational education may offer and receive
9 ~~course-reimbursement~~ FEE-FOR-SERVICE CONTRACT payments from the
10 state for basic skills courses, as defined in section 23-1-113 (1) (b) (II)
11 (A.7).

12 **SECTION 6.** 24-1-114 (5) (b), Colorado Revised Statutes, is
13 amended to read:

14 **24-1-114. Department of higher education - creation.**

15 (5) (b) With respect to the Colorado commission on higher education and
16 the universities, colleges, and boards specified in subsection (4) of this
17 section, the executive director shall have only those powers, duties, and
18 functions prescribed in article 1 of title 23, C.R.S.; EXCEPT THAT THE
19 EXECUTIVE DIRECTOR OF THE COLORADO COMMISSION ON HIGHER
20 EDUCATION IS AUTHORIZED TO NEGOTIATE, IMPLEMENT, AND MONITOR
21 CONTRACTS, AS DESCRIBED IN SECTIONS 23-5-128 AND 23-5-129, C.R.S.,
22 WITH UNIVERSITIES, COLLEGES, AND BOARDS, IN CONSULTATION WITH THE
23 COLORADO COMMISSION ON HIGHER EDUCATION.

24 **SECTION 7.** 23-1-104 (1) (a) (I) and (1) (d), Colorado Revised
25 Statutes, are amended to read:

26 **23-1-104. Financing the system of postsecondary education -**
27 **repeal.** (1) (a) (I) The general assembly shall make annual

1 appropriations of general fund moneys, ~~and~~ of cash funds received from
2 tuition income, ~~pursuant to the provisions of section 23-1-103.5~~ AND OF
3 CASH FUNDS EXEMPT THAT ARE ESTIMATED TO BE RECEIVED BY AN
4 INSTITUTION, UNDER THE DIRECTION AND CONTROL OF THE GOVERNING
5 BOARD, AS STIPENDS, AS DEFINED IN SECTION 23-18-102, as a single line
6 item to each governing board for the operation of its campuses. ~~consistent~~
7 ~~with the distribution percentages developed by the commission pursuant~~
8 ~~to section 23-1-105 (3). Except as otherwise provided in subsection (1.5)~~
9 ~~of this section, each governing board shall allocate said appropriations to~~
10 ~~the institutions under its control in the manner deemed most appropriate~~
11 ~~by such governing board.~~

12 (d) ~~The formulas established pursuant to this section shall exclude~~
13 ~~consideration of the programs authorized pursuant to article 15 of title 26,~~
14 ~~C.R.S.~~

15 **SECTION 8.** Article 5 of title 23, Colorado Revised Statutes, is
16 amended BY THE ADDITION OF A NEW SECTION to read:

17 **23-5-101.7. Enterprise status of institutions of higher**
18 **education.** (1) AS USED IN THIS SECTION, UNLESS THE CONTEXT
19 OTHERWISE REQUIRES, "INSTITUTION OF HIGHER EDUCATION" OR
20 "INSTITUTION" MEANS THE COLORADO STATE UNIVERSITY - PUEBLO,
21 ADAMS STATE COLLEGE, MESA STATE COLLEGE, METROPOLITAN STATE
22 COLLEGE OF DENVER, FORT LEWIS COLLEGE, WESTERN STATE COLLEGE
23 OF COLORADO, THE UNIVERSITY OF NORTHERN COLORADO, COLORADO
24 SCHOOL OF MINES, THE UNIVERSITY OF COLORADO, COLORADO STATE
25 UNIVERSITY, AND ALL COMMUNITY COLLEGES GOVERNED BY THE STATE
26 BOARD FOR COMMUNITY COLLEGES AND OCCUPATIONAL EDUCATION.

27 (2) AN INSTITUTION OF HIGHER EDUCATION, OR A GROUP OF

1 INSTITUTIONS OF HIGHER EDUCATION THAT IS MANAGED BY A SINGLE
2 GOVERNING BOARD, MAY BE DESIGNATED AS AN ENTERPRISE FOR THE
3 PURPOSES OF SECTION 20 OF ARTICLE X OF THE STATE CONSTITUTION SO
4 LONG AS THE GOVERNING BOARD OF THE INSTITUTION OR GROUP OF
5 INSTITUTIONS RETAINS AUTHORITY TO ISSUE REVENUE BONDS ON BEHALF
6 OF THE INSTITUTION OR GROUP OF INSTITUTIONS AND THE INSTITUTION OR
7 GROUP OF INSTITUTIONS RECEIVES LESS THAN TEN PERCENT OF ITS TOTAL
8 ANNUAL REVENUES IN GRANTS FROM ALL COLORADO STATE AND LOCAL
9 GOVERNMENTS COMBINED. SO LONG AS IT IS DESIGNATED AS AN
10 ENTERPRISE PURSUANT TO THE PROVISIONS OF THIS SECTION, AN
11 INSTITUTION OR GROUP OF INSTITUTIONS SHALL NOT BE SUBJECT TO ANY
12 OF THE PROVISIONS OF SECTION 20 OF ARTICLE X OF THE STATE
13 CONSTITUTION.

14 (3) IN PLEDGING REVENUES FOR THE REPAYMENT OF REVENUE
15 BONDS ISSUED ON BEHALF OF AN INSTITUTION OF HIGHER EDUCATION OR
16 GROUP OF INSTITUTIONS OF HIGHER EDUCATION THAT IS DESIGNATED AS AN
17 ENTERPRISE, THE INSTITUTION OR GROUP OF INSTITUTIONS MAY PLEDGE
18 INTERNAL REVENUES ONLY IF THE INSTITUTION OR GROUP OF
19 INSTITUTIONS:

20 (a) IS ACCOUNTED FOR SEPARATELY IN INSTITUTIONAL FINANCIAL
21 RECORDS; AND

22 (b) ENGAGES IN THE TYPE OF ACTIVITIES THAT ARE COMMONLY
23 CARRIED ON FOR PROFIT OUTSIDE THE PUBLIC SECTOR.

24 (4) (a) THE GOVERNING BOARD OF AN INSTITUTION OF HIGHER
25 EDUCATION MAY, BY RESOLUTION, DESIGNATE AN INSTITUTION OF HIGHER
26 EDUCATION OR GROUP OF INSTITUTIONS OF HIGHER EDUCATION MANAGED
27 BY THE GOVERNING BOARD AS AN ENTERPRISE SO LONG AS THE

1 INSTITUTION OR GROUP OF INSTITUTIONS MEETS THE REQUIREMENTS FOR
2 AN ENTERPRISE STATED IN SUBSECTION (2) OF THIS SECTION. EXCEPT AS
3 PROVIDED IN PARAGRAPH (b) OF THIS SUBSECTION (4), ANY SUCH
4 ENTERPRISE DESIGNATION SHALL NOT TERMINATE, EXPIRE, OR BE
5 RESCINDED AS LONG AS THE INSTITUTION OR GROUP OF INSTITUTIONS
6 MEETS THE REQUIREMENTS FOR AN ENTERPRISE.

7 (b) ALL RESOLUTIONS ADOPTED PURSUANT TO PARAGRAPH (a) OF
8 THIS SUBSECTION (4) SHALL BE SUBMITTED BY THE ADOPTING GOVERNING
9 BOARD TO THE OFFICE OF THE STATE AUDITOR IN THE FORM AND MANNER
10 PRESCRIBED BY THE LEGISLATIVE AUDIT COMMITTEE. THE DESIGNATIONS
11 SHALL BE REVIEWED BY THE OFFICE OF THE STATE AUDITOR TO DETERMINE
12 WHETHER THE DESIGNATIONS ARE WITHIN THE AUTHORITY OF THE
13 ADOPTING GOVERNING BOARD PURSUANT TO THE PROVISIONS OF THIS
14 SECTION AND FOR LATER REVIEW BY THE LEGISLATIVE AUDIT COMMITTEE
15 FOR ITS OPINION AS TO WHETHER THE DESIGNATIONS CONFORM WITH THE
16 PROVISIONS OF THIS SECTION. THE OFFICIAL CERTIFICATE OF THE STATE
17 AUDITOR AS TO THE FACT OF SUBMISSION OR THE DATE OF SUBMISSION OF
18 A DESIGNATION AS SHOWN BY THE RECORDS OF THE OFFICE OF THE STATE
19 AUDITOR, AS WELL AS TO THE FACT OF NONSUBMISSION AS SHOWN BY THE
20 NONEXISTENCE OF SUCH RECORDS, SHALL BE RECEIVED AND HELD IN ALL
21 CIVIL CASES AS COMPETENT EVIDENCE OF THE FACTS CONTAINED THEREIN.
22 A DESIGNATION ADOPTED BY A GOVERNING BOARD OF AN INSTITUTION OR
23 GROUP OF INSTITUTIONS OF HIGHER EDUCATION WITHOUT BEING
24 SUBMITTED WITHIN TWENTY DAYS AFTER ADOPTION TO THE OFFICE OF THE
25 STATE AUDITOR FOR REVIEW BY THE OFFICE AND BY THE LEGISLATIVE
26 AUDIT COMMITTEE SHALL BE VOID.

27 (5) NOTWITHSTANDING ANY PROVISION OF SECTION 23-1-106 OR

1 SECTION 24-75-303 (3), C.R.S., TO THE CONTRARY, THE GOVERNING
2 BOARD OF AN INSTITUTION OF HIGHER EDUCATION OR GROUP OF
3 INSTITUTIONS OF HIGHER EDUCATION THAT HAS BEEN DESIGNATED AS AN
4 ENTERPRISE PURSUANT TO SUBSECTION (2) OF THIS SECTION SHALL HAVE
5 THE EXCLUSIVE AUTHORITY TO APPROVE CASH FUNDED CAPITAL
6 EXPENDITURES WITHIN THE INSTITUTION OR GROUP OF INSTITUTIONS FOR
7 PROJECTS THAT ARE TO BE CONSTRUCTED, OPERATED, AND MAINTAINED
8 SOLELY FROM STUDENT FEES, WHOLLY ENDOWED GIFTS AND BEQUESTS,
9 RESEARCH BUILDING REVOLVING FUNDS, OR A COMBINATION OF SUCH
10 SOURCES.

11 **SECTION 9.** 23-5-101.5 (2) (b) (II), Colorado Revised Statutes,
12 is amended to read:

13 **23-5-101.5. Enterprise status of auxiliary facilities.** (2) As
14 used in this ~~article~~ SECTION AND SECTIONS 23-5-102 TO 23-5-105.5:

15 (b) (II) "Grant" does not include:

16 (A) Any indirect benefit conferred upon an auxiliary facility, OR
17 GROUP OF AUXILIARY FACILITIES OR AN INSTITUTION OR GROUP OF
18 INSTITUTIONS from the state or any local government in Colorado,
19 INCLUDING ANY INTEREST IN OR USE OF EXISTING FACILITIES OWNED,
20 FUNDED, OR FINANCED BY THE GOVERNING BOARD OF AN INSTITUTION, THE
21 STATE, OR ANY LOCAL GOVERNMENT IN COLORADO;

22 (B) Any revenues resulting from MARKET EXCHANGES SUCH AS
23 rates, fees, assessments, TUITIONS, or other charges imposed by an
24 auxiliary facility, OR GROUP OF AUXILIARY FACILITIES OR BY AN
25 INSTITUTION OR GROUP OF INSTITUTIONS for the provision of goods or
26 services by such auxiliary facility, GROUP OF AUXILIARY FACILITIES,
27 INSTITUTION OR GROUP OF INSTITUTIONS, including SERVICES TO THE

1 STATE OR A LOCAL GOVERNMENT IN COLORADO AND fees paid to the
2 auxiliary facility OR GROUP OF AUXILIARY FACILITIES for internal services
3 provided to the institution of higher education with which the auxiliary
4 facility is associated;

5 (C) Any federal funds, regardless of whether such federal funds
6 pass through the state or any local government in Colorado prior to
7 receipt by an auxiliary facility, GROUP OF AUXILIARY FACILITIES,
8 INSTITUTION, OR GROUP OF INSTITUTIONS;

9 (D) FEES RECEIVED BY AN INSTITUTION PURSUANT TO A
10 FEE-FOR-SERVICE CONTRACT BETWEEN THE DEPARTMENT OF HIGHER
11 EDUCATION AND THE INSTITUTION OR THE INSTITUTION'S GOVERNING
12 BOARD;

13 (E) REVENUES RECEIVED BY AN INSTITUTION OR GROUP OF
14 INSTITUTIONS THAT HAVE BEEN PAID ON BEHALF OF AN ELIGIBLE
15 UNDERGRADUATE STUDENT FROM THE COLLEGE OPPORTUNITY FUND
16 PURSUANT TO ARTICLE 18 OF THIS TITLE.

17 **SECTION 10.** 23-5-102, Colorado Revised Statutes, is amended
18 to read:

19 **23-5-102. Funding for auxiliary facilities - institutions of higher**
20 **education - loans - bonds.** (1) For the purpose of obtaining funds for
21 constructing, otherwise acquiring, and equipping auxiliary facilities for
22 the use of students and employees at any state educational institution or
23 any branch thereof OR FACILITIES FOR USE BY ANY INSTITUTION OR GROUP
24 OF INSTITUTIONS THAT ARE DESIGNATED AS AN ENTERPRISE PURSUANT TO
25 SECTION 23-5-101.7 and for the acquisition of land for such purposes, the
26 governing board of any state educational institution is authorized, after
27 notification to the commission on higher education, to enter into contracts

1 with any person, corporation, or state or federal government agency for
2 the advancement of money for such purposes and providing for the
3 repayment of such advancements with interest at a specified net effective
4 interest rate.

5 (2) The governing ~~body~~ BOARD of any institution of higher
6 education by resolution may issue revenue bonds on behalf of any
7 auxiliary facility or group of auxiliary facilities OR ON BEHALF OF ANY
8 INSTITUTION OR GROUP OF INSTITUTIONS managed by such governing ~~body~~
9 BOARD for the purpose of obtaining funds for constructing, otherwise
10 acquiring, equipping, or operating such auxiliary facility or group of
11 auxiliary facilities OR FOR FACILITIES FOR SUCH INSTITUTION OR GROUP OF
12 INSTITUTIONS. Any bonds issued on behalf of any auxiliary facility or
13 group of auxiliary facilities, other than housing facilities, dining facilities,
14 recreational facilities, health facilities, parking facilities, research
15 facilities ~~which~~ THAT are funded from a revolving fund, or designated
16 enterprise auxiliary facilities listed in section 23-5-101.5 (4) may be
17 issued only after approval by both houses of the general assembly either
18 by bill or by joint resolution and after approval by the governor in
19 accordance with section 39 of article V of the state constitution. THE
20 GOVERNING BOARD OF AN INSTITUTION OR GROUP OF INSTITUTIONS THAT
21 ISSUES BONDS ON BEHALF OF THE INSTITUTION OR GROUP OF INSTITUTIONS,
22 WHICH IS DESIGNATED AS AN ENTERPRISE PURSUANT TO SECTION
23 23-5-101.7, SHALL FILE NOTICE OF SUCH ISSUANCE WITH THE COLORADO
24 COMMISSION ON HIGHER EDUCATION. Bonds issued pursuant to this
25 subsection (2) shall be payable only from revenues generated by the
26 auxiliary facility or group of auxiliary facilities OR BY THE INSTITUTION
27 OR GROUP OF INSTITUTIONS on behalf of which such bonds are issued;

1 except that, subject to section 23-1-123 (5) (a) (III) and (5) (b) (II),
2 revenues generated by a designated enterprise ~~auxiliary facility~~ that is
3 associated with the university of Colorado may be pledged for the
4 repayment of bonds issued by another designated enterprise auxiliary
5 facility ~~which~~ THAT is not part of the same enterprise. Such bonds shall
6 be issued in accordance with the provisions of section 23-5-103 (2). The
7 termination, rescission, or expiration of the enterprise designation of any
8 auxiliary facility or group of auxiliary facilities pursuant to section
9 23-5-101.5 (3) OR OF ANY INSTITUTION OR GROUP OF INSTITUTIONS shall
10 not adversely affect the validity of or security for any revenue bonds
11 issued on behalf of ~~such~~ ANY auxiliary facility or group of auxiliary
12 facilities OR ON BEHALF OF ANY INSTITUTION OR GROUP OF INSTITUTIONS.

13 **SECTION 11.** 23-5-103 (1), Colorado Revised Statutes, is
14 amended to read:

15 **23-5-103. Pledge of income.** (1) The governing board of any one
16 or more state educational institutions, including, but not limited to, the
17 state colleges under the control and operation of their respective boards
18 of trustees, ~~which~~ THAT enters into such a contract for the advancement
19 of moneys is authorized, in connection with or as a part of such contract,
20 to pledge the net income derived or to be derived from such land or
21 facilities so constructed, acquired, and equipped as security for the
22 repayment of the moneys advanced therefor, together with interest
23 thereon, and for the establishment and maintenance of reserves in
24 connection therewith; and, for the same purpose, any such governing
25 board is also authorized, subject to the limitations specified in section
26 23-1-123 (5), to pledge the net income derived or to be derived from
27 other ~~auxiliary facilities which are not individually designated as~~

1 ~~enterprises and which~~ FACILITIES THAT ARE INCLUDED IN A DESIGNATED
2 ENTERPRISE OR, IF NOT INCLUDED, OTHER FACILITIES THAT are not
3 acquired and not to be acquired with moneys appropriated to the
4 institution by the state of Colorado, and to pledge the net income, fees,
5 and revenues derived from such sources, if unpledged, or, if pledged, the
6 net income, fees, and revenues currently in excess of the amount required
7 to meet principal, interest, and reserve requirements in connection with
8 outstanding obligations to which such net income, fees, and revenues
9 have theretofore been pledged. If the contract for the advancement of
10 moneys is entered into by the university of Colorado on behalf of a
11 designated enterprise auxiliary facility that is associated with the
12 university of Colorado, the board of regents is authorized to pledge only
13 the net income, including fees and revenues derived or to be derived from
14 the designated enterprise auxiliary facility and any other designated
15 enterprise auxiliary facilities.

16 **SECTION 12.** 24-77-102 (16) (b), Colorado Revised Statutes, is
17 amended BY THE ADDITION OF A NEW SUBPARAGRAPH to read:

18 **24-77-102. Definitions - repeal.** As used in this article, unless
19 the context otherwise requires:

20 (16) (b) "State" does not include:

21 (I.5) AN INSTITUTION OR GROUP OF INSTITUTIONS OF HIGHER
22 EDUCATION THAT HAS BEEN DESIGNATED AS AN ENTERPRISE PURSUANT TO
23 SECTION 23-5-101.7, C.R.S.;

24 **SECTION 13.** 24-36-120 (4), Colorado Revised Statutes, is
25 amended to read:

26 **24-36-120. Authority to assess transaction fees.** (4) The state
27 treasurer shall not assess a fee for an eligible transaction involving any of

1 the following funds:

2 (a) The state education fund created in section 17 (4) of article IX
3 of the state constitution;

4 (b) The highway users tax fund created in section 43-4-201,
5 C.R.S.;

6 (c) The great outdoors Colorado trust fund created in section 2 of
7 article XXVII of the state constitution;

8 (d) The public school fund described in section 3 of article IX of
9 the state constitution;

10 (e) The old age pension fund created in section 1 of article XXIV
11 of the state constitution; and

12 (f) Any other fund against which the assessment of a fee would
13 be contrary to the state constitution; AND

14 (g) THE COLLEGE OPPORTUNITY FUND CREATED IN ARTICLE 18 OF
15 TITLE 23, C.R.S.

16 **SECTION 14. Repeal.** 23-1-104 (1.5), (2), and (6) and
17 23-1-105 (2) and (3), Colorado Revised Statutes, are repealed.

18 **SECTION 15. Appropriations in long bill to be adjusted.**

19 (1) For the implementation of this act, appropriations made in the annual
20 general appropriation act to the department of higher education,
21 governing boards and local district junior colleges, regents of the
22 university of Colorado, governing board and general campuses, general
23 fund and tuition allocation, for the fiscal year beginning July 1, 2004,
24 shall be adjusted as follows:

25 (a) The general fund appropriation shall be reduced by four
26 million five hundred thousand dollars (\$4,500,000).

27 (b) The cash funds appropriation shall be increased by four

1 million five hundred thousand dollars (\$4,500,000). Said sum shall be
2 from tuition.

3 **SECTION 16. Effective date.** (1) Except as provided in
4 subsections (2) and (3) of this section, this act shall take effect July 1,
5 2004.

6 (2) Sections 5, 7, and 14 of this act shall take effect July 1, 2005.

7 (3) Section 15 of this act shall take effect only if:

8 (a) During state fiscal year 2004-05, the board of regents of the
9 university of Colorado designates the university of Colorado as an
10 enterprise pursuant to section 23-5-101.7, Colorado Revised Statutes; and

11 (b) The board of regents of the university of Colorado files
12 written notice with the revisor of statutes and the staff director of the joint
13 budget committee of the enterprise designation specified in paragraph (a)
14 of this subsection (3).

15 **SECTION 17. Safety clause.** The general assembly hereby
16 finds, determines, and declares that this act is necessary for the immediate
17 preservation of the public peace, health, and safety.