

Second Regular Session
Sixty-seventh General Assembly
STATE OF COLORADO

INTRODUCED

LLS NO. 10-0530.05 Jerry Barry

HOUSE BILL 10-1428

HOUSE SPONSORSHIP

Middleton,

SENATE SPONSORSHIP

Romer,

House Committees
Education

Senate Committees

A BILL FOR AN ACT

101 CONCERNING STUDENT LOANS.

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>.)

Section 1 of the bill directs the department of higher education (department) to submit a restructuring report to the education committees of the general assembly on whether the department should continue to originate, disburse, service, guarantee, or administer student loans that are not guaranteed by the federal government.

If collegeinvest or any other division of the department sells its interest in student loans or obligations, **section 2** of the bill specifies

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.

where the proceeds of the sale shall be deposited.

Section 3 of the bill creates the financial need scholarship fund to receive a portion of the proceeds of the sale of the state's interest in student loans.

Sections 4 through 16 of the bill repeal, as of July 1, 2010, provisions concerning the authority of collegeinvest and any other division of the department to issue, purchase, or guarantee student loans. Collegeinvest will continue to service existing student loans.

Section 17 of the bill requires the Colorado commission on higher education to adopt policies and procedures to direct state-supported institutions of higher education to participate in student loan programs sponsored by the federal government.

The bill transfers administration of the Colorado collegeinvest scholarship program from collegeinvest to the department.

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

2 **SECTION 1.** Part 1 of article 3.1 of title 23, Colorado Revised
3 Statutes, is amended BY THE ADDITION OF A NEW SECTION to
4 read:

5 **23-3.1-104.7. Restructuring plan - legislative declaration -**
6 **repeal.** (1) THE GENERAL ASSEMBLY HEREBY FINDS AND DECLARES
7 THAT:

8 (a) DUE TO CHANGES IN FEDERAL LAW, THE DEPARTMENT SHALL
9 NO LONGER BE INVOLVED IN STUDENT LOANS THAT ARE GUARANTEED BY
10 THE FEDERAL GOVERNMENT;

11 (b) THERE ARE A NUMBER OF EMPLOYEES OF THE DIVISION THAT
12 ARE INVOLVED IN ORIGINATING, DISBURSING, SERVICING, AND
13 ADMINISTERING STUDENT LOANS THAT ARE GUARANTEED BY THE FEDERAL
14 GOVERNMENT; AND

15 (c) IT IS IN THE BEST INTEREST OF THE STATE FOR THE
16 DEPARTMENT TO PREPARE AND SUBMIT TO THE GENERAL ASSEMBLY A
17 RESTRUCTURING PLAN TO DEAL WITH THE CHANGES IN ADMINISTERING

1 STUDENT LOANS.

2 (2) ON OR BEFORE JANUARY 1, 2011, THE DEPARTMENT SHALL
3 PREPARE AND SUBMIT TO THE EDUCATION COMMITTEES OF THE SENATE
4 AND THE HOUSE OF REPRESENTATIVES, OR ANY SUCCESSOR COMMITTEES,
5 A RESTRUCTURING PLAN TO DEAL WITH CHANGES IN ADMINISTERING
6 STUDENT LOANS. THE PLAN SHALL ADDRESS, BUT NEED NOT BE LIMITED
7 TO, THE FOLLOWING ISSUES:

8 (a) ANY ONGOING OR FUTURE ROLE FOR THE COLORADO STUDENT
9 OBLIGATION BOND AUTHORITY;

10 (b) WHETHER THE DIVISION SHOULD CONTINUE TO ORIGINATE,
11 DISBURSE, SERVICE, GUARANTEE, AND ADMINISTER STUDENT LOANS;

12 (c) IF THE DIVISION DOES NOT CONTINUE ADMINISTERING STUDENT
13 LOANS, THE ENTITY THAT SHOULD BE RESPONSIBLE FOR SUCH
14 ADMINISTRATION AND THE AUTHORITY THAT ENTITY MAY NEED;

15 (d) THE NUMBER OF EMPLOYEES NECESSARY TO ADMINISTER
16 STUDENT LOANS; AND

17 (e) ADDRESS THE EMPLOYMENT OF PERSONS WHO FORMERLY WERE
18 RESPONSIBLE FOR ADMINISTERING STUDENT LOANS GUARANTEED BY THE
19 FEDERAL GOVERNMENT.

20 **SECTION 2.** 23-3.1-205.4 (1), Colorado Revised Statutes, is
21 amended BY THE ADDITION OF A NEW PARAGRAPH to read:

22 **23-3.1-205.4. Collegeinvest fund - creation - control - use.**

23 (1) (c) NOTWITHSTANDING ANY PROVISION OF PARAGRAPH (a) OF THIS
24 SUBSECTION (1) TO THE CONTRARY, IF THE AUTHORITY OR ANY OTHER
25 DIVISION OF THE DEPARTMENT SELLS, TRANSFERS, OR ENTERS INTO A
26 CONTRACT WITH ANOTHER ENTITY CONCERNING ALL OR ANY PORTION OF
27 THE AUTHORITY'S OR DIVISION'S INTEREST IN ANY STUDENT LOANS OR

1 STUDENT OBLIGATIONS, THE AUTHORITY OR THE DIVISION SHALL DEPOSIT
2 THE NET PROCEEDS OF THE SALE, TRANSFER, OR CONTRACT AS FOLLOWS:

3 (I) UP TO FIVE MILLION DOLLARS SHALL REMAIN IN THE RESERVE
4 ACCOUNT IN THE COLLEGEINVEST FUND, WHICH ACCOUNT IS HEREBY
5 CREATED, AND MAY BE USED: TO FUND THE REPURCHASE OF STUDENT
6 LOANS SOLD BY THE AUTHORITY IF A GUARANTEE AGENCY REFUSES TO
7 HONOR A CLAIM FILED WITH RESPECT TO ANY SUCH LOANS ON ACCOUNT
8 OF AN EVENT THAT OCCURRED PRIOR TO THE SALE; AND TO PAY ALL
9 LIABILITIES, COSTS, AND EXPENSES WITH RESPECT TO THE AUTHORITY'S
10 PROGRAMS TO UNDERTAKE FORGIVENESS OF INDEBTEDNESS UNDER SUCH
11 STUDENT LOANS SOLD BY THE AUTHORITY. ANY MONEYS REMAINING IN
12 THE RESERVE ACCOUNT AS OF JANUARY 1, 2011, SHALL BE TRANSFERRED
13 TO THE FINANCIAL NEED SCHOLARSHIP FUND CREATED IN SECTION
14 23-3.3-502.

15 (II) AFTER THE RETENTION OF THE AMOUNT REQUIRED IN
16 SUBPARAGRAPH (I) OF THIS PARAGRAPH (c), UP TO FIVE MILLION DOLLARS
17 OF THE REMAINING PROCEEDS SHALL REMAIN IN THE TRANSITION ACCOUNT
18 IN THE COLLEGEINVEST FUND, WHICH ACCOUNT IS HEREBY CREATED TO
19 PAY COSTS AND EXPENSES ASSOCIATED WITH THE TRANSITION AND
20 WIND-DOWN OF THE AUTHORITY'S STUDENT LOAN PROGRAM. ANY
21 EXPENDITURE FROM THE TRANSITION ACCOUNT IN EXCESS OF ONE
22 HUNDRED THOUSAND DOLLARS SHALL REQUIRE THE APPROVAL OF THE
23 EXECUTIVE DIRECTOR. ANY MONEYS REMAINING IN THE TRANSITION
24 ACCOUNT AS OF JANUARY 1, 2011, SHALL BE TRANSFERRED TO THE
25 FINANCIAL NEED SCHOLARSHIP FUND CREATED IN SECTION 23-3.3-502.

26 (III) AFTER THE RETENTION OF THE AMOUNTS REQUIRED IN
27 SUBPARAGRAPHS (I) AND (II) OF THIS PARAGRAPH (c), UP TO FIFTEEN

1 MILLION DOLLARS OF THE REMAINING PROCEEDS SHALL BE TRANSFERRED
2 TO THE FINANCIAL NEED SCHOLARSHIP FUND CREATED IN SECTION
3 23-3.3-502 TO INCREASE THE AVAILABILITY OF FINANCIAL NEED
4 SCHOLARSHIPS.

5 (IV) AFTER THE RETENTION OF THE AMOUNTS REQUIRED BY
6 SUBPARAGRAPHS (I) AND (II) OF THIS PARAGRAPH (c) AND THE TRANSFER
7 REQUIRED BY SUBPARAGRAPH (III) OF THIS PARAGRAPH (c), ANY
8 REMAINING AMOUNT OF THE PROCEEDS SHALL BE TRANSFERRED TO THE
9 FINANCIAL NEED SCHOLARSHIP FUND CREATED IN SECTION 23-3.3-502 AND
10 MAY REDUCE THE NEED FOR GENERAL FUND APPROPRIATIONS IN THE SAME
11 AMOUNT TO THE DEPARTMENT FOR NEED-BASED GRANTS.

12 **SECTION 3.** Part 5 of article 3.3 of title 23, Colorado Revised
13 Statutes, is amended BY THE ADDITION OF A NEW SECTION to
14 read:

15 **23-3.3-502. Financial need scholarships and grants - fund.**

16 (1) THE DEPARTMENT OF HIGHER EDUCATION IS AUTHORIZED TO SEEK
17 AND ACCEPT GIFTS, GRANTS, OR DONATIONS FROM PRIVATE OR PUBLIC
18 SOURCES FOR THE PURPOSES OF MAKING SCHOLARSHIPS OR GRANTS BASED
19 UPON FINANCIAL NEED IN ADDITION TO THOSE FUNDED PURSUANT TO
20 SECTION 23-3.3-501; EXCEPT THAT THE DEPARTMENT OF HIGHER
21 EDUCATION MAY NOT ACCEPT A GIFT, GRANT, OR DONATION THAT IS
22 SUBJECT TO CONDITIONS THAT ARE INCONSISTENT WITH THIS SECTION OR
23 ANY OTHER LAW OF THE STATE. THE DEPARTMENT OF HIGHER EDUCATION
24 SHALL TRANSMIT ALL PRIVATE AND PUBLIC MONEYS RECEIVED THROUGH
25 GIFTS, GRANTS, OR DONATIONS PURSUANT TO THIS SECTION TO THE STATE
26 TREASURER, WHO SHALL CREDIT THE SAME TO THE FINANCIAL NEED
27 SCHOLARSHIP FUND, WHICH FUND IS HEREBY CREATED AND REFERRED TO

1 IN THIS SECTION AS THE "FUND". IN ADDITION TO GIFTS, GRANTS, OR
2 DONATIONS, THE FUND SHALL CONSIST OF ANY MONEYS DEPOSITED IN THE
3 FUND PURSUANT TO SECTION 23-3.1-205.4 (1) (c) AND ANY MONEYS
4 APPROPRIATED TO THE FUND BY THE GENERAL ASSEMBLY. THE MONEYS
5 IN THE FUND SHALL BE SUBJECT TO ANNUAL APPROPRIATION BY THE
6 GENERAL ASSEMBLY TO THE DEPARTMENT OF HIGHER EDUCATION FOR THE
7 DIRECT AND INDIRECT COSTS ASSOCIATED WITH AWARDING SCHOLARSHIPS
8 OR GRANTS BASED UPON FINANCIAL NEED.

9 (2) THE STATE TREASURER MAY INVEST, AS PROVIDED BY LAW,
10 ANY MONEYS IN THE FUND NOT EXPENDED FOR THE PURPOSE OF THIS
11 SECTION. ALL INTEREST AND INCOME DERIVED FROM THE INVESTMENT
12 AND DEPOSIT OF MONEYS IN THE FUND SHALL BE CREDITED TO THE FUND.
13 ANY UNEXPENDED AND UNENCUMBERED MONEYS REMAINING IN THE FUND
14 AT THE END OF A FISCAL YEAR SHALL REMAIN IN THE FUND AND SHALL NOT
15 BE CREDITED OR TRANSFERRED TO THE GENERAL FUND OR ANOTHER FUND.

16 **SECTION 4.** 23-3.1-103, Colorado Revised Statutes, is amended
17 BY THE ADDITION OF A NEW SUBSECTION to read:

18 **23-3.1-103. Division created - director - staff.** (4) ON AND
19 AFTER JULY 1, 2010, THE DIVISION SHALL NOT ORIGINATE, ISSUE, OR
20 GUARANTEE ANY NEW STUDENT LOANS.

21 **SECTION 5.** 23-3.1-104 (1) (b), (1) (c), (1) (g), (1) (h), (1) (i),
22 (1) (j), (1) (k), (1) (l), (1) (o), (2) (a), (2) (b), (2) (f), (2) (g), (2) (j), (2) (k),
23 (2) (l), (2) (m), (2) (n), and (2) (o), Colorado Revised Statutes, are
24 amended to read:

25 **23-3.1-104. Duties and powers of division.** (1) The division
26 shall:

27 (b) ~~Approve or arrange for approval of loan applications for~~

- 1 guarantee;
- 2 (c) ~~Establish the level of the insurance premium charged to~~
3 ~~borrowers of guaranteed student loans, not to exceed the amount~~
4 ~~permitted by federal law;~~
- 5 (g) ~~Recruit lenders to participate in the network;~~
- 6 (h) ~~Train lenders in the requirements of the network;~~
- 7 (i) ~~Evaluate lender performance in the network;~~
- 8 (j) ~~Train personnel of institutions of higher education in the~~
9 ~~requirements of the network;~~
- 10 (k) ~~Evaluate the performance of institutions of higher education~~
11 ~~in the network;~~
- 12 (l) ~~Educate borrowers in the requirements of the network;~~
- 13 (o) ~~Evaluate the degree of access to loans and report, at least~~
14 ~~semiannually, on the sufficiency or insufficiency of such access to the~~
15 ~~authority established by part 2 of this article;~~
- 16 (2) The division may:
- 17 (a) ~~Permit lenders to require cosigners;~~
- 18 (b) Provide incentives to lenders, which may include but are not
19 limited to:
- 20 (I) ~~Billing the federal government for interest payments owed to~~
21 ~~lenders;~~
- 22 (II) ~~Preparing federal reports required of lenders;~~
- 23 (III) ~~Guaranteeing, originating, servicing, making, and purchasing~~
24 ~~SERVICING consolidation loans and refinancing loans; pursuant to the~~
25 ~~provisions of section 23-3.1-112;~~
- 26 (IV) ~~Verifying in-school status of students;~~
- 27 (f) ~~Make, originate, disburse, service or guarantee~~ SERVICE

1 student loans;

2 (g) ~~Establish the level of insurance premium or interest rate~~
3 ~~charged to the borrowers of student loans;~~

4 (j) ~~Contract with institutions of higher education to originate,~~
5 ~~disburse, or guarantee student loans;~~

6 (k) ~~Hire consultants to advise the division on matters regarding~~
7 ~~student loans;~~

8 (l) ~~Advise the commission and the department on matters~~
9 ~~pertaining to student loans;~~

10 (m) ~~Make and enter into contracts and all other instruments~~
11 ~~necessary or convenient for the exercise of its powers and functions~~
12 ~~pursuant to this part 1 without regard to the provisions of the~~
13 ~~"Procurement Code", articles 101 to 112 of title 24, C.R.S., without~~
14 ~~regard to the provisions of section 17-24-111, C.R.S., and without regard~~
15 ~~to the provisions of part 11 of article 30 of title 24, C.R.S.;~~

16 (n) ~~Do all things necessary or convenient to carry out the purposes~~
17 ~~of this part 1;~~

18 (o) ~~Prescribe the terms and conditions by which loans from the~~
19 ~~proceeds of institutional loans established under part 2 of this article are~~
20 ~~made, through either the promulgation of rules or otherwise;~~

21 **SECTION 6.** 23-3.1-104.5 (1), Colorado Revised Statutes, is
22 amended to read:

23 **23-3.1-104.5. Additional powers of division.** (1) The division
24 is hereby authorized to ~~make, originate, disburse, or service~~ student loans
25 directly to residents. "Resident", for the purpose of this section, means
26 any person attending an institution of higher education in Colorado, or
27 any person attending an institution of higher education outside Colorado

1 who would qualify for Colorado in-state tuition status under article 7 of
2 this title. ~~In order to obtain funds to make, originate, disburse, or service~~
3 ~~such student loans, the division is authorized to borrow or enter into other~~
4 ~~types of agreements with any person, corporation, financial institution,~~
5 ~~state or federal authority, political subdivision, or state or federal~~
6 ~~government agency for the advancement of funds for such purposes, so~~
7 ~~long as such student loans are insured against default.~~

8 **SECTION 7.** 23-3.1-106 (1) (a), Colorado Revised Statutes, is
9 amended to read:

10 **23-3.1-106. Student loan program established.** (1)(a)(I) There
11 is hereby established a student loan program, to be administered by the
12 division, which shall guarantee, in accordance with applicable provisions
13 of federal law, a percentage of the unpaid principal and interest on all
14 guaranteed student loans approved by the division. No guaranteed
15 student loan shall be guaranteed to a percentage or an amount in excess
16 of the limits authorized by federal law, nor shall interest charged on any
17 guaranteed student loan exceed the interest rate permitted by federal law,
18 but each guaranteed student loan may carry a special loan insurance
19 premium which shall not exceed that permitted by federal law. No
20 guaranteed student loan shall be guaranteed or made to any borrower
21 which would not be eligible for federal reinsurance as authorized by Title
22 IV, Part B of the federal "Higher Education Act of 1965", as amended.
23 A loan guarantee made by the division in good faith for a student loan
24 which has been disbursed and which does not meet the requirements of
25 this article, except for cases of misfeasance by the holder, shall not be
26 invalidated.

27 (II) NOTWITHSTANDING THE PROVISIONS OF SUBPARAGRAPH (I) OF

1 THIS PARAGRAPH (a), ON AND AFTER JULY 1, 2010, THE DIVISION SHALL
2 NOT GUARANTEE ANY STUDENT LOAN NOT ALREADY GUARANTEED BY SAID
3 DATE.

4 **SECTION 8.** 23-3.1-111, Colorado Revised Statutes, is amended
5 to read:

6 **23-3.1-111. Authority of division to enter into agreements to**
7 **provide administrative and guarantee services.** (1) The division is
8 hereby authorized to enter into contracts or other agreements or both
9 contracts and other agreements with private or public entities to ~~make,~~
10 ~~originate, disburse, or~~ service guaranteed student loans, educational loans,
11 and student loans. Such authorization includes but shall not be limited to
12 the power to enter into agreements with collegeinvest, established by part
13 2 of this article, to ~~make, originate, disburse, or~~ service "institutional
14 loans" and "student obligations" as those terms are defined in section
15 23-3.1-202, whether or not such "institutional loans" and "student
16 obligations" are eligible for federal reinsurance as authorized by Title IV,
17 Part B of the federal "Higher Education Act of 1965", as amended.

18 ~~(2) The division may enter into contracts or other agreements or~~
19 ~~both contracts and other agreements with private or public entities to~~
20 ~~guarantee or reinsure student loans or educational loans which may~~
21 ~~include but not be limited to guaranteeing or reinsuring the "institutional~~
22 ~~loans" or "student obligations" as those terms are defined in section~~
23 ~~23-3.1-202.~~

24 (3) No guarantee or reinsurance agreement made by the division
25 pursuant to subsection (2) of this section, PRIOR TO ITS REPEAL ON JULY
26 1, 2010, shall constitute or become an indebtedness, a debt, or a liability
27 of the state, nor shall such loan guarantee constitute the giving, pledging,

1 or loaning of the full faith and credit of the state.

2 (4) All income and interest thereon earned pursuant to the exercise
3 of the power established in ~~subsections (1) and (2)~~ SUBSECTION (1) of this
4 section are continuously available and are hereby appropriated to the
5 division and may be used to pay the operating expenses thereof, or a
6 portion of such income or interest may be deposited into any applicable
7 reserve or guarantee account.

8 **SECTION 9.** 23-3.1-112 (1), Colorado Revised Statutes, is
9 amended to read:

10 **23-3.1-112. Authority and power of the division to guarantee,**
11 **originate, service, make, and purchase consolidation loans and**
12 **refinancing loans.** (1) Notwithstanding any provisions or definitions
13 contained in this article to the contrary, the division is hereby authorized
14 to ~~guarantee, originate, service make, and purchase~~ consolidation loans
15 and refinancing loans for all persons eligible for the consolidation and
16 refinancing of student loans under Part B of Title IV of the federal
17 "Higher Education Act of 1965", as amended. For the purposes of this
18 section, "student loans" means, notwithstanding any provisions of this
19 article to the contrary, those loans eligible for consolidation and
20 refinancing under the federal provisions of Part B of Title IV of the
21 "Higher Education Act of 1965", as amended.

22 **SECTION 10.** 23-3.1-201, Colorado Revised Statutes, is
23 amended to read:

24 **23-3.1-201. Legislative declaration.** The general assembly
25 hereby declares that the availability of improved access to and choice of
26 higher education opportunities in this state will benefit the residents of the
27 state and that ~~the establishment of a student obligation bond program,~~

1 ~~with proceeds of bonds to be used for the purchase or making of student~~
2 ~~obligations or the making of institutional loans, and the establishment of~~
3 a prepaid postsecondary education expense program will ~~enhance the~~
4 ~~availability of student obligations and~~ assist residents in meeting the
5 expenses incurred in availing themselves of higher education
6 opportunities. It is the intent of the general assembly in enacting this part
7 2 to create collegeinvest, which shall be a division within the department
8 of higher education and which authority shall ~~make or purchase student~~
9 ~~obligations, shall make institutional loans, and shall~~ develop and
10 administer a prepaid postsecondary education expense program. This part
11 2 shall be liberally construed to accomplish the intentions expressed in
12 this section.

13 **SECTION 11.** 23-3.1-205.4 (1) (a), Colorado Revised Statutes,
14 is amended to read:

15 **23-3.1-205.4. Collegeinvest fund - creation - control - use.**
16 (1) (a) There is hereby created in the state treasury the Colorado student
17 obligation bond authority fund, to be known and referred to on and after
18 July 1, 2004, as the collegeinvest fund, which shall be under the control
19 of the authority in accordance with the provisions of this part 2 and part
20 3 of this article. The moneys in the collegeinvest fund shall be invested
21 by the state treasurer. Except as otherwise allowed by section 24-36-103
22 (2), C.R.S., and except for amounts received in connection with the
23 prepaid expense program and the program in part 3 of this article, all
24 moneys received or acquired by the authority, whether by appropriation,
25 grant, contract, gift, sale or lease of surplus real or personal property, or
26 any other means, whose disposition is not otherwise provided for by law
27 or by a trust indenture, and all interest derived from the deposit and

1 investment of moneys in the fund shall be credited to said fund. ~~including~~
2 ~~moneys received pursuant to sections 23-3.1-206 (1) (k) and 23-3.1-304~~
3 ~~(1) (h)~~. Except as provided in paragraph (b) of this subsection (1), the
4 moneys in the fund are hereby continuously appropriated to the authority
5 and shall remain in the fund and shall not be transferred or revert to the
6 general fund of the state at the end of any fiscal year.

7 **SECTION 12. Repeal.** 23-3.1-206 (1) (h), (1) (i), (1) (j), (1) (k),
8 (1) (l), (1) (v), (1) (x), and (1) (y), Colorado Revised Statutes, are
9 repealed as follows:

10 **23-3.1-206. General powers and duties of the authority.** (1) In
11 addition to any other powers and duties specifically granted to the
12 authority in this part 2, the authority has the following powers:

13 ~~(h) To make or participate in the making of student obligations or~~
14 ~~institutional loans;~~

15 ~~(i) To purchase or participate in the purchase of student~~
16 ~~obligations;~~

17 ~~(j) To sell or participate in the sale of student obligations;~~

18 ~~(k) To collect and pay reasonable fees and charges in connection~~
19 ~~with making, purchasing, originating, disbursing, and servicing or causing~~
20 ~~to be made, purchased, originated, disbursed, or serviced student~~
21 ~~obligations or institutional loans by the authority, including payment to~~
22 ~~the division for services performed for the authority and pursuant to part~~
23 ~~3 of this article without regard to the provisions of the "Procurement~~
24 ~~Code", articles 101 to 112 of title 24, C.R.S.;~~

25 ~~(l) To procure insurance, guarantees, or other credit support with~~
26 ~~respect to all student obligations made or purchased or all institutional~~
27 ~~loans made by the authority;~~

1 (v) ~~To implement and administer, including marketing, the~~
2 ~~Colorado collegeinvest scholarship program established in section~~
3 ~~23-3.1-206.9;~~

4 (x) ~~To organize entities pursuant to title 7, C.R.S., and transfer~~
5 ~~funds to the entities for the purpose of investing the moneys in the~~
6 ~~Colorado collegeinvest scholarship trust fund and any other trusts and~~
7 ~~funds under the authority's control; and~~

8 (y) ~~To develop and administer loan forgiveness programs,~~
9 ~~including those established under article 3.6 of this title.~~

10 **SECTION 13.** 23-3.1-206 (1) (o) and (1) (w), Colorado Revised
11 Statutes, are amended to read:

12 **23-3.1-206. General powers and duties of the authority.** (1) In
13 addition to any other powers and duties specifically granted to the
14 authority in this part 2, the authority has the following powers:

15 (o) To do all things necessary and convenient to carry out the
16 purposes of this part 2 and of part 3 of this article; ~~including funding of~~
17 ~~grants, scholarships, and loan forgiveness, and to do all things necessary~~
18 ~~and convenient in connection with the servicing of student obligations by~~
19 ~~the authority including sale, public or private, to the student loan~~
20 ~~marketing association or any successor organization;~~

21 (w) To deposit moneys into the Colorado collegeinvest
22 scholarship trust fund ~~to accept moneys appropriated to the fund by the~~
23 ~~general assembly; to accept gifts, grants, and donations from third parties~~
24 ~~for deposit into the fund; and to expend moneys from the fund for~~
25 ~~Colorado collegeinvest scholarships ESTABLISHED PURSUANT TO SECTION~~
26 ~~23-3.3-1001;~~

27 **SECTION 14.** 23-3.1-206.5 (2), Colorado Revised Statutes, is

1 amended to read:

2 **23-3.1-206.5. Origination, disbursement, and servicing of**
3 **student obligations and institutional loans.** (2) The authority may
4 contract with the division to ~~originate, disburse, or~~ service student
5 obligations made or purchased by the authority.

6 **SECTION 15. Repeal.** 23-3.1-206.9, 23-3.1-207, 23-3.1-209,
7 23-3.1-210, 23-3.1-211, 23-3.1-212, 23-3.1-213, 23-3.1-214, and
8 23-3.1-224, Colorado Revised Statutes, are repealed.

9 **SECTION 16.** 23-3.1-208, Colorado Revised Statutes, is
10 REPEALED AND REENACTED, WITH AMENDMENTS, to read:

11 **23-3.1-208. Bonds.** SUBJECT TO APPROVAL BY THE GENERAL
12 ASSEMBLY, EITHER BY BILL OR BY JOINT RESOLUTION, AND AFTER
13 APPROVAL BY THE GOVERNOR PURSUANT TO SECTION 39 OF ARTICLE V OF
14 THE STATE CONSTITUTION, COLLEGEINVEST IS HEREBY AUTHORIZED TO
15 ISSUE REVENUE BONDS FOR THE PURPOSES PROVIDED IN THIS PART 2.

16 **SECTION 17.** Article 1 of title 23, Colorado Revised Statutes, is
17 amended BY THE ADDITION OF A NEW SECTION to read:

18 **23-1-129. Commission directive - student loans.** ON OR BEFORE
19 JULY 1, 2010, THE COMMISSION SHALL ADOPT THE NECESSARY POLICIES
20 AND PROCEDURES TO REQUIRE STATE-SUPPORTED INSTITUTIONS OF HIGHER
21 EDUCATION TO PARTICIPATE IN STUDENT LOAN PROGRAMS SUPPORTED BY
22 THE FEDERAL GOVERNMENT.

23 **SECTION 18.** Article 3.3 of title 23, Colorado Revised Statutes,
24 is amended BY THE ADDITION OF A NEW PART to read:

25 PART 10
26 COLLEGEINVEST SCHOLARSHIP PROGRAM
27 **23-3.3-1001. Colorado collegeinvest scholarship program -**

1 **administration - fund - policies - repeal.** (1) THE COLORADO
2 COLLEGEINVEST SCHOLARSHIP PROGRAM FOR THE PURPOSE OF INCREASING
3 ACCESS TO POSTSECONDARY EDUCATION IS HEREBY TRANSFERRED FROM
4 COLLEGEINVEST TO THE DEPARTMENT. ON AND AFTER JULY 1, 2010, THE
5 COLORADO COLLEGEINVEST SCHOLARSHIP PROGRAM SHALL BE
6 IMPLEMENTED AND ADMINISTERED BY THE DEPARTMENT. A SCHOLARSHIP
7 UNDER THE COLORADO COLLEGEINVEST SCHOLARSHIP PROGRAM MAY BE
8 AWARDED ONLY TO AN UNDERGRADUATE STUDENT WHO, EACH YEAR IN
9 WHICH THE STUDENT RECEIVES THE SCHOLARSHIP:

10 (a) (I) ATTENDS A STATE INSTITUTION OF HIGHER EDUCATION OR
11 A PARTICIPATING PRIVATE INSTITUTION OF HIGHER EDUCATION AS DEFINED
12 IN SECTION 23-18-102 (8) AND IS ELIGIBLE TO RECEIVE A STIPEND
13 PURSUANT TO ARTICLE 18 OF THIS TITLE; OR

14 (II) ATTENDS A JUNIOR COLLEGE THAT IS PART OF A JUNIOR
15 COLLEGE DISTRICT ORGANIZED PURSUANT TO ARTICLE 71 OF THIS TITLE;
16 OR

17 (III) ATTENDS AN AREA VOCATIONAL SCHOOL, AS DEFINED IN
18 SECTION 23-60-103 (1), AND IS EARNING POSTSECONDARY CREDITS THAT
19 MAY BE TRANSFERRED INTO AN ASSOCIATE DEGREE PROGRAM AT A
20 COMMUNITY COLLEGE OR INTO A DEGREE PROGRAM AT A FOUR-YEAR
21 INSTITUTION OF HIGHER EDUCATION AS PROVIDED IN SECTION 23-1-108 (7)
22 AND THE STATE CREDIT TRANSFER POLICIES ESTABLISHED BY THE
23 COMMISSION; AND

24 (b) DEMONSTRATES FINANCIAL NEED THROUGH THE STUDENT'S
25 ELIGIBILITY FOR THE FEDERAL PELL GRANT, 20 U.S.C. SEC. 1070a, OR ITS
26 SUCCESSOR PROGRAM; AND

27 (c) MEETS ANY OTHER ELIGIBILITY REQUIREMENTS ESTABLISHED

1 BY THE COMMISSION, WHICH SHALL INCLUDE BUT NEED NOT BE LIMITED TO
2 REQUIRING THE STUDENT TO MAINTAIN A HIGH SCHOOL CUMULATIVE
3 GRADE POINT AVERAGE OF AT LEAST 2.5.

4 (2) (a) THE COLORADO COLLEGEINVEST SCHOLARSHIP TRUST
5 FUND, WHICH IS HEREBY CREATED AND REFERRED TO IN THIS SUBSECTION
6 (2) AS THE "FUND", SHALL CONSIST OF MONEYS DEPOSITED INTO THE FUND
7 BY COLLEGEINVEST PURSUANT TO SECTION 23-3.1-206 (1) (w); ANY
8 MONEYS APPROPRIATED TO THE FUND BY THE GENERAL ASSEMBLY; AND
9 ANY GIFTS, GRANTS, AND DONATIONS RECEIVED BY THE DEPARTMENT FOR
10 THE COLORADO COLLEGEINVEST SCHOLARSHIP PROGRAM. MONEYS
11 DEPOSITED INTO THE FUND SHALL BE DEEMED TO BE TRUST FUNDS AND
12 SHALL BE ADMINISTERED BY THE DEPARTMENT TO BE USED FOR THE
13 DIRECT AND INDIRECT COSTS OF IMPLEMENTING AND ADMINISTERING,
14 INCLUDING MARKETING, THE COLORADO COLLEGEINVEST SCHOLARSHIP
15 PROGRAM. ANNUAL EXPENDITURES ON DIRECT MARKETING SHALL NOT
16 EXCEED FIVE PERCENT OF THE ANNUAL REVENUE OF THE FUND. ANY
17 UNEXPENDED AND UNENCUMBERED MONEYS REMAINING IN THE FUND AT
18 THE END OF A FISCAL YEAR SHALL REMAIN IN THE FUND AND SHALL NOT
19 BE CREDITED OR TRANSFERRED TO THE GENERAL FUND OR TO ANY OTHER
20 FUND. ANY MONEYS APPROPRIATED BY THE GENERAL ASSEMBLY TO THE
21 FUND SHALL BE SUBJECT TO ANNUAL APPROPRIATION.

22 (b) (I) AS OF JULY 1, 2010, ANY UNEXPENDED AND
23 UNENCUMBERED MONEYS REMAINING IN THE COLORADO COLLEGEINVEST
24 SCHOLARSHIP TRUST FUND CREATED PURSUANT TO SECTION 23-3.1-206.9,
25 AS IT EXISTED PRIOR TO THE EFFECTIVE DATE OF THIS SECTION, SHALL BE
26 CREDITED TO THE COLORADO COLLEGEINVEST SCHOLARSHIP TRUST FUND
27 CREATED PURSUANT TO THIS SUBSECTION (2).

1 (II) THIS PARAGRAPH (b) IS REPEALED, EFFECTIVE JULY 1, 2011.

2 (3) THE COMMISSION SHALL ADOPT ANY POLICIES NECESSARY FOR
3 THE IMPLEMENTATION AND ADMINISTRATION OF THE COLORADO
4 COLLEGEINVEST SCHOLARSHIP PROGRAM, WHICH SHALL INCLUDE BUT
5 NEED NOT BE LIMITED TO IMPLEMENTING THE PROGRAM FOR THE HIGH
6 SCHOOL GRADUATING CLASS OF 2008, PROVIDING AWARDS TO BOTH
7 PART-TIME AND FULL-TIME STUDENTS, AND SPECIFYING THAT A
8 SCHOLARSHIP UNDER THE PROGRAM SHALL BE PAID TO A STUDENT ONLY
9 FOR UP TO FIVE ACADEMIC YEARS. THE COMMISSION SHALL DEVELOP AN
10 APPLICATION FOR THE COLORADO COLLEGEINVEST SCHOLARSHIP
11 PROGRAM THAT SHALL BE RETURNED AS SPECIFIED BY THE COMMISSION.
12 THE APPLICATION SHALL INCLUDE THE REQUIREMENTS FOR AND THE
13 DISQUALIFICATIONS FROM THE COLORADO COLLEGEINVEST SCHOLARSHIP
14 PROGRAM.

15 (4) ON OR BEFORE FEBRUARY 1, 2011, AND ON OR BEFORE
16 FEBRUARY 1 EACH YEAR THEREAFTER, THE COMMISSION SHALL REPORT TO
17 THE EDUCATION COMMITTEES OF THE SENATE AND THE HOUSE OF
18 REPRESENTATIVES, OR ANY SUCCESSOR COMMITTEES, ON THE STATUS OF
19 THE COLORADO COLLEGEINVEST SCHOLARSHIP PROGRAM. THE REPORT
20 SHALL INCLUDE, BUT NEED NOT BE LIMITED TO, THE FINANCIAL STATUS OF
21 THE COLORADO COLLEGEINVEST SCHOLARSHIP TRUST FUND, THE AMOUNT
22 OF MONEY ANNUALLY SPENT ON ADMINISTRATION OF THE PROGRAM, THE
23 AVERAGE SCHOLARSHIP AWARD AMOUNT, AND THE NUMBER OF STUDENTS
24 PARTICIPATING IN THE COLORADO COLLEGEINVEST SCHOLARSHIP
25 PROGRAM.

26 **SECTION 19.** 23-3.1-205.4 (1) (c) (IV), Colorado Revised
27 Statutes, as enacted in House Bill 10-____, is amended, and the said

1 23-3.1-205.4 (1) (c) is further amended BY THE ADDITION OF A NEW
2 SUBPARAGRAPH, to read:

3 **23-3.1-205.4. Collegeinvest fund - creation - control - use.**

4 (1) (c) Notwithstanding any provision of paragraph (a) of this subsection
5 (1) to the contrary, if the authority or any other division of the department
6 sells, transfers, or enters into a contract with another entity concerning all
7 or any portion of the authority's or division's interest in any student loans
8 or student obligations, the authority or the division shall deposit the net
9 proceeds of the sale, transfer, or contract as follows:

10 (III.5) AFTER THE RETENTION OF THE AMOUNTS REQUIRED BY
11 SUBPARAGRAPHS (I) AND (II) OF THIS PARAGRAPH (c) AND THE TRANSFER
12 REQUIRED BY SUBPARAGRAPH (III) OF THIS PARAGRAPH (c), UP TO ONE
13 HUNDRED THOUSAND DOLLARS OF THE REMAINING PROCEEDS SHALL BE
14 TRANSFERRED TO THE JOB RETRAINING CASH FUND CREATED PURSUANT TO
15 SECTION 23-3.1-310.

16 (IV) After the retention of the amounts required by subparagraphs
17 (I) and (II) of this paragraph (c) and the ~~transfer~~ TRANSFERS required by
18 ~~subparagraph~~ SUBPARAGRAPHS (III) AND (III.5) of this paragraph (c), any
19 remaining amount of the proceeds shall be transferred to the financial
20 need scholarship fund created in section 23-3.3-502 and may reduce the
21 need for general fund appropriations in the same amount to the
22 department for need-based grants.

23 **SECTION 20. Specified effective date.** This act shall take effect
24 upon passage; except that section 19 of this act shall only take effect if
25 Senate Bill 10-202 is enacted and becomes law.

26 **SECTION 21. Safety clause.** The general assembly hereby finds,

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