

**First Regular Session
Sixty-ninth General Assembly
STATE OF COLORADO**

INTRODUCED

LLS NO. 13-0754.01 Julie Pelegrin x2700

SENATE BILL 13-121

SENATE SPONSORSHIP

Lambert, Hill, Lundberg, Marble, Renfroe, Scheffel

HOUSE SPONSORSHIP

(None),

Senate Committees
Education

House Committees

A BILL FOR AN ACT

101 **CONCERNING FEE-FOR-SERVICE CONTRACTS BETWEEN THE**
102 **DEPARTMENT OF HIGHER EDUCATION AND INSTITUTIONS OF**
103 **HIGHER EDUCATION.**

Bill Summary

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

The bill repeals language that allows an institution of higher education and the department of higher education (department) to transfer a certain percentage of the spending authority for college opportunity fund stipends for use in spending moneys received through

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.

fee-for-service contracts.

The department annually enters into fee-for-service contracts with the governing boards of the institutions of higher education to purchase certain education services. The bill specifies that a fee-for-service contract must specify the per-full-time-student amount that the department will pay for the services. The amount must reflect the actual cost of the services provided, cannot change over the term of the contract, and cannot increase or decrease by more than the amount of inflation from year to year. In complying with the annual requirements to report to an assigned committee of reference and the joint budget committee, the department must provide copies of the fee-for-service contracts.

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

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

4 **23-18-202. College opportunity fund - appropriations -**
5 **payment of stipends - reimbursement - repeal.** (1) (a) Beginning with
6 the state fiscal year commencing July 1, 2005, and for each state fiscal
7 year thereafter, the general assembly shall make an annual appropriation,
8 in trust for eligible undergraduate students, to the college opportunity
9 fund, which is hereby established as a trust fund account with the
10 Colorado student loan program. ~~Except as provided in paragraph (c) of~~
11 ~~this subsection (1),~~ Moneys appropriated to the college opportunity fund
12 are for the sole purpose of disbursement on behalf of eligible
13 undergraduate students in accordance with this part 2 and are not for the
14 general operation or any other function of the Colorado student loan
15 program. Any unexpended and unencumbered moneys remaining in the
16 college opportunity fund at the end of a fiscal year are the property of the
17 trust fund and shall remain in the fund and shall not be credited or
18 transferred to the general fund or any other fund.

19 (c) ~~If there are moneys remaining in the college opportunity fund~~

1 after the final census date of the last academic term of each state fiscal
2 year, as determined in accordance with this section, up to three percent of
3 the amount annually authorized as cash spending authority in the general
4 appropriations act for a governing board to expend stipends received on
5 behalf of eligible undergraduate students may be expended by the same
6 governing board for postsecondary educational services purchased by the
7 department if authorized through a fee-for-service contract entered into
8 pursuant to sections 23-1-109.7 and 23-5-130. The department may
9 transfer an equivalent amount in general fund spending authority from
10 stipends to fee-for-service contracts to fulfill its fee-for-service contract
11 obligations to a governing board pursuant to this paragraph (c) and
12 section 23-5-130.

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

15 **23-1-109.7. Duties and powers of the commission with regard**
16 **to the provision of educational services.** (1) Beginning July 1, 2005, the
17 commission shall be responsible for ensuring the provision of specific
18 postsecondary educational services in the state. These educational
19 services shall include but need not be limited to:

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

23 (b) to (d) Repealed.

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

26 (f) Graduate school services;

27 (g) Educational services that may increase economic development

1 opportunities in the state, including courses to assist students in career
2 development and retraining; and

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

7 (2) The department of higher education on behalf of the
8 commission shall annually enter into fee-for-service contracts with one
9 or more governing boards of institutions of higher education to provide
10 the higher education services specified in subsection (1) of this section.
11 The department of higher education may contract with a governing board
12 of an institution of higher education only to the extent that the contract
13 remains consistent with any contract entered into pursuant to section
14 23-5-129 with the governing board.

15 (2.5) EACH FEE-FOR-SERVICE CONTRACT MUST BE FOR A ONE-YEAR
16 TERM AND MAY BE RENEWED FROM YEAR TO YEAR. EACH CONTRACT MUST
17 SPECIFY THE PER-FULL-TIME-STUDENT AMOUNT THAT THE DEPARTMENT
18 OF HIGHER EDUCATION AGREES TO PAY TO THE INSTITUTION OF HIGHER
19 EDUCATION IN EXCHANGE FOR THE CONTRACTED SERVICE. THE CONTRACT
20 AMOUNT:

21 (a) MUST REFLECT THE ACTUAL COST TO THE INSTITUTION OF
22 HIGHER EDUCATION OF PROVIDING THE SERVICE;

23 (b) SHALL NOT BE ADJUSTED OVER THE TERM OF THE CONTRACT;
24 AND

25 (c) SHALL NOT INCREASE OR DECREASE FROM YEAR TO YEAR BY
26 MORE THAN THE RATE OF INFLATION FOR THE APPLICABLE FISCAL YEAR.

27 (3) The commission shall make annual funding recommendations

1 to the general assembly and the governor regarding the funding necessary
2 for the department of higher education to contract on the commission's
3 behalf for the provision of higher education services in the state,
4 including but not limited to the services specified in subsection (1) of this
5 section. The general assembly shall annually appropriate to the
6 commission an amount of general fund moneys to carry out the purposes
7 of this section.

8 (4) THE DEPARTMENT, AS PART OF THE ANNUAL HEARING
9 REQUIRED IN SECTION 2-7-203 (2), C.R.S., SHALL PROVIDE TO THE JOINT
10 BUDGET COMMITTEE OF THE GENERAL ASSEMBLY AND TO THE COMMITTEE
11 OF REFERENCE ASSIGNED TO THE DEPARTMENT PURSUANT TO SECTION
12 2-7-203 (1), C.R.S., COPIES OF THE FEE-FOR-SERVICE CONTRACTS THAT
13 THE DEPARTMENT ENTERS INTO PURSUANT TO THIS SECTION.

14 **SECTION 3.** In Colorado Revised Statutes, **amend** 23-5-130 as
15 follows:

16 **23-5-130. Governing boards - fee-for-service contracts -**
17 **authorization.** (1) As used in this section, unless the context otherwise
18 requires:

19 (a) "Commission" shall have the same meaning as provided in
20 section 23-18-102 (3).

21 (b) "Department" shall have the same meaning as provided in
22 section 23-18-102 (4).

23 (c) "State institution of higher education" shall have the same
24 meaning as provided in section 23-18-102 (10).

25 (2) Beginning July 1, 2005, the governing board of a state
26 institution of higher education may annually negotiate a fee-for-service
27 contract with the department for the delivery of higher education services

1 by the institution to the residents of the state of Colorado. These services
2 may include, but need not be limited to:

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

6 (b) to (d) Repealed.

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

9 (f) Graduate school services;

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

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

17 (3) It is the intent of the general assembly that any institution
18 under the direction and control of a governing board that enters into a
19 fee-for-service contract for basic skills courses not charge a student more
20 for a basic skills course than the student would otherwise pay per credit
21 hour for any general education course.

22 (4) EACH FEE-FOR-SERVICE CONTRACT MUST BE FOR A ONE-YEAR
23 TERM AND MAY BE RENEWED FROM YEAR TO YEAR. EACH CONTRACT MUST
24 SPECIFY THE PER-FULL-TIME-STUDENT AMOUNT THAT THE DEPARTMENT
25 OF HIGHER EDUCATION AGREES TO PAY TO THE INSTITUTION OF HIGHER
26 EDUCATION IN EXCHANGE FOR THE CONTRACTED SERVICE. THE CONTRACT
27 AMOUNT:

1 (a) MUST REFLECT THE ACTUAL COST TO THE INSTITUTION OF
2 HIGHER EDUCATION OF PROVIDING THE SERVICE;

3 (b) SHALL NOT BE ADJUSTED OVER THE TERM OF THE CONTRACT;
4 AND

5 (c) SHALL NOT INCREASE OR DECREASE FROM YEAR TO YEAR BY
6 MORE THAN THE RATE OF INFLATION FOR THE APPLICABLE FISCAL YEAR.

7 **SECTION 4. Act subject to petition - effective date.** This act
8 takes effect at 12:01 a.m. on the day following the expiration of the
9 ninety-day period after final adjournment of the general assembly (August
10 7, 2013, if adjournment sine die is on May 8, 2013); except that, if a
11 referendum petition is filed pursuant to section 1 (3) of article V of the
12 state constitution against this act or an item, section, or part of this act
13 within such period, then the act, item, section, or part will not take effect
14 unless approved by the people at the general election to be held in
15 November 2014 and, in such case, will take effect on the date of the
16 official declaration of the vote thereon by the governor.