

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

INTRODUCED

LLS NO. 24-0196.02 Megan McCall x4215

HOUSE BILL 24-1231

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A BILL FOR AN ACT

101 **CONCERNING STATE FUNDING FOR FOUR PROJECTS RELATED TO**
102 **HEALTH SCIENCES EDUCATION PROGRAMS FOR MEDICAL**
103 **PROFESSIONS BEING UNDERTAKEN BY STATE INSTITUTIONS OF**
104 **HIGHER EDUCATION, AND, IN CONNECTION THEREWITH,**
105 **AUTHORIZING THE STATE TO ISSUE FINANCED PURCHASE OF AN**
106 **ASSET OR CERTIFICATE OF PARTICIPATION AGREEMENTS TO**
107 **FINANCE A PORTION OF CAPITAL COSTS ASSOCIATED WITH**
108 **CONSTRUCTION OF FACILITIES FOR THE UNIVERSITY OF**
109 **NORTHERN COLORADO'S COLLEGE OF OSTEOPATHIC MEDICINE,**
110 **METROPOLITAN STATE UNIVERSITY OF DENVER'S HEALTH**
111 **INSTITUTE TOWER, COLORADO STATE UNIVERSITY'S**
112 **VETERINARY HEALTH EDUCATION CAMPUS, AND EXPANSION AND**
113 **RENOVATION OF TRINIDAD STATE COLLEGE'S VALLEY CAMPUS**

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters or bold & italic numbers indicate new material to be added to existing law.
Dashes through the words or numbers indicate deletions from existing law.

101 MAIN BUILDING, AND PROVIDING FUNDING FOR ESCROW MONEY
102 THAT IS REQUIRED FOR ACCREDITATION OF THE UNIVERSITY OF
103 NORTHERN COLORADO'S COLLEGE OF OSTEOPATHIC MEDICINE
104 BY TRANSFERRING MONEY FROM THE GENERAL FUND FOR
105 ULTIMATE DEPOSIT TO AN ESCROW ACCOUNT AND REDUCING
106 THE STATE RESERVE BY THE SAME AMOUNT FOR THE PERIOD
107 DURING WHICH THE MONEY IS HELD IN ESCROW.

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://leg.colorado.gov>.)

The bill requires the state treasurer, on behalf of the state, to execute, no later than October 31, 2024, financed purchase of an asset or certificate of participation agreements (financing agreements) to finance capital costs related to the construction of facilities for 4 state institutions of higher education. The financing agreements are to be issued in the aggregate principal amount of \$246,936,092 plus reasonable and necessary administrative, monitoring, and closing costs and interest, including capitalized interest. The anticipated annual state-funded payments for the principal and interest components due under the financing agreements must not exceed \$17,500,000 with principal amortization not occurring before July 1, 2027.

The proceeds from the financing agreements will be used for the following 4 capital projects:

- Construction of facilities for the university of northern Colorado's college of osteopathic medicine;
- Construction of a health institute tower by metropolitan state university of Denver;
- Construction of a veterinary health education complex by Colorado state university; and
- Renovation of Trinidad state college's valley campus main building to move nursing and allied health programs into the building, address deferred maintenance issues, and create an assembly room that will serve both the college and the community and a one-stop student services center to support career and technical education and allied health students.

The bill also provides for a general fund transfer of \$41,250,000 to the university of northern Colorado for deposit into an escrow account to be held in escrow in accordance with the requirements of the accrediting body of the college of osteopathic medicine.

If the money in escrow, including interest, is released to the university of northern Colorado upon graduation of the first cohort from the college of osteopathic medicine, then the university shall provide notice of the release of escrow to the joint budget committee of the general assembly, to the state treasurer, and to the office of state planning and budgeting. Additionally, for the state fiscal year in which the escrow money is released, the amount that is to be paid to the university pursuant to its fee-for-service contract for that state fiscal year is reduced by the lesser of an amount equal to the amount of the escrow money or an amount equal to the amount of a portion of the escrow money that reduces the amount to be paid pursuant to the fee-for-service agreement to zero. If the amount of the escrow money exceeds the amount due under such fee-for-service contract, then the amount the university of northern Colorado would otherwise receive from the college opportunity fund is reduced by an amount equal to the excess. If, after both reductions, there remains excess escrow money, then in the next state fiscal year the amount that is to be paid to the university of northern Colorado pursuant to its fee-for-service contract for that state fiscal year is reduced by an amount equal to the amount of the remaining escrow money. The university of northern Colorado must use the escrow money, or a portion of it, as applicable, for each applicable reduction as an offset for the reduction.

If the escrow money is released for failure of the college of osteopathic medicine to complete accreditation, then the university of northern Colorado shall provide a report of this to the joint budget committee of the general assembly, to the state treasurer, and to the office of state planning and budgeting. For the period that the escrow money is held in escrow, the amount of unrestricted general fund year-end balances that must be retained as a reserve is reduced by \$41,250,000.

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

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

4 (a) The state is facing a physician shortage, and a rapidly growing
5 population and an aging physician workforce have created a current and
6 future demonstrated need for more physicians to serve Colorado

1 communities;

2 (b) The physician shortage is felt most acutely in rural and other
3 underserved communities;

4 (c) With an increasing disparity between the demand for and
5 supply of physicians, there is an urgent need for medical education
6 programs to begin work now to train providers;

7 (d) This is particularly critical because physician training can take
8 up to a decade, meaning a physician shortage in 2034 is a problem that
9 needs to be addressed today;

10 (e) To address this critical issue, the University of Northern
11 Colorado is establishing an osteopathic medical college and plans to
12 enroll 150 graduate-level medical students in a four-year medical degree
13 program every year;

14 (f) The osteopathic medical profession has a long tradition of
15 providing care where patients lack doctors; and

16 (g) Opening the College of Osteopathic Medicine requires capital
17 investment for construction of a building and a temporary cash reserve as
18 required by the University of Northern Colorado's accrediting body.

19 (2) The general assembly further finds and declares that:

20 (a) A statement for the Committee on Health, Education, Labor
21 and Pensions of the United States Senate made by the American Hospital
22 Association on February 16, 2023, stated that there is "a historic
23 workforce crisis complete with real-time short-term staffing shortages and
24 a daunting long-range picture of an unfulfilled talent pipeline in
25 healthcare". This is especially true in Colorado, where workforce
26 shortages are at an all-time high and the state is projected to need an
27 estimated 10,000 more nurses by 2026.

1 (b) Metropolitan State University of Denver is prepared to meet
2 this urgent demand by growing its allied health programs by 25%,
3 enrolling nearly 7,000 students by 2030 who will go on to deliver care in
4 critical areas, such as mental and behavioral health, nursing, social work,
5 and speech, language, and hearing sciences;

6 (c) As such, Metropolitan State University of Denver has
7 identified an opportunity to address the urgent labor market needs by
8 creating interdisciplinary learning spaces for aspiring health-care
9 professionals, allowing for growth of the university's programs that serve
10 this sector;

11 (d) To accomplish this, Metropolitan State University of Denver's
12 Health Institute will begin construction of a new facility, the Health
13 Institute Tower, that will grow the health-care workforce through
14 innovation, increased instructional and training capacity, and expansion
15 of programs in high-need health-care-related areas;

16 (e) In addition, the Health Institute Tower will advance and retain
17 Colorado's health-care workers through interdisciplinary training,
18 education, and industry partnerships, all while delivering health and
19 wellness services to surrounding communities; and

20 (f) The Health Institute Tower will enable average enrollment
21 growth of 25% across all 10 healthcare-focused academic departments at
22 the university, which disciplines are all experiencing greater demand and
23 will be positioned to grow enrollment due to additional square footage for
24 instruction and training and greater efficiencies provided by the Health
25 Institute Tower.

26 (3) The general assembly further finds and declares that:

27 (a) Colorado State University has led innovations in veterinary

1 education, animal care, biomedical discovery, and public health and now
2 must adapt its delivery of education and modernize its facilities through
3 a new veterinary health education complex;

4 (b) The veterinary health education complex will be a
5 one-of-a-kind complex with educational, clinical, and research capacity
6 serving society's evolving relationship with animals as companions,
7 livestock, and wildlife;

8 (c) Colorado State University's current veterinary education
9 facilities are outdated and not large enough to meet the increasing needs
10 of students and the state;

11 (d) The veterinary health education complex will address the
12 shortage of veterinarians and those who can care for animals with new
13 facilities for integrated education, clinical practice, and applicable
14 research in one location; will provide upgraded technology and facilities
15 to educate, retain, and graduate veterinarians; and will allow for best
16 practices in health education to be realized by employing experiential
17 learning strategies with state-of-the-art laboratories, simulation skill labs,
18 active learning classrooms, and clinical experiences; and

19 (e) The project will allow Colorado State University to increase
20 veterinary student enrollment by potentially 20%, with the incoming
21 first-year class helping to alleviate the severe workforce shortage in the
22 field of veterinary medicine.

23 (4) The general assembly further finds and declares that:

24 (a) Trinidad state college's valley campus has origins back to
25 1936, serves approximately 500 career and technical students annually,
26 and had its last major renovation to a portion of the campus' main
27 building over 23 years ago;

1 (b) The provision of allied health certificate and degree programs
2 is critical to serving the health-care needs of Alamosa, Colorado, and its
3 surrounding communities, which face shortages in critical health-care
4 personnel;

5 (c) The renovation of the campus' main building will add a
6 two-story addition to the building that will allow for critical allied health
7 programs including those for nursing, emergency medical technicians,
8 dental assisting, and medical assisting to move into the main building
9 from the program's current condition-challenged space and significantly
10 support student success initiatives and regional workforce needs;

11 (d) The campus services over 130 allied health students annually,
12 and the renovation project will expand capacity of the allied health
13 programs offered at the campus by as much as 50% in nursing, nursing
14 aide, emergency medical technician, medical assisting, and dental
15 assisting programs; and

16 (e) The renovation project will also address much needed deferred
17 maintenance issues of the campus' main building, will create an assembly
18 space to serve both the college and community, and will allow critical
19 student services, including services that assist students from
20 disadvantaged backgrounds, to move to a more student-accessible
21 location in the building, thereby providing better access to these services
22 for allied health program students and the student body as a whole.

23 (5) The general assembly further finds and declares that financing
24 the capital construction needs of the University of Northern Colorado's
25 College of Osteopathic Medicine, the Metropolitan State University of
26 Denver's Health Institute Tower, Colorado State University's veterinary
27 health and education complex, and Trinidad State College's valley

1 campus main building renovation will, in part, come from the state
2 through execution of one or more financed purchase of an asset or
3 certificate of participation agreements, which, while each project is
4 separate, may be executed in connection with each other.

5 **SECTION 2.** In Colorado Revised Statutes, **add** 24-36-124 as
6 follows:

7 **24-36-124. Financed purchase of an asset or certificate of**
8 **participation agreements - fund capital costs related projects at four**
9 **institutions of higher education - definitions.** (1) AS USED IN THIS
10 SECTION, UNLESS THE CONTEXT OTHERWISE REQUIRES:

11 (a) "AGREEMENT" MEANS ONE OR MORE FINANCED PURCHASE OF
12 AN ASSET OR CERTIFICATE OF PARTICIPATION AGREEMENTS EXECUTED AS
13 REQUIRED BY SUBSECTION (2)(a) OF THIS SECTION.

14 (b) "APPLICABLE BOARD" MEANS EITHER:

15 (I) THE BOARD OF TRUSTEES FOR THE UNIVERSITY OF NORTHERN
16 COLORADO ESTABLISHED PURSUANT TO SECTION 23-40-104 (1)(a);

17 (II) THE BOARD OF TRUSTEES FOR METROPOLITAN STATE
18 UNIVERSITY OF DENVER ESTABLISHED PURSUANT TO SECTION 23-54-102
19 (1)(a);

20 (III) THE BOARD OF GOVERNORS OF THE COLORADO STATE
21 UNIVERSITY SYSTEM ESTABLISHED PURSUANT TO SECTION 23-30-101
22 (1)(a); OR

23 (IV) THE STATE BOARD FOR COMMUNITY COLLEGES AND
24 OCCUPATIONAL EDUCATION CREATED IN SECTION 23-60-104 (1)(b).

25 (2) (a) NOTWITHSTANDING THE PROVISIONS OF SECTIONS
26 24-82-102 (1)(b) AND 24-82-801, AND PURSUANT TO SECTION 24-36-121,
27 NO LATER THAN OCTOBER 31, 2024, THE STATE, ACTING BY AND THROUGH

1 THE STATE TREASURER, SHALL EXECUTE AN AGREEMENT FOR THE
2 PURPOSES DESCRIBED IN SUBSECTION (4) OF THIS SECTION, THE TOTAL
3 AMOUNT OF THE PRINCIPAL OF WHICH AGREEMENT SHALL NOT EXCEED
4 TWO HUNDRED FORTY-SIX MILLION NINE HUNDRED THIRTY-SIX THOUSAND
5 NINETY-TWO DOLLARS, PLUS REASONABLE AND NECESSARY
6 ADMINISTRATIVE, MONITORING, AND CLOSING COSTS AND INTEREST,
7 INCLUDING CAPITALIZED INTEREST.

8 (b) THE ANTICIPATED ANNUAL STATE-FUNDED PAYMENTS FOR THE
9 PRINCIPAL AND INTEREST COMPONENTS OF THE AMOUNT PAYABLE UNDER
10 AN AGREEMENT ENTERED INTO PURSUANT TO SUBSECTION (2)(a) OF THIS
11 SECTION SHALL NOT EXCEED SEVENTEEN MILLION FIVE HUNDRED
12 THOUSAND DOLLARS, WITH PRINCIPAL AMORTIZATION NOT OCCURRING
13 BEFORE JULY 1, 2027.

14 (c) THE STATE, ACTING BY AND THROUGH THE STATE TREASURER,
15 AT THE STATE TREASURER'S SOLE DISCRETION, MAY ENTER INTO AN
16 AGREEMENT AUTHORIZED BY SUBSECTION (2)(a) OF THIS SECTION WITH
17 ANY FOR-PROFIT OR NONPROFIT CORPORATION, TRUST, OR COMMERCIAL
18 BANK ACTING AS A TRUSTEE AS THE LESSOR.

19 (d) THE AGREEMENT MUST PROVIDE THAT ALL OF THE
20 OBLIGATIONS OF THE STATE UNDER THE AGREEMENT ARE SUBJECT TO THE
21 ACTION OF THE GENERAL ASSEMBLY IN ANNUALLY MAKING MONEY
22 AVAILABLE FOR ALL PAYMENTS THEREUNDER. PAYMENTS UNDER THE
23 AGREEMENT MUST BE MADE SUBJECT TO ANNUAL APPROPRIATION BY THE
24 GENERAL ASSEMBLY, AS APPLICABLE, FROM THE GENERAL FUND OR FROM
25 ANY OTHER LEGALLY AVAILABLE SOURCE OF MONEY.

26 (e) THE AGREEMENT MUST ALSO PROVIDE THAT THE OBLIGATIONS
27 OF THE STATE DO NOT CREATE STATE DEBT WITHIN THE MEANING OF ANY

1 PROVISION OF THE STATE CONSTITUTION OR STATE LAW CONCERNING OR
2 LIMITING THE CREATION OF STATE DEBT AND ARE NOT A MULTIPLE
3 FISCAL-YEAR DIRECT OR INDIRECT DEBT OR OTHER FINANCIAL OBLIGATION
4 OF THE STATE WITHIN THE MEANING OF SECTION 20 (4) OF ARTICLE X OF
5 THE STATE CONSTITUTION. IF THE STATE DOES NOT RENEW THE
6 AGREEMENT, THE SOLE SECURITY AVAILABLE TO THE LESSOR IS THE
7 PROPERTY THAT IS THE SUBJECT OF THE NONRENEWED AGREEMENT.

8 (f) (I) THE AGREEMENT MAY CONTAIN SUCH TERMS, PROVISIONS,
9 AND CONDITIONS AS THE STATE TREASURER, ACTING ON BEHALF OF THE
10 STATE, DEEMS APPROPRIATE, INCLUDING ALL OPTIONAL TERMS; EXCEPT
11 THAT THE AGREEMENT MUST SPECIFICALLY AUTHORIZE THE STATE OR THE
12 APPLICABLE BOARD TO RECEIVE FEE TITLE TO ALL REAL AND PERSONAL
13 PROPERTY THAT IS THE SUBJECT OF THE AGREEMENT ON OR BEFORE THE
14 EXPIRATION OF THE TERMS OF THE AGREEMENT.

15 (II) THE STATE TREASURER, ACTING ON BEHALF OF THE STATE, HAS
16 THE AUTHORITY TO DETERMINE WHAT COLLATERAL TO USE FOR THE
17 AGREEMENT AS THE STATE TREASURER DEEMS APPROPRIATE.

18 (g) THE AGREEMENT MAY PROVIDE FOR THE ISSUANCE,
19 DISTRIBUTION, AND SALE OF INSTRUMENTS EVIDENCING RIGHTS TO
20 RECEIVE RENTALS AND OTHER PAYMENTS MADE AND TO BE MADE UNDER
21 THE AGREEMENT. THE INSTRUMENTS MAY BE ISSUED, DISTRIBUTED, OR
22 SOLD ONLY BY THE LESSOR OR ANY PERSON DESIGNATED BY THE LESSOR
23 AND NOT BY THE STATE. THE INSTRUMENTS DO NOT CREATE A
24 RELATIONSHIP BETWEEN THE PURCHASERS OF THE INSTRUMENTS AND THE
25 STATE OR CREATE ANY OBLIGATION ON THE PART OF THE STATE TO THE
26 PURCHASERS. THE INSTRUMENTS ARE NOT A NOTE, BOND, OR ANY OTHER
27 EVIDENCE OF STATE DEBT WITHIN THE MEANING OF ANY PROVISION OF THE

1 STATE CONSTITUTION OR STATE LAW CONCERNING OR LIMITING THE
2 CREATION OF STATE DEBT AND ARE NOT A MULTIPLE FISCAL-YEAR DIRECT
3 OR INDIRECT DEBT OR OTHER FINANCIAL OBLIGATION OF THE STATE
4 WITHIN THE MEANING OF SECTION 20 (4) OF ARTICLE X OF THE STATE
5 CONSTITUTION.

6 (h) INTEREST PAID UNDER AN AGREEMENT AUTHORIZED PURSUANT
7 TO SUBSECTION (2)(a) OF THIS SECTION, INCLUDING INTEREST
8 REPRESENTED BY THE INSTRUMENTS, IS EXEMPT FROM COLORADO INCOME
9 TAX.

10 (i) THE STATE, ACTING BY AND THROUGH THE STATE
11 TREASURER AND THE APPLICABLE BOARD, IS AUTHORIZED TO ENTER INTO
12 ANCILLARY AGREEMENTS AND INSTRUMENTS THAT ARE NECESSARY OR
13 APPROPRIATE IN CONNECTION WITH AN AGREEMENT, INCLUDING BUT NOT
14 LIMITED TO DEEDS, GROUND LEASES, SUB-LEASES, EASEMENTS, OR OTHER
15 INSTRUMENTS RELATED TO THE REAL PROPERTY ON WHICH THE FACILITIES
16 ARE LOCATED.

17 (j) THE PROVISIONS OF SECTION 24-30-202 (5)(b) DO NOT APPLY
18 TO AN AGREEMENT OR TO ANY ANCILLARY AGREEMENT OR INSTRUMENT
19 ENTERED INTO PURSUANT TO THIS SUBSECTION (2). THE STATE
20 CONTROLLER OR THEIR DESIGNEE SHALL WAIVE ANY PROVISION OF THE
21 FISCAL RULES PROMULGATED PURSUANT TO SECTIONS 24-30-202 (1) AND
22 (13) THAT THE STATE CONTROLLER FINDS INCOMPATIBLE OR INAPPLICABLE
23 WITH RESPECT TO AN AGREEMENT OR AN ANCILLARY AGREEMENT OR
24 INSTRUMENT.

25 (3) (a) BEFORE EXECUTING THE AGREEMENT, IN ORDER TO
26 PROTECT AGAINST FUTURE INTEREST RATE INCREASES, THE STATE, ACTING
27 BY AND THROUGH THE STATE TREASURER AND AT THE DISCRETION OF THE

1 STATE TREASURER, MAY ENTER INTO AN INTEREST RATE EXCHANGE
2 AGREEMENT PURSUANT TO ARTICLE 59.3 OF TITLE 11. SUCH INTEREST
3 RATE EXCHANGE AGREEMENT IS A PROPOSED PUBLIC SECURITY FOR THE
4 PURPOSES OF ARTICLE 59.3 OF TITLE 11. ANY PAYMENTS MADE BY THE
5 STATE UNDER AN INTEREST RATE EXCHANGE AGREEMENT ENTERED INTO
6 PURSUANT TO THIS SUBSECTION (3) MUST BE MADE SOLELY FROM MONEY
7 AVAILABLE TO THE STATE TREASURER FROM THE EXECUTION OF THE
8 AGREEMENT ENTERED INTO PURSUANT TO SUBSECTION (2) OF THIS
9 SECTION OR FROM MONEY DESCRIBED IN SUBSECTION (2)(d) OF THIS
10 SECTION.

11 (b) AN INTEREST RATE EXCHANGE AGREEMENT ENTERED INTO
12 PURSUANT TO THIS SUBSECTION (3) MUST ALSO PROVIDE THAT THE
13 OBLIGATIONS OF THE STATE DO NOT CREATE STATE DEBT WITHIN THE
14 MEANING OF ANY PROVISION OF THE STATE CONSTITUTION OR STATE LAW
15 CONCERNING OR LIMITING THE CREATION OF STATE DEBT OR ANY
16 MULTIPLE FISCAL-YEAR DIRECT OR INDIRECT DEBT OR OTHER FINANCIAL
17 OBLIGATION OF THE STATE WITHIN THE MEANING OF SECTION 20 (4) OF
18 ARTICLE X OF THE STATE CONSTITUTION.

19 (c) ANY MONEY RECEIVED BY THE STATE UNDER AN INTEREST
20 RATE EXCHANGE AGREEMENT ENTERED INTO PURSUANT TO THIS
21 SUBSECTION (3) MUST BE USED TO MAKE PAYMENTS ON AN AGREEMENT
22 ENTERED INTO PURSUANT TO SUBSECTION (2) OF THIS SECTION OR TO PAY
23 THE COSTS RELATED TO THE PURPOSES SET FORTH IN SUBSECTION (4) OF
24 THIS SECTION FOR WHICH AN AGREEMENT WAS EXECUTED.

25 (4) THE PROCEEDS OF AN AGREEMENT ENTERED INTO PURSUANT
26 TO SUBSECTION (2)(a) OF THIS SECTION MUST BE USED TO FUND CAPITAL
27 CONSTRUCTION COSTS RELATED TO THE CONSTRUCTION OF THE

1 FOLLOWING FACILITIES FOR THE FOLLOWING INSTITUTIONS OF HIGHER
2 EDUCATION:

3 (a) UNIVERSITY OF NORTHERN COLORADO'S COLLEGE OF
4 OSTEOPATHIC MEDICINE;

5 (b) METROPOLITAN STATE UNIVERSITY OF DENVER'S HEALTH
6 INSTITUTE TOWER THAT WILL INCREASE HEALTH-CARE-RELATED
7 INSTRUCTIONAL AND TRAINING CAPACITY AND EXPAND PROGRAMS IN
8 HIGH-NEED AREAS RELATED TO HEALTH CARE;

9 (c) COLORADO STATE UNIVERSITY'S VETERINARY HEALTH AND
10 EDUCATION COMPLEX; AND

11 (d) TRINIDAD STATE COLLEGE'S VALLEY CAMPUS MAIN BUILDING
12 RENOVATION THAT WILL INCREASE CAPACITY TO PROVIDE ALLIED HEALTH
13 CERTIFICATE AND DEGREE PROGRAMS, ADDRESS DEFERRED MAINTENANCE,
14 CREATE AN ASSEMBLY SPACE TO SERVE THE COLLEGE AND COMMUNITY,
15 AND ALLOW CRITICAL STUDENT SERVICES TO MOVE TO A MORE
16 STUDENT-ACCESSIBLE LOCATION WITHIN THE BUILDING.

17 **SECTION 3.** In Colorado Revised Statutes, 24-75-201.1, **amend**
18 (1)(d)(XXIII) as follows:

19 **24-75-201.1. Restriction on state appropriations - legislative**
20 **declaration - definitions.** (1) (d) For each fiscal year, unrestricted
21 general fund year-end balances must be retained as a reserve in the
22 following amounts:

23 (XXIII) (A) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION
24 (1)(d)(XXIII)(B) OF THIS SECTION, for the fiscal year 2022-23, and each
25 fiscal year thereafter, fifteen percent of the amount appropriated for
26 expenditure from the general fund for that fiscal year.

27 (B) FOR THE FISCAL YEAR 2023-24 AND EACH FISCAL YEAR

1 THEREAFTER UNTIL THE ESCROW MONEY IS RELEASED AS SET FORTH IN
2 SECTION 23-40-107, FIFTEEN PERCENT OF THE AMOUNT APPROPRIATED FOR
3 EXPENDITURE FROM THE GENERAL FUND FOR THAT FISCAL YEAR REDUCED
4 BY FORTY-ONE MILLION TWO HUNDRED FIFTY THOUSAND DOLLARS. AS
5 USED IN THIS SUBSECTION (1)(d)(XXIII)(B), "ESCROW MONEY" HAS THE
6 SAME MEANING AS SET FORTH IN SECTION 23-40-107 (1)(c).

7 **SECTION 4.** In Colorado Revised Statutes, **add** 23-40-107 as
8 follows:

9 **23-40-107. Escrow requirement for accreditation of college of**
10 **osteopathic medicine - cash fund - offset to appropriation - legislative**
11 **declaration - report - definitions - repeal.** (1) THE GENERAL ASSEMBLY
12 FINDS AND DECLARES THAT:

13 (a) THE ACCREDITATION BODY FOR THE COLLEGE OF OSTEOPATHIC
14 MEDICINE OF THE UNIVERSITY OF NORTHERN COLORADO REQUIRES THAT
15 THE UNIVERSITY DEPOSIT MONEY INTO AN ESCROW ACCOUNT TO BE HELD
16 AND RELEASED ONLY UPON EITHER THE:

17 (I) FAILURE OF THE COLLEGE TO COMPLETE ACCREDITATION; OR

18 (II) GRADUATION OF THE FIRST COHORT FROM THE COLLEGE;

19 (b) MONEY FOR THE ESCROW IS FROM A TRANSFER OF GENERAL
20 FUND MONEY TO THE UNIVERSITY IN THE AMOUNT REQUIRED BY THE
21 ACCREDITATION BODY;

22 (c) IN CONNECTION WITH THE TRANSFER OF MONEY FROM THE
23 GENERAL FUND TO SATISFY THE ACCREDITATION BODY'S ESCROW
24 REQUIREMENTS, THERE IS A TEMPORARY REDUCTION IN THE STATE'S CASH
25 RESERVE SET FORTH IN SECTION 24-75-201.1, WHICH IS A STRATEGIC
26 INVESTMENT OF A SMALL PORTION OF THE REQUIRED STATUTORY RESERVE
27 IN THE GENERAL FUND TO REDUCE COSTS OF THE UNIVERSITY REQUIRED

1 FOR ACCREDITATION OF THE COLLEGE WHILE ENSURING THAT THE STATE
2 MAXIMIZES THE BENEFIT OF THE HISTORIC AND IMPORTANT LEVELS
3 MAINTAINED AS RESERVES IN THE GENERAL FUND;

4 (d) DURING THE PERIOD THAT THE MONEY IS HELD IN ESCROW, THE
5 TRANSACTION OF GENERAL FUND MONEY IS A NON-EXCHANGE
6 TRANSACTION WITH A LONG-TERM TIME COMPONENT WHICH CONSTITUTES
7 DEFERRED OUTFLOW OF RESOURCES BY THE STATE AND DEFERRED INFLOW
8 OF RESOURCES BY THE UNIVERSITY, THE PRINCIPAL OF WHICH IS NOT
9 RECOGNIZED AS REVENUE OR EXPENSE UNTIL RECOGNITION OF THE MONEY
10 WHEN IT IS RELEASED FROM ESCROW;

11 (e) IF THE MONEY, INCLUDING ANY EARNED INTEREST, IS RELEASED
12 FROM ESCROW UPON THE GRADUATION OF THE FIRST COHORT FROM THE
13 COLLEGE, THE UNIVERSITY INTENDS TO RETAIN THE MONEY AND THE
14 GENERAL ASSEMBLY INTENDS TO REDUCE ALL OR A PORTION OF THE TOTAL
15 STATE APPROPRIATION TO THE UNIVERSITY FOR THE FISCAL YEAR IN WHICH
16 THE MONEY IS RELEASED FROM ESCROW, AND FOR SUBSEQUENT FISCAL
17 YEARS AS NEEDED, BY AN EQUIVALENT AMOUNT; AND

18 (f) THE RETENTION BY THE UNIVERSITY OF NORTHERN COLORADO
19 OF THE MONEY RELEASED FROM ESCROW IS NOT INTENDED TO AFFECT OR
20 IN ANY WAY MODIFY OR OTHERWISE IMPACT THE HIGHER EDUCATION
21 FUNDING ALLOCATION MODEL ESTABLISHED IN ARTICLE 18 OF THIS TITLE
22 23.

23 (2) AS USED IN THIS SECTION, UNLESS THE CONTEXT OTHERWISE
24 REQUIRES:

25 (a) "COLLEGE" MEANS THE COLLEGE OF OSTEOPATHIC MEDICINE
26 OF THE UNIVERSITY.

27 (b) "ESCROW ACCOUNT" MEANS THE ACCOUNT ESTABLISHED AND

1 GOVERNED BY AN ESCROW AGREEMENT THAT IS ENTERED INTO BETWEEN
2 AN ESCROW AGENT, THE ACCREDITING BODY FOR THE COLLEGE, AND THE
3 UNIVERSITY TO RECEIVE AND HOLD THE ESCROW MONEY.

4 (c) "ESCROW MONEY" MEANS THE MONEY THAT IS DEPOSITED AND
5 HELD IN THE ESCROW ACCOUNT AND RELEASED TO THE UNIVERSITY UPON
6 EITHER THE FAILURE OF THE COLLEGE TO COMPLETE ACCREDITATION OR
7 THE GRADUATION OF THE FIRST COHORT FROM THE COLLEGE, INCLUDING
8 ANY EARNED INTEREST OR INVESTMENT INCOME.

9 (d) "FUND" MEANS THE COLLEGE OF OSTEOPATHIC MEDICINE
10 ESCROW MONEY CASH FUND CREATED IN SUBSECTION (3)(a) OF THIS
11 SECTION.

12 (e) "UNIVERSITY" MEANS THE UNIVERSITY OF NORTHERN
13 COLORADO.

14 (3) (a) THE COLLEGE OF OSTEOPATHIC MEDICINE ESCROW MONEY
15 CASH FUND IS CREATED IN THE STATE TREASURY. THE FUND CONSISTS OF
16 MONEY TRANSFERRED TO THE FUND PURSUANT TO SUBSECTION (3)(b) OF
17 THIS SECTION.

18 (b) ON OR BEFORE JUNE 30, 2024, THE STATE TREASURER SHALL
19 TRANSFER FORTY-ONE MILLION TWO HUNDRED FIFTY THOUSAND DOLLARS
20 FROM THE GENERAL FUND TO THE FUND.

21 (c) MONEY IN THE FUND IS CONTINUOUSLY APPROPRIATED TO THE
22 UNIVERSITY FOR THE PURPOSE OF THE UNIVERSITY DEPOSITING THE MONEY
23 INTO THE ESCROW ACCOUNT TO SATISFY NECESSARY COSTS IN
24 ACCORDANCE WITH THE ACCREDITING BODY OF THE COLLEGE'S RULES AND
25 REGULATIONS FOR OPERATING RESERVE AND ESCROW RESERVE
26 REQUIREMENTS.

27 (d) THIS SUBSECTION (3) IS REPEALED, EFFECTIVE DECEMBER 31,

1 2025.

2 (4) IF THE ESCROW MONEY IS RELEASED TO THE UNIVERSITY DUE
3 TO FAILURE OF THE COLLEGE TO COMPLETE ACCREDITATION, THE
4 UNIVERSITY SHALL PROVIDE A REPORT TO THE JOINT BUDGET COMMITTEE
5 OF THE GENERAL ASSEMBLY, THE STATE TREASURER, AND THE OFFICE OF
6 STATE PLANNING AND BUDGETING WITHIN TEN DAYS OF THE RELEASE OF
7 THE ESCROW MONEY THAT SETS FORTH THE CIRCUMSTANCES FOR THE
8 RELEASE OF THE ESCROW MONEY AND INFORMATION CONCERNING THE USE
9 OF THE ESCROW MONEY BY THE UNIVERSITY AS REQUIRED BY THE
10 ACCREDITATION BODY TO PAY OPERATING AND TEACH OUT COSTS OF
11 STUDENTS OF THE COLLEGE.

12 (5) (a) WITHIN TEN DAYS OF RECEIPT OF NOTICE FROM THE
13 ACCREDITATION BODY THAT THE ESCROW MONEY WILL BE RELEASED TO
14 THE UNIVERSITY IN ACCORDANCE WITH THE REQUIREMENTS AND
15 CONDITIONS OF ACCREDITATION BEING MET FOR THE GRADUATION OF THE
16 FIRST COHORT OF THE COLLEGE, THE UNIVERSITY SHALL PROVIDE NOTICE
17 OF THE SAME TO THE JOINT BUDGET COMMITTEE OF THE GENERAL
18 ASSEMBLY, THE STATE TREASURER, AND THE OFFICE OF STATE PLANNING
19 AND BUDGETING.

20 (b) FOR THE STATE FISCAL YEAR IN WHICH THE ESCROW MONEY
21 WILL BE RELEASED TO THE UNIVERSITY FOR THE REASON SET FORTH IN
22 SUBSECTION (5)(a) OF THIS SECTION, THE AMOUNT TO BE PAID TO THE
23 UNIVERSITY PURSUANT TO THE FEE-FOR-SERVICE AGREEMENT
24 NEGOTIATED PURSUANT TO SECTION 23-18-303.5 FOR THAT STATE FISCAL
25 YEAR IS REDUCED BY THE LESSER OF THE AMOUNT OF THE ESCROW MONEY
26 OR THE AMOUNT OF A PORTION OF THE ESCROW MONEY THAT REDUCES THE
27 AMOUNT TO BE PAID PURSUANT TO THE FEE-FOR-SERVICE AGREEMENT TO

1 ZERO, AND THE UNIVERSITY SHALL USE THE ESCROW MONEY, OR A
2 PORTION OF IT, AS APPLICABLE, TO OFFSET THE REDUCTION.

3 (c) IF THERE IS ESCROW MONEY REMAINING AFTER THE OFFSET
4 REQUIRED BY SUBSECTION (5)(b) OF THIS SECTION IS MADE, THEN MONEY
5 THAT THE UNIVERSITY WOULD OTHERWISE RECEIVE FROM THE COLLEGE
6 OPPORTUNITY FUND IS REDUCED BY THE LESSER OF THE AMOUNT OF THE
7 REMAINING ESCROW MONEY OR THE AMOUNT OF A PORTION OF THE
8 REMAINING ESCROW MONEY THAT REDUCES THE MONEY THE UNIVERSITY
9 WOULD OTHERWISE RECEIVE FROM THE COLLEGE OPPORTUNITY FUND TO
10 ZERO, AND THE UNIVERSITY SHALL USE THE REMAINING ESCROW MONEY,
11 OR A PORTION OF IT, AS APPLICABLE, TO OFFSET THE REDUCTION.

12 (d) IF, AFTER THE OFFSETS REQUIRED BY SUBSECTIONS (5)(b) AND
13 (5)(c) OF THIS SECTION, THERE REMAINS ANY EXCESS ESCROW MONEY,
14 THEN IN THE NEXT STATE FISCAL YEAR, THE AMOUNT TO BE PAID TO THE
15 UNIVERSITY PURSUANT TO THE FEE-FOR-SERVICE AGREEMENT
16 NEGOTIATED PURSUANT TO SECTION 23-18-303.5 FOR THAT STATE FISCAL
17 YEAR IS REDUCED BY THE AMOUNT OF ANY EXCESS ESCROW MONEY AND
18 THE UNIVERSITY SHALL USE THE REMAINING ESCROW MONEY TO OFFSET
19 THE REDUCTION.

20 **SECTION 5. Safety clause.** The general assembly finds,
21 determines, and declares that this act is necessary for the immediate
22 preservation of the public peace, health, or safety or for appropriations for
23 the support and maintenance of the departments of the state and state
24 institutions.