

CHAPTER 71

EDUCATION - UNIVERSITIES AND COLLEGES

SENATE BILL 01-071

BY SENATOR(S) Arnold, Phillips, Fitz-Gerald, and Teck;
also REPRESENTATIVE(S) Spence, Cloer, Coleman, Garcia, Groff, Hoppe, Mitchell, Romanoff, Snook, Tapia, and Williams S.

AN ACT

CONCERNING THE CREATION OF A STUDENT LOAN GUARANTEE FUND.

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

SECTION 1. 23-3.1-107 (1), Colorado Revised Statutes, is REPEALED AND REENACTED, WITH AMENDMENTS, to read:

23-3.1-107. Student loan guarantee fund - created. (1) (a) THERE IS HEREBY CREATED IN THE STATE TREASURY A FUND TO BE KNOWN AS THE STUDENT LOAN GUARANTEE FUND THAT SHALL CONTAIN:

(I) A RESERVE ACCOUNT FOR GUARANTEED STUDENT LOANS THAT IS ESTABLISHED TO FULFILL THE FUNCTIONS OF THE FEDERAL STUDENT LOAN RESERVE FUND ESTABLISHED BY SECTION 422A OF THE FEDERAL "HIGHER EDUCATION ACT OF 1965", AS AMENDED;

(II) AN OPERATING ACCOUNT THAT IS ESTABLISHED TO FULFILL THE FUNCTIONS OF THE AGENCY OPERATING FUND ESTABLISHED BY SECTION 422B OF THE FEDERAL "HIGHER EDUCATION ACT OF 1965", AS AMENDED;

(III) A LOAN SERVICING ACCOUNT; AND

(IV) SUCH OTHER ACCOUNTS AS THE DIVISION MAY REQUIRE.

(b) THE RESERVE ACCOUNT SHALL BE USED ONLY FOR THOSE PURPOSES PERMITTED BY SECTION 422A OF THE FEDERAL "HIGHER EDUCATION ACT OF 1965", AS AMENDED. ALL MONEYS REQUIRED TO BE DEPOSITED BY THE DIVISION IN THE FEDERAL STUDENT LOAN RESERVE FUND CREATED BY SAID ACT SHALL BE DEPOSITED IN THE RESERVE ACCOUNT. THE DIVISION SHALL MAINTAIN AT ALL TIMES A MINIMUM

Capital letters indicate new material added to existing statutes; dashes through words indicate deletions from existing statutes and such material not part of act.

RESERVE REQUIREMENT THAT IS EQUAL TO, AND CALCULATED IN THE SAME MANNER AS, THAT WHICH IS REQUIRED FOR THE FEDERAL STUDENT LOAN RESERVE FUND ESTABLISHED BY SAID ACT. SUCH MINIMUM RESERVE REQUIREMENT MAY BE MAINTAINED IN CASH IN SUCH ACCOUNT OR IN FEDERAL REINSURANCE RECEIVABLES HELD BY THE DIVISION.

(c) THE OPERATING ACCOUNT SHALL BE USED ONLY FOR THOSE PURPOSES PERMITTED BY SECTION 422B OF THE FEDERAL "HIGHER EDUCATION ACT OF 1965", AS AMENDED. ALL MONEYS REQUIRED TO BE DEPOSITED BY THE DIVISION IN THE AGENCY OPERATING FUND CREATED BY SAID ACT SHALL BE DEPOSITED IN THE OPERATING ACCOUNT.

(d) THE LOAN SERVICING ACCOUNT SHALL BE USED FOR THE DEPOSIT OF REVENUES GENERATED BY THE DIVISION'S LOAN SERVICING ACTIVITIES AND FOR THE PAYMENT OF EXPENSES RELATED TO THOSE ACTIVITIES. UNTIL SUCH TIME AS THE DIVISION HAS REACHED AGREEMENT WITH THE FEDERAL DEPARTMENT OF EDUCATION AS TO THE MONETARY AMOUNT OF ANY FEDERAL INTEREST IN THE LOAN SERVICING ACCOUNT, AND HAS MADE ARRANGEMENTS TO SATISFY THAT INTEREST, MONEYS IN THE LOAN SERVICING ACCOUNT SHALL BE CONSIDERED THE PROPERTY OF THE UNITED STATES. AFTER ANY FEDERAL INTEREST IN THE LOAN SERVICING ACCOUNT HAS BEEN SATISFIED PURSUANT TO THE AGREEMENT, ALL REVENUES REMAINING IN THE LOAN SERVICING ACCOUNT, AFTER PAYMENT OF EXPENSES ATTRIBUTABLE TO THE ACCOUNT, MAY BE TRANSFERRED TO EITHER THE OPERATING ACCOUNT OR THE RESERVE ACCOUNT FOR SUCH USES AS ARE PERMITTED FOR THOSE ACCOUNTS.

(e) OTHER INCOME EARNED OR RECEIVED BY THE DIVISION THAT IS NOT REQUIRED TO BE DEPOSITED IN THE RESERVE ACCOUNT OR THE LOAN SERVICING ACCOUNT MAY BE DEPOSITED IN THE OPERATING ACCOUNT, WHICH SHALL BE USED TO PAY STAFF COMPENSATION AND OTHER EXPENSES OF THE DIVISION.

(f) ON THE EFFECTIVE DATE OF THE REPEAL AND REENACTMENT OF THIS SUBSECTION (1), ALL MONEYS REMAINING IN THE FUND KNOWN AS THE LOAN GUARANTEE FUND, CREATED PURSUANT TO THIS SUBSECTION (1) AS IT EXISTED PRIOR TO THE EFFECTIVE DATE OF THE REPEAL AND REENACTMENT OF THIS SUBSECTION (1), SHALL BE TRANSFERRED TO THE STUDENT LOAN GUARANTEE FUND CREATED BY THE REPEAL AND REENACTMENT OF THIS SUBSECTION (1).

SECTION 2. 23-3.1-107 (2), Colorado Revised Statutes, is amended to read:

23-3.1-107. Student loan guarantee fund - created. (2) All moneys deposited or paid into the STUDENT loan guarantee fund, including any interest earned from the investment of this fund and income earned or received by the division, shall be continuously available and are hereby appropriated to the division to be expended in accordance with the provisions of this article. Any income or interest earned from the investment of this fund shall be credited to the STUDENT loan guarantee fund. Such investment income or interest, together with any other income earned or received by the division, ~~excepting that portion of each loan insurance premium deposited in each of the guarantee reserve accounts pursuant to subsection (1) of this section, may be used to pay either operating expenses or any other expenses incurred by the division in carrying out the purposes of this article~~ SHALL BE APPORTIONED TO EACH ACCOUNT AS REQUIRED BY APPLICABLE LAW AND MAY BE USED ONLY FOR THE PURPOSES

PERMITTED THEREBY.

SECTION 3. Safety clause. The general assembly hereby finds, determines, and declares that this act is necessary for the immediate preservation of the public peace, health, and safety.

Approved: March 28, 2001