

Second Regular Session
Seventy-third General Assembly
STATE OF COLORADO

INTRODUCED

LLS NO. 22-0497.02 Jacob Baus x2173

SENATE BILL 22-039

SENATE SPONSORSHIP

Lundeen and Kirkmeyer, Woodward

HOUSE SPONSORSHIP

(None),

Senate Committees
Education

House Committees

A BILL FOR AN ACT

101 CONCERNING FUNDING FOR EDUCATIONAL OPPORTUNITIES, AND, IN
102 CONNECTION THEREWITH, CREATING A SCHOLARSHIP PROGRAM
103 FOR STUDENTS TO PURSUE EDUCATIONAL OPPORTUNITIES.

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 to transfer \$723 million from the general fund to the state education fund for the 2022-23 budget year.

The bill repeals the budget stabilization factor starting in the 2023-24 budget year, and for each budget year thereafter.

The bill creates the Hope Scholarship Program (program) in the

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

department of education (department). The purpose of the program is to meet the educational needs of every eligible student by assisting with certain education expenses. The bill requires:

- The department to contract with an entity that will administer the program (administering entity);
- The department to transfer to the administering entity an amount equal to 125% of the prior budget year's average state share of per pupil revenues for an eligible student who receives a scholarship;
- The department to prorate the amount transferred to the administering entity based on the amount of time remaining in the budget year, and deduct the amount transferred from the amount that the department distributes to the eligible student's school district of residence for the budget year in which an account is created, subject to limitations;
- The parent of an eligible student to apply to the administering entity for a scholarship;
- A parent of an eligible student to only spend scholarship money on defined eligible expenses; and
- The administering entity to oversee the program and perform an audit to ensure scholarship money is spent on defined eligible expenses.

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

2 **SECTION 1.** In Colorado Revised Statutes, 22-54-104, **amend**
3 (5)(g)(I) introductory portion, (5)(g)(II) introductory portion, (5)(g)(III)
4 introductory portion, (5)(g)(IV), and (5)(g)(V); and **add** (5)(g)(II.3) and
5 (5)(g)(II.7) as follows:

6 **22-54-104. District total program - definitions.** (5) For
7 purposes of the formulas used in this section:

8 (g) (I) For the 2010-11 budget year ~~and each budget year~~
9 ~~thereafter~~, THROUGH THE 2022-23 BUDGET YEAR, the general assembly
10 determines that stabilization of the state budget requires a reduction in the
11 amount of the annual appropriation to fund the state's share of total
12 program funding for all districts and the funding for institute charter
13 schools. The department of education shall implement the reduction in

1 total program funding through the application of a budget stabilization
2 factor as provided in this subsection (5)(g)(I). For the 2010-11 budget
3 year ~~and each budget year thereafter~~, THROUGH THE 2022-23 BUDGET
4 YEAR, the department of education and the staff of the legislative council
5 shall determine, based on budget projections, the amount of such
6 reduction to ensure the following:

7 (II) For the 2010-11 budget year ~~and each budget year thereafter~~,
8 THROUGH THE 2022-23 BUDGET YEAR, the department of education shall:

9 (II.3) FOR THE 2022-23 BUDGET YEAR, THE STATE TREASURER
10 SHALL TRANSFER FROM THE GENERAL FUND TO THE STATE EDUCATION
11 FUND SEVEN HUNDRED TWENTY-THREE MILLION EIGHT HUNDRED
12 THOUSAND DOLLARS.

13 (II.7) FOR THE 2023-24 BUDGET YEAR AND EACH BUDGET YEAR
14 THEREAFTER, THE DEPARTMENT OF EDUCATION SHALL NOT REDUCE TOTAL
15 PROGRAM FUNDING THROUGH THE APPLICATION OF A BUDGET
16 STABILIZATION FACTOR.

17 (III) For the 2010-11 budget year ~~and each budget year thereafter~~,
18 THROUGH THE 2022-23 BUDGET YEAR, except as otherwise provided in
19 ~~subparagraphs (IV) and (V) of this paragraph (g)~~, SUBSECTIONS (5)(g)(IV)
20 AND (5)(g)(V) OF THIS SECTION, a district's total program ~~shall be~~ IS the
21 greater of:

22 (IV) For the 2010-11 budget year ~~and each budget year thereafter~~,
23 THROUGH THE 2022-23 BUDGET YEAR, the total program funding for a
24 district that levies the number of mills calculated pursuant to section
25 22-54-106 (2)(a)(II), (2.1)(b)(I)(C), or (2.1)(c)(I), whichever is
26 applicable, is the amount calculated pursuant to subsection (2) of this
27 section for the applicable budget year. Any such district shall use the

1 revenues generated by the number of mills that the district levies pursuant
2 to section 22-54-106 (2)(a)(II), (2.1)(b)(I)(C), or (2.1)(c)(I), whichever is
3 applicable, to replace any categorical program support funds that the
4 district would otherwise be eligible to receive from the state; except that
5 the amount of categorical program support funds that the district is
6 required to replace must not exceed an amount equal to the district's
7 reduction amount. The department shall use the amount of categorical
8 program support funds replaced by property tax revenue pursuant to this
9 subsection (5)(g)(IV) to make payments of categorical program support
10 funds to eligible districts as specified in section 22-54-107 (4).

11 (V) For the 2010-11 budget year ~~and each budget year thereafter,~~
12 THROUGH THE 2022-23 BUDGET YEAR, if a district levies the number of
13 mills calculated pursuant to section 22-54-106 (2)(a)(I), (2.1)(b)(I)(A),
14 (2.1)(b)(I)(B), or (2.1)(b)(II), or (2.1)(c)(II), (2.1)(c)(III), or (2.1)(c)(IV),
15 whichever is applicable, and the district's reduction amount exceeds the
16 district's state share of total program funding, such district's total program
17 funding is the amount calculated pursuant to subsection (2) of this section
18 for the applicable budget year, minus the district's state aid. Any such
19 district shall use the revenues generated by the number of mills that the
20 district levies pursuant to section 22-54-106 (2)(a)(I), (2.1)(b)(I)(A),
21 (2.1)(b)(I)(B), or (2.1)(b)(II), or (2.1)(c)(II), (2.1)(c)(III), or (2.1)(c)(IV),
22 whichever is applicable, to replace any categorical program support funds
23 that the district would otherwise be eligible to receive from the state;
24 except that the amount of categorical program support funds that the
25 district is required to replace must not exceed an amount equal to the
26 remainder of the district's reduction amount after the reduction to the
27 district's total program has been applied pursuant to this subsection

1 (5)(g)(V). The department of education shall use the amount of
2 categorical program support funds replaced by property tax revenue
3 pursuant to this subsection (5)(g)(V) to make payments of categorical
4 program support funds to eligible districts as specified in section
5 22-54-107 (4).

6 **SECTION 2.** In Colorado Revised Statutes, **add** article 106 to
7 title 22 as follows:

8 **ARTICLE 106**

9 **Hope Scholarship Act**

10 **22-106-101. Short title.** THE SHORT TITLE OF THIS ARTICLE 106 IS
11 THE "HOPE SCHOLARSHIP ACT".

12 **22-106-102. Definitions.** AS USED IN THIS ARTICLE 106, UNLESS
13 THE CONTEXT OTHERWISE REQUIRES:

14 (1) "ADMINISTERING ENTITY" MEANS THE ORGANIZATION WITH
15 WHICH THE DEPARTMENT CONTRACTS TO ADMINISTER THE HOPE
16 SCHOLARSHIP PROGRAM.

17 (2) "DEPARTMENT" MEANS THE DEPARTMENT OF EDUCATION
18 CREATED AND EXISTING PURSUANT TO SECTION 24-1-115.

19 (3) "ELIGIBLE EXPENSE" MEANS AN EXPENSE NECESSARY FOR THE
20 EDUCATION OF AN ELIGIBLE STUDENT. ELIGIBLE EXPENSES INCLUDE:

21 (a) TUITION OR FEES AT A NONPUBLIC ELEMENTARY, MIDDLE, OR
22 HIGH SCHOOL, INCLUDING A NONPUBLIC ONLINE SCHOOL, IN COLORADO;

23 (b) COSTS INCURRED IN PROVIDING A NONPUBLIC HOME-BASED
24 EDUCATIONAL PROGRAM AS DEFINED IN SECTION 22-33-104.5;

25 (c) COSTS OR FEES FOR TUTORING BY AN APPROVED
26 SUPPLEMENTAL EDUCATIONAL SERVICES PROVIDER, AS DEFINED IN
27 SECTION 22-2-129;

1 (d) COSTS OR FEES FOR STANDARDIZED NATIONAL ASSESSMENT
2 EXAMS FOR ADMISSION TO A POSTSECONDARY EDUCATION PROGRAM OR
3 INSTITUTION OR FOR ADVANCED PLACEMENT EXAMS AND COSTS OR FEES
4 FOR PREPARATORY COURSES FOR THESE EXAMS;

5 (e) COSTS OR FEES ASSOCIATED WITH ACQUIRING AN
6 INDUSTRY-RECOGNIZED CREDENTIAL;

7 (f) COSTS OR FEES FOR BEFORE-SCHOOL PROGRAMS,
8 AFTER-SCHOOL PROGRAMS, OR SUMMER SCHOOL PROGRAMS; AND

9 (g) COSTS OR FEES FOR SPECIAL EDUCATION SERVICES OR
10 THERAPIES, INCLUDING OCCUPATIONAL THERAPY, BEHAVIORAL THERAPY,
11 PHYSICAL THERAPY, SPEECH-LANGUAGE THERAPY, AND AUDIOLOGY
12 THERAPY.

13 (4) "ELIGIBLE STUDENT" MEANS A STUDENT WHO:

14 (a) IS A RESIDENT OF COLORADO; AND

15 (b) (I) AT THE TIME OF APPLICATION:

16 (A) IS ENROLLED FULL-TIME AND ATTENDING A PUBLIC SCHOOL IN
17 COLORADO FOR AT LEAST FORTY-FIVE CALENDAR DAYS DURING A
18 SEMESTER, AND CONTINUES ATTENDING FROM THE TIME OF APPLICATION
19 FOR A SCHOLARSHIP UNTIL AN AWARD LETTER IS ISSUED BY THE
20 DEPARTMENT;

21 (B) WAS ENROLLED FULL-TIME IN A PUBLIC SCHOOL IN COLORADO
22 FOR THE ENTIRE SCHOOL YEAR PRECEDING THE SCHOOL YEAR IN WHICH
23 THE APPLICATION FOR A SCHOLARSHIP IS SUBMITTED; OR

24 (C) IS ELIGIBLE TO ENROLL IN KINDERGARTEN AT A PUBLIC SCHOOL
25 IN COLORADO.

26 (II) NOTWITHSTANDING SUBSECTION (4)(b)(I) OF THIS SECTION, IF
27 ON JULY 1, 2024, THE TOTAL NUMBER OF STUDENTS RECEIVING

1 SCHOLARSHIPS AND ELIGIBLE STUDENTS WHO HAVE APPLIED TO
2 PARTICIPATE IN THE PROGRAM DURING THE PREVIOUS SCHOOL YEAR IS
3 LESS THAN FIVE PERCENT OF THE TOTAL NUMBER OF FULL-TIME
4 EQUIVALENT STUDENTS COUNTED IN PUBLIC SCHOOL ENROLLMENT FOR
5 THE PREVIOUS SCHOOL YEAR, THEN EFFECTIVE JULY 1, 2026, A STUDENT
6 IS ELIGIBLE IF THE STUDENT IS ENROLLED OR ELIGIBLE TO ENROLL IN A
7 PUBLIC SCHOOL IN THIS STATE AT THE TIME OF APPLICATION.

8 (5) "HOPE SCHOLARSHIP ACCOUNT" OR "ACCOUNT" MEANS AN
9 ACCOUNT CREATED AND MANAGED BY THE ADMINISTERING ENTITY FOR
10 EACH ELIGIBLE STUDENT TO USE TO PURCHASE ELIGIBLE EXPENSES.

11 (6) "PARENT" MEANS THE PARENT, LEGAL GUARDIAN, OR LEGAL
12 CUSTODIAN OF A STUDENT.

13 (7) "PROGRAM" MEANS THE HOPE SCHOLARSHIP PROGRAM
14 CREATED IN SECTION 22-106-103.

15 (8) "STATE BOARD" MEANS THE STATE BOARD OF EDUCATION
16 CREATED IN SECTION 1 OF ARTICLE IX OF THE STATE CONSTITUTION.

17 (9) "STATE SHARE OF PER PUPIL REVENUES" MEANS THE PORTION
18 OF A SCHOOL DISTRICT OF RESIDENCE'S PER PUPIL REVENUES, AS DEFINED
19 IN SECTION 22-54-103 (9.3), FOR THE APPLICABLE BUDGET YEAR THAT IS
20 FUNDED BY THE SCHOOL DISTRICT OF RESIDENCE'S STATE SHARE OF TOTAL
21 PROGRAM FUNDING, AS CALCULATED PURSUANT TO SECTION 22-54-106,
22 FOR THE APPLICABLE BUDGET YEAR.

23 **22-106-103. Hope scholarship program - created - department**
24 **of education - state board - funding.** (1) THERE IS CREATED IN THE
25 DEPARTMENT THE HOPE SCHOLARSHIP PROGRAM TO MEET THE
26 EDUCATIONAL NEEDS OF EVERY ELIGIBLE STUDENT BY ASSISTING WITH
27 CERTAIN EDUCATION EXPENSES. THE GENERAL ASSEMBLY DECLARES THAT

1 THE HOPE SCHOLARSHIP PROGRAM IS A VALID PUBLIC PURPOSE TO ENSURE
2 THAT ALL STUDENTS HAVE THE BEST EDUCATIONAL OPPORTUNITY BASED
3 ON THEIR INDIVIDUAL NEEDS.

4 (2) NO LATER THAN SEPTEMBER 30, 2022, THE DEPARTMENT
5 SHALL ISSUE A REQUEST FOR PROPOSALS FOR AN ORGANIZATION TO
6 ADMINISTER THE PROGRAM. THE STATE BOARD SHALL SELECT AND
7 CONTRACT WITH AN ORGANIZATION THAT HAS DEMONSTRATED SUCCESS
8 IN ADMINISTERING FINANCIAL ACCOUNTS AND IS CAPABLE OF EFFICIENTLY
9 IMPLEMENTING A SYSTEM FOR PAYMENT OF MONEY FROM ACCOUNTS. THE
10 STATE BOARD SHALL SELECT THE ADMINISTERING ENTITY AND ENTER INTO
11 A CONTRACT WITH THE ADMINISTERING ENTITY NO LATER THAN
12 FEBRUARY 1, 2023, WHICH CONTRACT IS SUBJECT TO ANNUAL REVIEW AND
13 RENEWAL. THE STATE BOARD SHALL PERFORM ITS DUTY PURSUANT TO
14 THIS SUBSECTION (2) IN ACCORDANCE WITH THE "PROCUREMENT CODE",
15 ARTICLES 101 TO 112 OF TITLE 24.

16 (3)(a) UPON RECEIVING NOTICE FROM THE ADMINISTERING ENTITY
17 THAT AN ACCOUNT IS CREATED FOR AN ELIGIBLE STUDENT, THE
18 DEPARTMENT SHALL, AS SOON AS PRACTICABLE, TRANSFER TO THE
19 ADMINISTERING ENTITY, FROM THE AMOUNT OF STATE SHARE OF PER PUPIL
20 REVENUES THAT WOULD OTHERWISE BE DISTRIBUTED TO THE ELIGIBLE
21 STUDENT'S SCHOOL DISTRICT OF RESIDENCE FOR THE APPLICABLE BUDGET
22 YEAR, AN AMOUNT EQUAL TO ONE HUNDRED TWENTY-FIVE PERCENT OF
23 THE STATEWIDE AVERAGE STATE SHARE OF PER PUPIL REVENUES FOR THE
24 PRIOR BUDGET YEAR, PRORATED, IF NECESSARY, AS PROVIDED IN
25 SUBSECTION (3)(c) OF THIS SECTION; EXCEPT THAT, IF THE ELIGIBLE
26 STUDENT'S SCHOOL DISTRICT OF RESIDENCE'S STATE SHARE OF PER PUPIL
27 REVENUES FOR THE APPLICABLE BUDGET YEAR IS LESS THAN ONE

1 HUNDRED TWENTY-FIVE PERCENT OF THE STATEWIDE AVERAGE STATE
2 SHARE OF PER PUPIL REVENUES FOR THE PRIOR BUDGET YEAR, THE
3 DEPARTMENT SHALL TRANSFER NO MORE THAN AN AMOUNT EQUAL TO THE
4 ELIGIBLE STUDENT'S SCHOOL DISTRICT OF RESIDENCE'S STATE SHARE OF
5 PER PUPIL REVENUES FOR THE APPLICABLE BUDGET YEAR.

6 (b) IF THE AMOUNT TRANSFERRED PURSUANT TO SUBSECTION
7 (3)(a) OF THIS SECTION FOR AN ELIGIBLE STUDENT IS LESS THAN ONE
8 HUNDRED TWENTY-FIVE PERCENT OF THE STATEWIDE AVERAGE STATE
9 SHARE OF PER PUPIL REVENUES FOR THE PRIOR BUDGET YEAR, THE
10 DEPARTMENT SHALL TRANSFER AN ADDITIONAL AMOUNT OF STATE
11 FUNDING FOR THE ELIGIBLE STUDENT TO ENSURE THE ELIGIBLE STUDENT
12 RECEIVES A TOTAL AMOUNT EQUAL TO ONE HUNDRED TWENTY-FIVE
13 PERCENT OF THE STATEWIDE AVERAGE SHARE OF PER PUPIL REVENUES FOR
14 THE PRIOR BUDGET YEAR, PRORATED, IF NECESSARY, AS PROVIDED IN
15 SUBSECTION (3)(c) OF THIS SECTION. THE GENERAL ASSEMBLY SHALL
16 ANNUALLY APPROPRIATE TO THE DEPARTMENT THE AMOUNT REQUIRED TO
17 FUND THE TRANSFERS DESCRIBED IN THIS SUBSECTION (3)(b). IN A BUDGET
18 YEAR IN WHICH THE GENERAL ASSEMBLY DOES NOT APPROPRIATE A
19 SUFFICIENT AMOUNT TO FULLY FUND THE TRANSFERS, THE DEPARTMENT
20 SHALL REDUCE THE AMOUNT TRANSFERRED PURSUANT TO THIS
21 SUBSECTION (3)(b) TO EACH ACCOUNT BY THE SAME PERCENTAGE THAT
22 THE DEFICIT BEARS TO THE AMOUNT REQUIRED TO FULLY FUND THE
23 ACCOUNTS.

24 (c) IF AN ACCOUNT IS INITIALLY CREATED FOR AN ELIGIBLE
25 STUDENT AFTER THE START OF THE BUDGET YEAR, THE DEPARTMENT
26 SHALL PRORATE THE AMOUNT TRANSFERRED TO THE ADMINISTERING
27 ENTITY OF THIS SECTION BASED ON THE AMOUNT OF TIME REMAINING IN

1 THE BUDGET YEAR.

2 (d) THE ADMINISTERING ENTITY SHALL ANNUALLY PROVIDE
3 INFORMATION TO THE DEPARTMENT CONCERNING THE ACTIVE ACCOUNTS
4 FOR THE UPCOMING BUDGET YEAR, AND THE DEPARTMENT SHALL
5 TRANSFER TO THE ADMINISTERING ENTITY THE AMOUNT DESCRIBED IN
6 SUBSECTIONS (3)(a) AND (3)(b) OF THIS SECTION, AS APPLICABLE FOR
7 EACH ACCOUNT.

8 (4) IF THE ADMINISTERING ENTITY CLOSES AN ACCOUNT PURSUANT
9 TO SECTION 22-106-105 AND TRANSFERS ANY MONEY REMAINING IN THE
10 ACCOUNT TO THE DEPARTMENT, THE DEPARTMENT SHALL TRANSFER THE
11 MONEY RECEIVED TO THE STATE TREASURER FOR DEPOSIT INTO THE
12 GENERAL FUND.

13 **22-106-104. Hope scholarship account - administering entity**
14 **- duties - funding.** (1) IN ADMINISTERING THE PROGRAM, THE
15 ADMINISTERING ENTITY SHALL:

16 (a) ESTABLISH AND IMPLEMENT THE PROCESS BY WHICH A PARENT
17 MAY APPLY TO RECEIVE AN ACCOUNT FOR THE ELIGIBLE STUDENT. THE
18 ADMINISTERING ENTITY SHALL CREATE AN ELECTRONICALLY AVAILABLE
19 APPLICATION FORM FOR PROGRAM APPLICANTS. BY MARCH 1, 2023, THE
20 DEPARTMENT SHALL MAKE THE APPLICATION AVAILABLE ON ITS WEBSITE
21 IN A PROMINENT LOCATION THAT IS EASILY ACCESSIBLE.

22 (b) MAINTAIN CLEAR ACCOUNTING AND SEPARATE ACCOUNTS FOR
23 OPERATIONAL MONEY AND MONEY DEPOSITED INTO SEPARATE ACCOUNTS
24 FOR EACH PARTICIPATING STUDENT;

25 (c) IMPLEMENT A SYSTEM FOR PAYMENT OF MONEY TO ACCOUNTS
26 AND OVERSEE THE CONTINUING OPERATION OF ACCOUNTS;

27 (d) COMPLETE AND SUBMIT TO THE DEPARTMENT AN ANNUAL

1 INDEPENDENT FINANCIAL AUDIT IN ACCORDANCE WITH TIMELINES SET BY
2 THE DEPARTMENT;

3 (e) PERFORM AN AUDIT AS PROVIDED IN SECTION 22-106-106; AND

4 (f) PROVIDE INFORMATION TO THE DEPARTMENT CONCERNING
5 ACCOUNTS AS PROVIDED IN THIS ARTICLE 106.

6 (2) THE ADMINISTERING ENTITY MAY RETAIN UP TO FIVE PERCENT
7 OF THE AMOUNT THAT IT ANNUALLY RECEIVES FROM THE DEPARTMENT
8 FOR EACH ACCOUNT TO OFFSET THE COSTS THAT THE ADMINISTERING
9 ENTITY INCURS IN ADMINISTERING THE PROGRAM. THE CONTRACT
10 BETWEEN THE STATE BOARD AND THE ADMINISTERING ENTITY MUST NOT
11 INCLUDE ANY ADDITIONAL AMOUNT OF REMUNERATION TO THE
12 ADMINISTERING ENTITY FROM THE STATE.

13 **22-106-105. Hope scholarship account - application - award**
14 **- denial - annual confirmation - account closure.** (1) THE
15 ADMINISTERING ENTITY SHALL ACCEPT AND REVIEW PROGRAM
16 APPLICATIONS. WITHIN FIFTEEN DAYS AFTER RECEIPT OF AN APPLICATION,
17 THE ADMINISTERING ENTITY SHALL REVIEW THE APPLICATION AND ISSUE
18 TO THE APPLICANT EITHER A NOTICE OF SCHOLARSHIP AWARD OR A NOTICE
19 OF DENIAL. A NOTICE OF DENIAL MUST INCLUDE THE REASON FOR DENIAL
20 AND WHETHER AND HOW THE APPLICANT MAY REMEDY AN APPLICATION
21 DEFICIENCY.

22 (2) THE ADMINISTERING ENTITY SHALL AWARD A SCHOLARSHIP TO
23 EACH ELIGIBLE STUDENT WHO SATISFIES THE FOLLOWING REQUIREMENTS:

24 (a) THE ELIGIBLE STUDENT'S PARENT SUBMITS A COMPLETE
25 APPLICATION; AND

26 (b) THE ELIGIBLE STUDENT'S PARENT SIGNS AN AGREEMENT THAT
27 INCLUDES THE PARENT'S UNDERSTANDING AND AGREEMENT TO:

1 (I) PROVIDE AN EDUCATION TO THE ELIGIBLE STUDENT AT A
2 NONPUBLIC ELEMENTARY, MIDDLE, OR HIGH SCHOOL, INCLUDING A
3 NONPUBLIC ONLINE SCHOOL, IN COLORADO, OR A NONPUBLIC HOME-BASED
4 EDUCATIONAL PROGRAM AS DEFINED IN SECTION 22-33-104.5, AS LONG AS
5 THE ELIGIBLE STUDENT RECEIVES THE SCHOLARSHIP. THE ELIGIBLE
6 STUDENT MUST NOT RECEIVE EDUCATIONAL SERVICES FROM A PUBLIC
7 SCHOOL, EXCEPT AN ELIGIBLE STUDENT IS NOT PROHIBITED FROM
8 PARTICIPATING IN AN ACTIVITY, AS DEFINED IN SECTION 22-32-116.5 (10).

9 (II) USE THE MONEY PROVIDED IN THE ACCOUNT ONLY FOR
10 ELIGIBLE EXPENSES; AND

11 (III) COMPLY WITH ALL RULES AND REQUIREMENTS FOR
12 PARTICIPATION IN THE PROGRAM.

13 (3) THE ADMINISTERING ENTITY SHALL PROVIDE TO EACH PARENT
14 OF AN ELIGIBLE STUDENT WHO HAS AN ACCOUNT INFORMATION
15 CONCERNING THE OPERATION OF THE ACCOUNT, INCLUDING A DESCRIPTION
16 OF ELIGIBLE EXPENSES.

17 (4) ANNUALLY, IN ACCORDANCE WITH TIMELINES ESTABLISHED BY
18 THE ADMINISTERING ENTITY, THE PARENT OF AN ELIGIBLE STUDENT WHO
19 HAS AN ACCOUNT SHALL CONFIRM WITH THE ADMINISTERING ENTITY THAT
20 THE STUDENT CONTINUES TO BE AN ELIGIBLE STUDENT, AND THAT THE
21 PARENT CONTINUES TO UNDERSTAND AND AGREE TO THE TERMS IN
22 SUBSECTION (2)(b) OF THIS SECTION. AN ACCOUNT CONTINUES TO BE
23 ACTIVE WITHOUT NEED FOR RENEWAL AND IS FUNDED UNTIL:

24 (a) THE ELIGIBLE STUDENT COMPLETES TWELFTH GRADE OR
25 CEASES TO BE ENROLLED IN A NONPUBLIC ELEMENTARY, MIDDLE, OR HIGH
26 SCHOOL, INCLUDING A NONPUBLIC ONLINE SCHOOL, IN COLORADO, OR A
27 NONPUBLIC HOME-BASED EDUCATIONAL PROGRAM;

1 (b) THE ELIGIBLE STUDENT TURNS TWENTY-ONE YEARS OF AGE;

2 (c) THE PARENT FAILS TO CONFIRM ELIGIBILITY, UNDERSTANDING,
3 AND AGREEMENT TO TERMS OF THE PROGRAM PURSUANT TO THIS
4 SUBSECTION (4);

5 (d) THE STUDENT IS NO LONGER ELIGIBLE FOR A SCHOLARSHIP; OR

6 (e) THE PARENT OF AN ELIGIBLE STUDENT WITHDRAWS OR
7 TERMINATES PARTICIPATION IN THE PROGRAM.

8 (5) ANY UNEXPENDED AMOUNT IN AN ACCOUNT AT THE END OF A
9 SCHOOL YEAR REMAINS IN THE ACCOUNT, AND THE ELIGIBLE STUDENT'S
10 PARENT MAY EXPEND IT ON ELIGIBLE EXPENSES IN SUBSEQUENT SCHOOL
11 YEARS.

12 (6) ANY ACCRUED INTEREST IN AN ACCOUNT REMAINS IN THE
13 ACCOUNT, AND THE ELIGIBLE STUDENT'S PARENT MAY EXPEND IT ON
14 ELIGIBLE EXPENSES. THE MONEY DEPOSITED INTO AN ELIGIBLE STUDENT'S
15 ACCOUNT AND ANY INTEREST EARNED ON MONEY IN THE ACCOUNT DO NOT
16 CONSTITUTE TAXABLE INCOME TO THE PARENT.

17 (7) IF A STUDENT WHO HAS AN ACCOUNT CEASES TO BE AN
18 ELIGIBLE STUDENT, OR THE STUDENT'S PARENT CHOOSES TO WITHDRAW OR
19 TERMINATE PARTICIPATION IN THE PROGRAM, THE STUDENT'S PARENT
20 SHALL NOTIFY THE ADMINISTERING ENTITY. THE ADMINISTERING ENTITY
21 SHALL IMMEDIATELY CLOSE THE ACCOUNT AND TRANSFER ANY AMOUNT
22 REMAINING IN THE ACCOUNT TO THE DEPARTMENT FOR DEPOSIT INTO THE
23 GENERAL FUND AS PROVIDED IN SECTION 22-106-103 (4).

24 **22-106-106. Audit.** NO LATER THAN NOVEMBER 1, 2023, AND NO
25 LATER THAN NOVEMBER 1 OF EACH YEAR THEREAFTER THAT FOLLOWS A
26 SCHOOL YEAR IN WHICH THE ADMINISTERING ENTITY OPERATES THE
27 PROGRAM, THE ADMINISTERING ENTITY SHALL AUDIT A REPRESENTATIVE

1 SAMPLE OF THE PARENTS WHO RECEIVED MONEY FOR ELIGIBLE STUDENTS
2 THROUGH THE PROGRAM TO ENSURE THAT SAID ELIGIBLE STUDENTS MET
3 THE REQUIREMENTS SPECIFIED IN THIS ARTICLE 106 AND THE PARENTS
4 SPENT THE MONEY ON ELIGIBLE EXPENSES AS REQUIRED IN THIS ARTICLE
5 106. IF THE AUDIT PROVIDES EVIDENCE THAT AN ELIGIBLE STUDENT
6 WHOSE PARENT RECEIVED MONEY THROUGH A PROGRAM DID NOT MEET
7 THE REQUIREMENTS SPECIFIED IN THIS ARTICLE 106 OR THAT THE PARENT
8 SPENT ALL OR ANY PORTION OF THE AMOUNT RECEIVED FOR PURPOSES
9 THAT WERE NOT ELIGIBLE EXPENSES, THE ADMINISTERING ENTITY SHALL
10 COMMENCE LEGAL ACTION TO RECOVER THE AMOUNT ILLEGALLY
11 DISTRIBUTED OR SPENT.

12 **SECTION 3.** In Colorado Revised Statutes, 22-54-103, **add**
13 (10)(i) as follows:

14 **22-54-103. Definitions.** As used in this article 54, unless the
15 context otherwise requires:

16 (10) (i) FOR THE 2022-23 BUDGET YEAR AND BUDGET YEARS
17 THEREAFTER, "PUPIL ENROLLMENT" INCLUDES ANY STUDENT WHO RESIDES
18 IN THE SCHOOL DISTRICT AND RECEIVES A HOPE SCHOLARSHIP PURSUANT
19 TO ARTICLE 106 OF THIS TITLE 22 AS OF THE PUPIL ENROLLMENT COUNT
20 DAY OF THE APPLICABLE BUDGET YEAR.

21 **SECTION 4.** In Colorado Revised Statutes, 22-54-115, **amend**
22 (1) introductory portion, (1)(b), and (1)(c); and **add** (1)(d) and (1.7) as
23 follows:

24 **22-54-115. Distribution from state public school fund.** (1) No
25 later than June 30 of each year, the state board shall determine the amount
26 of the state's share of the district's total program for the budget year
27 beginning on July 1, and the total thereof for all districts, which amount

1 ~~shall~~ MUST be payable in twelve approximately equal monthly payments
2 during such budget year; except that:

3 (b) Such payments ~~shall~~ MUST be adjusted in accordance with any
4 district's instructions given pursuant to subsection (1.5) of this section;
5 ~~and~~

6 (c) Such payments ~~shall~~ MUST be adjusted in accordance with the
7 provisions of subsection (1.3) of this section; AND

8 (d) SUCH PAYMENTS MUST BE ADJUSTED IN ACCORDANCE WITH
9 THE PROVISIONS OF SUBSECTION (1.7) OF THIS SECTION.

10 (1.7) A SCHOOL DISTRICT SHALL GIVE INSTRUCTIONS TO THE STATE
11 BOARD DIRECTING THAT A PORTION OF A MONTHLY PAYMENT OR
12 PAYMENTS THAT THE DISTRICT IS OTHERWISE ENTITLED TO RECEIVE
13 PURSUANT TO THIS SECTION SHALL BE TRANSFERRED TO THE
14 ADMINISTERING ENTITY OF THE HOPE SCHOLARSHIP PROGRAM PURSUANT
15 TO ARTICLE 106 OF THIS TITLE 22. THE WRITTEN INSTRUCTIONS MUST
16 SPECIFY THE AMOUNT TO BE TRANSFERRED TO THE ADMINISTERING ENTITY
17 FROM THE DISTRICT'S PAYMENT FOR A SPECIFIED MONTH OR MONTHS.

18 **SECTION 5. Act subject to petition - effective date.** This act
19 takes effect at 12:01 a.m. on the day following the expiration of the
20 ninety-day period after final adjournment of the general assembly; except
21 that, if a referendum petition is filed pursuant to section 1 (3) of article V
22 of the state constitution against this act or an item, section, or part of this
23 act within such period, then the act, item, section, or part will not take
24 effect unless approved by the people at the general election to be held in
25 November 2022 and, in such case, will take effect on the date of the
26 official declaration of the vote thereon by the governor.