

**JBC STAFF FISCAL ANALYSIS
HOUSE APPROPRIATIONS COMMITTEE**

CONCERNING STATE FUNDING FOR FOUR PROJECTS RELATED TO HEALTH SCIENCES EDUCATION PROGRAMS FOR MEDICAL PROFESSIONS BEING UNDERTAKEN BY STATE INSTITUTIONS OF HIGHER EDUCATION, AND, IN CONNECTION THEREWITH, AUTHORIZING THE STATE TO ISSUE FINANCED PURCHASE OF AN ASSET OR CERTIFICATE OF PARTICIPATION AGREEMENTS TO FINANCE A PORTION OF CAPITAL COSTS ASSOCIATED WITH CONSTRUCTION OF FACILITIES FOR THE UNIVERSITY OF NORTHERN COLORADO'S COLLEGE OF OSTEOPATHIC MEDICINE, METROPOLITAN STATE UNIVERSITY OF DENVER'S HEALTH INSTITUTE TOWER, COLORADO STATE UNIVERSITY'S VETERINARY HEALTH EDUCATION CAMPUS, AND EXPANSION AND RENOVATION OF TRINIDAD STATE COLLEGE'S VALLEY CAMPUS MAIN BUILDING, AND PROVIDING FUNDING FOR ESCROW MONEY THAT IS REQUIRED FOR ACCREDITATION OF THE UNIVERSITY OF NORTHERN COLORADO'S COLLEGE OF OSTEOPATHIC MEDICINE BY TRANSFERRING MONEY FROM THE GENERAL FUND FOR ULTIMATE DEPOSIT TO AN ESCROW ACCOUNT AND REDUCING THE STATE RESERVE BY THE SAME AMOUNT FOR THE PERIOD DURING WHICH THE MONEY IS HELD IN ESCROW.

Prime Sponsors: Reps. Young and Daugherty
Sens. Kirkmeyer and Mullica

JBC Analyst: Amanda Bickel
Phone: 303-866-4960
Date Prepared: April 9, 2024

Appropriation Items of Note

Appropriation Required (for informational purposes), Amendment in Packet

General Fund Impact

Significant Cost Increase in FY 2027-28

Fiscal Impact of Bill as Amended to Date

The most recent Legislative Council Staff Fiscal Note (attached) reflects the fiscal impact of the bill as of 02/26/2024.

XXX	No Change: Attached LCS Fiscal Note accurately reflects the fiscal impact of the bill
	Update: Fiscal impact has changed due to <i>new information or technical issues</i>
	Update: Fiscal impact has changed due to <i>amendment adopted</i> after LCS Fiscal Note was prepared
	Non-Concurrence: JBC Staff and Legislative Council Staff disagree about the fiscal impact of the bill

The Health and Human Services Committee Report (02/28/24) includes amendments to the bill, however, Legislative Council Staff and JBC Staff agree that the committee amendments do not

change the fiscal impact of the bill.

Amendments in This Packet for Consideration by Appropriations Committee

Amendment	Description
J.001	Staff-prepared appropriation amendment

Description of Amendments in This Packet

J.001 Staff has prepared amendment **J.001** (attached) to add a provision indicating, for informational purposes, an increase of \$246,936,092 cash funds from COP proceeds anticipated to be received for higher education capital construction projects for FY 2024-25.

Points to Consider

Future Fiscal Impact

Although this bill would not require a General Fund appropriation for FY 2024-25, it requires annual General Fund appropriations of up to \$17,500,000 in FY 2027-28 and for an unspecified number of future fiscal years.

General Fund Reserve Impact

The bill transfers \$41.25 million from the General Fund to the University of Northern Colorado (UNC) for the College of Osteopathic Medicine in FY 2023-24.

- This transfer will reduce money in the General Fund reserve by \$41.25 million for an unspecified period of time until the escrow is released (either used for UNC teach-out or in lieu of state fee-for-service contract payments to UNC). While in escrow, the money will not be accessible to the State. This reduces the fiscal resources available in a recession and could result in additional General Fund reductions to other programs during a recession.
- The money deposited to UNC's escrow account will not be available to the State at the end of the UNC escrow period if the new College of Osteopathic Medicine fails to complete accreditation. In that case, the money will be used to pay UNC operating and teach-out costs.

Technical Issues

The bill specifies that the Certificates of Participation payments to be issued will be in the aggregate principal amount of \$246,936,092 and that payments will not exceed \$17,500,000 with principal amortization not occurring before July 1, 2027. Should the bill specify the maximum time period over which these payments will be made?

Related Budget Information

If the UNC escrow *is* released in accordance with accreditation requirements being met, the bill reflects the General Assembly's intent to use this money, including interest, to offset fee-for-service payments otherwise made to UNC for up to three fiscal years until the full amount is offset. At

HB24-1231

JBC Staff Analysis

current funding levels, UNC receives sufficient funding that the offset could occur within one year: the FY 2024-25 fee-for-service payment for the UNC included in the introduced Long Bill is \$53.5 million.