

House Bill 669

By: Representatives Beverly of the 143rd, Mitchell of the 88th, Wilkerson of the 38th, Cannon of the 58th, Thomas of the 39th, and others

A BILL TO BE ENTITLED
AN ACT

1 To amend Subpart 4A of Article 7 of Chapter 3 of Title 20 of the Official Code of Georgia
2 Annotated, relating to direct loans to students on basis of need and merit, so as to provide for
3 the discontinuation of loans made under the Student Access Loan program established by the
4 Georgia Student Finance Authority; to provide for a program of forgiveness of such loans;
5 to require notice to borrowers of such loan forgiveness program and the opportunity to opt
6 out; to provide for a Student Access Grant program; to provide for legislative intent; to
7 provide for definitions, maximum grant amounts, eligibility requirements, random selection
8 among eligible applicants, and rules and regulations; to provide for related matters; to repeal
9 conflicting laws; and for other purposes.

10 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

11 **SECTION 1.**

12 The General Assembly recognizes that pursuant to the authority granted under this subpart,
13 the Georgia Student Finance Authority has established the Student Access Loan program,
14 whereby direct student loans have been made to eligible students since Fiscal Year 2012.
15 The intent of this Act is to provide for forgiveness of loans under such program and for the

transition from such program to a Student Access Grant program, as provided for in this subpart.

SECTION 2.

Subpart 4A of Article 7 of Chapter 3 of Title 20 of the Official Code of Georgia Annotated, relating to direct loans to students on basis of need and merit, is amended by revising Code Section 20-3-395, relating to definitions, as follows:

"20-3-395.

As used in this subpart, the term:

(1) 'Cost of attendance' of a student means the cost of attendance calculated in accordance with Title IV.

(2) 'Eligible high school' has the same meaning as provided in Code Section 20-3-519.

(3) 'Eligible postsecondary institution' means:

(A) A unit of the University System of Georgia that offers associate or baccalaureate degrees;

(B) A unit of the Technical College System of Georgia that offers associate or baccalaureate degrees; or

(C) An institution of higher education located in this state that offers associate or baccalaureate degrees; that is accredited by a regional accrediting agency recognized by the United States Department of Education; that is not a Bible school or college; that admits as regular students only persons who have a high school diploma, a general educational development diploma, or a degree from an accredited postsecondary institution; and whose students are eligible to participate in the federal Pell Grant program.

(4) 'Expected family contribution' means expected family contribution calculated in accordance with Title IV.

(5) 'Grant' or 'student access grant' means a grant provided pursuant to this subpart.

(6) 'Reasonable interest rate' means an interest rate no higher than the *Wall Street Journal* prime rate effective on July 1 for the fiscal year beginning July 1 of each year.

If an outstanding loan made under this subpart is subject to the reasonable interest rate, the reasonable interest rate for the current fiscal year shall apply to such a loan during that fiscal year without regard to the interest rate at the time of the loan's origination or the interest rate at the time of the student's default.

~~(6)~~(7) 'Title IV' means Title IV of the federal Higher Education Act of 1965, as amended, 20 U.S.C.A. Section 1070, et seq."

SECTION 3.

Said subpart is further amended by revising Code Section 20-3-395.1, relating to eligibility, interest rate, repayment, and maximum amount, as follows:

"(a) The authority is authorized to provide direct loans and grants to students who are legal residents of this state and who are not ineligible under Code Section 20-3-395.4 in accordance with the provisions of this subpart and regulations of the authority promulgated to implement this subpart; provided, however, that the authority shall not provide any loans after June 30, 2021.

(b) The interest rate for loans provided in accordance with this subpart shall be 1 percent annually except as provided by Code Section 20-3-395.3 in the case of default.

(c) The repayment period for loans provided in accordance with this subpart shall be ten years; provided, however, that, subject to the provisions of Code Section 20-3-395.3, the commission may provide by regulation for deferral of payments and forbearance of payments similar to deferral and forbearance under federal student loan programs; and provided, further, that subject to the provisions of Code Section 20-3-395.5, the commission may provide by regulation for forgiveness of loans made pursuant to this subpart.

(d) The maximum amount of a loan, a grant, or a combination thereof under this subpart shall be the lesser of: \$10,000.00 per calendar year; or the cost of attendance of a student minus the expected family ~~assistance~~ contribution and the estimated amount of the student's loans, grants, and scholarships, including loans, grants, and scholarships provided under Title IV but not including loans or grants provided under this subpart. Except as otherwise provided in this subsection, each applicant for a loan or grant shall be required to apply for other educational assistance, including scholarships, grants, and state funded or Title IV loans, and to provide information regarding such other applications and the result of such applications as a condition of applying for a loan or grant under this subpart. Loans and grants under this subpart are designed as funding of the last resort for students who have diligently sought scholarships, grants, and state funded or Title IV loans. Applicants are not required to apply for loans under Subpart 4B or Subpart 4C of this part as a condition of eligibility for loans under this subpart.

(e) Eligibility for a ~~loan~~ grant under this subpart shall be determined annually. A student who has graduated from an eligible high school shall be eligible for a ~~loan~~ grant for the first year of attendance at an eligible postsecondary institution if the student graduated from an eligible high school before May 1, 2007, with a cumulative grade average of at least a 75 numeric average in his or her core curriculum subjects or if a student graduated from an eligible high school on or after May 1, 2007, with a cumulative grade point average in the student's core curriculum subjects of at least 2.5 on a 4.0 scale. A student's cumulative grade average or grade point average shall be calculated by the methods set out in Code Section 20-2-157. A student who has earned a cumulative grade point average of at least 2.0 at an eligible postsecondary institution shall be eligible for a ~~loan~~ grant for a second or a subsequent year of attendance at an eligible postsecondary institution.

(f) A student's maximum total eligibility for loans, grants, or a combination thereof under this subpart shall be limited to \$40,000.00.

(g) Notwithstanding anything in this Code section to the contrary, in the event that sufficient funds are available to the authority, the authority is authorized to increase the amounts of loan forgiveness and grants available to individuals who are eligible for the same under this subpart.

(h) No entitlement to funds is created by this subpart. Eligibility for loans, loan forgiveness, and grants provided under this subpart shall be dependent on funding through appropriations, as well as all other conditions of eligibility, as determined by the authority."

SECTION 4.

Said subpart is further amended by revising Code Section 20-3-395.2, relating to separate funds for loans and fees, as follows:

"20-3-395.2.

(a) The authority shall establish and maintain a separate fund for loans and grants in accordance with this subpart to which shall be credited:

(1) State funds appropriated for use for loans and grants under this subpart;

(2) Moneys received by gift, donation, or otherwise for loans and grants under this subpart;

(3) Outstanding educational loans held by the authority under this subpart; and

(4) Principal and interest collected on educational loans held by the authority under this subpart.

(b) ~~Beginning with the first fiscal year following the fiscal year in which the fund has a balance of \$500,000.00 or more~~ Fiscal Year 2022, for each fiscal year, the authority shall determine the amount of moneys available for ~~loans~~ grants under this subpart and shall determine the applicants who are eligible to receive such ~~loans~~ grants. The authority shall determine which eligible applicants receive ~~loans~~ grants by a random selection process in which each eligible applicant has an equal chance of being selected for a ~~loan~~ grant.

(c) The authority shall be entitled to establish a reasonable fee for the processing and collecting of loans made under this subpart. Such fee shall be established by the authority by rule or regulation."

SECTION 5.

Said subpart is further amended by revising Code Section 20-3-395.3, relating to repayment schedule, default, and service cancelable, as follows:

"20-3-395.3.

(a) The authority shall by rule and regulation establish a repayment schedule or schedules for loans made under this subpart. Students shall be required to pay accrued interest annually on the loan or loans while attending a postsecondary institution except in cases of financial hardship. Students shall not be required to begin the repayment of the principal of such loans until the earliest occurrence of one of the following:

- (1) The student completes his or her course of study;
- (2) The student graduates from an eligible postsecondary institution;
- (3) One calendar year after the student's eligibility for a loan under this subpart ends in accordance with subsection (f) of Code Section 20-3-395.1; or
- (4) The student has not been enrolled in an eligible postsecondary institution for two academic quarters or two academic semesters.

(b) If the student defaults on the repayment of one or more loans under this subpart, the interest rate for such loan or loans shall be converted to the reasonable interest rate as defined in Code Section 20-3-395.

(c) Notwithstanding anything herein to the contrary, a student may service cancel a loan described in this subpart in accordance with rules and regulations promulgated by the authority if such student is employed by and agrees to teach in a public school in Georgia as a science, technology, engineering, or math teacher at the elementary, middle, or secondary level. For service repayment, the loan shall be repaid at a rate of one year of

service for each academic year of study or its equivalent for which a loan is made to a student pursuant to this subpart.

(d) Effective October 1, 2021, the authority is authorized to forgive loans made pursuant to this subpart. The authority is authorized to prescribe all rules, regulations, policies, and procedures necessary or convenient for the administration of a program of forgiveness of loans made pursuant to this subpart. The authority shall provide notice of the loan forgiveness program to individuals who have received loans under this subpart. Such notice shall provide information relating to how forgiven loans may be treated as taxable income. The authority shall allow any individuals who have received loans under this subpart to opt out of the loan forgiveness program upon providing reasonable notice to the authority.

(e) Except as provided for in subsection (d), nothing in this Code section shall preclude the obligation of any individual who has received a loan under this subpart from repaying such loan by cash or by service as provided for in this subpart."

SECTION 6.

Said subpart is further amended by revising Code Section 20-3-395.4, relating to ineligibility, as follows:

"20-3-395.4.

A student is ineligible for any loan or grant described in this subpart if the student:

- (1) Is not a United States citizen or a permanent resident alien who meets the definition of an eligible noncitizen under federal Title IV requirements;
- (2) Has not complied with United States Selective Service System requirements for registration, if such requirements are applicable to the student;
- (3) Is in default on a federal Title IV educational loan or a State of Georgia educational loan, provided that a student who is otherwise eligible and has fully repaid the defaulted

169 loan will be eligible to obtain a ~~loan~~ grant under this subpart for future academic terms
170 but not retroactively;

171 (4) Owes a refund on a federal Title IV student financial aid program or a Georgia
172 student financial aid program, provided that a student who is otherwise eligible and has
173 fully paid the refund owed will be eligible to obtain a ~~loan~~ grant under this subpart for
174 future academic terms but not retroactively;

175 (5) Has been convicted of a felony offense involving marijuana, a controlled substance,
176 or a dangerous drug as set out in Code Section 20-1-23 or 20-1-24 of the 'Drug-free
177 Postsecondary Education Act of 1990,' provided that such ineligibility extends from the
178 date of conviction to the completion of the next academic term;

179 (6) Is incarcerated; or

180 (7) Does not meet each qualification listed in this subpart and applicable to the student."

181 **SECTION 7.**

182 All laws and parts of laws in conflict with this Act are repealed.