

The House Committee on Higher Education offers the following substitute to SB 169:

A BILL TO BE ENTITLED

AN ACT

1 To amend Chapter 3 of Title 20 of the Official Code of Georgia Annotated, relating to  
2 postsecondary education, so as to revise requirements relating to in-state tuition; to provide  
3 for definitions; to provide for direct loans to students on the basis of need and merit for  
4 attendance at certain postsecondary institutions at the rate of 1 percent annually; to provide  
5 for definitions; to provide for the maximum amount of such loans; to provide for eligibility  
6 requirements; to provide for the random selection of recipients of such loans from eligible  
7 applicants; to provide for a fund for such loans that is separate from the general loan fund;  
8 to provide for a term of repayment, repayment schedules, and a higher interest rate in the  
9 event of default; to enact the "Graduate On Time Student Loan Act" and the "Education for  
10 Public Service Student Loan Act"; to provide for direct loans to students for attendance at  
11 certain postsecondary institutions; to provide for separate loan funds for such student loan  
12 programs; to provide for definitions, maximum loan amounts, eligibility requirements,  
13 random selection among eligible applicants, fees, and rules and regulations; to reduce or  
14 eliminate the interest rate for such loans and recalculate the balance of such loans if  
15 recipients meet specified requirements; to provide for requirements for reduction or  
16 elimination of the interest rate; to provide for contents of the promissory note; to provide for  
17 certain elections by a student who has qualified for a reduced interest rate for one or more  
18 Education for Public Service student loans and for the terms and conditions of such elections;  
19 to provide for a term of repayment, repayment schedules, and a higher interest rate in the  
20 event of default; to provide for an opportunity on income tax returns for Georgia taxpayers  
21 to contribute to these funds for student loans; to provide for procedures for transmittal of  
22 such donations to the Georgia Student Finance Authority and for equal division of such  
23 contributions among the three funds for student loans established by this Act; to change  
24 certain provisions relating to residency requirements for a HOPE scholarship at a public  
25 postsecondary institution; to change certain provisions relating to residency requirements for  
26 a HOPE scholarship at a private postsecondary institution; to provide for related matters; to  
27 repeal conflicting laws; and for other purposes.

1 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

2 SECTION 1.

3 Chapter 3 of Title 20 of the Official Code of Georgia Annotated, relating to postsecondary  
4 education, is amended by revising Code Section 20-3-66, relating to determination of  
5 resident status of students for tuition or fees, as follows:

6 "20-3-66.

7 ~~For the purposes of determining resident status for tuition or fees, no person who has~~  
8 ~~attained the legal age of majority shall be deemed to have gained residence while attending~~  
9 ~~any educational institution in this state as a full-time student, as such status is defined by~~  
10 ~~the board of regents, in the absence of a clear demonstration that he has established~~  
11 ~~domicile in this state and has otherwise complied with the rules governing the residency~~  
12 ~~status of students as adopted by the board. The residence, for tuition or fee purposes, of any~~  
13 ~~person receiving regular financial assistance from his parent, or whose parent's income was~~  
14 ~~taken into account by any private or governmental agency furnishing financial educational~~  
15 ~~assistance to such person, including scholarships, loans, or otherwise, shall be the same as~~  
16 ~~that of his parent. In the event such person's parents have separate domiciles, his residence~~  
17 ~~for tuition or fee purposes shall be the domicile of the parent furnishing him the greater~~  
18 ~~financial assistance or the parent having the larger income if neither furnishes such~~  
19 ~~assistance.~~

20 (a) As used in this Code section, the term:

21 (1) 'Dependent student' means an individual under the age of 24 who receives financial  
22 support from a parent or United States court appointed legal guardian, and such parent  
23 or guardian claimed such individual as a dependent on his or her most recent federal or  
24 state income tax return.

25 (2) 'Emancipated' means a minor who, under certain circumstances, may be treated by  
26 the law as an adult. A student reaching the age of 18 shall not qualify for consideration  
27 of reclassification by virtue of having become emancipated unless he or she can  
28 demonstrate financial independence and domicile independent of his or her parents.

29 (3) 'Independent student' means an individual who is not claimed as a dependent on the  
30 federal or state income tax returns of a parent or United States court appointed legal  
31 guardian and whose parent or guardian has ceased to provide support and right to that  
32 individual's care, custody, and earnings.

33 (b)(1) An independent student who has established and maintained a domicile in the  
34 State of Georgia for a period of at least 12 consecutive months immediately preceding the  
35 first day of classes for the term shall be classified as in-state for tuition purposes. No  
36 student shall gain or acquire in-state classification while attending any postsecondary

1 educational institution in this state without clear evidence of having established domicile  
 2 in Georgia for purposes other than attending a postsecondary educational institution in  
 3 this state.

4 (2) If an independent student classified as in-state for tuition purposes relocates out of  
 5 state temporarily but returns to the State of Georgia within 12 months of the relocation,  
 6 such student shall be entitled to retain his or her in-state tuition classification.

7 (c)(1) A dependent student shall be classified as in-state for tuition purposes if such  
 8 dependent student's parent has established and maintained domicile in the State of  
 9 Georgia for at least 12 consecutive months immediately preceding the first day of classes  
 10 for the term.

11 (2) A dependent student shall be classified as in-state for tuition purposes if such  
 12 student's United States court appointed legal guardian has established and maintained  
 13 domicile in the State of Georgia for at least 12 consecutive months immediately  
 14 preceding the first day of classes for the term, provided that such appointment was not  
 15 made to avoid payment of out-of-state tuition, and such guardian can provide clear  
 16 evidence of having established and maintained domicile in the State of Georgia for a  
 17 period of at least 12 consecutive months immediately preceding the first day of classes  
 18 for the term.

19 (3) If the parent or United States court appointed legal guardian of a dependent student  
 20 currently classified as in-state for tuition purposes establishes domicile outside of the  
 21 State of Georgia after having established and maintained domicile in the State of Georgia,  
 22 such student may retain his or her in-state tuition classification so long as such student  
 23 remains continuously enrolled in a public postsecondary educational institution in this  
 24 state, regardless of the domicile of such student's parent or United States court appointed  
 25 legal guardian.

26 (d) Noncitizen students shall not be classified as in-state for tuition purposes unless the  
 27 student is legally in this state and there is evidence to warrant consideration of in-state  
 28 classification as determined by the board of regents. Lawful permanent residents, refugees,  
 29 asylees, or other eligible noncitizens as defined by federal Title IV regulations may be  
 30 extended the same consideration as citizens of the United States in determining whether  
 31 they qualify for in-state classification. International students who reside in the United  
 32 States under nonimmigrant status conditioned at least in part upon intent not to abandon  
 33 a foreign domicile shall not be eligible for in-state classification."

## 34 SECTION 2.

35 Said chapter is further amended by revising subsection (a) of Code Section 20-3-373, relating  
 36 to the general loan fund for education loans financed by state funds, as follows:

- 1 "(a) The authority shall maintain a general loan fund to which shall be credited:
- 2 (1) State funds appropriated for use by the authority for educational loan purposes as
- 3 specified in this subpart other than service cancelable loans;
- 4 (2) Unrestricted moneys received by gift or otherwise and other moneys available for and
- 5 determined by the authority to be used for the purposes of this Code section;
- 6 (3) Outstanding educational loans held by the authority under this subpart as to which
- 7 the borrower does not have a right to repay and cancel the loan through services rendered;
- 8 (4) Principal collected on all educational loans held by the authority under this subpart,
- 9 including the principal portion of payments received from the corporation in discharge
- 10 of its guaranty liability on such loans; and
- 11 (5) Such amounts as may be transferred to the fund from the service cancelable loan fund
- 12 or the administration fund of the authority.
- 13 The authority is authorized to use moneys available in the fund to make guaranteed
- 14 educational loans to eligible students and parents in accordance with its rules and
- 15 regulations and Part 2 of this article. The authority is further authorized, under such limited
- 16 circumstances as it may prescribe, to use moneys available in the fund to purchase
- 17 guaranteed educational loans made by other lenders under Part 2 of this article and to sell
- 18 guaranteed educational loans made or owned by the authority to eligible lenders."

19 **SECTION 3.**

20 Said chapter is further amended by inserting a new subpart in Part 3 of Article 7 to read as

21 follows:

22 "Subpart 4A

23 20-3-395.

24 As used in this subpart, the term:

- 25 (1) 'Cost of attendance' of a student means the cost of attendance calculated in
- 26 accordance with Title IV.
- 27 (2) 'Eligible high school' has the same meaning as provided in Code Section 20-3-519.
- 28 (3) 'Eligible postsecondary institution' means:
- 29 (A) A unit of the University System of Georgia that offers associate or baccalaureate
- 30 degrees;
- 31 (B) A unit of the Department of Adult and Technical Education that offers associate
- 32 or baccalaureate degrees; or
- 33 (C) An institution of higher education located in this state that offers associate or
- 34 baccalaureate degrees; that is accredited by a regional accrediting agency recognized

1 by the United States Department of Education; that is not a Bible school or college; that  
2 admits as regular students only persons who have a high school diploma, a general  
3 educational development diploma, or a degree from an accredited postsecondary  
4 institution; and whose students are eligible to participate in the federal Pell Grant  
5 program.

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

8 (5) 'Reasonable interest rate' means an interest rate no higher than the Wall Street Journal  
9 prime rate effective on July 1 for the fiscal year beginning July 1 of each year. If an  
10 outstanding loan made under this subpart is subject to the reasonable interest rate, the  
11 reasonable interest rate for the current fiscal year shall apply to such a loan during that  
12 fiscal year without regard to the interest rate at the time of the loan's origination or the  
13 interest rate at the time of the student's default.

14 (6) 'Title IV' means Title IV of the federal Higher Education Act of 1965, as amended,  
15 20 U.S.C.A. Section 1070, et seq.

16 20-3-395.1.

17 (a) The authority is authorized to provide direct loans to students who are legal residents  
18 of this state and who are not ineligible under Code Section 20-3-395.4 in accordance with  
19 the provisions of this subpart and regulations of the authority promulgated to implement  
20 this subpart.

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

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

27 (d) The maximum amount of a loan under this subpart shall be the lesser of: \$10,000.00  
28 per calendar year; or the cost of attendance of a student minus the expected family  
29 assistance and the estimated amount of the student's loans, grants, and scholarships,  
30 including loans, grants, and scholarships provided under Title IV. Except as otherwise  
31 provided in this subsection, each applicant for a loan shall be required to apply for other  
32 educational assistance, including scholarships, grants, and state funded or Title IV loans,  
33 and to provide information regarding such other applications and the result of such  
34 applications as a condition of applying for a loan under this subpart. Loans under this  
35 subpart are designed as funding of the last resort for students who have diligently sought  
36 scholarships, grants, and state funded or Title IV loans. Applicants are not required to

1 apply for loans under Subpart 4B or Subpart 4C of this part as a condition of eligibility for  
2 loans under this subpart.

3 (e) Eligibility for a loan under this subpart shall be determined annually. A student who  
4 has graduated from an eligible high school shall be eligible for a loan for the first year of  
5 attendance at an eligible postsecondary institution if the student graduated from an eligible  
6 high school before May 1, 2007, with a cumulative grade average of at least a 75 numeric  
7 average in his or her core curriculum subjects or if a student graduated from an eligible  
8 high school on or after May 1, 2007, with a cumulative grade point average in the student's  
9 core curriculum subjects of at least 2.5 on a 4.0 scale. A student's cumulative grade  
10 average or grade point average shall be calculated by the methods set out in Code  
11 Section 20-2-157. A student who has earned a cumulative grade point average of at least  
12 2.0 at an eligible postsecondary institution shall be eligible for a loan for a second or a  
13 subsequent year of attendance at an eligible postsecondary institution.

14 (f) A student's maximum total eligibility for loans under this subpart shall be limited to  
15 \$40,000.00.

16 20-3-395.2.

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

- 19 (1) State funds appropriated for use for loans under this subpart;
- 20 (2) Moneys received by gift, donation, or otherwise for loans under this subpart;
- 21 (3) Outstanding educational loans held by the authority under this subpart; and
- 22 (4) Principal and interest collected on educational loans held by the authority under this  
23 subpart.

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

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

33 20-3-395.3.

34 (a) The authority shall by rule and regulation establish a repayment schedule or schedules  
35 for loans made under this subpart. Students shall be required to pay accrued interest

1 annually on the loan or loans while attending a postsecondary institution except in cases  
 2 of financial hardship. Students shall not be required to begin the repayment of the principal  
 3 of such loans until the earliest occurrence of one of the following:

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

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

13 20-3-395.4.

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

- 15 (1) Is not a United States citizen or a permanent resident alien who meets the definition  
 16 of an eligible noncitizen under federal Title IV requirements;
- 17 (2) Has not complied with United States Selective Service System requirements for  
 18 registration, if such requirements are applicable to the student;
- 19 (3) Is in default on a federal Title IV educational loan or a State of Georgia educational  
 20 loan, provided that a student who is otherwise eligible and has fully repaid the defaulted  
 21 loan will be eligible to obtain a loan under this subpart for future academic terms but not  
 22 retroactively;
- 23 (4) Owes a refund on a federal Title IV student financial aid program or a Georgia  
 24 student financial aid program, provided that a student who is otherwise eligible and has  
 25 fully paid the refund owed will be eligible to obtain a loan under this subpart for future  
 26 academic terms but not retroactively;
- 27 (5) Has been convicted of a felony offense involving marijuana, a controlled substance,  
 28 or a dangerous drug as set out in Code Section 20-1-23 or 20-1-24 of the 'Drug-free  
 29 Postsecondary Education Act of 1990,' provided that such ineligibility extends from the  
 30 date of conviction to the completion of the next academic term;
- 31 (6) Is incarcerated; or
- 32 (7) Does not meet each qualification listed in this subpart and applicable to the student."

#### 33 **SECTION 4.**

34 Said chapter is further amended by adding a new subpart in Part 3 of Article 7 to read as  
 35 follows:

S. B. 169 (SUB)

## "Subpart 4B

20-3-400.

This subpart shall be known and may be cited as the 'Graduate On Time Student Loan Act.'

20-3-400.1.

As used in this subpart, the term:

(1) 'Beginning date of a postsecondary course of study' means the first day of postsecondary classes attended by a student for credit toward an associate degree or baccalaureate degree. In the case of a program that includes undergraduate studies and is designed for completion within five years, the first day of such classes for credit in such a program is the beginning date of a postsecondary course of study, whether the program leads to a baccalaureate degree or a first professional degree. Advanced placement classes or classes attended under a program of joint or dual enrollment in a high school and a postsecondary institution do not establish the beginning date of a postsecondary course of study.

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

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

(4) 'Eligible postsecondary institution' means:

(A) A unit of the University System of Georgia that offers associate degrees, baccalaureate degrees, or first professional degree programs; or

(B) An institution of higher education located in this state that offers associate degrees, baccalaureate degrees, or first professional degree programs; 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.

(5) 'First professional degree' means a degree that qualifies a graduate to practice a profession and was earned through a first professional degree program.

(6) 'First professional degree program' means a professional degree program that meets the requirements established by the program regulations promulgated by the Georgia Student Finance Commission which, at a minimum, shall include, but not be limited to, the following:

(A) Accepts students after the completion of the sophomore or junior year; and

(B) Results in the award of a first professional degree.

1 (7) 'Graduate On Time Student Loan' or 'GOT Student Loan' means a student loan  
2 provided in accordance with the provisions of this subpart.

3 (8) 'Reasonable interest rate' means an interest rate no higher than the Wall Street Journal  
4 prime rate effective on July 1 for the fiscal year beginning July 1 of each year. Except  
5 for GOT Student Loans that have been reduced to an interest rate of 1 percent in  
6 accordance with subsection (e) of Code Section 20-3-400.2 or an interest rate of 2 percent  
7 in accordance with subsection (f) of Code Section 20-3-400.2, the reasonable interest rate  
8 for the fiscal year shall apply to all outstanding GOT Student Loans during that fiscal  
9 year without regard for the interest rate at the time of a loan's origination or at the time  
10 of the student's default.

11 (9) 'Title IV' means Title IV of the federal Higher Education Act of 1965, 20 U.S.C.  
12 Section 1070, et seq.

13 20-3-400.2.

14 (a) The authority is authorized to provide direct loans to students who are legal residents  
15 of this state and who are not ineligible under Code Section 20-3-400.6 in accordance with  
16 the provisions of this subpart and regulations of the authority promulgated to implement  
17 this subpart.

18 (b) The repayment period for a GOT Student Loan shall be ten years; provided, however,  
19 that, subject to the provisions of Code Section 20-3-400.5, the commission may provide  
20 by regulation for deferral of payments and forbearance of payments similar to deferral and  
21 forbearance under federal student loan programs. The maximum amount of a GOT Student  
22 Loan shall be the lesser of \$10,000.00 per calendar year or the cost of attendance for a  
23 calendar year minus the estimated amount of the student's loans, grants, and scholarships,  
24 including loans, grants, and scholarships provided under Title IV, for the calendar year for  
25 which such loan is sought.

26 (c) A student may apply for a GOT Student Loan annually. A student who is a legal  
27 resident of this state and who has graduated from an eligible high school shall be eligible  
28 for a GOT Student Loan for the first year of attendance at an eligible postsecondary  
29 institution. Any student who is a legal resident of this state attending an eligible  
30 postsecondary institution is eligible for a GOT Student Loan for the second and subsequent  
31 years of attendance.

32 (d) Except as otherwise provided by subsection (e) or (f) of this Code section, the interest  
33 rate for a GOT Student Loan shall be a reasonable interest rate as defined by paragraph (8)  
34 of Code Section 20-3-400.1 and as established by the authority by rule or regulation.

35 (e) The annual interest rate for any GOT Student Loan shall be converted to 1 percent  
36 retroactive to the origination date of the GOT Student Loan for each student who:

1 (1) Completes his or her course of study with a cumulative grade point average no lower  
 2 than 2.0 on a 4.0 scale and earns a baccalaureate degree within four years from the  
 3 beginning date of a course of postsecondary study; or

4 (2) Completes his or her course of study with a cumulative grade point average no lower  
 5 than 2.0 on a 4.0 scale and earns a baccalaureate or first professional degree within five  
 6 years from the beginning date of a course of postsecondary study if the course of  
 7 postsecondary study:

8 (A) Was designed to be completed in five years; and

9 (B) Meets the requirements for a first professional degree program; or

10 (C) If the course of postsecondary study includes undergraduate studies, leads to a  
 11 baccalaureate or first professional degree.

12 (f) The annual interest rate for any GOT Student Loan shall be converted to 2 percent  
 13 retroactive to the origination date of the GOT Student Loan for each student who:

14 (1) Completes his or her course of study with a cumulative grade point average no lower  
 15 than 2.0 on a 4.0 scale and earns a baccalaureate degree within five years from the  
 16 beginning date of a course of postsecondary study; or

17 (2) Completes his or her course of study with a cumulative grade point average no lower  
 18 than 2.0 on a 4.0 scale and earns a baccalaureate or first professional degree within six  
 19 years from the beginning date of a course of postsecondary study if the course of  
 20 postsecondary study:

21 (A) Was designed to be completed in six years; and

22 (B) Meets the requirements for a first professional degree program; or

23 (C) If the course of postsecondary study includes undergraduate studies, leads to a  
 24 baccalaureate or first professional degree.

25 (g) A student's maximum total eligibility for loans under this subpart shall be limited to  
 26 \$40,000.00.

27 20-3-400.3.

28 (a) When the annual interest rate is converted to 1 percent in accordance with  
 29 subsection (e) of Code Section 20-3-400.2, the authority shall recalculate the balance owed  
 30 on the loan to reflect the retroactive change in the interest rate.

31 (b) The steps of the recalculation required by subsection (a) of this Code section shall  
 32 include the following:

33 (1) Calculate the total interest paid by the student on the loan to date;

34 (2) Calculate the total principal paid by the student on the loan to date;

35 (3) Calculate the total of fees other than interest paid by the student on the loan to date;

- 1 (4) Calculate the current balance owed on the loan by subtracting the principal paid by  
2 the student on the loan to date from the original amount borrowed;
- 3 (5) Calculate the amount of interest due on the loan from its origination to date at the rate  
4 of 1 percent;
- 5 (6) Subtract the amount of interest due at 1 percent calculated in paragraph (5) of this  
6 subsection from the total interest paid by the student to date calculated in paragraph (1)  
7 of this subsection;
- 8 (7) Add the difference calculated in paragraph (6) of this subsection to the principal paid  
9 by the student to date in paragraph (2) of this subsection; this sum shall become the new  
10 total principal paid by the student on the loan; and
- 11 (8) Subtract the new principal paid calculated in paragraph (7) of this subsection from  
12 the original amount borrowed by the student in this loan to produce the new balance  
13 owed by the student on the loan.
- 14 (c) When the annual interest rate is converted to 2 percent in accordance with  
15 subsection (f) of Code Section 20-3-400.2, the Student Finance Authority shall recalculate  
16 the balance owed on the loan to reflect the retroactive change in the interest rate.
- 17 (d) The steps of the recalculation required by subsection (c) of this Code section shall  
18 include the following:
- 19 (1) Calculate the total interest paid by the student on the loan to date;
- 20 (2) Calculate the total principal paid by the student on the loan to date;
- 21 (3) Calculate the total of fees other than interest paid by the student on the loan to date;
- 22 (4) Calculate the current balance owed on the loan by subtracting the principal paid by  
23 the student on the loan to date from the original amount borrowed;
- 24 (5) Calculate the amount of interest due on the loan from its origination to date at the rate  
25 of 2 percent;
- 26 (6) Subtract the amount of interest due at 2 percent calculated in paragraph (5) of this  
27 subsection from the total interest paid by the student to date calculated in paragraph (1)  
28 of this subsection;
- 29 (7) Add the difference calculated in paragraph (6) of this subsection to the principal paid  
30 by the student to date in paragraph (2) of this subsection; this sum shall become the new  
31 total principal paid by the student on the loan; and
- 32 (8) Subtract the new principal paid calculated in paragraph (7) of this subsection from  
33 the original amount borrowed by the student in this loan to produce the new balance  
34 owed by the student on the loan.

1 20-3-400.4.

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

4 (1) State funds appropriated for use for GOT Student Loans;

5 (2) Moneys received by gift, donation, or otherwise for GOT Student Loans;

6 (3) Outstanding GOT Student Loans held by the authority; and

7 (4) Principal and interest collected on GOT Student Loans held by the authority.

8 (b) Beginning with the first fiscal year following the fiscal year in which the fund has a  
9 balance of \$500,000.00 or more, for each fiscal year, the authority shall determine the  
10 amount of moneys available for loans under this subpart and shall determine which eligible  
11 applicants receive loans by a random selection process in which each eligible applicant has  
12 an equal chance of being selected for a loan.

13 (c) The authority shall be entitled to establish a reasonable fee for the processing and  
14 collecting of GOT Student Loans. Such fees shall be established by the authority by rule  
15 or regulation.

16 20-3-400.5.

17 (a) The authority shall by rule and regulation establish a repayment schedule or schedules  
18 for GOT Student Loans. Students shall be required to pay accrued interest annually while  
19 attending a postsecondary institution except in cases of financial hardship. Students shall  
20 not be required to begin the repayment of the principal of such loans until the earliest  
21 occurrence of one of the following:

22 (1) The student completes his or her course of study;

23 (2) The student graduates from an eligible postsecondary institution;

24 (3) One calendar year after the student's eligibility for a loan under this subpart ends in  
25 accordance with subsection (g) of Code Section 20-3-400.2; or

26 (4) The student has not been enrolled in an eligible postsecondary institution for two  
27 academic quarters or two academic semesters.

28 (b) If the student defaults on the repayment of one or more GOT loans, the interest rate for  
29 such loan or loans shall be converted to the reasonable interest rate as defined in Code  
30 Section 20-3-400.1.

31 20-3-400.6.

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

33 (1) Is not a United States citizen or a permanent resident alien who meets the definition  
34 of an eligible noncitizen under federal Title IV requirements;

- 1 (2) Has not complied with United States Selective Service System requirements for  
 2 registration, if such requirements are applicable to the student;
- 3 (3) Is in default on a federal Title IV educational loan or a State of Georgia educational  
 4 loan, provided that a student who is otherwise eligible and has fully repaid the defaulted  
 5 loan will be eligible to obtain a loan under this subpart for future academic terms but not  
 6 retroactively;
- 7 (4) Owes a refund on a federal Title IV student financial aid program or a Georgia  
 8 student financial aid program, provided that a student who is otherwise eligible and has  
 9 fully paid the refund owed will be eligible to obtain a loan under this subpart for future  
 10 academic terms but not retroactively;
- 11 (5) Has been convicted of a felony offense involving marijuana, a controlled substance,  
 12 or a dangerous drug as set out in Code Section 20-1-23 or 20-1-24 of the 'Drug-free  
 13 Postsecondary Education Act of 1990,' provided that such ineligibility extends from the  
 14 date of conviction to the completion of the next academic term;
- 15 (6) Is incarcerated; or
- 16 (7) Does not meet each qualification listed in this subpart and applicable to the student."

17 **SECTION 5.**

18 Said chapter is further amended by adding a new subpart in Part 3 of Article 7 to read as  
 19 follows:

20 "Subpart 4C

21 20-3-405.

22 This subpart shall be known and may be cited as the 'Education for Public Service Student  
 23 Loan Act.'

24 20-3-405.1.

25 As used in this subpart, the term:

- 26 (1) 'Cost of attendance' of a student means the cost of attendance calculated in  
 27 accordance with Title IV.
- 28 (2) 'Education for Public Service Student Loan' or 'EPS Student Loan' means a student  
 29 loan provided in accordance with the provisions of this subpart.
- 30 (3) 'Eligible high school' has the same meaning as set forth in Code Section 20-3-519.
- 31 (4) 'Eligible postsecondary institution' means:
- 32 (A) A unit of the University System of Georgia that offers associate degrees,  
 33 baccalaureate degrees, or graduate degrees; or

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

8 (5) 'Employee' means an individual who receives an Internal Revenue Service Form W-2  
9 from the employer and who is an employee as defined in Code Section 34-9-1 for  
10 purposes of workers' compensation.

11 (6) 'First degree' means the first baccalaureate degree or the first graduate degree  
12 completed by a student with the assistance of an EPS Student Loan.

13 (7) 'Graduate degree' means a degree earned after a student has earned a baccalaureate  
14 degree, including, but not limited to, a master's degree, a juris doctor degree, or a medical  
15 doctor degree.

16 (8) 'Public service' means service as an employee of any of the following: the State of  
17 Georgia; an agency or instrumentality of this state; the executive, legislative, or judicial  
18 branch of government of this state; a political subdivision of this state; the University  
19 System of Georgia or any unit of the university system; an authority or public corporation  
20 of this state; a local board of education of this state; or an agency or instrumentality of  
21 a political subdivision of this state.

22 (9) 'Reasonable interest rate' means an interest rate no higher than the Wall Street Journal  
23 prime rate effective on July 1 for the fiscal year beginning July 1 of each year. The  
24 reasonable interest rate for the fiscal year shall apply to all outstanding EPS Student  
25 Loans during that fiscal year without regard for the interest rate at the time of a loan's  
26 origination or at the time of the student's default, except for EPS Student Loans that:

27 (A) Have been converted to 1 percent interest loans in accordance with subsection (a)  
28 of Code Section 20-3-405.3; and

29 (B) Have been converted to interest-free loans in accordance with subsection (b) of  
30 Code Section 20-3-405.3.

31 (10) 'Second degree' means the second degree completed by a student with the assistance  
32 of an EPS Student Loan.

33 (11) 'Title IV' means Title IV of the federal Higher Education Act of 1965, 20 U.S.C.  
34 Section 1070, et seq.

35 (12) 'Undergraduate degree' means a baccalaureate degree.

1 20-3-405.2.

2 (a) The authority is authorized to provide direct loans to students who are legal residents  
3 of this state and who are not ineligible under Code Section 20-3-405.7 in accordance with  
4 the provisions of this subpart and regulations of the authority promulgated to implement  
5 this subpart.

6 (b) The repayment period for an EPS Student Loan shall be ten years; provided, however,  
7 that, subject to the provisions of Code Section 20-3-405.6, the commission may provide  
8 by regulation for deferral of payments and forbearance of payments similar to deferral and  
9 forbearance under federal student loan programs. The maximum amount of an EPS  
10 Student Loan shall be the lesser of \$10,000.00 or the cost of attendance for a calendar year  
11 minus the estimated amount of the student's loans, grants, and scholarships, including  
12 loans, grants, and scholarships provided under Title IV, for the calendar year for which  
13 such loan is sought. The maximum amount of EPS Student Loans for a degree shall be  
14 \$10,000.00 times the number of academic years required for a full-time student to earn the  
15 degree.

16 (c) A student may apply for an EPS Student Loan annually. A student who is a legal  
17 resident of this state and who has graduated from an eligible high school shall be eligible  
18 for an EPS Student Loan for the first year of attendance at an eligible postsecondary  
19 institution. Any student who is a legal resident of this state attending an eligible  
20 postsecondary institution is eligible for an EPS Student Loan for the second and subsequent  
21 years of attendance. A student who is otherwise eligible for an EPS Student Loan is  
22 eligible for such a loan for expenses as a student seeking an associate degree, baccalaureate  
23 degree, and a graduate degree.

24 (d) Except as otherwise provided by subsections (a) and (b) of Code Section 20-3-405.3,  
25 the interest rate for an EPS Student Loan shall be a reasonable interest rate as defined by  
26 paragraph (9) of Code Section 20-3-405.1 and as established by the authority by rule or  
27 regulation.

28 (e) The promissory note signed for each EPS Student Loan shall include a statement of the  
29 requirements a student must meet for conversion of the loan to a 1 percent loan and for  
30 conversion of the loan to an interest-free loan.

31 20-3-405.3.

32 (a) Subject to the provisions of Code Section 20-3-405.4, the annual interest rate for any  
33 EPS Student Loan shall be converted to 1 percent retroactive to the origination date of the  
34 EPS Student Loan for each student who:

35 (1) Completes his or her course of study and earns the degree with a cumulative grade  
36 point average no lower than 2.0 on a 4.0 scale; and

1 (2) Completes the number of years of public service required by this paragraph:

2 (A) If a student has earned one degree with the assistance of one or more EPS Student  
3 Loans, the annual interest rate for each such EPS Student Loan shall be converted to  
4 1 percent after the completion of five years of public service; or

5 (B) In the case of a student who has earned two degrees with the assistance of two or  
6 more EPS Student Loans, the interest rate for any EPS Student Loan used for the first  
7 degree shall be converted to 1 percent after the student has completed five years of  
8 public service. The interest rate for any EPS Student Loan used for the second degree  
9 may be converted to 1 percent after the student has completed ten years of public  
10 service, or the student may elect to apply the sixth through tenth years of public service  
11 to convert the EPS Student Loans used for the first degree to interest-free loans under  
12 subsection (b) of this Code section.

13 In the case of a student whose public service preceded the student's earning of the degree,  
14 the conversion of the EPS loans to 1 percent shall be on the date the student earns the  
15 degree.

16 (b) Subject to the provisions of Code Section 20-3-405.4, an EPS Student Loan for the first  
17 degree may be converted to an interest-free loan retroactive to the origination date of the  
18 EPS Student Loan for each student who:

19 (1) Completes his or her course of study and earns the degree with a cumulative grade  
20 point average no lower than 2.0 on a 4.0 scale; and

21 (2) Completes the number of years of public service required by this paragraph, and for  
22 conversion of one or more EPS Student Loans, completes five years of public service in  
23 addition to:

24 (A) The service required by subparagraph (A) of paragraph (2) of subsection (a) of  
25 this Code section, for a total of ten years of public service, if the student earned one  
26 degree with the assistance of EPS Student Loans, or the student may elect to apply the  
27 fifth through tenth years of public service to conversion of EPS loans for a second  
28 degree to 1 percent loans; or

29 (B) The service required by subparagraph (B) of paragraph (2) of subsection (a) of this  
30 Code section, for a total of 15 years of public service, to convert the loan or loans for  
31 the second degree if the student earned two degrees with the assistance of EPS Student  
32 Loans.

33 In the case of a student whose public service preceded the student's earning of the degree,  
34 the conversion of the EPS loans to interest-free loans shall be on the date the student  
35 earns the degree.

1 (c) When the annual interest rate is converted to 1 percent in accordance with  
2 subsection (a) of this Code section, the authority shall recalculate the balance owed on the  
3 loan to reflect the retroactive change in the interest rate.

4 (d) The steps of the recalculation required by subsections (a) and (c) of this Code section  
5 shall include the following:

6 (1) Calculate the total interest paid by the student on the loan to date;

7 (2) Calculate the total principal paid by the student on the loan to date;

8 (3) Calculate the total of fees other than interest paid by the student on the loan to date;

9 (4) Calculate the current balance owed on the loan by subtracting the principal paid by  
10 the student on the loan to date from the original amount borrowed;

11 (5) Calculate the amount of interest due on the loan from its origination to date at the rate  
12 of 1 percent;

13 (6) Subtract the amount of interest due at 1 percent calculated in paragraph (5) of this  
14 subsection from the total interest paid by the student to date calculated in paragraph (1)  
15 of this subsection;

16 (7) Add the difference calculated in paragraph (6) of this subsection to the principal paid  
17 by the student to date in paragraph (2) of this subsection; this sum shall become the new  
18 total principal paid by the student on the loan; and

19 (8) Subtract the new principal paid calculated in paragraph (7) of this subsection from  
20 the original amount borrowed by the student in this loan to produce the new balance  
21 owed by the student on the loan. If the new principal paid calculated in paragraph (7) of  
22 this subsection equals or exceeds the original amount borrowed by the student in this  
23 loan, the new balance is zero.

24 (e) When an EPS Student Loan is converted to an interest-free loan in accordance with  
25 subsection (b) of this Code section, the authority shall recalculate the balance owed on the  
26 loan to reflect the retroactive change in the interest rate. This recalculation shall be based  
27 upon the loan as it exists when it is converted to an interest-free loan.

28 (f) The steps of the recalculation required by subsections (b) and (e) of this Code section  
29 shall include the following:

30 (1) Calculate the total interest paid by the student on the loan to date;

31 (2) Calculate the total principal paid by the student on the loan to date;

32 (3) Calculate the total of fees other than interest paid by the student on the loan to date;

33 (4) Calculate the current balance owed on the loan by subtracting the principal paid by  
34 the student on the loan to date from the original amount borrowed;

35 (5) Add the amount of interest calculated in paragraph (1) of this subsection to the  
36 principal paid by the student to date in paragraph (2) of this subsection; this sum shall  
37 become the new total principal paid by the student on the loan; and

1 (6) Subtract the new principal paid calculated in paragraph (5) of this subsection from  
2 the original amount borrowed by the student in this loan to produce the new balance  
3 owed by the student on the loan. If the new principal paid calculated in paragraph (5) of  
4 this subsection equals or exceeds the original amount borrowed by the student in this  
5 loan, the new balance is zero.

6 20-3-405.4.

7 When a student meets the requirements for conversion of one or more EPS loans to a  
8 1 percent rate or to an interest-free loan or loans, the student may elect to waive the  
9 conversion of the EPS loan or loans for that degree and apply all or part of the student's  
10 years of completed public service to one or more EPS loans for a subsequent degree,  
11 without regard to whether such EPS loan or loans for a subsequent degree exist at the time  
12 of the student's election. In any event, each year of completed public service may be  
13 applied only to a single degree and the student is not authorized to change an election after  
14 notifying the authority in writing of his or her election.

15 20-3-405.5.

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

- 18 (1) State funds appropriated for use for EPS Student Loans;
- 19 (2) Moneys received by gift, donation, or otherwise for EPS Student Loans;
- 20 (3) Outstanding EPS Student Loans held by the authority; and
- 21 (4) Principal and interest collected on EPS Student Loans held by the authority.

22 (b) Beginning with the first fiscal year following the fiscal year in which the fund has a  
23 balance of \$500,000.00 or more, for each fiscal year, the authority shall determine the  
24 amount of moneys available for loans under this subpart and shall determine which eligible  
25 applicants receive loans by a random selection process in which each eligible applicant has  
26 an equal chance of being selected for a loan.

27 (c) The authority shall be entitled to establish a reasonable fee for the processing and  
28 collecting of EPS Student Loans. Such fees shall be established by the authority by rule  
29 or regulation.

30 20-3-405.6.

31 (a) The authority shall by rule and regulation establish a repayment schedule or schedules  
32 for EPS Student Loans. Students shall be required to pay accrued interest annually on the  
33 loan or loans while attending a postsecondary institution except in cases of financial

1 hardship. Students shall not be required to begin the repayment of the principal of such  
2 loans until the earliest occurrence of one of the following:

- 3 (1) The student completes his or her course of study;
- 4 (2) The student graduates from an eligible postsecondary institution;
- 5 (3) A calendar year has passed since the student borrowed the maximum amount of EPS  
6 loans for the degree the student is seeking under subsection (b) of Code  
7 Section 20-3-405.2; or
- 8 (4) The student has not been enrolled in an eligible postsecondary institution for two  
9 academic quarters or two academic semesters.

10 (b) If the student defaults on the repayment of one or more EPS loans, the interest rate for  
11 such loan or loans shall be converted to the reasonable interest rate as defined in Code  
12 Section 20-3-405.1.

13 20-3-405.7.

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

- 15 (1) Is not a United States citizen or a permanent resident alien who meets the definition  
16 of an eligible noncitizen under federal Title IV requirements;
- 17 (2) Has not complied with United States Selective Service System requirements for  
18 registration, if such requirements are applicable to the student;
- 19 (3) Is in default on a federal Title IV educational loan or a State of Georgia educational  
20 loan, provided that a student who is otherwise eligible and has fully repaid the defaulted  
21 loan will be eligible to obtain a loan under this subpart for future academic terms but not  
22 retroactively;
- 23 (4) Owes a refund on a federal Title IV student financial aid program or a Georgia  
24 student financial aid program, provided that a student who is otherwise eligible and has  
25 fully paid the refund owed will be eligible to obtain a loan under this subpart for future  
26 academic terms but not retroactively;
- 27 (5) Has been convicted of a felony offense involving marijuana, a controlled substance,  
28 or a dangerous drug as set out in Code Section 20-1-23 or 20-1-24 of the 'Drug-free  
29 Postsecondary Education Act of 1990,' provided that such ineligibility extends from the  
30 date of conviction to the completion of the next academic term;
- 31 (6) Is incarcerated; or
- 32 (7) Does not meet each qualification listed in this subpart and applicable to the student."

### 33 **SECTION 6.**

34 Said chapter is further amended by adding a new subpart in Part 3 of Article 7 to read as  
35 follows:

S. B. 169 (SUB)

## "Subpart 4D

20-3-409.

(a) Each Georgia income tax return form for taxable years beginning on or after January 1, 2008, shall contain appropriate language, to be determined by the state revenue commissioner, offering the taxpayer the opportunity to contribute to the funds established for student loans by Code Sections 20-3-395.2, 20-3-400.4, and 20-3-405.5 by either donating all or any part of any tax refund due and by authorizing a reduction in the refund check otherwise payable, or by contributing any amount over and above any amount of tax owed by adding that amount to the taxpayer's payment. The instructions accompanying the income tax return shall include a description of the purposes for which these funds were established and the intended use of moneys received from the contributions, and shall explain that any donation will be evenly divided between the three funds. Each taxpayer required to file a state income tax return who desires to contribute to these funds may designate such contribution as provided on the appropriate income tax return form.

(b) The Department of Revenue shall determine annually the total amount so contributed, and shall transmit such amount to the authority for even division among and deposit in the funds established by Code Sections 20-3-395.2, 20-3-400.4, and 20-3-405.5."

**SECTION 7.**

Said chapter is further amended by revising Code Section 20-3-519.2, relating to eligibility requirements for a HOPE scholarship at a public postsecondary institution, as follows:

"20-3-519.2.

(a) To be eligible for a HOPE scholarship, an entering freshman student seeking an associate or baccalaureate degree at an eligible public postsecondary institution shall:

(1) Meet residency requirements by: ~~meeting~~

(A) Meeting the requirements to be classified as a legal resident of Georgia as established by the program regulations promulgated by the Georgia Student Finance Commission which shall be based upon the in-state tuition policy of the board of regents and the in-state tuition guidelines set by the Department of Technical and Adult Education; and

(B)(i) If the student was classified as a legal resident of Georgia at the time of graduation from high school or from a home study program meeting the requirements of Code Section 20-2-690, then the student must have met the requirements set forth in subparagraph (A) of this paragraph for a period of at least 12 months immediately prior to the first day of classes for which the HOPE scholarship is to be awarded; or

1 (ii) If the student was not classified as a legal resident at the time of graduation from  
 2 high school or from a home study program meeting the requirements of Code Section  
 3 20-2-690, then the student must have met the requirements set forth in subparagraph  
 4 (A) of this paragraph for a period of at least 12 months immediately prior to the first  
 5 day of classes for which the HOPE scholarship is to be awarded.

6 Notwithstanding the foregoing, a dependent child of military personnel stationed in  
 7 Georgia shall be deemed to be a legal resident of Georgia and, subject to meeting all  
 8 other eligibility requirements, shall be eligible to receive the HOPE scholarship as a  
 9 freshman if the student graduated from a high school located in Georgia or from a home  
 10 study program meeting the requirements of Code Section 20-2-690 that is located in  
 11 Georgia;

12 (2) Meet achievement standards by:

13 (A) Having graduated from an eligible high school while meeting the curriculum  
 14 requirements of his or her program of study in 1993 or thereafter and meeting the  
 15 requirements set out in the applicable subsection and paragraph of Code Section  
 16 20-2-157; or

17 (B) In the case of a student who is otherwise qualified but:

18 (i) Did not graduate from high school or complete a home study program meeting the  
 19 requirements of subsection (c) of Code Section 20-2-690, having received the general  
 20 educational development (GED) diploma awarded by the Georgia Department of  
 21 Technical and Adult Education after June 30, 1993, provided that such student shall  
 22 only be eligible for a HOPE scholarship pursuant to subsection (e) of this Code  
 23 section;

24 (ii) Completed a home study program meeting the requirements of subsection (c) of  
 25 Code Section 20-2-690 in lieu of graduating from an eligible high school, earning a  
 26 cumulative grade point average of at least 3.0 at an eligible public postsecondary  
 27 institution at the end of the quarter or semester in which the student has attempted 45  
 28 quarter hours or 30 semester hours, provided that such student shall be eligible to  
 29 receive a retroactive HOPE scholarship for such student's freshman year to be paid  
 30 at the end of the freshman year; or

31 (iii) Graduated from a high school which is not an eligible high school, earning a  
 32 cumulative grade point average of at least 3.0 at an eligible public postsecondary  
 33 institution at the end of the quarter or semester in which the student has attempted 45  
 34 quarter hours or 30 semester hours, provided that such student shall be eligible to  
 35 receive a retroactive HOPE scholarship for such student's freshman year to be paid  
 36 at the end of the freshman year; and

- 1 (3) Meet enrollment standards by being admitted, enrolled, and classified as an  
 2 undergraduate student in a matriculated status.
- 3 (b) To be eligible for a HOPE scholarship, a sophomore student seeking an associate or  
 4 baccalaureate degree at an eligible public postsecondary institution shall:
- 5 (1) Meet residency requirements by: meeting
- 6 (A) Meeting the requirements to be classified as a legal resident of Georgia as  
 7 established by the program regulations promulgated by the Georgia Student Finance  
 8 Commission which shall be based upon the in-state tuition policy of the board of  
 9 regents and the in-state tuition guidelines set by the Department of Technical and Adult  
 10 Education; and
- 11 (B)(i) If the student was classified as a legal resident of Georgia at the time of  
 12 graduation from high school or from a home study program meeting the requirements  
 13 of Code Section 20-2-690, then the student must have met the requirements set forth  
 14 in subparagraph (A) of this paragraph for a period of at least 12 months immediately  
 15 prior to the first day of classes for which the HOPE scholarship is to be awarded; or  
 16 (ii) If the student was not classified as a legal resident at the time of graduation from  
 17 high school or from a home study program meeting the requirements of Code Section  
 18 20-2-690, then the student must have met the requirements set forth in subparagraph  
 19 (A) of this paragraph for a period of at least 12 months immediately prior to the first  
 20 day of classes for which the HOPE scholarship is to be awarded;
- 21 (2) Meet achievement standards by meeting the following criteria:
- 22 (A) Earning a cumulative grade point average of at least 3.0 at a postsecondary  
 23 institution:
- 24 (i) At the end of the quarter or semester in which the student has attempted 45 quarter  
 25 hours or 30 semester hours if such student is a full-time student; or
- 26 (ii) At the end of three consecutive quarters or semesters if such student is a part-time  
 27 student and has maintained part-time student status for three consecutive quarters or  
 28 semesters; and
- 29 (B) Maintaining satisfactory academic progress in a course of study in accordance with  
 30 the standards and practices used for federal Title IV programs by the postsecondary  
 31 institution in which the student is enrolled; and
- 32 (3) Meet enrollment standards by being admitted, enrolled, and classified as an  
 33 undergraduate student in a matriculated status.
- 34 (c) To be eligible for a HOPE scholarship, a junior student seeking a baccalaureate or first  
 35 professional degree at a public postsecondary institution shall:
- 36 (1) Meet residency requirements by: meeting

1 (A) Meeting the requirements to be classified as a legal resident of Georgia as  
 2 established by the program regulations promulgated by the Georgia Student Finance  
 3 Commission which shall be based upon the in-state tuition policy of the board of  
 4 regents and the in-state tuition guidelines set by the Department of Technical and Adult  
 5 Education; and

6 (B)(i) If the student was classified as a legal resident of Georgia at the time of  
 7 graduation from high school or from a home study program meeting the requirements  
 8 of Code Section 20-2-690, then the student must have met the requirements set forth  
 9 in subparagraph (A) of this paragraph for a period of at least 12 months immediately  
 10 prior to the first day of classes for which the HOPE scholarship is to be awarded; or  
 11 (ii) If the student was not classified as a legal resident at the time of graduation from  
 12 high school or from a home study program meeting the requirements of Code Section  
 13 20-2-690, then the student must have met the requirements set forth in subparagraph  
 14 (A) of this paragraph for a period of at least 12 months immediately prior to the first  
 15 day of classes for which the HOPE scholarship is to be awarded;

16 (2) Meet achievement standards by meeting the following criteria:

17 (A) Earning a cumulative grade point average of at least 3.0 at a postsecondary  
 18 institution at the end of the quarter or semester in which the student has attempted 90  
 19 quarter hours or 60 semester hours; and

20 (B) Maintaining satisfactory academic progress in a course of study in accordance with  
 21 the standards and practices used for federal Title IV programs by the postsecondary  
 22 institution in which the student is enrolled; and

23 (3) Meet enrollment standards by being admitted, enrolled, and classified as an  
 24 undergraduate student in a matriculated status or, in the case of an otherwise eligible  
 25 student who is classified as a first professional degree student rather than an  
 26 undergraduate student, being accepted into the first professional degree program of study  
 27 prior to receiving a baccalaureate degree.

28 (d) To be eligible for a HOPE scholarship, a senior student seeking a baccalaureate or a  
 29 first professional degree at a public postsecondary institution shall:

30 (1) Meet residency requirements by: ~~meeting~~

31 (A) Meeting the requirements to be classified as a legal resident of Georgia as  
 32 established by the program regulations promulgated by the Georgia Student Finance  
 33 Commission which shall be based upon the in-state tuition policy of the board of  
 34 regents and the in-state tuition guidelines set by the Department of Technical and Adult  
 35 Education; and

36 (B)(i) If the student was classified as a legal resident of Georgia at the time of  
 37 graduation from high school or from a home study program meeting the requirements

1 of Code Section 20-2-690, then the student must have met the requirements set forth  
 2 in subparagraph (A) of this paragraph for a period of at least 12 months immediately  
 3 prior to the first day of classes for which the HOPE scholarship is to be awarded; or  
 4 (ii) If the student was not classified as a legal resident at the time of graduation from  
 5 high school or from a home study program meeting the requirements of Code Section  
 6 20-2-690, then the student must have met the requirements set forth in subparagraph  
 7 (A) of this paragraph for a period of at least 12 months immediately prior to the first  
 8 day of classes for which the HOPE scholarship is to be awarded;

9 (2) Meet achievement standards by meeting the following criteria:

10 (A) Earning a cumulative grade point average of at least 3.0 at a postsecondary  
 11 institution at the end of the quarter or semester in which the student has attempted 135  
 12 quarter hours or 90 semester hours; and

13 (B) Maintaining satisfactory academic progress in a course of study in accordance with  
 14 the standards and practices used for federal Title IV programs by the postsecondary  
 15 institution in which the student is enrolled; and

16 (3) Meet enrollment standards by being admitted, enrolled, and classified as an  
 17 undergraduate student in a matriculated status or, in the case of an otherwise eligible  
 18 student who is classified as a first professional degree student rather than an  
 19 undergraduate student, being accepted into the first professional degree program of study  
 20 prior to receiving a baccalaureate degree.

21 (e)(1)(A) A full-time student who fails to maintain a cumulative grade point average  
 22 of at least 3.0 at the end of the quarter or semester in which the student has attempted  
 23 45 quarter hours or 30 semester hours may attend the next 45 quarter or 30 semester  
 24 hours without a HOPE scholarship. An otherwise eligible full-time student who regains  
 25 a cumulative grade point average of at least 3.0 at the end of a quarter or semester in  
 26 which the full-time student has attempted 90 or 135 quarter hours or 60 or 90 semester  
 27 hours may requalify for a HOPE scholarship.

28 (B) An otherwise eligible part-time student who regains or attains a cumulative grade  
 29 point average of at least 3.0 at the end of a quarter or semester in which the part-time  
 30 student has attempted 45, 90, or 135 quarter hours or 30, 60, or 90 semester hours may  
 31 attain or requalify for a HOPE scholarship.

32 (2) In addition to other requirements, and regardless of quarter hours or semester hours  
 33 of coursework attempted, a student who fails to possess a cumulative grade point average  
 34 of at least 3.0 at the end of each spring quarter or semester or at the end of three  
 35 consecutive quarters or semesters for a part-time student pursuant to paragraph (2) of  
 36 subsection (b) of this Code section shall be ineligible for a HOPE scholarship until such  
 37 time as the student regains or attains a cumulative grade point average of at least 3.0 at

1 one of the 45, 90, or 135 quarter hour grade point average checkpoints or at one of the 30,  
 2 60, or 90 semester hour grade point average checkpoints, at which time the student will  
 3 regain or attain eligibility if other terms and conditions in this Code section are also  
 4 satisfied.

5 (f) For students eligible for a HOPE scholarship under this Code section, no minimum  
 6 number of hours of enrollment is required.

7 (g)(1) Except as set out in paragraph (2) of this subsection, a student may receive the  
 8 HOPE scholarship until the first of these events:

9 (A) The student has earned a baccalaureate degree; or

10 (B) The student has attempted at any postsecondary institution a total of 190 quarter  
 11 hours or 127 semester hours.

12 (2) A student enrolled in an undergraduate or first professional degree program designed  
 13 to be more than 190 quarter hours or 127 semester hours in length is eligible to receive  
 14 the HOPE scholarship for the lesser of:

15 (A) A total of 225 attempted quarter hours or 150 attempted semester hours; or

16 (B) The number of hours required for graduation if the student has a cumulative grade  
 17 point average of at least 3.0 after the term in which the student attempted 190 quarter  
 18 hours or 127 semester hours.

19 (h)(1) Subject to the amounts appropriated by the General Assembly and provisions  
 20 relating to the Lottery for Education Account in Code Section 50-27-13, a HOPE  
 21 scholarship awarded under this Code section shall include tuition, approved mandatory  
 22 fees, and a book allowance not to exceed \$100.00 per quarter or \$150.00 per semester,  
 23 except as otherwise provided for in paragraphs (2) and (3) of this subsection.

24 (2) Effective beginning with the fall quarter or semester commencing after July 1, 2004,  
 25 the amount of mandatory fees paid shall be equal to such amount or amounts that were  
 26 paid on January 1, 2004, except as otherwise provided for in Code Section 50-27-13.

27 (3) Paragraph (2) of this subsection shall not apply to an eligible public postsecondary  
 28 institution established by law on or after January 1, 2004. For any eligible public  
 29 postsecondary institution established on or after January 1, 2004, the amount of the  
 30 mandatory fees paid shall be equal to such amount or amounts initially approved for that  
 31 new eligible public postsecondary institution for its first year of operation by action of  
 32 the board of regents or the Department of Technical and Adult Education, as applicable,  
 33 except as otherwise provided for in Code Section 50-27-13."

### 34 SECTION 8.

35 Said chapter is further amended by revising Code Section 20-3-519.3, relating to eligibility  
 36 requirements for a HOPE scholarship at a private postsecondary institution, as follows:

S. B. 169 (SUB)

1 "20-3-519.3.

2 (a) To be eligible for a HOPE scholarship, an entering freshman student seeking an  
3 associate or baccalaureate degree at an eligible private postsecondary institution shall:

4 (1) Meet residency requirements by: ~~meeting~~

5 (A) Meeting the requirements to be classified as a legal resident of Georgia as  
6 established by the program regulations promulgated by the Georgia Student Finance  
7 Commission; and

8 (B)(i) If the student was classified as a legal resident of Georgia at the time of  
9 graduation from high school or from a home study program meeting the requirements  
10 of Code Section 20-2-690, then the student must have met the requirements set forth  
11 in subparagraph (A) of this paragraph for a period of at least 12 months immediately  
12 prior to the first day of classes for which the HOPE scholarship is to be awarded; or  
13 (ii) If the student was not classified as a legal resident at the time of graduation from  
14 high school or from a home study program meeting the requirements of Code Section  
15 20-2-690, then the student must have met the requirements set forth in subparagraph  
16 (A) of this paragraph for a period of at least 12 months immediately prior to the first  
17 day of classes for which the HOPE scholarship is to be awarded.

18 Notwithstanding the foregoing, a dependent child of military personnel stationed in  
19 Georgia shall be deemed to be a legal resident of Georgia and, subject to meeting all  
20 other eligibility requirements, shall be eligible to receive the HOPE scholarship as a  
21 freshman if the student graduated from a high school located in Georgia or from a home  
22 study program meeting the requirements of Code Section 20-2-690 that is located in  
23 Georgia;

24 (2) Meet achievement standards by:

25 (A) Having graduated from an eligible high school while meeting the curriculum  
26 requirements of his or her program of study in 1996 or thereafter and meeting the  
27 requirements set out in the applicable paragraph of subsection (b) of Code Section  
28 20-2-157; or

29 (B) In the case of a student who is otherwise qualified but:

30 (i) Did not graduate from high school or complete a home study program meeting the  
31 requirements of subsection (c) of Code Section 20-2-690, having received the general  
32 educational development (GED) diploma awarded by the Georgia Department of  
33 Technical and Adult Education after June 30, 1993, provided that such student shall  
34 only be eligible for a HOPE scholarship pursuant to subsection (e) of this Code  
35 section;

36 (ii) Completed a home study program meeting the requirements of subsection (c) of  
37 Code Section 20-2-690 in lieu of graduating from an eligible high school, earning a

1 cumulative grade point average of at least 3.0 at an eligible public postsecondary  
 2 institution at the end of the quarter or semester in which the student has attempted 45  
 3 quarter hours or 30 semester hours, provided that such student shall be eligible to  
 4 receive a retroactive HOPE scholarship for such student's freshman year to be paid  
 5 at the end of the freshman year; or

6 (iii) Graduated from a high school which is not an eligible high school, earning a  
 7 cumulative grade point average of at least 3.0 at an eligible public postsecondary  
 8 institution at the end of the quarter or semester in which the student has attempted 45  
 9 quarter hours or 30 semester hours, provided that such student shall be eligible to  
 10 receive a retroactive HOPE scholarship for such student's freshman year to be paid  
 11 at the end of the freshman year; and

12 (3) Meet enrollment standards by:

13 (A) Being admitted, enrolled, and classified as an undergraduate student in a  
 14 matriculated status; and

15 (B) Being registered for and attending classes as at least a half-time student for 14 days  
 16 or more after the last day of the institution's drop and add period.

17 (b) To be eligible for a HOPE scholarship, a sophomore student seeking an associate or  
 18 baccalaureate degree at an eligible private postsecondary institution shall:

19 (1) Meet residency requirements by: ~~meeting~~

20 (A) Meeting the requirements to be classified as a legal resident of Georgia as  
 21 established by the program regulations promulgated by the Georgia Student Finance  
 22 Commission; and

23 (B)(i) If the student was classified as a legal resident of Georgia at the time of  
 24 graduation from high school or from a home study program meeting the requirements  
 25 of Code Section 20-2-690, then the student must have met the requirements set forth  
 26 in subparagraph (A) of this paragraph for a period of at least 12 months immediately  
 27 prior to the first day of classes for which the HOPE scholarship is to be awarded; or

28 (ii) If the student was not classified as a legal resident at the time of graduation from  
 29 high school or from a home study program meeting the requirements of Code Section  
 30 20-2-690, then the student must have met the requirements set forth in subparagraph  
 31 (A) of this paragraph for a period of at least 12 months immediately prior to the first  
 32 day of classes for which the HOPE scholarship is to be awarded;

33 (2) Meet achievement standards by meeting the following criteria:

34 (A) Earning a cumulative grade point average of at least 3.0 at a postsecondary  
 35 institution:

36 (i) At the end of the quarter or semester in which the student has attempted 45 quarter  
 37 hours or 30 semester hours if such student is a full-time student; or

1 (ii) At the end of three consecutive quarters or semesters if such student is a half-time  
 2 student and has maintained part-time student status for three consecutive quarters or  
 3 semesters; and

4 (B) Maintaining satisfactory academic progress in a course of study in accordance with  
 5 the standards and practices used for federal Title IV programs by the postsecondary  
 6 institution in which the student is enrolled; and

7 (3) Meet enrollment standards by:

8 (A) Being admitted, enrolled, and classified as an undergraduate student in a  
 9 matriculated status; and

10 (B) Being registered for and attending classes as at least a half-time student for 14 days  
 11 or more after the last day of the institution's drop and add period.

12 (c) To be eligible for a HOPE scholarship, a junior student seeking a baccalaureate or first  
 13 professional degree at an eligible private postsecondary institution shall:

14 (1) Meet residency requirements by: ~~meeting~~

15 (A) Meeting the requirements to be classified as a legal resident of Georgia as  
 16 established by the program regulations promulgated by the Georgia Student Finance  
 17 Commission; and

18 (B)(i) If the student was classified as a legal resident of Georgia at the time of  
 19 graduation from high school or from a home study program meeting the requirements  
 20 of Code Section 20-2-690, then the student must have met the requirements set forth  
 21 in subparagraph (A) of this paragraph for a period of at least 12 months immediately  
 22 prior to the first day of classes for which the HOPE scholarship is to be awarded; or

23 (ii) If the student was not classified as a legal resident at the time of graduation from  
 24 high school or from a home study program meeting the requirements of Code Section  
 25 20-2-690, then the student must have met the requirements set forth in subparagraph  
 26 (A) of this paragraph for a period of at least 12 months immediately prior to the first  
 27 day of classes for which the HOPE scholarship is to be awarded;

28 (2) Meet achievement standards by meeting the following criteria:

29 (A) Earning a cumulative grade point average of at least 3.0 at a postsecondary  
 30 institution at the end of the quarter or semester in which the student has attempted 90  
 31 quarter hours or 60 semester hours; and

32 (B) Maintaining satisfactory academic progress in a course of study in accordance with  
 33 the standards and practices used for federal Title IV programs by the postsecondary  
 34 institution in which the student is enrolled; and

35 (3) Meet enrollment standards by:

36 (A) Being admitted, enrolled, and classified as an undergraduate student in a  
 37 matriculated status or provided that in the case of an otherwise eligible student who is

1 classified as a first professional degree student rather than an undergraduate student,  
 2 have been accepted into the first professional degree program of study prior to receiving  
 3 a baccalaureate degree; and

4 (B) Being registered for and attending classes as at least a half-time student for 14 days  
 5 or more after the last day of the institution's drop and add period.

6 (d) To be eligible for a HOPE scholarship, a senior student seeking a baccalaureate or first  
 7 professional degree at an eligible private postsecondary institution shall:

8 (1) Meet residency requirements by: ~~meeting~~

9 (A) Meeting the requirements to be classified as a legal resident of Georgia as  
 10 established by the program regulations promulgated by the Georgia Student Finance  
 11 Commission; and

12 (B)(i) If the student was classified as a legal resident of Georgia at the time of  
 13 graduation from high school or from a home study program meeting the requirements  
 14 of Code Section 20-2-690, then the student must have met the requirements set forth  
 15 in subparagraph (A) of this paragraph for a period of at least 12 months immediately  
 16 prior to the first day of classes for which the HOPE scholarship is to be awarded; or

17 (ii) If the student was not classified as a legal resident at the time of graduation from  
 18 high school or from a home study program meeting the requirements of Code Section  
 19 20-2-690, then the student must have met the requirements set forth in subparagraph  
 20 (A) of this paragraph for a period of at least 12 months immediately prior to the first  
 21 day of classes for which the HOPE scholarship is to be awarded;

22 (2) Meet achievement standards by meeting the following criteria:

23 (A) Earning a cumulative grade point average of at least 3.0 at a postsecondary  
 24 institution at the end of the quarter or semester in which the student has attempted 135  
 25 quarter hours or 90 semester hours; and

26 (B) Maintaining satisfactory academic progress in a course of study in accordance with  
 27 the standards and practices used for federal Title IV programs by the postsecondary  
 28 institution in which the student is enrolled; and

29 (3) Meet enrollment standards by:

30 (A) Being admitted, enrolled, and classified as an undergraduate student in a  
 31 matriculated status or, in the case of an otherwise eligible student who is classified as  
 32 a first professional degree student rather than an undergraduate student, being accepted  
 33 into the first professional degree program of study prior to receiving a baccalaureate  
 34 degree; and

35 (B) Being registered for and attending classes as at least a half-time student for 14 days  
 36 or more after the last day of the institution's drop and add period.

1 (e)(1)(A) An otherwise eligible full-time student who fails to maintain a cumulative  
2 grade point average of at least 3.0 at the end of the quarter or semester in which the  
3 student has attempted 45 quarter hours or 30 semester hours may attend the next 45  
4 quarter hours or 30 semester hours without a HOPE scholarship. A full-time student  
5 who regains a cumulative grade point average of at least 3.0 at the end of the quarter  
6 or semester in which the full-time student has attempted 90 quarter hours or 60  
7 semester hours may requalify for a HOPE scholarship. A full-time student who regains  
8 a cumulative grade point average of at least 3.0 at the end of the quarter or semester in  
9 which the full-time student has attempted 135 quarter hours or 90 semester hours may  
10 requalify for a HOPE scholarship.

11 (B) An otherwise eligible half-time student who regains or attains a cumulative grade  
12 point average of at least 3.0 at the end of a quarter or semester in which the half-time  
13 student has attempted 45, 90, or 135 quarter hours or 30, 60, or 90 semester hours may  
14 attain or requalify for a HOPE scholarship.

15 (2) In addition to other requirements, and regardless of quarter or semester hours of  
16 coursework attempted, a student who fails to possess a cumulative grade point average  
17 of at least 3.0 at the end of each spring quarter or semester or at the end of three  
18 consecutive quarters or semesters for a half-time student pursuant to paragraph (2) of  
19 subsection (b) of this Code section shall be ineligible for a HOPE scholarship until such  
20 time as the student regains or attains a cumulative grade point average of at least 3.0 at  
21 one of the 45, 90, or 135 quarter hour grade point average checkpoints or at one of the 30,  
22 60, or 90 semester hour grade point average checkpoints, at which time the student will  
23 regain or attain eligibility if other terms and conditions in this Code section are also  
24 satisfied.

25 (f)(1) Except as set out in paragraph (2) of this subsection, a student may receive a  
26 HOPE scholarship until the first of these events:

27 (A) The student has earned a baccalaureate degree; or

28 (B) The student has attempted at any postsecondary institution a total of 190 quarter  
29 hours or 127 semester hours.

30 (2) A student enrolled in an undergraduate or first professional degree program designed  
31 to be more than 190 quarter hours or 127 semester hours in length is eligible to receive  
32 a HOPE scholarship for the lesser of:

33 (A) A total of 225 attempted quarter hours or 150 attempted semester hours; or

34 (B) The number of hours required for graduation if the student has a cumulative grade  
35 point average of at least 3.0 after the term in which the student attempted 190 quarter  
36 hours or 127 semester hours.

1 (g)(1) Except as provided for in paragraph (2) of this subsection, subject to the amounts  
2 appropriated by the General Assembly and provisions relating to the scholarship shortfall  
3 reserve subaccount in Code Section 50-27-13, a HOPE scholarship awarded under this  
4 Code section shall be not less than \$3,000.00 for any academic year.

5 (2) Effective beginning with the fall quarter or semester commencing after July 1, 2004,  
6 subject to the amounts appropriated by the General Assembly and provisions relating to  
7 the scholarship shortfall reserve subaccount in Code Section 50-27-13, a HOPE  
8 scholarship awarded under this Code section shall be not less than \$1,500.00 for half-time  
9 enrollment and \$3,000.00 for full-time enrollment for any academic year."

10

**SECTION 9.**

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