

House Bill 1656

By: Representative Lim of the 99th

A BILL TO BE ENTITLED
AN ACT

1 To amend Subpart 1 of Part 3 of Article 7 of Chapter 3 of Title 20 of the Official Code of
2 Georgia Annotated, relating to scholarships, loans, and grants, so as to require the Georgia
3 Student Finance Authority to make certain verifications during school examinations, audits,
4 or program reviews; to provide for a definition; to provide for related matters; to repeal
5 conflicting laws; and for other purposes.

6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

7 **SECTION 1.**

8 Subpart 1 of Part 3 of Article 7 of Chapter 3 of Title 20 of the Official Code of Georgia
9 Annotated, relating to scholarships, loans, and grants, is amended by revising Code Section
10 20-3-312, relating to definitions, by redesignating paragraph (18) as paragraph (19) and by
11 adding a new paragraph to read as follows:

12 "(18) 'School' means a 'school' as such term is defined in paragraph (18) of Code Section
13 20-3-262."

SECTION 2.

Said subpart is further amended by revising Code Section 20-3-321, relating to school audits, program reviews, and corrective actions, as follows:

"20-3-321.

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

(1) 'Academic year' means the most recently completed federal award year of July 1 to June 30.

(2) 'Loan' shall include cosigned loans that financed a student's own enrollment or attendance, but shall not include parental loans.

(b) The authority is authorized:

(1) To examine and audit accounts and records of schools relative to financial assistance provided to students enrolled therein under this part;

(2) To conduct program reviews with appropriate officers and personnel of schools as may be necessary or appropriate to assure compliance with this part; and

(3) To take or require that such corrective, remedial, or preventive actions be taken as may be necessary or appropriate to protect the interests of the authority, the state, the United States, schools, students, and the public at large.

(c) Beginning with the 2022-2023 academic year, as part of any examination, audit, or program review of any school provided for in subsection (b) of this Code section, the authority shall verify such school complies with all of the following:

(1)(A) States each of the following in all printed and online financial aid materials issued or distributed by the school to applicants for admission or matriculated students and with private loan applications provided or made available by the school:

(i) Federal student loans are required by law to provide a range of flexible repayment options, including, but not limited to, income-based repayment and income-contingent repayment plans and loan forgiveness benefits, which other student loans are not required to provide; and

41 (ii) Federal direct loans are available to students regardless of income;

42 (B) The school may continue to use financial aid materials that are printed before
43 July 1, 2022, if the school includes an insert with such printed material that provides
44 the information required in subparagraph (A) of this paragraph. All financial aid
45 materials printed on or after July 1, 2022, shall include the information required in
46 subparagraph (A) of this paragraph;

47 (2) Clearly distinguishes private loans from federal loans in individual financial aid
48 awards by stating, for any private loans included by the school as part of the school's
49 award package, all of the following:

50 (A) Whether the interest rate for the loan is fixed or variable;

51 (B) An explanation that private student loan lenders can offer variable interest rates
52 that can increase or decrease over time, depending on market conditions;

53 (C) An explanation that private student loans have a range of interest rates and fees and
54 students should determine the interest rate of and any fees associated with the private
55 student loan included in their financial aid award package before accepting the loan;

56 (D) An explanation that students should contact the lender of the private student loan
57 or their school's financial aid office if they have any questions about a private student
58 loan; and

59 (E) An explanation that the interest rate on a private loan may depend on the
60 borrower's credit rating;

61 (3) If the school provides a private loan lender list, it also provides general information
62 about the loans available through the lender, discloses the basis for each lender's inclusion
63 on the list, and provides clear notice that students can choose any lender, including
64 lenders not on the list;

65 (4) Before certifying a borrower's eligibility for a private student loan, the school
66 provides to the student information concerning all unused state and federal financial
67 assistance, including unused federal student loan moneys available to that student;

(5) Makes available to the public upon request and in a prominent location on the school's official website within 12 months of a completed academic year the following information concerning graduates and student loan debt:

(A) The number of students who started as first-time postsecondary students at the school and received a certificate, associate's degree, or bachelor's degree during that academic year;

(B)(i) For each type of credential specified in subparagraph (A) of this paragraph, the number and percentage of the students identified pursuant to subparagraph (A) of this paragraph who borrowed at any time while enrolled at the school through any student loan program, including, but not limited to, institutional loans, state loans, federal Perkins loans, federal Stafford subsidized and unsubsidized loans, and private loans that were certified by the school, including both federal direct student loans and federal family education loans; and

(ii) The total principal borrowed for each type of credential in those loans described in division (i) of this subparagraph;

(C)(i) For each type of credential specified in subparagraph (A) of this paragraph, the number and percentage of the students identified pursuant to subparagraph (A) of this paragraph who borrowed at any time while enrolled at the school through a federal student loan program, including, but not limited to, federal Perkins loans, federal Stafford subsidized and unsubsidized loans, federal direct student loans, and federal family education loans, but excluding institutional loans, state loans, and private loans; and

(ii) The total principal borrowed for each type of credential in those loans described in division (i) of this subparagraph; and

(D) The average cumulative principal borrowed by those students counted for purposes of the calculations required by subparagraphs (B) and (C) of this paragraph by credential type, calculated by dividing the sum identified in division (ii) of each of

95 those subparagraphs for each type of credential by the number of that type of credential
96 issued for students receiving the loans described in the respective subparagraph; and
97 (6) If the school does not participate in federal student loan programs, it informs students
98 that the school does not participate in federal loan programs and that students may be
99 eligible for federal loans at a participating school; and the school provides students with
100 information regarding the Georgia Student Finance Commission's website and the Federal
101 Student Aid web link on the United States Department of Education's website.
102 (d) Subsection (c) of this Code section shall not apply to institutions or branches of the
103 Technical College System of Georgia."

104 **SECTION 3.**

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