

House Bill 1413 (RULES COMMITTEE SUBSTITUTE)

By: Representatives Martin of the 49th, Hatchett of the 155th, Evans of the 57th, Newton of the 127th, Erwin of the 32nd, and others

A BILL TO BE ENTITLED

AN ACT

1 To amend Part 3 of Article 7 of Chapter 3 of Title 20 of the Official Code of Georgia
2 Annotated, relating to the Georgia Student Finance Authority, so as to provide for
3 postsecondary scholarship opportunities; to establish the DREAMS scholarship; to provide
4 for eligibility; to create an endowment fund for such scholarship; to provide for reports; to
5 provide for definitions; to amend Part 6 of Article 7 of Chapter 3 of Title 20 of the Official
6 Code of Georgia Annotated, relating to medical scholarships, so as to establish a scholarship
7 for students enrolled medical school; to provide for eligibility; to provide terms and
8 conditions; to provide definitions; to provide for related matters; to provide for an effective
9 date and applicability; to repeal conflicting laws; and for other purposes.

10 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

11 **SECTION 1.**

12 Part 3 of Article 7 of Chapter 3 of Title 20 of the Official Code of Georgia Annotated,
13 relating to the Georgia Student Finance Authority, is amended by adding a new subpart to
14 read as follows:

H. B. 1413 (SUB)

15 "Subpart 2B

16 20-3-367.

17 As used in this subpart, the term:

18 (1) 'Academic year,' 'first professional degree program,' 'matriculated status,' 'quarter
19 hours,' and 'semester hours' shall have the same meanings as set forth in Code
20 Section 20-3-519.

21 (2) 'Cost of attendance' means the estimate of a student's educational expenses as
22 calculated by the eligible postsecondary institution at which such student is enrolled
23 pursuant to Title IV.

24 (3) 'DREAMS scholarship' or 'scholarship' means the Dedicating Resources to
25 Educationally Advance More Students (DREAMS) scholarship provided for in this
26 subpart.

27 (4) 'DREAMS Scholarship Endowment Fund' or 'endowment fund' means the DREAMS
28 Scholarship Endowment Fund provided for in Code Section 20-3-367.2.

29 (5) 'Eligible postsecondary institution' means:

30 (A) An institution of the University System of Georgia; and

31 (B) A unit of the Technical College System of Georgia.

32 (6) 'Financial aid' means all scholarships and grants awarded to a student, excluding the
33 DREAMS scholarship.

34 (7) 'Grade point average' means the grade point average calculated by the commission
35 for purposes of the HOPE scholarship provided for in Part 7 of this article.

36 (8) 'Student aid index' means the student aid index calculated in accordance with
37 Title IV.

38 (9) 'Title IV' means Title IV of the federal Higher Education Act of 1965, as amended,
39 20 U.S.C. Section 1070, et seq.

40 (10) 'Unmet financial need' means the amount of the cost of attendance remaining after
41 the student aid index and all other financial aid received by the student have been applied.

42 20-3-367.1.

43 (a) To be eligible for a DREAMS scholarship, a student seeking an undergraduate degree
44 at an eligible postsecondary institution shall:

45 (1) Meet the requirements provided for in paragraph (1) of subsection (a) and
46 subsection (b) of Code Section 20-3-519.1;

47 (2) Complete the Free Application for Federal Student Aid (FAFSA);

48 (3) Meet enrollment standards by being admitted, enrolled, and classified as an
49 undergraduate student in a matriculated status;

50 (4) Be enrolled for not less than six semester hours, or the equivalent quarter hours, in
51 any given semester or quarter;

52 (5) Have not yet earned a baccalaureate or first professional degree; and

53 (6) Have unmet financial need.

54 (b) To maintain eligibility for a scholarship under this subpart, a student shall:

55 (1) Continue to meet the eligibility requirements provided for in subsection (a) of this
56 Code section; and

57 (2) Maintain a minimum 2.0 grade point average and satisfactory academic progress in
58 accordance with the standards and practices used for Title IV programs by the institution
59 at which such student is enrolled.

60 (c) Using moneys from the endowment fund, the authority shall provide scholarships to
61 eligible students in accordance with the following conditions:

62 (1) The maximum award amount per student per academic year shall be \$3,000.00;
63 provided, however, that no student shall be awarded an amount that is more than such
64 student's unmet financial need; and

65 (2) No student shall receive a scholarship award for more than eight semesters or 12
66 quarters.

67 (d) Each student who is awarded a scholarship shall:

68 (1) Complete a financial literacy course; and

69 (2) Be engaged in paid or unpaid work at least part-time, which may include, but shall
70 not be limited to, employment, an internship or externship, volunteer work, or military
71 service.

72 20-3-367.2.

73 (a) There is created the DREAMS Scholarship Endowment Fund as a separate fund in the
74 state treasury. The endowment fund shall be administered by the authority. Moneys in the
75 endowment fund shall be used only as provided for in this subpart. All appropriations
76 made by the General Assembly for the scholarship and all public or private grants, gifts,
77 donations, or contributions received for the scholarship shall be credited to the endowment
78 fund. Unless specifically designated otherwise, all moneys credited to the endowment fund
79 shall be credited to the principal account. All moneys appropriated or otherwise paid or
80 credited to the endowment fund shall be presumptively concluded to have been committed
81 to the purpose for which they have been appropriated, paid, or credited and shall not lapse.

82 (b) Three separate accounts shall be created within the endowment fund:

83 (1) The principal account shall constitute the permanent endowment corpus. Except as
84 otherwise provided in this Code section, moneys credited to such account shall not be
85 appropriated, transferred, expended, encumbered, or otherwise diverted. The authority
86 shall determine the minimum amount of moneys needed in the principal account in order
87 to produce sufficient funds to sustain scholarship awards;

88 (2) The scholarship account shall consist of moneys allocated to such account pursuant
89 to the spending policy adopted by the authority. Moneys in such account shall be used
90 to provide scholarship awards in accordance with this subpart; and

91 (3) The transitional scholarship account shall consist of funds appropriated for
92 scholarship awards during the first two fiscal years of the scholarship. Moneys in such
93 account shall be used to provide scholarships in accordance with this subpart.

94 (c) The authority shall adopt an investment policy which provides for the investment of
95 moneys in the principal account as a pooled portfolio in accordance with prudent investor
96 standards applicable to public trust funds. Such investment policy shall include provisions
97 to preserve and grow the long-term value of the principal account while promoting the
98 stability and sustainability of scholarship awards.

99 (d) In the event of a shortfall in moneys available for scholarship awards compared with
100 projected expenditures for scholarship awards over the same period, and if such shortfall
101 will have a materially adverse effect on scholarship awards, the authority shall be
102 authorized to adopt an emergency stabilization authorization to allow the distribution or
103 transfer of moneys from the principal account so as to mitigate any reduction in such
104 awards. Such authorization shall:

105 (1) Require a two-thirds' majority vote of the board of the authority for adoption;

106 (2) Be limited to the minimum amount necessary to mitigate any reduction in awards;

107 (3) Not be used to permanently increase award levels;

108 (4) Provide for the principal account to be replenished to not less than the minimum
109 amount determined by the authority pursuant to paragraph (1) of subsection (b) of this
110 Code section; and

111 (5) Expire within one year; provided, however, that this shall not prohibit consecutive
112 emergency stabilization authorizations.

113 (e) The authority shall adopt a spending policy which provides for the allocation of
114 earnings to the principal account and to the scholarship account at the end of each fiscal
115 year. Such spending policy shall:

116 (1) Require that earnings allocated to the principal account shall be used to grow the
117 permanent endowment corpus in accordance with the investment policy; and

118 (2) Require that earnings allocated to the scholarship account shall be used to provide
 119 scholarships in accordance with Code Section 20-3-367.1

120 (f) During the first two fiscal years following capitalization of the endowment fund,
 121 scholarship awards shall be paid from the transitional scholarship account. The transitional
 122 scholarship account shall terminate at the end of the second fiscal year following
 123 capitalization of the fund, and any remaining moneys shall be transferred to the principal
 124 account. In the third fiscal year following capitalization of the fund and each fiscal year
 125 thereafter, scholarship awards shall be paid from the scholarship account.

126 (g) Not later than December 1 of the second fiscal year following capitalization of the fund
 127 and each fiscal year thereafter, the authority shall prepare and publish on its website an
 128 annual report regarding the endowment fund for the immediately preceding fiscal year.
 129 Such report shall include the endowment fund's market value, investment performance,
 130 scholarship distributions, any distributions or transfers from the principal account, and
 131 confirmation of compliance with the requirements of this Code section and the policies
 132 adopted pursuant to this Code section.

133 20-3-367.3.

134 Not later than December 1 each year, the authority shall provide a report on the DREAMS
 135 scholarship and the endowment fund to the Governor, the Speaker of the House of
 136 Representatives, the President of the Senate, the chairpersons of the House Committee on
 137 Higher Education and the Senate Higher Education Committee, the chancellor of the
 138 University System of Georgia, and the commissioner of the Technical College System of
 139 Georgia."

140 **SECTION 2.**

141 Part 6 of Article 7 of Chapter 3 of Title 20 of the Official Code of Georgia Annotated,
 142 relating to medical scholarships, is amended by designating the existing provisions of said

143 part as Subpart 2, by replacing "this part" and "This part" with "this subpart" and "This
144 subpart", respectively, everywhere such terms occur in the new Subpart 2, and by adding a
145 new subpart to read as follows:

146 "Subpart 1

147 20-3-505.

148 As used in this subpart, the term:

149 (1) 'Academic year' and 'full-time' shall have the same meanings as set forth in Code
150 Section 20-3-519.

151 (2) 'Applicant' means an individual who applies for a scholarship under this subpart.

152 (3) 'Authority' means the Georgia Student Finance Authority.

153 (4) 'Cost of attendance' means the estimate of a student's educational expenses as
154 calculated by the eligible postsecondary institution at which such student is enrolled
155 pursuant to Title IV.

156 (5) 'Eligible applicant' means an applicant who meets the eligibility criteria provided for
157 in this subpart.

158 (6) 'Eligible medical school' means a medical school in the University System of
159 Georgia.

160 (7) 'Scholarship' means a scholarship provided for in this subpart.

161 (8) 'Title IV' means Title IV of the federal Higher Education Act of 1965, as amended,
162 20 U.S.C. Section 1070, et seq.

163 20-3-506.

164 (a) To be eligible for a scholarship under this subpart, an applicant seeking a medical
165 degree at an eligible medical school shall:

166 (1) Meet the requirements provided for in paragraph (1) of subsection (a) and
167 subsection (b) of Code Section 20-3-519.1;

- 168 (2) Complete the Free Application for Federal Student Aid (FAFSA);
169 (3) Meet enrollment standards by being enrolled full-time in an eligible medical school
170 and making satisfactory academic progress in accordance with the standards and practices
171 used for Title IV programs by the medical school at which such student is enrolled;
172 (4) Have not yet earned a medical degree; and
173 (5) Submit an application for such scholarship.
- 174 (b) Subject to appropriations, the authority shall award scholarships to eligible applicants
175 in accordance with the following terms and conditions:
- 176 (1) The maximum award amount per applicant per academic year shall not exceed such
177 student's cost of attendance;
178 (2) No applicant shall receive a scholarship award for more than eight semesters; and
179 (3) Each scholarship awarded pursuant to this subpart shall be conditional upon the
180 applicant agreeing that the full amount of the scholarship shall be repaid to the State of
181 Georgia in services to be rendered by such applicant by practicing medicine in this state
182 for not less than four years after completion of a residency program approved by the
183 Accreditation Council for Graduate Medical Education (ACGME).
- 184 (c) Before being awarded a scholarship, each eligible applicant shall enter into a contract
185 with the authority agreeing to the terms and conditions upon which such scholarship is
186 granted, including such terms and conditions as set forth in this subpart. Each such
187 contract shall provide that, in the event such recipient does not complete medical school
188 and fails to receive a medical degree, fails to obtain licensure from the Georgia Composite
189 Medical Board to practice medicine, or fails to practice medicine in this state in accordance
190 with the requirements of this subpart, the recipient shall repay any and all scholarship
191 awards received pursuant to this subpart; provided, however that for each year of practicing
192 medicine in this state, such applicant shall receive credit for the amount of the scholarship
193 received during any one year in an eligible medical school."

194 **SECTION 3.**

195 This Act shall become effective on July 1, 2026, and shall apply to all academic years
196 beginning with the 2026-2027 academic year.

197 **SECTION 4.**

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