



DEPARTMENT OF AUDITS AND ACCOUNTS

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February 9, 2021

Honorable Chuck Martin
Chairman, House Higher Education
417-A State Capitol
Atlanta, Georgia 30334

SUBJECT: Fiscal Note
House Bill 88 (LC 49 0280)

Dear Chairman Martin:

This bill would expand the HOPE Grant award to cover the scholarship recipient's full (100%) tuition amount. The award currently uses the HOPE factor rate that varies from year to year to cover a percentage of the recipient's tuition based on their institution. For FY 2021, the rate is 76% at Technical College System of Georgia (TCSG) institutions and 91.7% to 93.68% for University System of Georgia (USG) institutions. While bill would eliminate the Zell Miller Grant that covers 100% tuition and a 3.5 GPA, it would maintain the current 2.0 GPA eligibility requirement for the HOPE Grant.

Additional funding required by the bill would be significantly impacted by the number of qualifying students, which is currently historically low numbers. Data from the Georgia Student Finance Commission (GSFC) shows that the number of impacted students and credit hours were much lower in FY 2020 than in FY 2015. As a result, the bill would have had a cost of \$9.3 million in FY 2020 but a cost of \$20.1 million at 2015 enrollment levels (Table 1 on the following page). In both scenarios, the cost was based on the difference between the HOPE Grant amount and full tuition in FY 2020. There is no cost associated with reclassifying Zell Miller Grant recipients as HOPE Grant recipients because the Zell Miller Grant already covers full tuition.

While enrollment has fluctuated due to factors independent of award criteria and amounts, the bill itself could lead to increased HOPE Grant participation and those costs that cannot be isolated. An award for full tuition may encourage more students to enroll, impacting HOPE costs and TCSG enrollment costs. Also, GSFC officials noted that LC 49 0282 (HB 87) could indirectly impact the costs of this bill. LC 49 0282 would allow HOPE Grant funds to pay for an associate degree from a TCSG institution, incentivizing HOPE Scholarship recipients to utilize the HOPE Grant for full tuition coverage.

Table 1. Estimated Costs of LC 49 0280 Dependent on Changing TCSG

Enrollment				
Based on 2020 Enrollment				
			Additional Cost per	
	2020 Enrollment	Credit Hours	Hour Under Bill	Additional Cost
TCSG	29,315	384,220	\$24.00	\$9,221,280
USG	<u>364</u>	3,761	\$12.71	<u>\$47,802</u>
Total	29,676			\$9,269,082
Based on 2015 Enrollment				
			Additional Cost per	
	2015 Enrollment	Credit Hours	Hour Under Bill	Additional Cost
TCSG	65,608	827,526	\$24.00	\$19,860,624
USG	<u>1,411</u>	17,228	\$12.71	<u>\$218,968</u>
Total	67,009			\$20,079,592

Sincerely,



Greg S. Griffin
State Auditor



Kelly Farr, Director
Office of Planning and Budget

GSG/KF/tj