



DEPARTMENT OF AUDITS AND ACCOUNTS

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February 8, 2021

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

SUBJECT: Fiscal Note
House Bill 87 (LC 49 0282)

Dear Chairman Martin:

The bill would change the HOPE eligibility requirements to make students seeking an associate degree at a Technical College System of Georgia (TCSG) institution eligible for a HOPE grant if they maintain a grade point average of at least 2.0. Currently students in these programs may be eligible for a HOPE scholarship if they meet higher GPA and academic rigor requirements. The bill would also allow HOPE grant funds to be used for required remedial and developmental courses leading to an associate degree. The bill does not affect students seeking an associate degree at University System of Georgia (USG) institutions.

Data from the Georgia Student Finance Commission (GSFC) estimates that the bill would increase FY 2022 expenditures by \$23 million (Table 1). Total program costs were calculated using the average cost per student during FY 2020 (\$1,172). The estimate is primarily based on students with a 2.0 or higher HOPE GPA who do not qualify for HOPE scholarship and are not receiving the HOPE grant. It also includes program costs for students at TCSG institutions who lose HOPE scholarship eligibility to continue in an associate degree program. We did not provide a multi-year estimate due to fluctuations in TCSG enrollment.

Table 1. Estimated HOPE Grant Costs for Associate Degree at TCSG

Year	Students	Total Costs
FY 2022	19,641	\$23,022,619

The actual cost of using HOPE grants for students to pursue an associate degree at TCSG could be impacted by several factors, including changes in enrollment, changes in award amounts, and the length of associate degree programs. The factors are discussed on the following page.

- *Changes in Enrollment* –The lower eligibility criteria for a HOPE grant could lead more students to choose to attend a TCSG institution to pursue an associate degree. An increase in enrollment in associate degree programs at TCSG would increase HOPE costs. Increased enrollment would also lead to higher funding formula costs. TCSG enrollment also fluctuates significantly due to external factors like the economy.
- *Length of Degree Program* – The length of an associate degree program is generally 60 semester hours while the length of certificate and degree programs are generally less. GSFC could not estimate the additional hours associated with an associate degree program.
- *Transfer from USG to TCSG* – This bill could lead associate degree students at a USG or HOPE-eligible private institution who lost HOPE scholarship eligibility due to the GPA requirement to transfer to a TCSG institution. While the number of such students could not be determined, GSFC estimated that program costs could increase by more than \$100,000 per year for every 100 of these students.
- *Change in Award Amount* – Under proposed LC 49 0280 (HB 88), the HOPE grant would cover full tuition. This would increase the HOPE grant award amount from \$76 per semester hour (current grant award amount) to \$100 per semester hour (current tuition at TCSG institutions), an increase of 31.6%. If LC 49 0280 is enacted, the cost associated with implementing this bill would increase by 31.6%. Implementation of LC 49 0280 could further increase costs of this bill by enticing more students to pursue an associate degree at TCSG institutions.

It should be noted that using the HOPE grant to fund required remedial and developmental courses is not expected to increase program costs as the grant can already be used for these courses. Also, GSFC would not incur additional administrative costs to administer this bill.

Sincerely,



Greg S. Griffin
State Auditor



Kelly Farr, Director
Office of Planning and Budget