



## DEPARTMENT OF AUDITS AND ACCOUNTS

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August 31, 2021

Honorable Rebecca Mitchell  
State Representative  
611-C Coverdell Legislative Office Bldg.  
Atlanta, GA 30334

SUBJECT: Fiscal Note  
House Bill (LC 49 0436)

Dear Representative Mitchell:

This bill would increase the HOPE GED award amount from \$500 to equal the HOPE scholarship/grant amount. It would also expand the number of potential recipients in the following manners: 1. Provide eligibility to students who receive a passing score on the high school equivalency assessment—HiSet—as an alternative to the GED exam, 2. Increase the eligibility period from 24 to 48 months, 3. Allow students awarded a GED outside of the state to become eligible after residing in Georgia for more than 48 months, and 4. Allow the Georgia Student Finance Commission (GSFC) to make awards to students who have surpassed the 48-month eligibility period, subject to the availability of funds.

The additional award amounts would lead to additional costs of approximately \$286,400 if student participation is not changed by the bill (**Table 1**). However, costs would be higher if student participation increases due to the combination of a more generous award, incentive to enroll in more credit hours, and an expanded pool of eligible recipients. We provide several scenarios to illustrate the range of the estimated state expenditure increase based on various student counts and an increase in average credit hours per term.

The additional cost associated with each award would be the difference between the current HOPE GED award amount and the HOPE scholarship or grant award amounts, which vary by institution. As an example, a TCSG student enrolled in 12 credit hours for the semester at a cost of \$76 per credit hour would receive a HOPE award of \$912, a \$412 increase from the current GED award of \$500. Alternatively, a USG student enrolled in 12 credit hours at an average cost of \$107.90 per credit hour would receive an award of \$1,295, an increase of \$795.

**Table 1. Estimated State Fiscal Impact of LC 49 0436**

<b>Legislation Does Not Affect Number of Students or Average Credit Hours</b> (Current FY19-FY20 Average Credit Hours & Enrollment)				
<i>Average Credit Hours</i>	<i>Average Award Per Student</i>	<i>Enrolled Students</i>		
		850		
9.5	\$837	<b>\$286,416</b>		
<b>Legislation Encourages Increased Average Credit Hours or Number of Students</b>				
<i>Average Credit Hours</i>	<i>Average Award Per Student</i>	<i>Enrolled Students<sup>1</sup></i>		
		850	2,500	5,000
9.5	\$837	N/A	<b>\$842,400</b>	<b>\$1,684,800</b>
12	\$1,055	<b>\$471,342</b>	<b>\$1,386,300</b>	<b>\$2,772,600</b>
15	\$1,318	<b>\$695,428</b>	<b>\$2,045,400</b>	<b>\$4,090,800</b>
1. Georgia provided 3,500 to 5,815 HOPE GED vouchers between FY 2010 and FY 2014, prior to changes to the GED test. Allowing a second test—HiSet—may offset some of the decline seen after FY 2014.				

**Participation Factors**

*Number of Students*

The addition of another eligibility test may result in an increase in the number of students receiving the award each year. The GED exam introduced in January 2014 had higher costs and updated scoring methods, precipitating a sharp decline in the number of GED recipients nationwide and in Georgia. Allowing the HiSet as an alternative could increase the eligible population. Because TCSG began administering the HiSet test only at a limited number of institutions in October 2020, its impact on the population is not yet known. However, if it is a more attractive alternative to the current GED test, HOPE GED voucher participation could increase.

Other changes that expand eligibility would increase the number of eligible students by an unknown amount.

- The bill would update the eligibility period from 24 months to 48 months, but currently 83% of students enroll in an eligible institution within 12 months of receiving their GED and 93% enroll within 18 months. On its own, this change would likely have no significant fiscal impact.
- The bill provides that an individual awarded a GED outside of the state becomes eligible after residing in Georgia for more than 48 months. Per discussions with the legislative counsel’s office, we understand that the intent is for individuals to have 48 months after establishing residency in Georgia (using guidelines used for in-state tuition purposes) to obtain the voucher, regardless of when an individual earned the GED. We do not have data on the number of GED recipients move to Georgia; therefore, we are unable to isolate the potential impact of this provision.
- Finally, the bill provides GSFC the discretion to issue HOPE GED vouchers to students

outside of the 48-month eligibility period, subject to the availability of funds and provided all such applicants have an equal chance of being selected. In this case, the fiscal impact is determined by the funding made available, not the number of eligible students.

*Credit Hours*

Currently eligible HOPE GED voucher recipients enroll in an average of 9.5 credit hours. However, the bill may incentivize students to enroll in more credit hours because the award amount is linked to the number of hours taken, not the current flat award regardless of the number of credit hours. This could result in a larger fiscal impact per student if students enroll for more hours as a result.

Sincerely,



Greg S. Griffin  
State Auditor



Kelly Farr, Director  
Office of Planning and Budget