



DOAA

Georgia Department
of Audits & Accounts

Greg S. Griffin
State Auditor

February 16, 2022

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

SUBJECT: Fiscal Note
House Bill 646 (LC 49 0453)

Dear Chairman Martin:

This bill would create the Pathways In Technology Early College High School (P-TECH) Dual Enrollment Program. Similar to the existing dual enrollment program, the Georgia Student Finance Commission (GSFC) would pay the cost of tuition, books, and fees for certain students enrolled in Technical College System of Georgia (TCSG) institutions. These P-TECH students would be enrolled in P-TECH high schools and attending a TCSG institution that has a collaboration with the high school and industry partners. GSFC would provide grants to students for transportation, the Georgia Department of Education (GaDOE) would provide grants for high schools to become P-TECH schools. The bill will take effect in the 2022-2023 school year.

Program costs are dependent on a number of factors: the number of P-TECH schools, the number of students, and whether the students would participate in the existing dual enrollment program in the absence of this bill. For students that would be in dual enrollment even without this bill, this program would result in only a redirection of existing funds. Given these unknowns, we can provide only cost scenarios based on a potential number of schools, students, and percentage of students new to dual enrollment funding.

As shown in Table 1, five schools with 750 total participating students would require \$2.6 million in program funding. However, if 50% of those students would have participated in the current dual enrollment program in the absence of the new program, the additional costs to the state would be just \$1.6 million. We assumed increasing participation in years two and three. In year three, additional costs would be incurred as the increased TCSG enrollment begins to impact the agency's technical education formula earnings. Additional details and assumptions are below the table.

Table 1: Projected Costs Assuming Five New P-TECH High Schools Each Year

	FY 2023 (5 schools)		FY2024 (10 schools)		FY2025 (15 schools)	
# P-TECH Students/Hours	750 students/ 15,500 hours		1,500 students/ 31,000 hours		2,250 students/ 46,500 hours	
% New to P-TECH and Dual Enrollment	100%	50%	100%	50%	100%	50%
<u>GSFC</u>						
Tuition/Books/Fees	\$2,037,500	\$1,018,750	\$4,075,000	\$2,037,500	\$6,112,500	\$3,056,250
Administration	\$4,555	\$4,555	\$4,555	\$4,555	\$4,555	\$4,555
Administration One-Time	\$43,120	\$43,120	-	-	-	-
GSFC Total	\$2,085,175	\$1,066,425	\$4,079,555	\$2,042,055	\$6,117,055	\$3,060,805
<u>TCSG</u>						
Tech Education Formula ¹					\$1,943,129	\$1,237,961
TCSG Total					\$1,943,129	\$1,237,961
<u>GaDOE</u>						
Grants to Schools	\$500,000	\$500,000	\$1,000,000	\$1,000,000	\$1,500,000	\$1,500,000
Administration	\$50,000	\$50,000	\$5,000	\$5,000	-	-
GaDOE Total	\$550,000	\$550,000	\$1,005,000	\$1,005,000	\$1,500,000	\$1,500,000
Total	\$2,635,175	\$1,616,425	\$5,084,555	\$3,047,055	\$9,560,184	\$5,798,766

¹ TCSG's education earning formula is based on enrollment two years earlier. Therefore, FY 2023 increases in student hours resulting from this bill will impact this formula in FY 2025.

GSFC Costs

Most GSFC costs are directly related to the number of students and schools. Assumptions related to the tuition, books, and fees include:

- Estimated enrollment at 150 students per P-TECH school. The actual number could be higher or lower.
- TCSG associate degree programs require approximately 62 credit hours and 6 semesters to complete. Therefore, tuition, books, and fees are based on 10.3 credit hours per semester.
- Books and fees were estimated based on what the existing Dual Enrollment Program initially paid of \$25 per credit hour and \$50 per student per term, respectively.
- A \$5,000 transportation grant was included per participating school. The Dual Enrollment Program previously had transportation grant, though not all districts or schools applied. The median award was approximately \$17,000. If funding is provided and not all schools apply, the median award would be greater than \$5,000, if needed.

GSFC administrative costs include \$4,555 for annual system, website and regulation maintenance. As the program grows, the agency may experience increased workload and require additional personnel to support compliance and customer service needs.

TCSG Costs

Enrollment in TCSG programs is expected to increase under this bill. TCSG earns state funds for credit hour enrollment through its Technical Education formula, and those earnings would increase based on growth assumed for the purposes of this analysis. Table 1 shows that an increase of 750 students (or 15,500 hours) to the TCSG system in 2023 would result in an additional \$1.9 million in

formula earnings in 2025. (The formula earnings would be \$1.2 million in 2025 if 50% of the P-TECH student hours would have been in the system through the existing dual enrollment program.) The formula earnings would increase proportionally with the students; therefore, earnings would be \$3.8 million (2026) and \$5.8 million (2027) given the assumptions in the table.

GaDOE Costs

Much of GaDOE's costs would be to provide three-year, \$100,000 grants to participating high schools. The grant would be to hire a coordinator, train teachers, train counselors as liaisons between high schools and technical colleges, and provide student supports (e.g., work-based stipends). Administrative costs in year one include developing forms and guidelines and a consultant contract to ensure best practices. In year two, costs include the creation of program materials that can be used in the future.

Given the effective date of academic year 2022-2023, partnerships between high schools, TCSG institutions, and businesses would need to be formed immediately. In addition, the P-TECH school would need to be established and appropriately staffed, while students would need to be informed of this enrollment opportunity. If the first enrollments begin in 2023-2024, the agencies' one-time costs would be incurred in the prior year as systems are updated and documents/guidelines are created.

Respectfully,



Greg S. Griffin
State Auditor



Kelly Farr, Director
Office of Planning and Budget

GSG/KF/svp