



DOAA

Georgia Department
of Audits & Accounts

Greg S. Griffin
State Auditor

January 30, 2025

Honorable Sally Harrell
State Senator
110-D State Capitol
Atlanta, Georgia 30334

SUBJECT: Fiscal Note
Senate Bill (LC 61 0054)

Dear Senator Harrell:

The bill would establish the Georgia Good Faith Grant Program which would provide need-based financial aid to eligible postsecondary students enrolled at University System of Georgia (USG), Technical College System of Georgia (TCSG), or private postsecondary institutions eligible for tuition equalization grants (TEG). Eligible students include those who meet residence requirements, freshmen students who graduate from an eligible high school or home-study program, and sophomore, junior, or senior students who maintain satisfactory academic progress in accordance with federal Title IV standards. The bill establishes maximum grant award amounts which vary according to each student's financial need as measured by the federal Student Aid Index (SAI)¹ and institution type as shown in **Table 1**.

Georgia Student Finance Commission (GSFC) data indicates the bill would require up to \$546 million in lottery funds to support grant awards for 118,151 students in academic year 2026-2027. This assumes grants would be awarded during the fall, spring, and summer terms. **Table 1** shows the projected number and value of grant awards in academic year 2026-2027 by institution type and SAI tier.

Table 1: Estimated Number of Awards and Award Amounts

| Institution Type | SAI Index | Award per Hour | Eligible Students | Award Amounts |
|------------------|-----------------|----------------|-------------------|----------------------|
| USG | -1,500 to 0 | \$266.67 | 62,397 | \$388,660,755 |
| | 0 to 6,000 | \$177.78 | 20,477 | \$87,136,378 |
| | 6,001 to 10,000 | \$88.89 | 7,065 | \$15,167,849 |
| TCSG | -1,500 to 0 | \$100.00 | 12,123 | \$23,481,500 |
| | 0 to 6,000 | \$66.67 | 3,022 | 3,909,284 |
| | 6,001 to 10,000 | \$33.33 | 1,030 | \$670,833 |
| Private | -1,500 to 0 | \$100.00 | 8,359 | \$21,483,314 |
| | 0 to 6,000 | \$66.67 | 2,703 | \$4,733,115 |
| | 6,001 to 10,000 | \$33.33 | 975 | \$872,069 |
| Total | | | 118,151 | \$546,115,096 |

¹ The Student Aid Index (SAI) is number that determines each student's eligibility for certain types of federal student aid, including Pell Grants.

In addition, GSFC estimated it would incur approximately \$143,000 in start-up costs and \$545,000 in annual costs to administer the program. The start-up costs are associated with costs necessary for IT-related changes and for developing new rules, regulations, and training materials. Annual costs are associated with 5.5 additional full-time equivalent staff that GSFC estimates would be needed to administer the program. Estimated annual costs are based on the average salary and benefits costs of current staff providing similar services.

Additional Information

The estimated number of awards and grant amounts provided by GSFC are based on academic year 2023-2024 student enrollment and academic outcome data. The estimate identifies incoming freshman who met the high school graduation requirements and sophomore, junior, and senior students with at least 30 credit hours and a 2.0 grade point average.

- Fall and spring semester grant awards were estimated using actual number of credit hours attempted by eligible students during academic year 2023-2024.
 - For eligible entering freshman students, GSFC totaled the actual number of attempted credit hours (with a maximum of 15 per term) during academic year 2023-2024.
 - For sophomores, juniors, and seniors, GSFC totaled the number of attempted credit hours (with a maximum of 15) in the first term of academic year 2023-2024 in which they met the criteria (i.e., at least 30 credit hours and a 2.0 cumulative grade point average) and multiplied that amount by two – which assumes that awards would be provided for two terms each academic year. The applicable award rates were applied to the total credit hours.
- Summer semester grant awards were estimated using data provided by GSFC which identified the average percentage of students in each institution category that enroll in summer semester courses and the average number of credit hours attempted.

Because the bill does not specify the number of academic terms per year a student may qualify for the grant, this estimate assumes that students would receive the grant for three academic terms (i.e., fall, spring, and summer semesters). However, if students are limited to one grant per year, or a maximum of 15 credit hours per year, it is estimated that the bill would require \$254.0 million in lottery funds to support grant awards in academic year 2026-2027.

There are additional factors that may increase the cost of implementing this bill in future years but are unknown at this time. These are described below.

- The bill requires the Commission to adjust the grant award rates in relation to changes in the cost of attendance at eligible institutions and to the effects of inflation, as measured by the consumer price index (CPI). Over the past five years, the annual inflation rate has ranged from 1.2% to 7.7%.
- Enrollment changes at eligible institutions will likely impact the number of students eligible for the grant awards. For example, enrollment at USG institutions grew by 5.9% from the 2023 to 2024 Fall semester.

Respectfully,



Greg S. Griffin
State Auditor



Richard Dunn, Director
Office of Planning and Budget