



January 26, 2026

Honorable Stacey Evans
State Representative
409-D Coverdell Legislative Office Bldg.
Atlanta, Georgia 30334

SUBJECT: Fiscal Note
House Bill (LC 49 2453)

Dear Representative Evans:

The bill would set the award amount for the HOPE Scholarship and HOPE Grant to equal the student's full undergraduate tuition amount for the current academic year and repeal the Zell Miller scholarship and grant programs. Current law requires the HOPE award amount to be determined by the hourly HOPE award rate (based on the prior year's tuition charged by eligible institutions), number of credit hours, and the HOPE factor rate. The HOPE factor rate (currently set at 100%) may vary from year to year, based on appropriations, and determines how much HOPE will pay.

The bill would also reduce eligibility for HOPE based on income and GPA if current year revenues are insufficient to fund all eligible students at the full tuition rate provided for in the bill.

Specifically, students with household incomes at or below 230 percent of the median income in Georgia would remain eligible at a 3.0 GPA or above while students with household incomes above that level would only be eligible with GPAs of 3.7 or higher.

Data provided by the Georgia Student Finance Commission (GSFC) indicates that funding HOPE at 100% of current tuition for all eligible students would have added approximately \$26 million in costs for fiscal year 2026. When HOPE is not fully funded, the bill would generate an estimated \$80.3 million in savings in the first year revised eligibility requirements would take effect and in each subsequent year. See below for more detail on the fiscal impacts of the bill. first year revised eligibility requirements would take effect and in each subsequent year. See below for more detail on the fiscal impacts of the bill.

Impact of Changes to HOPE Award Amount

As shown in **Table 1**, the bill would have increased HOPE costs by approximately \$26 million had it been in place for fiscal year 2026. Because the factor rate is currently set at 100%, estimated costs are associated with four University System of Georgia (USG) institutions that utilize a tiered tuition model (e.g., a flat rate assessed to a range of credit hours versus a rate assessed per credit hour). For example, under the tiered model, the University of Georgia has set undergraduate tuition at \$2,982 for 6 or less credit hours and \$5,017 for 7 or more credit hours for fiscal year 2026. Tuition charges for a student enrolled in 12 credit hours would be \$5,017. However, the HOPE award is based on the student's credit hours and would be \$4,014. The bill would require HOPE to cover the full tuition amount (\$5,017).

Table 1: Estimated Additional Costs, FY2026

Institution	Additional Costs
Augusta University	\$1,062,396
Georgia College & State University	\$4,352,194
Georgia Institute of Technology	\$4,268,394
University of Georgia	\$16,357,507
Total	\$26,040,492

Impact of Changes to HOPE Scholarship Eligibility

Limiting HOPE scholarship eligibility during periods of insufficient funding would reduce program costs overall. Based on the 2025 eligible student cohort as a baseline, such changes would have lowered first-year costs by an estimated \$80.3 million (see Table 2). The total amount of savings would increase as new cohorts are added each year - \$160 million Year 2 and \$240.9 million in Year 3 – reflecting the cumulative impact of each additional cohort (assuming the number of students impacted and other factors remain constant).

It should be noted that conditions triggering tiered funding are unlikely to occur at the time these provisions take effect (July 1, 2027). When eligibility changes become necessary, shifting factors such as enrollment and tuition rates will likely affect cost estimates.

Table 2: Estimated Impact of Limiting HOPE Scholarship Eligibility in Year 1

Student Category	Eligible Students in Year 1 Cohort ¹	HOPE Fully Funded (Current Law)	LC 49 2453 Additional Costs ²	LC 49 2453 Reduction in Costs	Total Change in Costs ³
GPA ≥ 3.7	21,949	\$143,784,405	\$2,170,912	\$0	\$2,170,912
3.0 ≤ GPA < 3.7 & Pell Grant	14,263	\$65,325,123	\$1,633,036	\$0	\$1,633,036
3.0 ≤ GPA < 3.7 & No Pell Grant	<u>17,950</u>	<u>\$84,151,026</u>	<u>\$0</u>	<u>-\$84,151,026</u>	<u>-\$84,151,026</u>
Total	54,162	\$293,260,553	\$3,803,948	-\$84,151,026	-\$80,347,078

¹ Student counts based on fiscal year 2025 HOPE recipient data for both public and private institutions. Excludes 19 students who could not be categorized due to inadequate data.

² Figures reflect increases associated with funding HOPE scholarships at 100% of current tuition.

³ Cost reductions and increases are based on a single cohort of students in Year 1. Reductions would increase each subsequent year that the program is not fully funded.

Additional assumptions and factors that may impact estimates shown in Tables 1 and 2 are discussed below.

Changes to HOPE Award Amount (Table 1)

- Currently, the HOPE award amount for a student for a given institution and term is determined by multiplying the hourly HOPE award rate times the student's number of credit hours times the factor rate. For fiscal year 2025 and 2026, the HOPE factor rate was set at 100%; prior to that, the rate was set at 90%. If the current factor rate was below 100%, estimated additional costs would be greater. For reference, had the factor rate been set at

90% for FY 2026, the estimated cost for this bill would be approximately \$55 million in addition to what is presented in Table 1.

- The bill does not change the factor rate methodology for determining HOPE award amounts for students attending private postsecondary institutions. As a result, only students attending TCSG and USG institutions would be impacted by changes to the HOPE award amount methodology being proposed by the bill.
- Occasional and moderate tuition increases of 2-3% may reasonably be expected over the long-term and would further impact cost. For reference, with a 2.5% tuition increase for the USG and Technical College System of Georgia (TCSG) in fiscal year 2026, the estimated cost for this bill would be approximately \$22 million in addition to what is presented in Table 1.

Changes to HOPE Scholarship Eligibility (Table 2)

- Limitations on HOPE eligibility are assumed to only be applicable to a student's initial eligibility for HOPE (provisions related to students retaining HOPE scholarships are not impacted by this bill). Thus, only those students who were initially deemed eligible for the HOPE scholarship in high school or at the 30/60/90 semester hour checkpoints at a public or private postsecondary institution in academic year 2025 are included in the analysis. For purposes of the analysis, initial eligibility is determined by identifying students with no HOPE and/or Zell Miller award history prior to 2025. The analysis categorizes those students into the following categories as specified in the bill:
 - Students with high school or college HOPE GPAs of 3.7 and above (21,949 students in the 2025 cohort). This includes students currently eligible for the Zell Miller Scholarship, which would be repealed under the bill. These students would retain eligibility for the HOPE scholarship in years when the program is not fully funded.
 - Students with high school or college HOPE GPAs between 3.0 and 3.7 who meet the family income threshold specified in the bill (14,263 students in the 2025 cohort). These students would retain eligibility in years when the program is not fully funded. It should be noted that GSFC does not currently have access to students' family income data. As a result, the analysis uses maximum Pell grant eligibility as a proxy for income. However, the number of students who meet the family income threshold specified in the bill (230 percent of median household income) could differ significantly from the number of students qualifying for maximum Pell awards.
 - Students with GPAs between 3.0 and 3.7 who do not meet income requirements **will not** receive HOPE scholarship funding if the program is not fully funded (17,950 students in the 2025 cohort).
- Because students enrolled in associate degree programs require fewer credit hours, those included in the 2025 cohort, Year 1 are not likely to be enrolled in subsequent years, which would reduce estimated savings in Years 2, 3, etc.
- Additionally, while the analysis assumes the number of impacted students in a given cohort would remain constant, factors such as attrition and additional enrollment would impact savings.
- As noted above, occasional and moderate tuition increases of 2-3% may reasonably be expected over the long-term and would further impact savings.

Administrative Costs

GSFC estimated \$109,000 in one-time administrative costs to implement the bill, with no ongoing funding required. Start-up costs are associated with IT redevelopment of the current invoicing

system and the CHECS HOPE eligibility system and retraining financial aid staff at all 82 HOPE-eligible institutions.

It should be noted that the bill requires GSFC to annually collect and review family income data to determine students' initial HOPE eligibility. GSFC noted that startup costs could increase depending on the processes needed to facilitate acquisition of income data.

Respectfully,



Greg S. Griffin
State Auditor



Richard Dunn, Director
Office of Planning and Budget

GSG/RD/pj