



## DEPARTMENT OF AUDITS AND ACCOUNTS

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STATE AUDITOR  
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March 12, 2018

Honorable Rick Jasperse  
Chairman, Higher Education  
401-H Capitol  
Atlanta, Georgia 30334

SUBJECT: Fiscal Note  
House Bill 713 (LC 21 5983S)

Dear Chairman Jasperse:

The bill would amend O.C.G.A. 20-3-519 relating to the Zell Miller Scholarship eligibility requirements for students who have completed a home study program or graduated from an ineligible high school. The bill would decrease the required ACT and SAT score for these incoming freshmen students from the ninety-third percentile to the ninety-second percentile. The bill would also extend the period of time for which a student is eligible to receive a HOPE or Zell Miller scholarship from seven years after a student's graduation from high school to ten years after graduation. Active duty military service does not count against the time period. Sections 1 and 3 of the bill would become effective July 1, 2018 and Section 2 would become effective on July 1, 2020.

### Decrease Required ACT and SAT Scores

The Georgia Student Finance Commission (GSFC) reported that FY 2017 data shows that nearly 100 home school and ineligible high school students currently qualify for the HOPE Scholarship but were ineligible for the Zell Miller Scholarship due to ACT or SAT scores below the ninety-third percentile. Lowering the required ACT or SAT score to the ninety-second percentile would allow fewer than 15 students to become immediately eligible for the Zell Miller Scholarship. Currently, these students may become eligible for the Zell Miller Scholarship if they have a 3.3 GPA at the end of 30 semester hours.

For those students who become eligible for the Zell Miller Scholarship at 30 semester hours, the bill would result in no additional costs. This is because the eligibility is retroactive, meaning the state pays the full tuition amount for the first 30 semester hours. The bill would simply shift the timing of the award payments. If any students do not have a 3.3 GPA at the end of 30 hours, the

state would incur an additional cost of approximately \$3,808 per student each year<sup>1</sup>. This is the difference between the HOPE award they receive under current law and the Zell Miller Scholarship award they would receive under the bill.

It should be noted that the additional costs could be impacted by tuition increases that could result in a larger difference between the HOPE Scholarship awards and Zell Miller Scholarship awards.

Extend Scholarship Eligibility Period

GSFC estimates that an additional 66,857 individuals would be eligible if the period of time for which a student is eligible to receive a HOPE or Zell Miller scholarship were extended from seven to ten years. This estimate was determined by calculating the number of individuals who had at some point in the past received a HOPE or Zell award, graduated from high school (or the equivalent) between eight and ten years ago, had not permanently lost HOPE eligibility, and had completed fewer than 120 semester credit hours.

GSFC expects this population to have a low rate of continuing their postsecondary education. In Table 1 are two scenarios, for a one percent and a five percent participation rate. Assuming one percent of these individuals take the same average course load as students at University System of Georgia institutions over the age of 25, which is approximately 10 credit hours per semester, the cost would be approximately \$2.2 million. The state cost would be \$10.9 million if five percent of individuals participate.

**Table 1. Estimated Costs of Extending HOPE Eligibility Period**

|                               | <u>1% Participation</u> | <u>5% Participation</u> |
|-------------------------------|-------------------------|-------------------------|
| Students                      | 669                     | 3,343                   |
| Average Annual Credit Hours   | 20                      | 20                      |
| <b>Additional State Costs</b> | <b>\$ 2.2 million</b>   | <b>\$ 10.9 million</b>  |

Assumes an average per credit hour amount of \$163. Estimates do not factor in any additional costs for Zell Miller scholars.

Sincerely,



Greg S. Griffin  
State Auditor



Teresa A. MacCartney, Director  
Office of Planning and Budget

GSG/TAM/jb

<sup>1</sup> This is the average difference between the two awards across multiple schools.