



DEPARTMENT OF AUDITS AND ACCOUNTS

270 Washington St., S.W., Suite 1-156
Atlanta, Georgia 30334-8400

Greg S. Griffin
STATE AUDITOR
(404) 656-2174

January 19, 2017

Honorable Stacey Evans
State Representative
511-C Coverdell Legislative Office Bldg.
Atlanta, Georgia 30334

SUBJECT: Fiscal Note
House Bill (LC 33 6738)

Dear Representative Evans:

This bill would provide retroactive payments for the difference between HOPE scholarships and full tuition costs for HOPE recipients who graduate on time with an associate or baccalaureate degree. The bill defines on time as "the number of consecutive semesters or quarters required to complete the coursework for a specific associate or baccalaureate degree if taking a full-time load plus one additional semester or quarter." The bill applies to students in a branch of the Technical College System of Georgia (TCSG) or a unit of the University System of Georgia (USG).

Providing retroactive payments for the difference between the HOPE scholarship amount and tuition costs could have a total fiscal impact to the state of about \$37.2 million annually. Almost all of the fiscal impact (\$36.6 million) can be attributed to students earning bachelor's degrees. The fiscal impact related to students earning associate degrees is less than \$550,000.

Table 1. Additional Costs Associated with the Bill

	On Time Graduates	Semesters	Total Tuition	HOPE Scholarship	Additional Cost under Bill
USG – Bachelors	11,298	81,462	\$215,959,814	\$179,352,545	\$36,607,270
USG – Associates	796	2,884	\$3,653,037	\$3,159,343	\$493,694
TCSG – Associates	152	2,445 ⁽¹⁾	\$217,605	\$163,815	\$53,790
Total Additional Costs					\$37,154,754

⁽¹⁾ TCSG data are credit hours, not semesters.

Bachelor's Degrees

The Board of Regents (BOR) reported that 11,298 HOPE recipients graduated on time with bachelor's degrees from a USG institution in fiscal year 2016. Under the bill, these students would

be paid the difference between the HOPE scholarship amount and full tuition costs for the 81,462 semesters that they received the scholarship. This would result in an additional \$36.6 million in award payments.

When determining the number of students impacted by this bill, BOR defined on time for a bachelor's degree to be nine consecutive fall/spring semesters assuming 120 hours for program requirements. BOR noted that this represents the lower bound since some programs may be longer.

Associate Degrees

BOR reported that 796 HOPE scholarship recipients graduated on time from USG institutions with associate degrees in fiscal year 2016. Under the bill, these students would also be paid the difference between the HOPE scholarship amount and full tuition costs for the 2,884 semesters that they received the scholarship. This would result in an additional \$493,694 in award payments.

Students earning associate degrees at a TCSG institution would also be impacted by the proposed bill. TCSG indicated that the majority of students are part-time, and therefore do not graduate within the required timeframe. Among the fall 2013 cohort, 152 HOPE scholarship recipients graduated on time with associate degrees. These students earned the HOPE scholarship for a total of 2,445 credit hours. If the students were paid the difference between tuition costs and the HOPE amount (\$22 per credit hour), they would receive an additional \$53,790 in award payments.

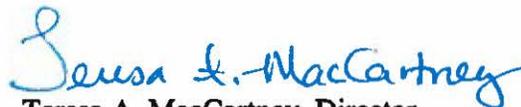
All associate degree estimates are based on an on time definition for an associate degree of five consecutive fall/spring semesters. BOR noted that this represents the lower bound since some programs may be longer.

It should be noted that the cost estimates do not include all potential impacts of the bill. If the bill results in an increase in on time completers, higher retroactive payments would be required. Changes in tuition amounts and HOPE award amounts would also impact the costs of the bill.

Sincerely,



Greg S. Griffin
State Auditor



Teresa A. MacCartney, Director
Office of Planning and Budget