



DEPARTMENT OF AUDITS AND ACCOUNTS

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March 5, 2019

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

SUBJECT: Fiscal Note
House Bill 218 (LC 39 2175S)

Dear Chairman Martin:

This bill would extend the eligibility limit for receiving a HOPE scholarship for the first time on or after July 1, 2019 from seven years to ten years after high school graduation (or the Georgia Student Finance Commission-certified equivalent). It would maintain the seven-year limit for students who received a HOPE scholarship for the first time between July 1, 2011 and June 30, 2019. It would also ensure that active duty military service does not count against the ten-year period or constitute a failure to be enrolled.

The state would not incur any costs associated with this bill until FY2027, making a cost estimate especially challenging. With assistance from the Georgia Student Finance Commission, we projected costs using the data and assumptions detailed below.

- In FY 2018, there were 55,123 individuals who had received a HOPE Scholarship award, had fewer than 120 semester-hours, and were between eight and ten years from high school graduation.
- Just 1% of individuals who graduated between eight and ten years ago will continue their postsecondary education
- HOPE Scholarship enrollment growth is between 3% and 5% annually.
- In FY 2018, the average HOPE Scholarship award was \$416 for a three-hour course. Award amount growth would increase by approximately 1% to 3% annually.
- In FY 2018, there were 10,500 individuals who had a Zell Miller Scholarship award, had fewer than 120 semester-hours, and were between eight and ten years from high school graduation.

- Zell Miller Scholarship enrollment growth is between 8% and 16% annually. In the last four years, the number of awards has grown 16% annually, but the growth is unlikely to continue at that rate.
- In FY 2018, the average Zell Miller Scholarship award amount was \$634 for a three-hour course. Award amount growth would increase by approximately 1% to 3% annually.

Table 1. Estimated Costs of HB 218, LC 39 2175S

	Low Estimate			High Estimate		
	FY 2027	FY 2028	FY 2029	FY 2027	FY 2028	FY 2029
Zell Recipients	210	227	245	399	463	537
<u>HOPE Recipients</u>	<u>719</u>	<u>741</u>	<u>763</u>	<u>855</u>	<u>898</u>	<u>943</u>
Total Recipients	929	967	1,008	1,254	1,361	1,480
HOPE/Semester Hour	\$455	\$460	\$464	\$543	\$559	\$576
Zell/Semester Hour	\$693	\$700	\$707	\$827	\$852	\$878
Annual Cost – One Three-Hour Course	\$473,000	\$500,000	\$528,000	\$795,000	\$897,000	\$1.0M
Annual Cost – Four Three-Hour Courses	\$1.9M	\$2.0M	\$2.1M	\$3.2M	\$3.6M	\$4.1M

Sincerely,

Greg S. Griffin
State Auditor

Kelly Farr, Director
Office of Planning and Budget