



HOPE Programs Briefing for Senate Study Committee on Gaming and Pari-Mutuel Wagering on Horse Racing and Growing Georgia's Equine Industry

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President

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GSFC | Georgia Student
Finance Commission

HOPE Briefing Executive Summary

- Over the past 26 years, the HOPE programs have been hugely successful, with over **1.8M students** benefitting from over **\$10.8B** in awards
- Rapid, sustained growth in HOPE Program awards since inception
- Periodic concerns about program growth exceeding Lottery revenues
 - Cost concerns through 2003 led to reforms in 2004
 - Cost concerns through 2010 led to reforms in 2011
- Current outlook:
 - Continually increasing costs and additional program demands may warrant a review of program structure and expenditures within the next few years



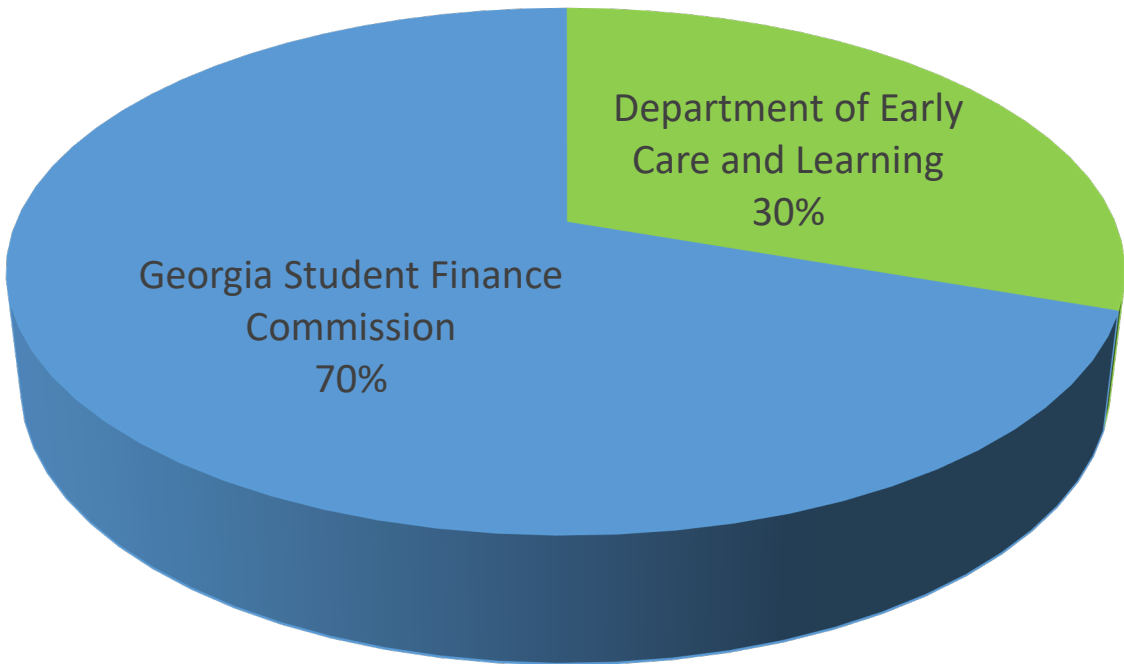
HOPE Programs

Basic Structure & History



FY2020 Lottery Dollars Appropriated by Agency

Agency	Dollars
Department of Early Care and Learning	\$378,703,805
Georgia Student Finance Commission	\$869,477,624
Total	\$1,248,181,429



HOPE Program Structure

HOPE Programs

HOPE Scholarship

HOPE
Scholarship
FY1994

Zell Miller
Scholarship
FY2012

HOPE Grant

HOPE Grant
FY1994

HOPE Career
Grant
FY2014

Zell Miller
Grant
FY2015

HOPE GED Grant
FY1994

A Brief History

- First HOPE award: FY1994
- Huge growth in Lottery proceeds during first few years led to program expansion
- Lottery dollars used for many additional financial aid programs, in addition to the main programs
- Legislative or budget changes nearly every year, many adding additional costs to the programs
- Reforms in 2004 to control costs
- Reforms again in 2011 to control costs
 - First and only reduction to award amounts

Changes Throughout the Years

- 2004:
 - Award payments for “mandatory fees” were frozen/capped at 2004 rates
 - End-of-Spring and Three-Term checkpoint added
 - Maximum number of “paid” hours established
 - High school GPA calculation was standardized and set to be calculated electronically by GSFC beginning May 1, 2007
 - Triggers were established to further reduce benefits if reserve funds were utilized
 - No changes to award amounts

Changes Throughout the Years, cont'd.

- 2011:
 - Book and fee payments completely eliminated
 - Seven year time limit on eligibility (extended back to 10 years for new recipients beginning July 1, 2019)
 - Rigor requirements to begin with 2015 high school graduating class (minimum number of “rigorous” high school credits)
 - HOPE award amounts partially decoupled from tuition amounts
 - HOPE Scholarship and Grant fully decoupled from tuition
 - Zell Miller Scholarship created; Zell Miller Scholarship continues to pay 100% of tuition, thereby remaining tied to tuition
 - HOPE Scholarship award now tied to “Factor Rate” to be adjusted annually, allowing for long-term cost controls

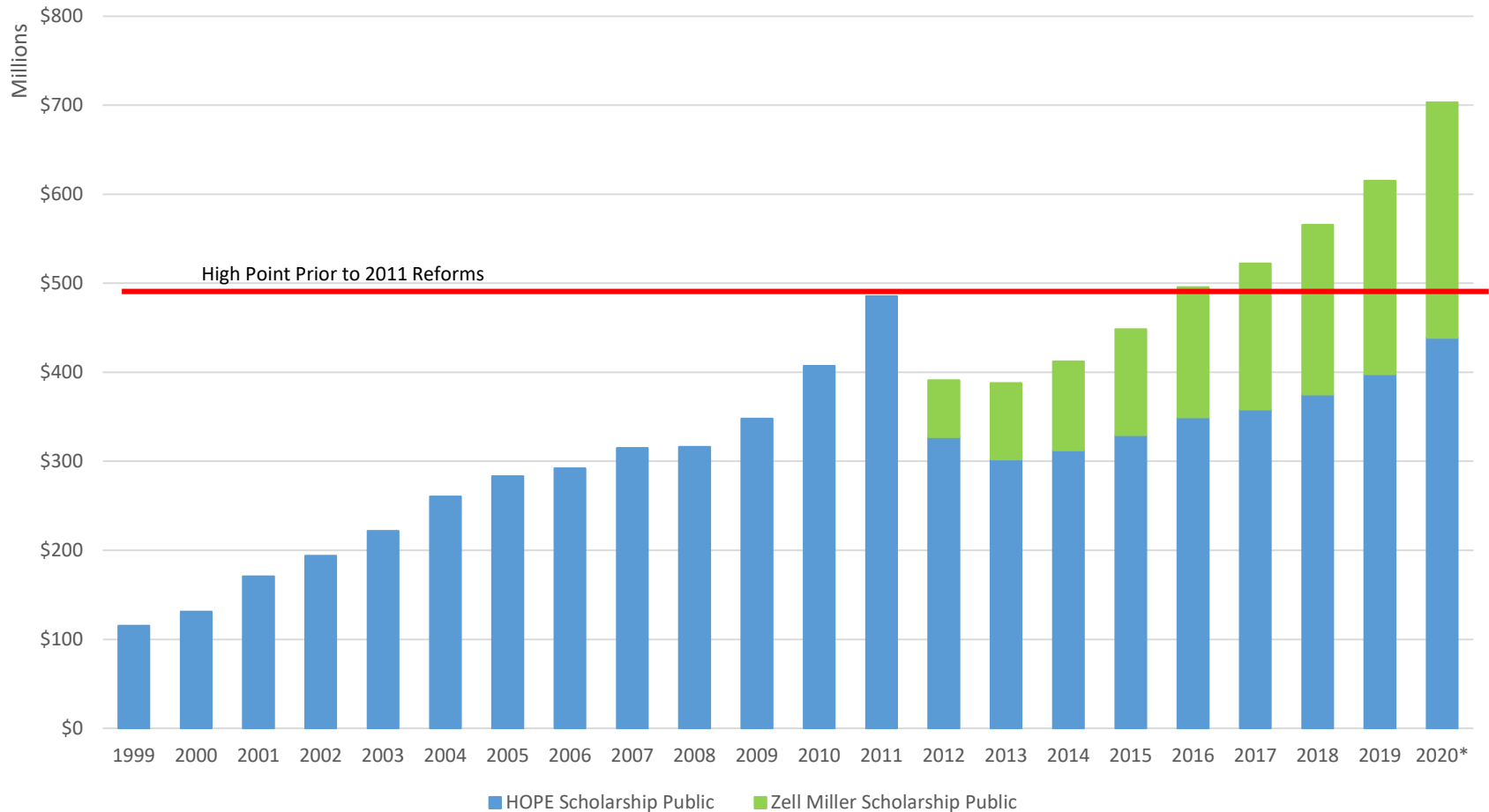


HOPE Programs

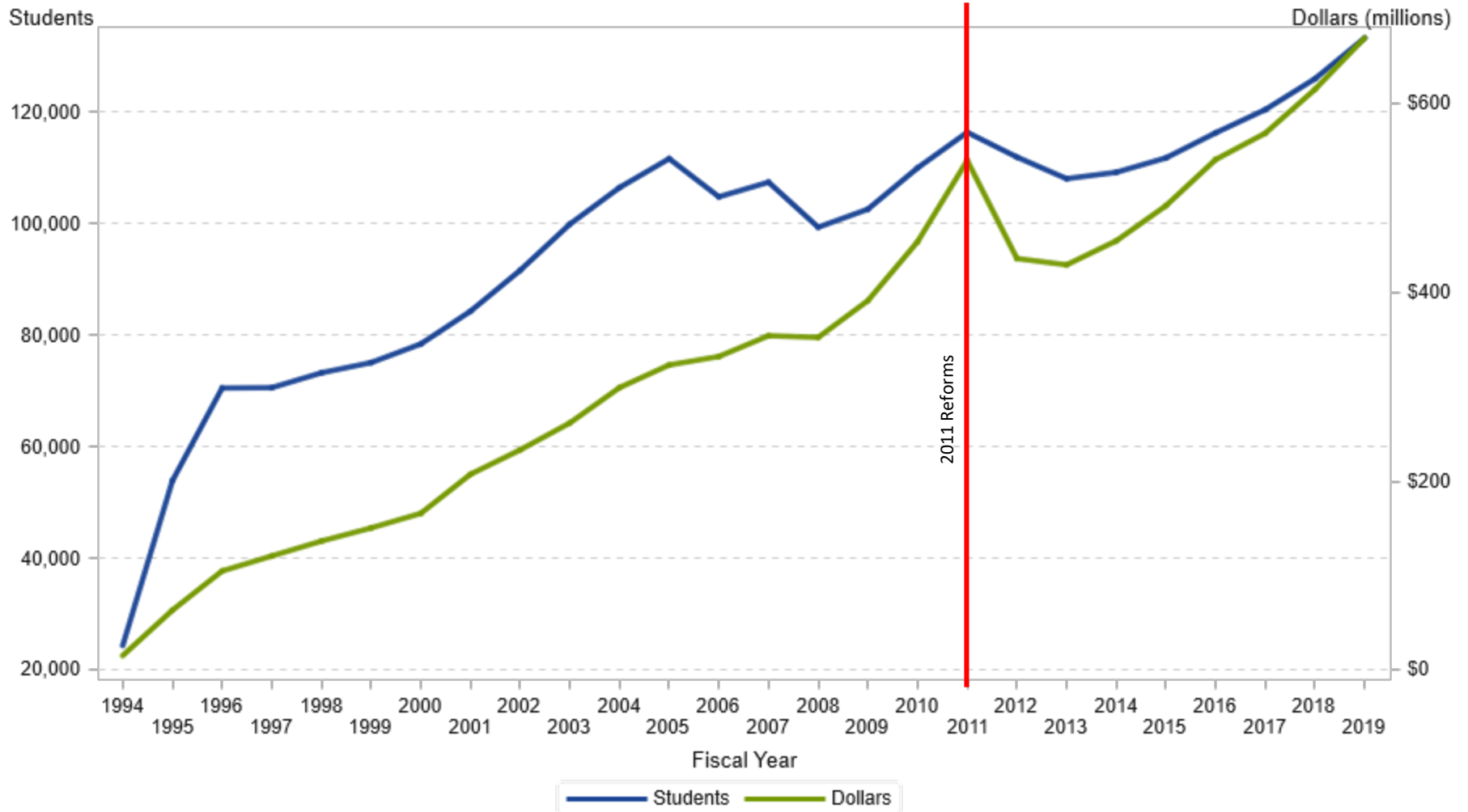
Then and Now: Awards and Dollars



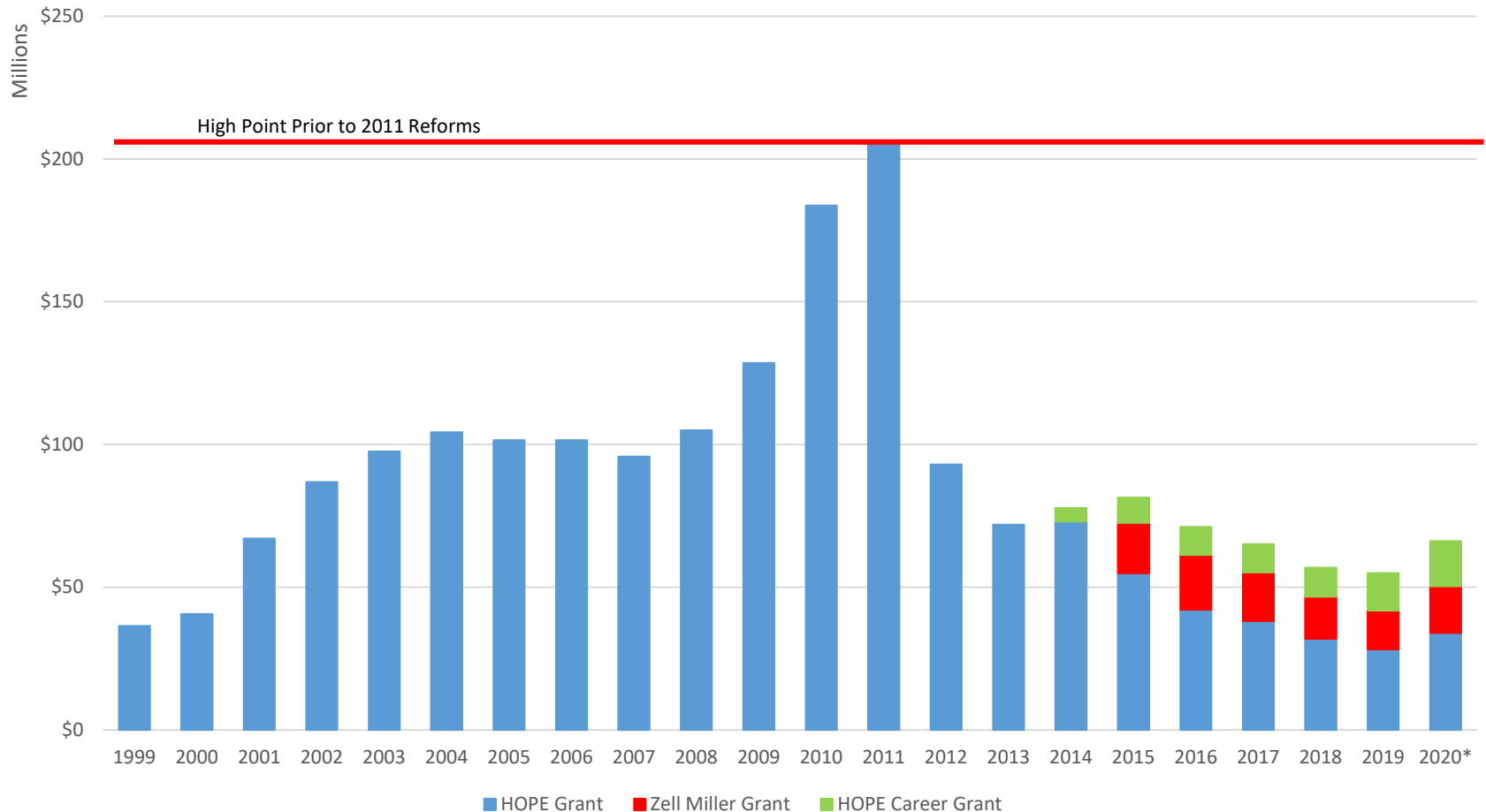
HOPE and Zell Miller Scholarship Public: Expenditures in Dollars



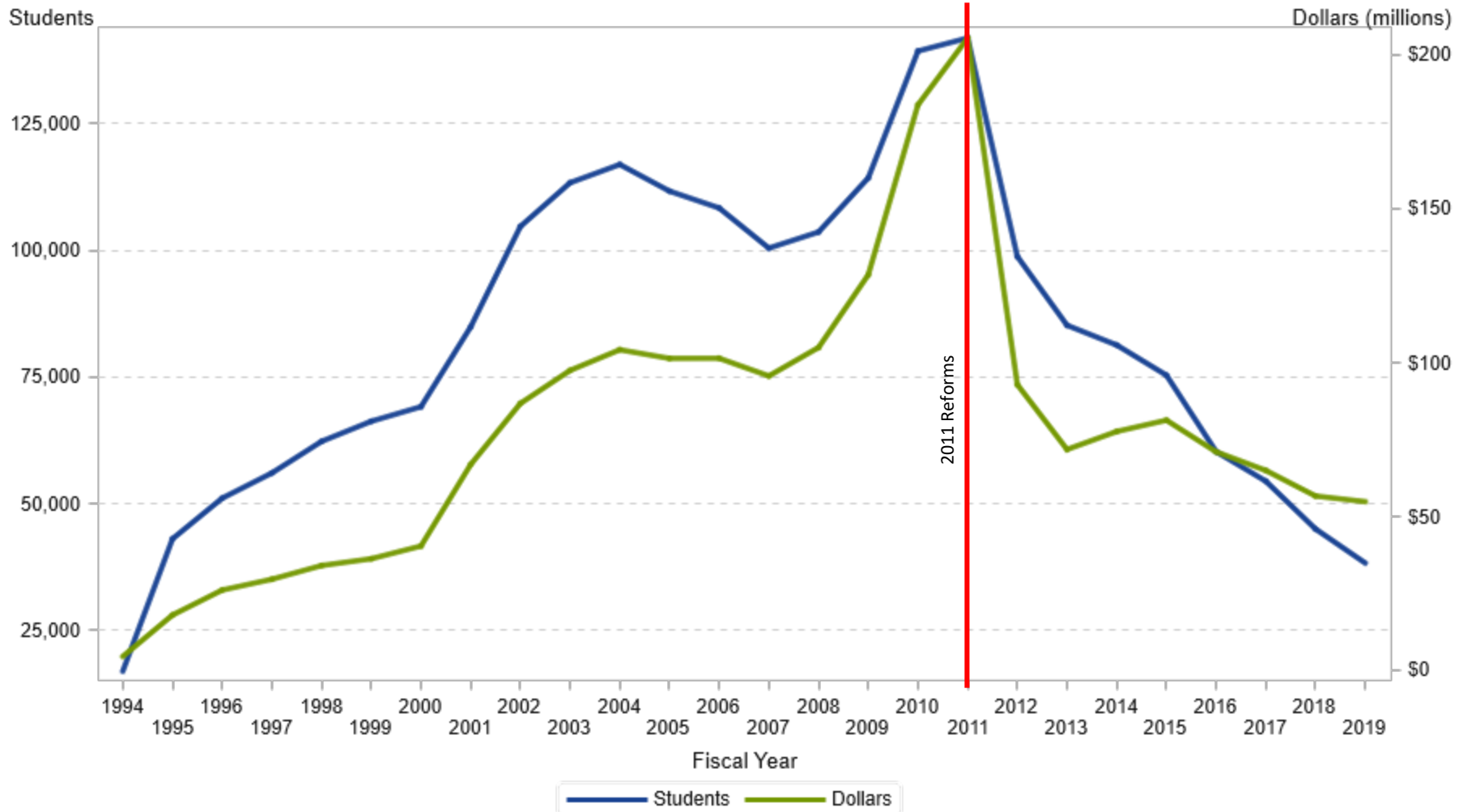
HOPE Scholarship Programs: Students and Dollars



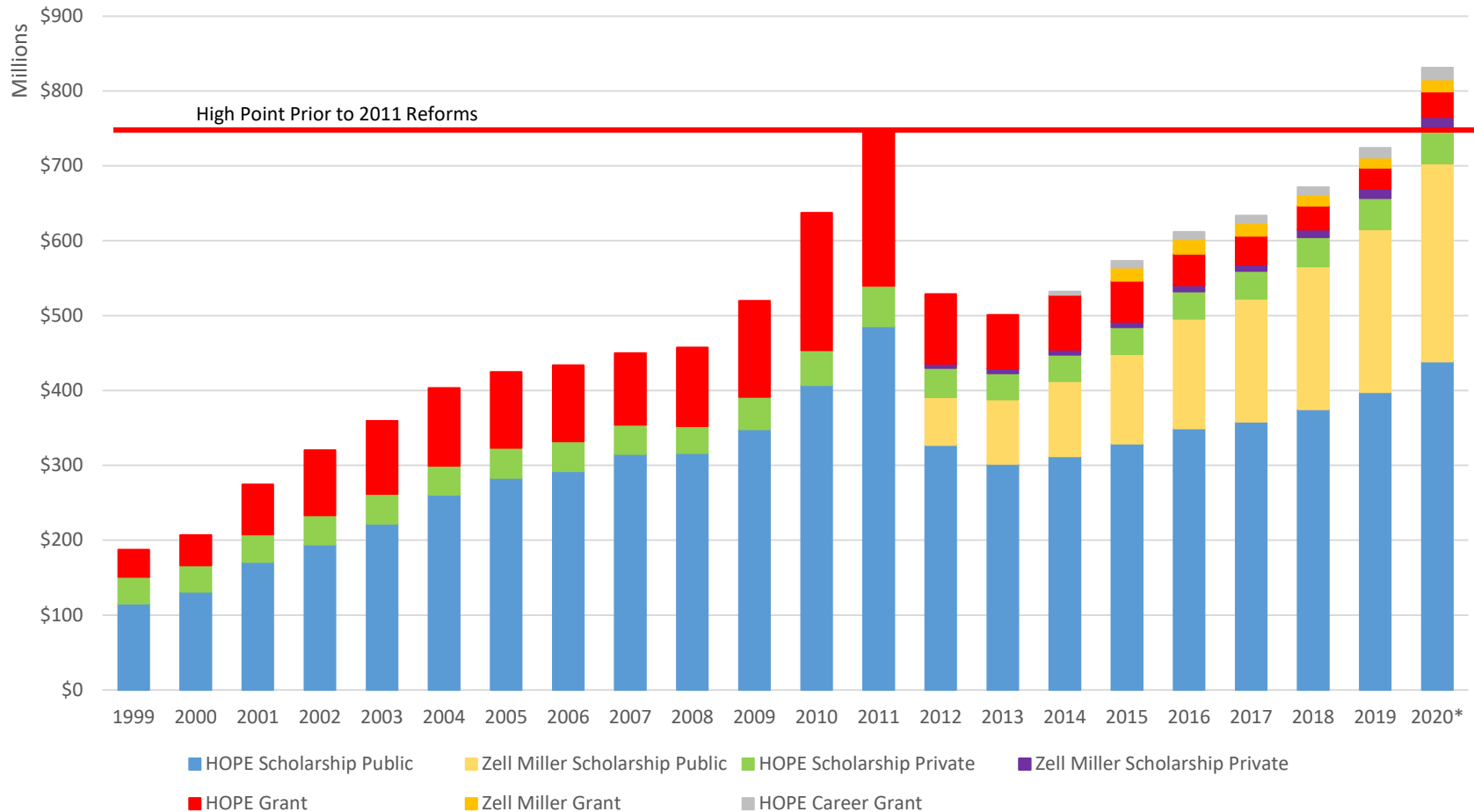
HOPE and Zell Miller Grant: Expenditures in Dollars



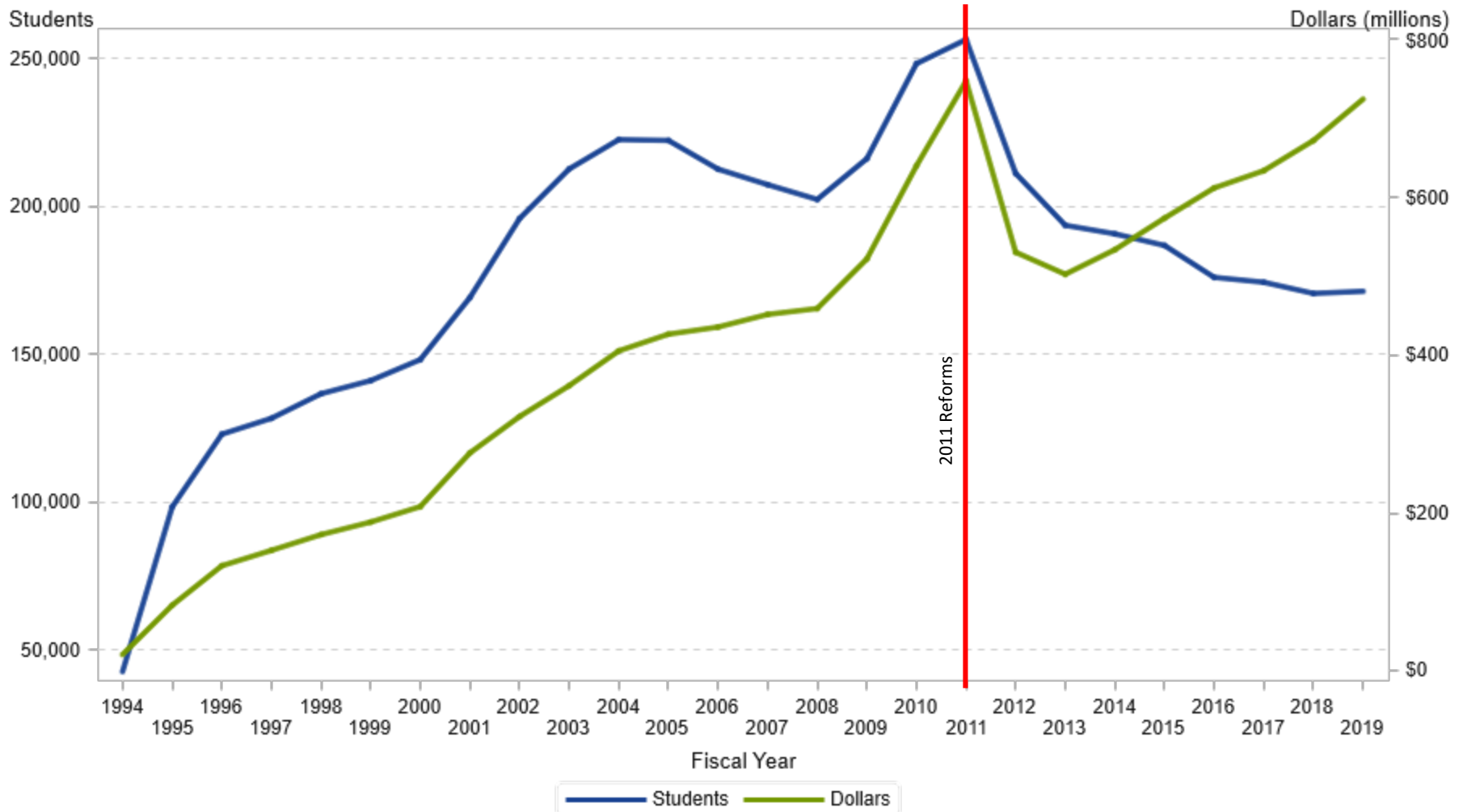
HOPE Grant Programs: Students and Dollars



HOPE and Zell Miller Scholarship and Grant: Expenditures in Dollars



All HOPE Programs Combined: Students and Dollars



HOPE Program Budget Projections

Program	FY2020 Base Appropriation / Available Funds	Amended FY2020				FY2021			
		AY2020 Projection	AY2020 Request	Change (over FY2020 base)	Percent Change (over FY2020 base)	FY2021 Projection	FY2021 Request	Change (over FY2020 base)	Percent Change (over FY2020 base)
HOPE Scholarship - Public		\$ 430,413,808				\$ 447,630,360			
HOPE Scholarship - Zell Miller Public		\$ 263,254,824				\$ 305,375,595			
Total HOPE Scholarship - Public	\$ 703,115,948	\$ 694,285,260	\$ 703,115,948	\$ -	0.00%	\$ 753,005,956	\$ 753,005,956	\$ 49,890,008	7.10%
HOPE Scholarship - Private		\$ 44,897,972				\$ 47,142,871			
HOPE Scholarship - Zell Miller Private		\$ 17,885,723				\$ 21,105,153			
Total HOPE Scholarship - Private	\$ 62,017,197	\$ 62,783,695	\$ 62,783,695	\$ 766,498	1.24%	\$ 68,248,024	\$ 68,248,024	\$ 6,230,827	10.05%
HOPE Grant		\$ 29,636,728				\$ 30,229,462			
Zell Miller Grant		\$ 16,811,193				\$ 18,492,312			
HOPE Career Grant		\$ 15,280,297				\$ 17,725,145			
Total HOPE Grant	\$ 66,196,466	\$ 61,728,218	\$ 66,196,466	\$ -	0.00%	\$ 66,446,919	\$ 66,196,466	\$ -	0.00%
HOPE GED	\$ 1,930,296	\$ 1,930,296	\$ 1,930,296	\$ -	0.00%	\$ 1,930,296	\$ 1,930,296	\$ -	0.00%
Total All HOPE Programs	\$ 833,259,907	\$ 820,727,469	\$ 834,026,405	\$ 766,498	0.09%	\$ 889,631,195	\$ 889,380,742	\$ 56,120,835	6.74%



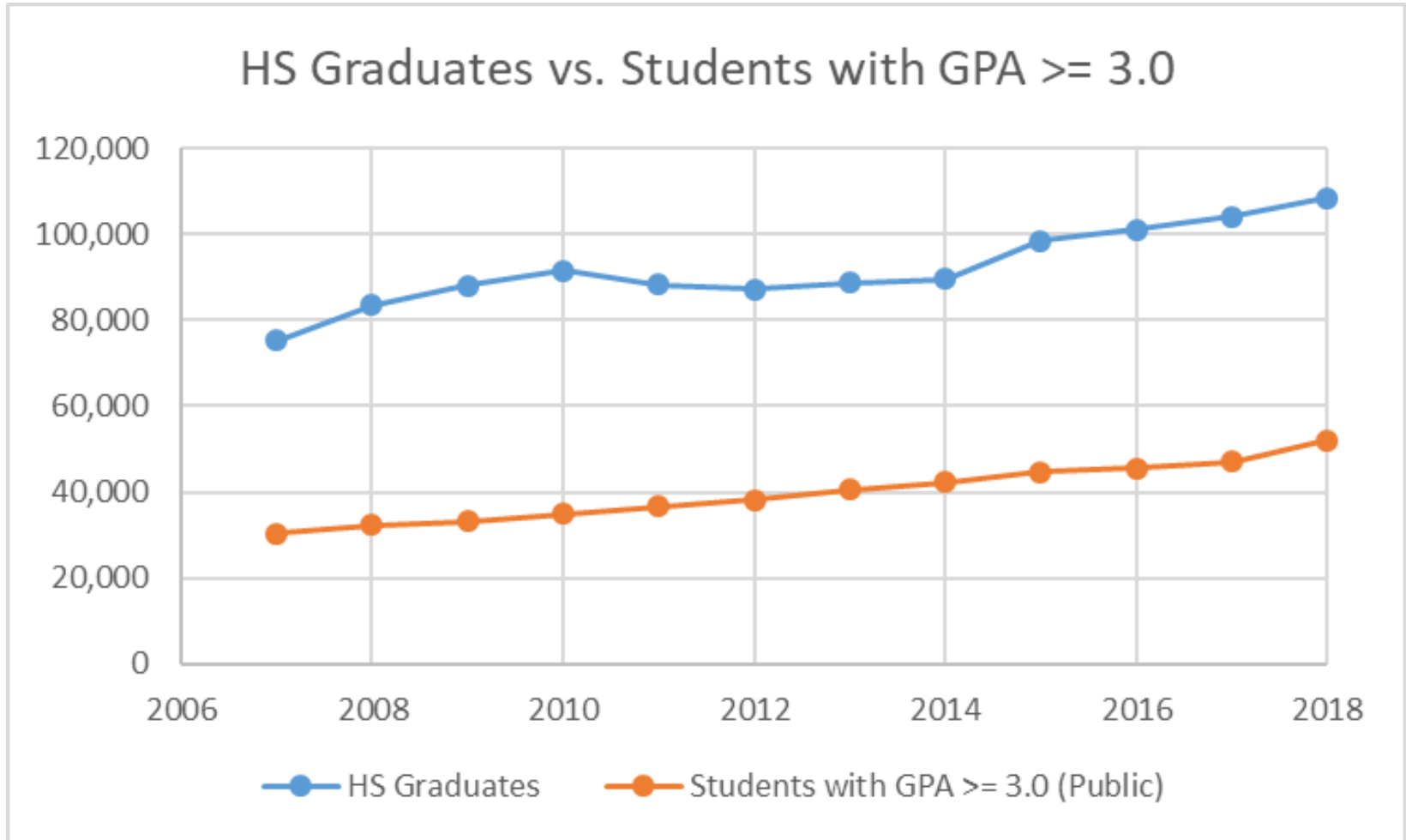
Cost Drivers to the Programs



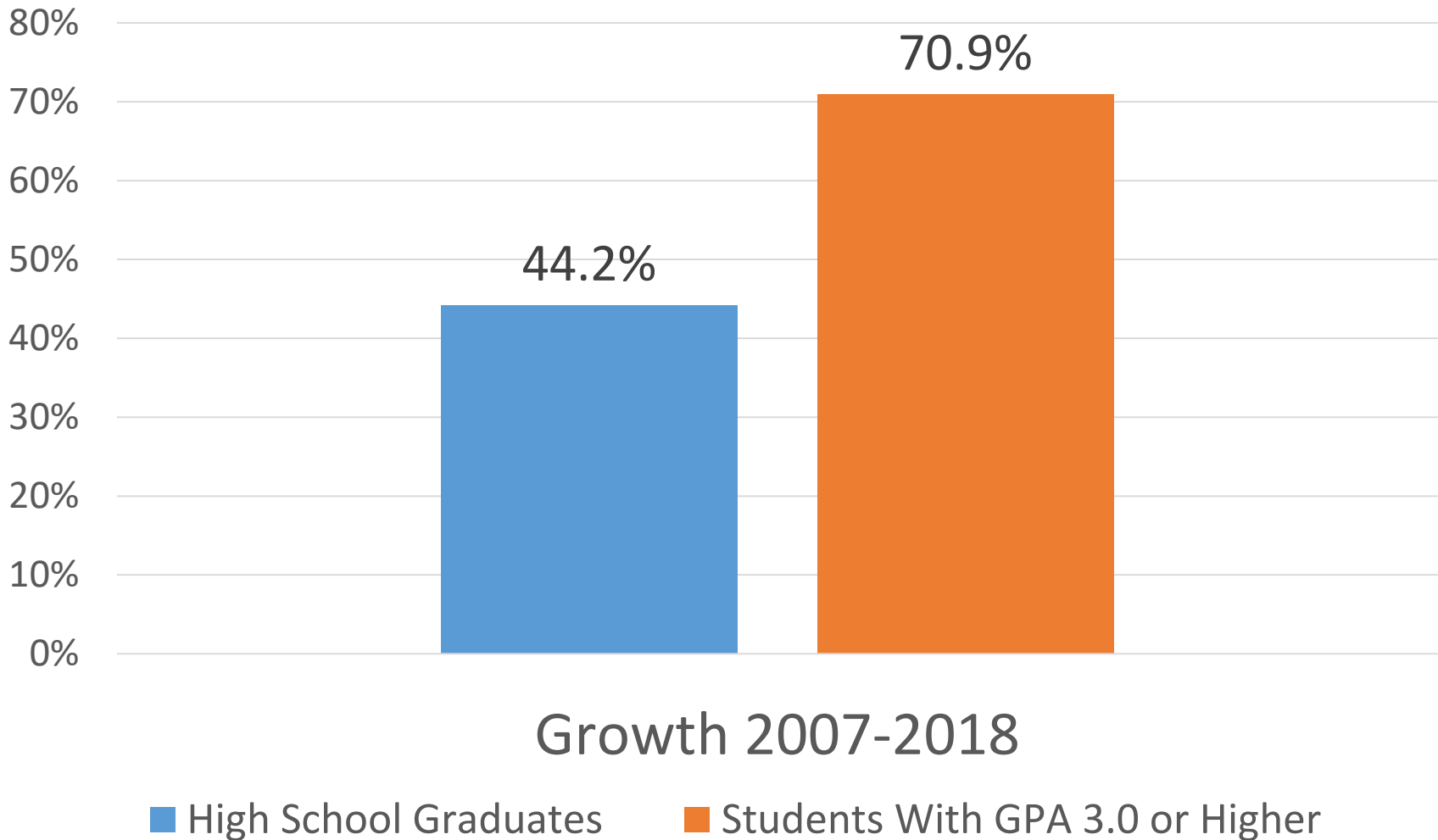
Cost Drivers to the Programs

- Overall larger number of students eligible for Zell Miller Scholarship
 - Increasing number of students graduating from HS with qualifying GPAs
 - Higher standardized test score performance
 - Increasing number of courses being taken that are “weighted”
- High concentration of Zell Miller Scholars at highest cost institutions

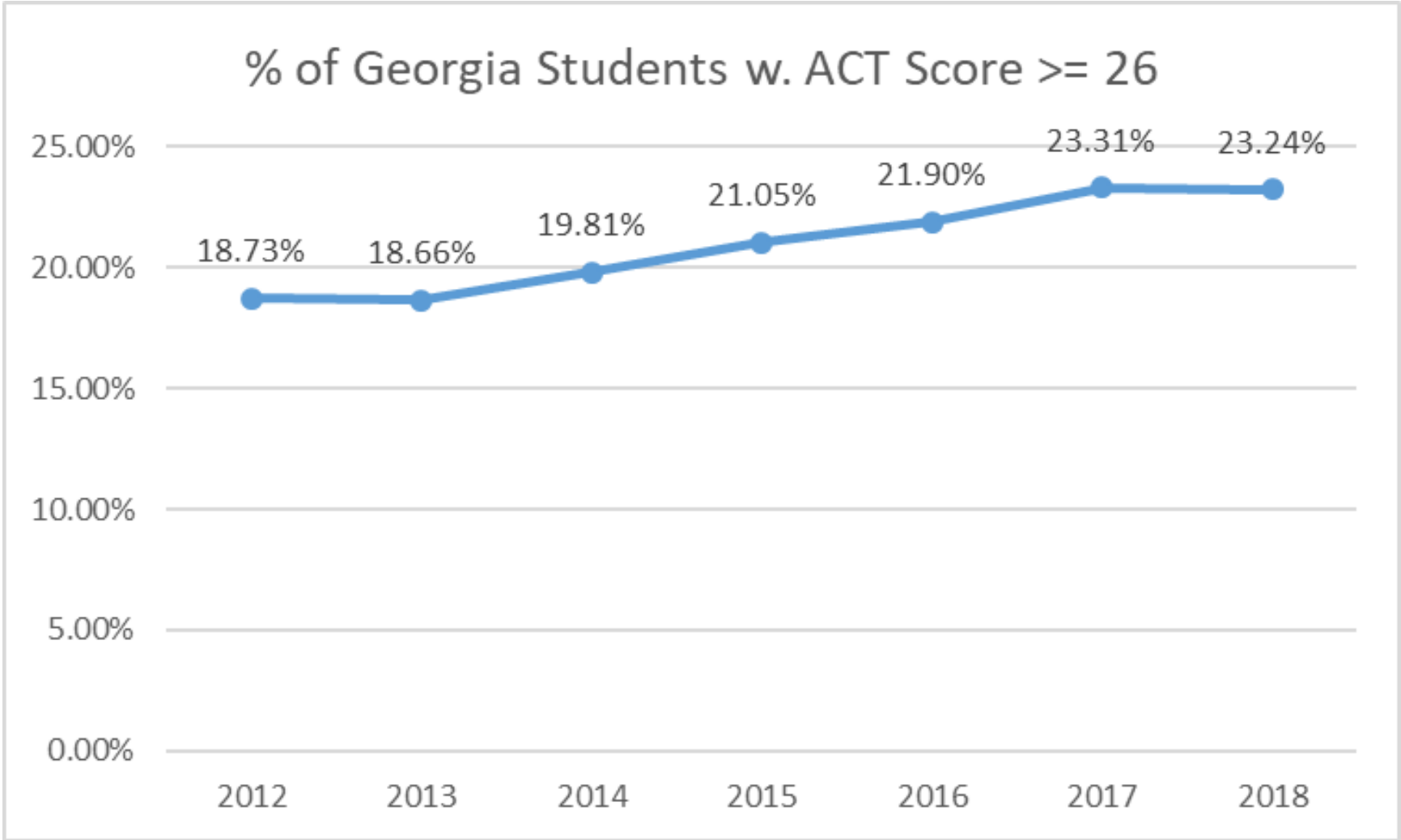
Growth in Public High School Graduates Compared with Growth in Students with HOPE GPA 3.0 or Higher



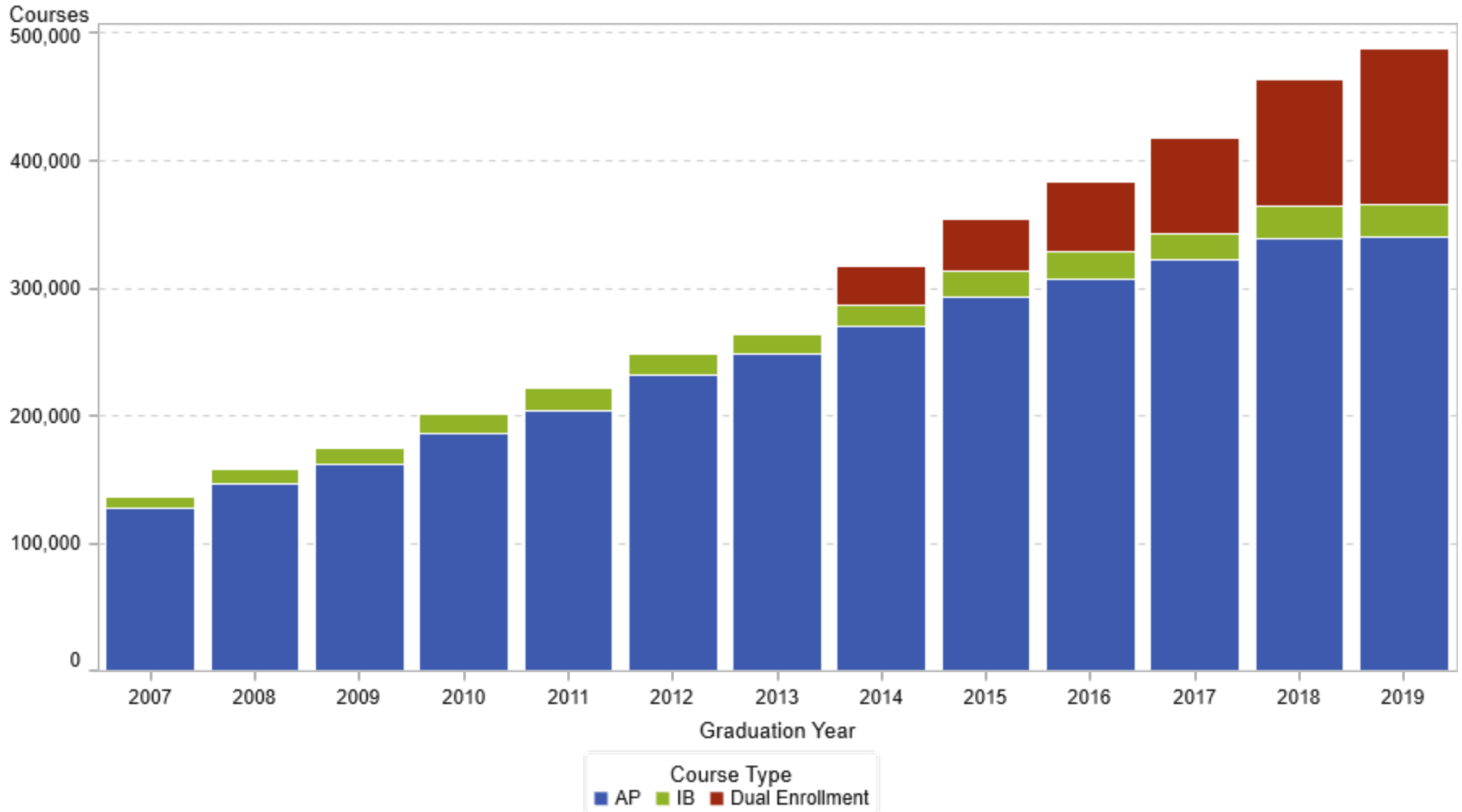
Growth in High School Graduates Compared with Growth in Students with HOPE GPA 3.0 or Higher



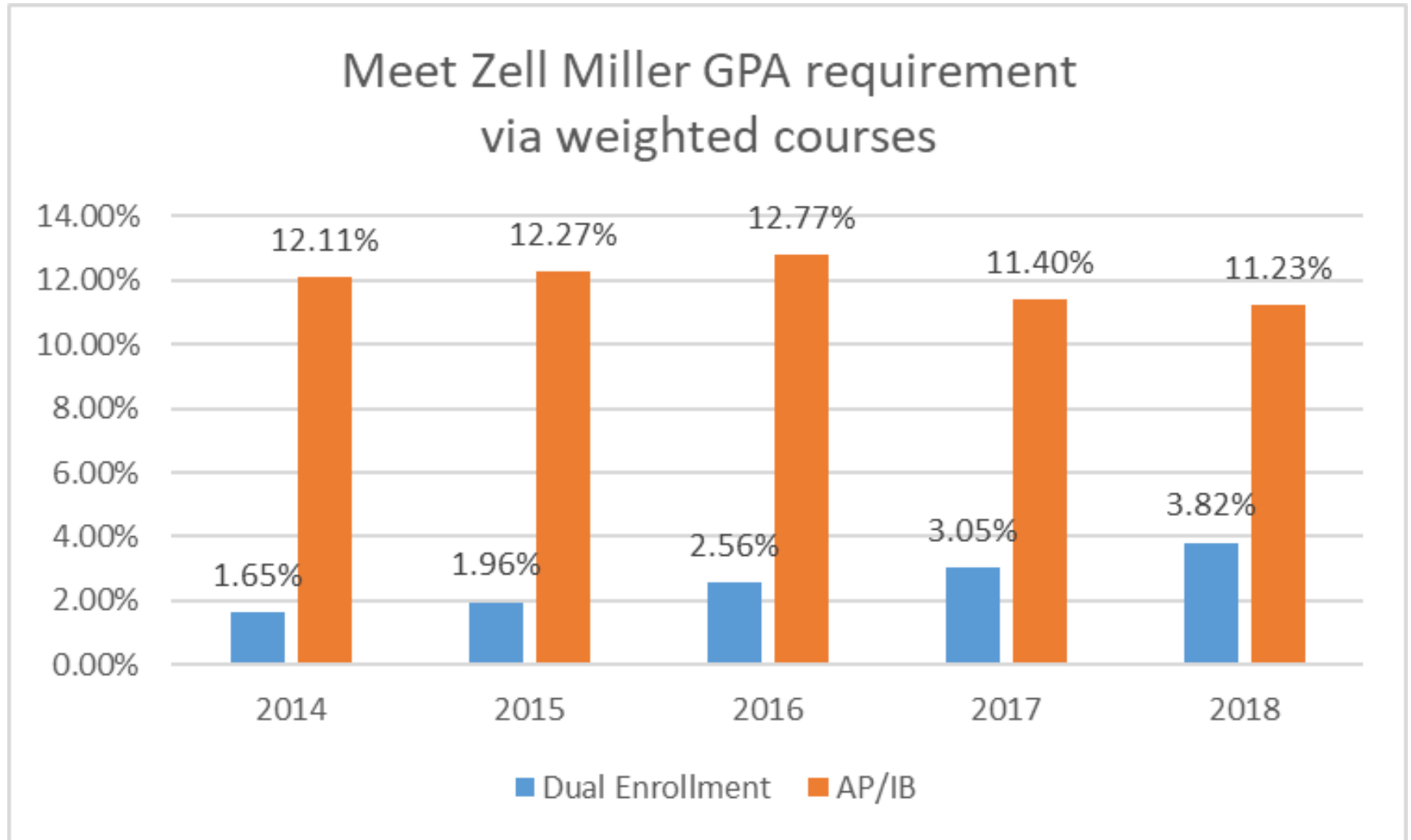
Growth in Zell Miller Scholarship Qualifying Test Scores



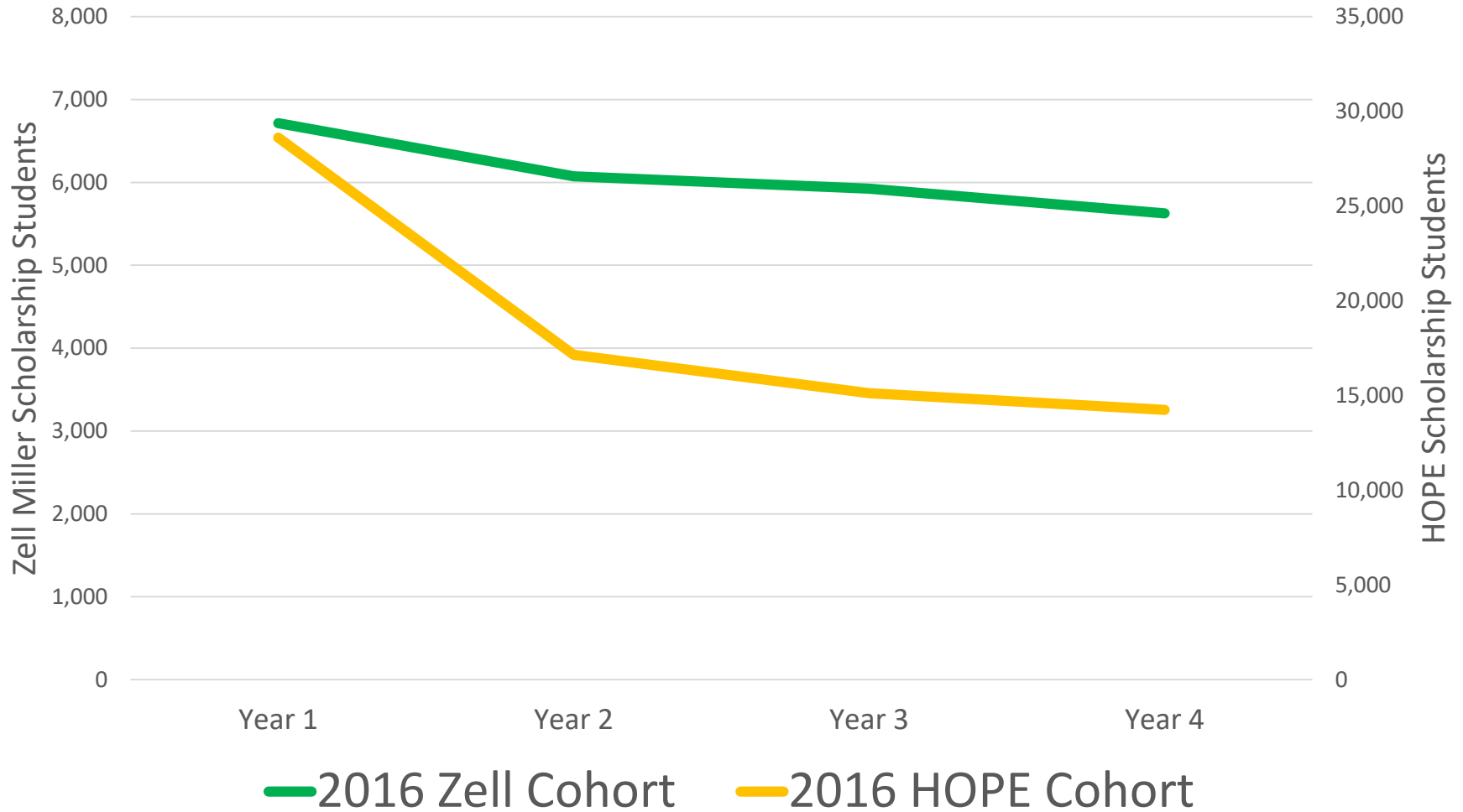
Courses Receiving Extra Weight in the GPA Calculation



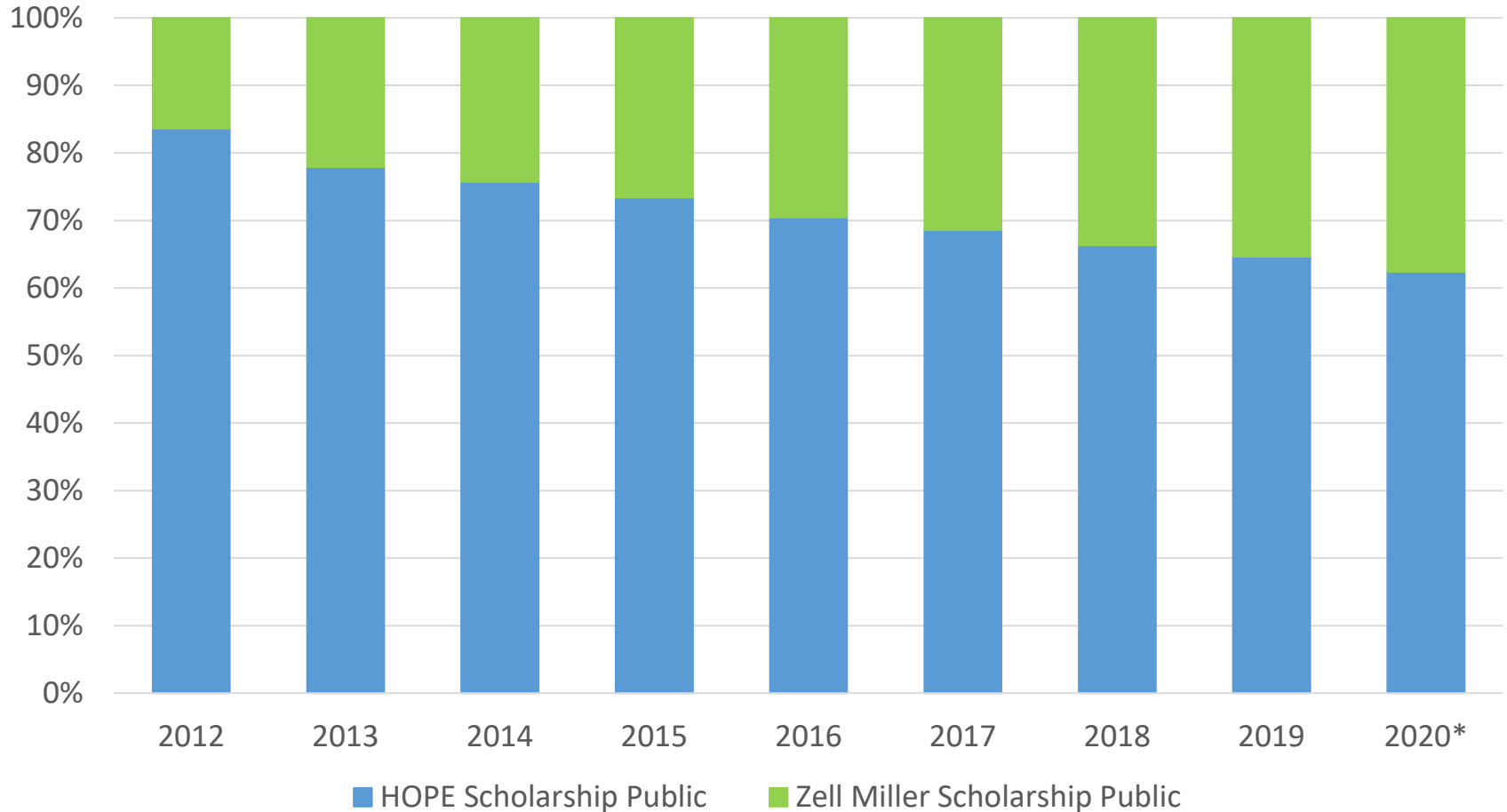
Weighting Impacting Zell Miller Eligibility



First-Time Zell and HOPE Scholarship Recipients Enrolled and Continuing to Receive Awards



HOPE and Zell Scholarship Combined: Dollar Distribution

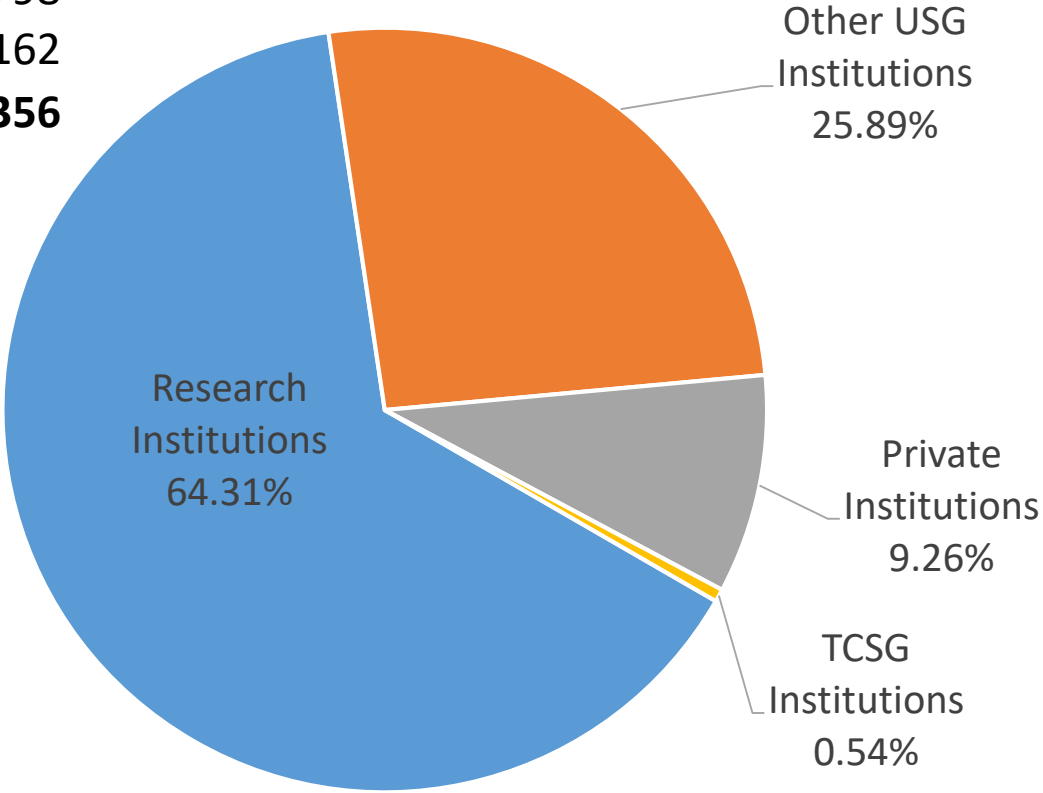


Program Award Averages

Fiscal Year	2012	2019	
Program Group	Dollars Per Student	Dollars Per Student	% Change
HOPE Scholarship Public	\$3,564.76	\$4,233.62	18.8%
Zell Miller Scholarship Public	\$5,921.45	\$8,156.52	37.8%
HOPE Scholarship Private	\$3,095.29	\$3,652.52	18.0%
Zell Miller Scholarship Private	\$3,728.88	\$4,422.39	18.6%

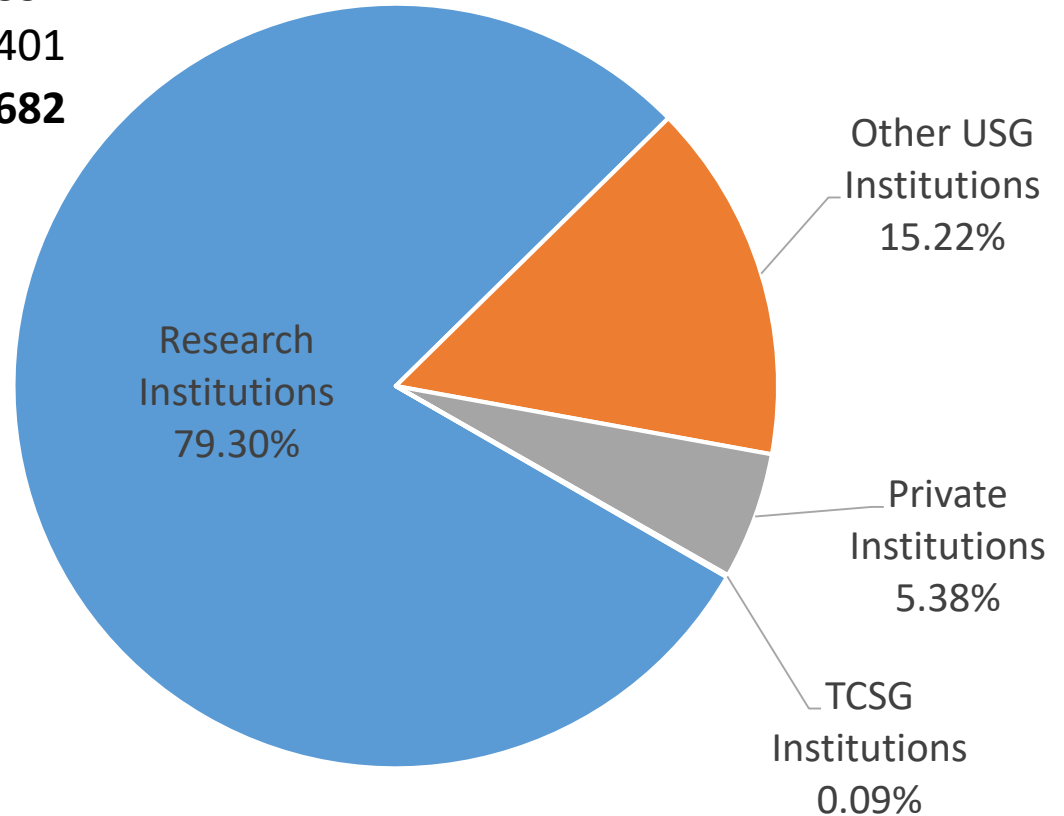
Zell Miller Scholarship- Students by Institution

Institution Type	Students
Research Institutions	19,424
Other USG Institutions	7,820
Private Institutions	2,798
TCSG Institutions	162
Total	29,356



Zell Miller Scholarship- Dollars by Institution

Institution Type	Dollars
Research Institutions	\$182,386,355
Other USG Institutions	\$35,007,070
Private Institutions	\$12,373,857
TCSG Institutions	\$214,401
Total	\$229,981,682





HOPE Award Rates

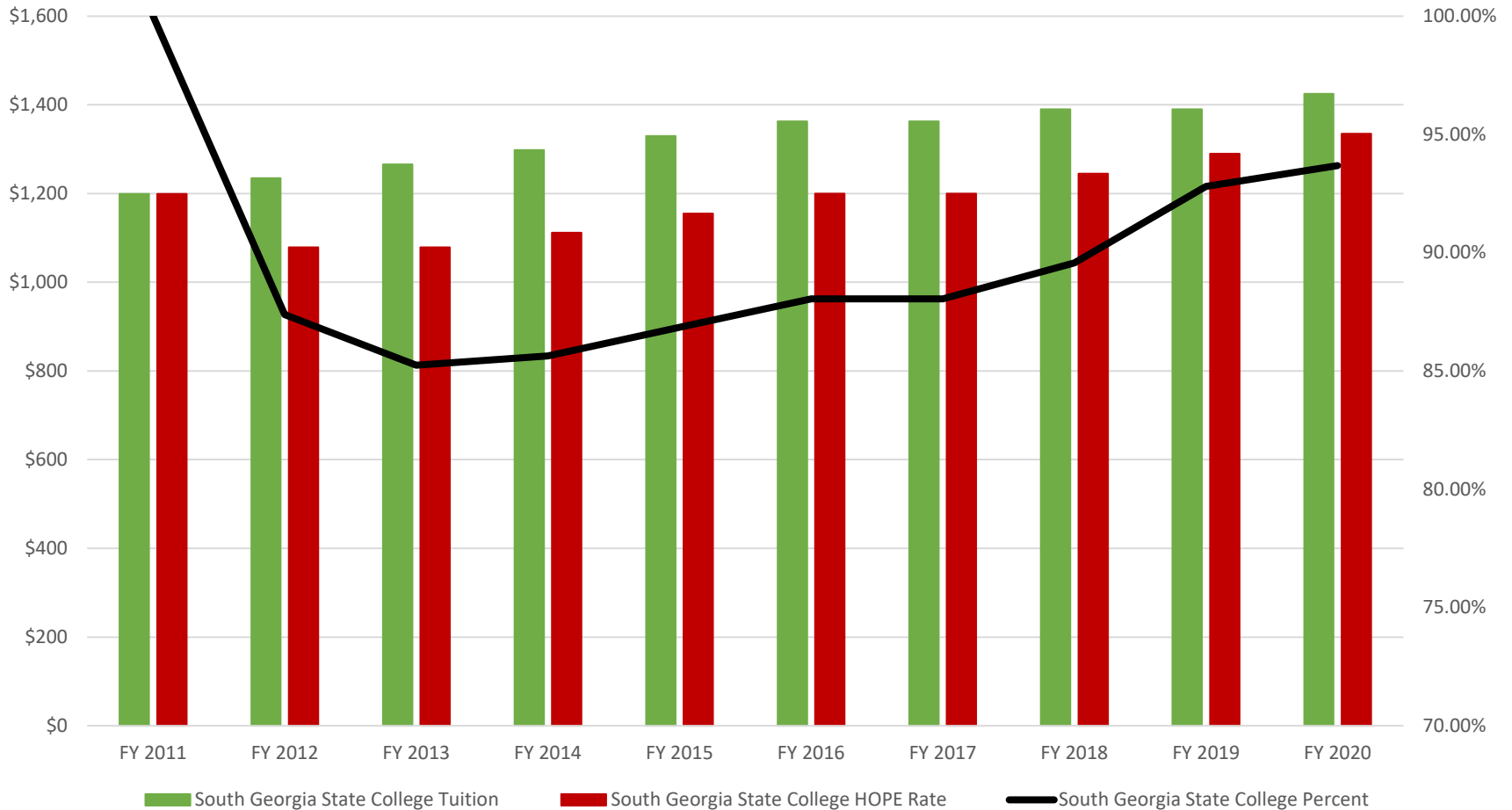


Current HOPE Award Calculation

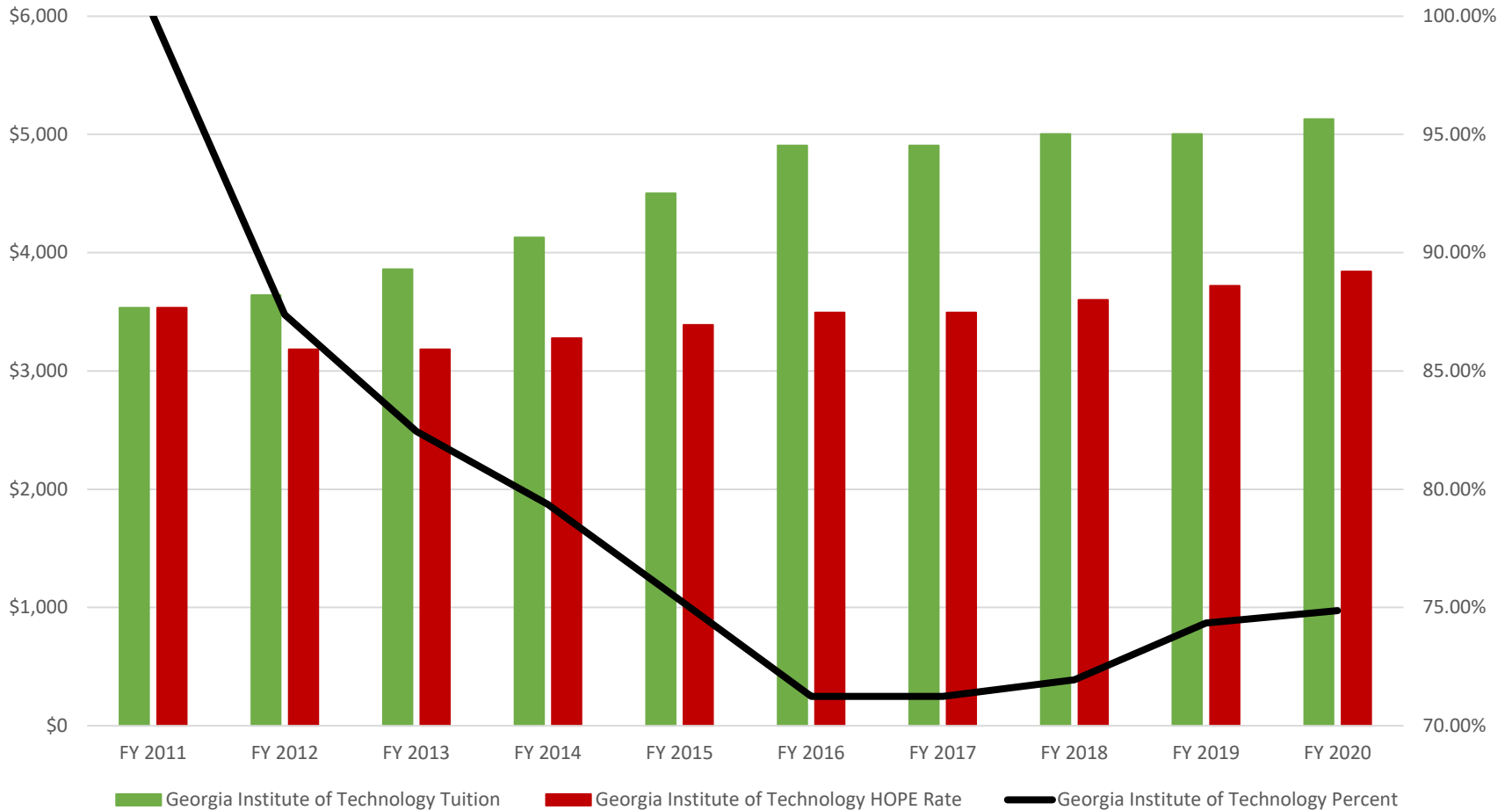
- “Factor Rate” Method established in 2011.
 - Decoupled from tuition
 - Percentage determined annually by General Assembly against which the previous year HOPE Award Amount is multiplied
 - Allows award amount to be controlled and managed to available revenues

Fiscal Year	Factor Rate	Award Rate Change
2012	90%	10% reduction; +/- due to subsequent tuition changes; only reduction in program history
2013	100%	Flat/No change
2014	103%	3% increase
2015	103%	3% increase
2016	103%	3% increase
2017	100%	Flat/No change
2018	103%	3% increase
2019	103%	3% increase
2020	103%	3% increase

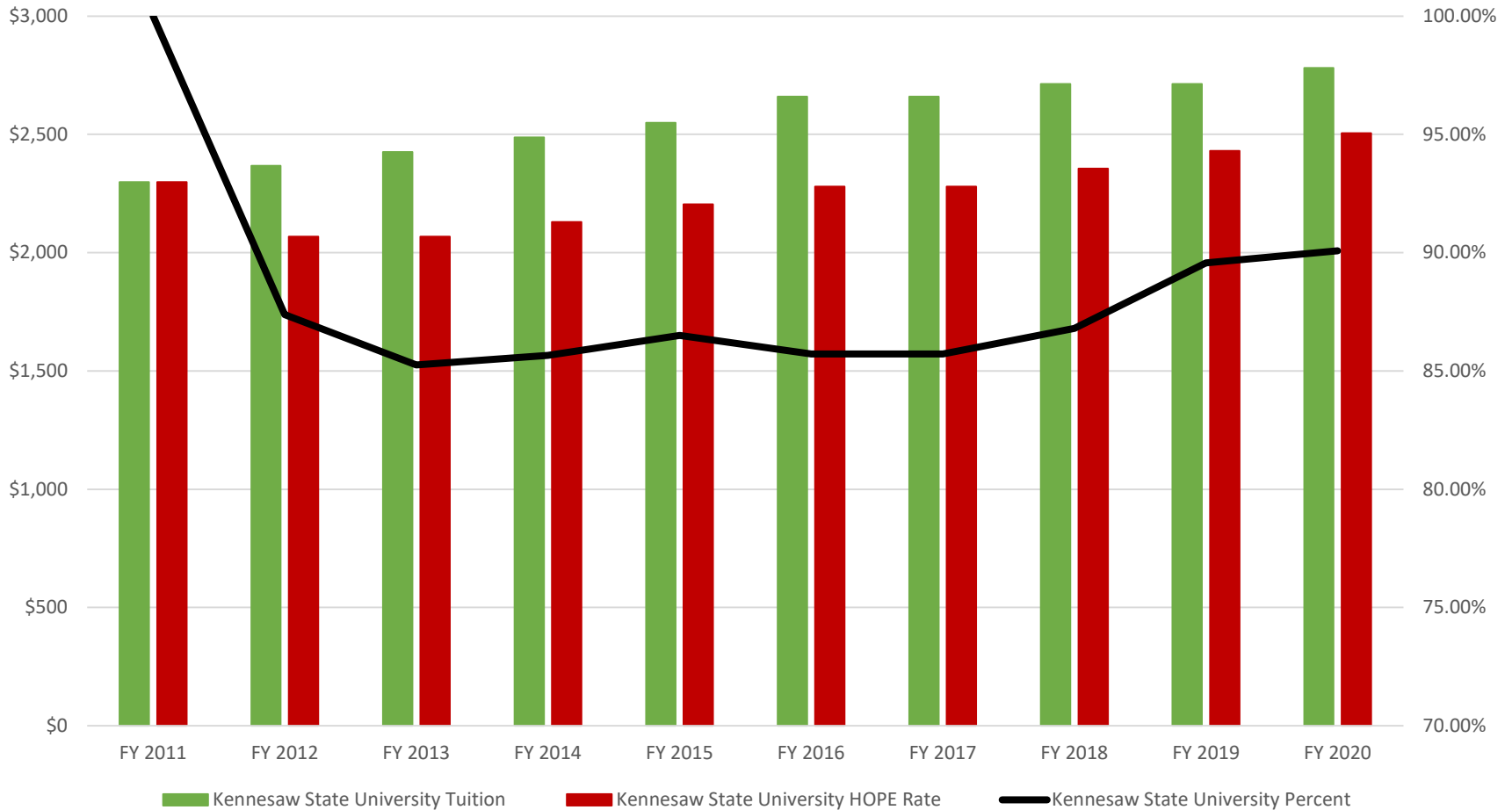
South Georgia State College



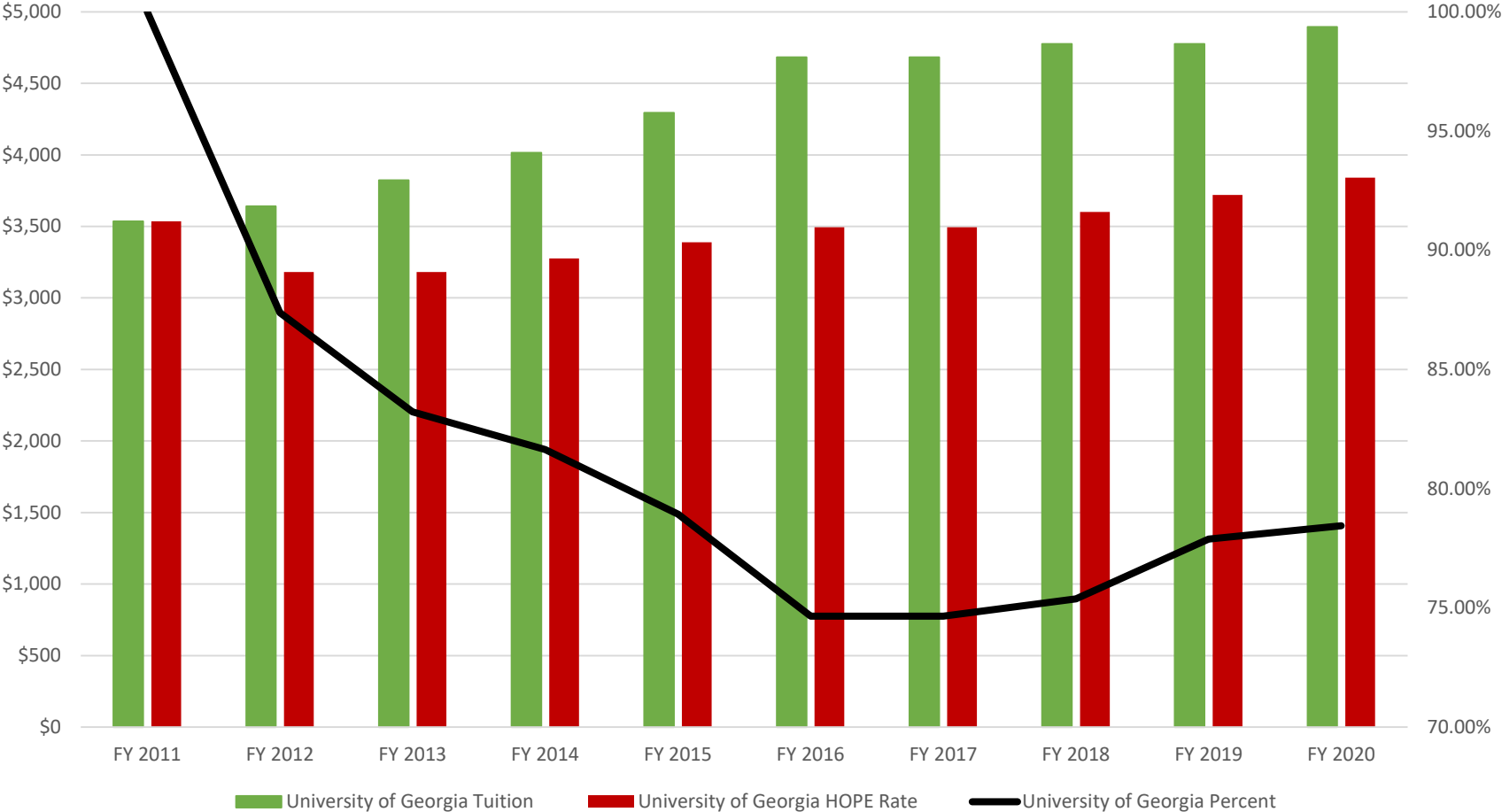
Georgia Institute of Technology



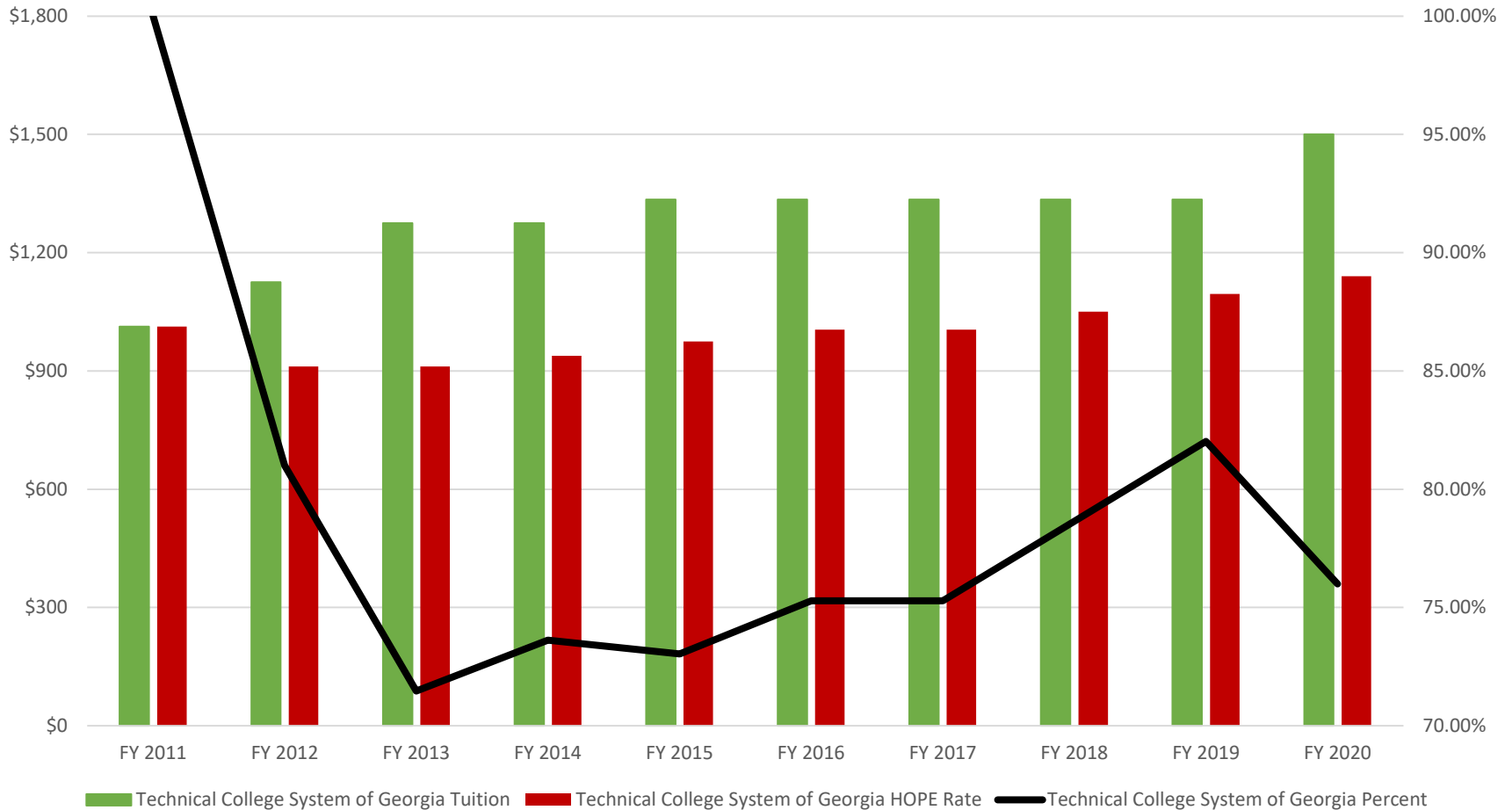
Kennesaw State University



University of Georgia



Technical College System of Georgia





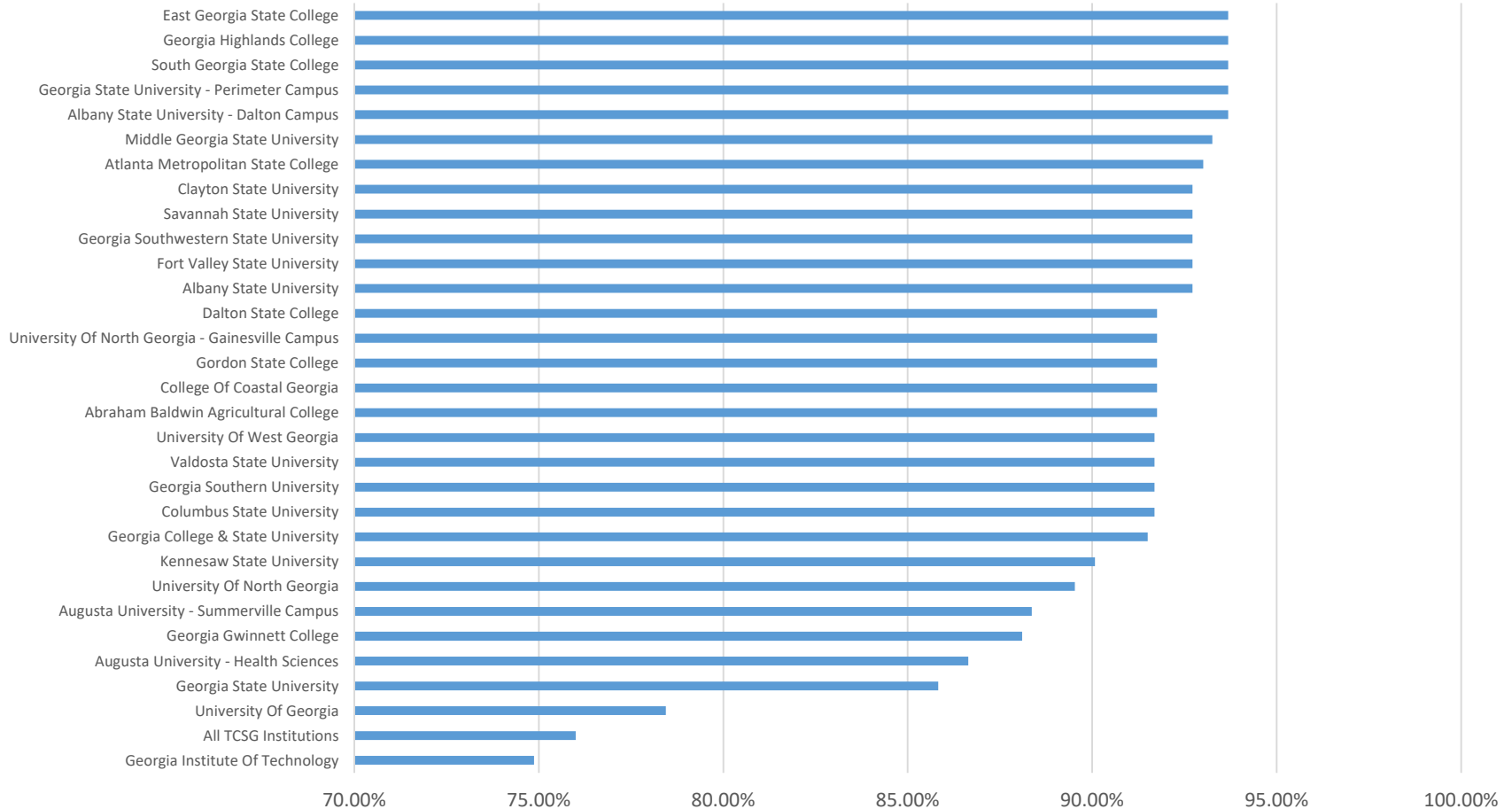
Upcoming Considerations



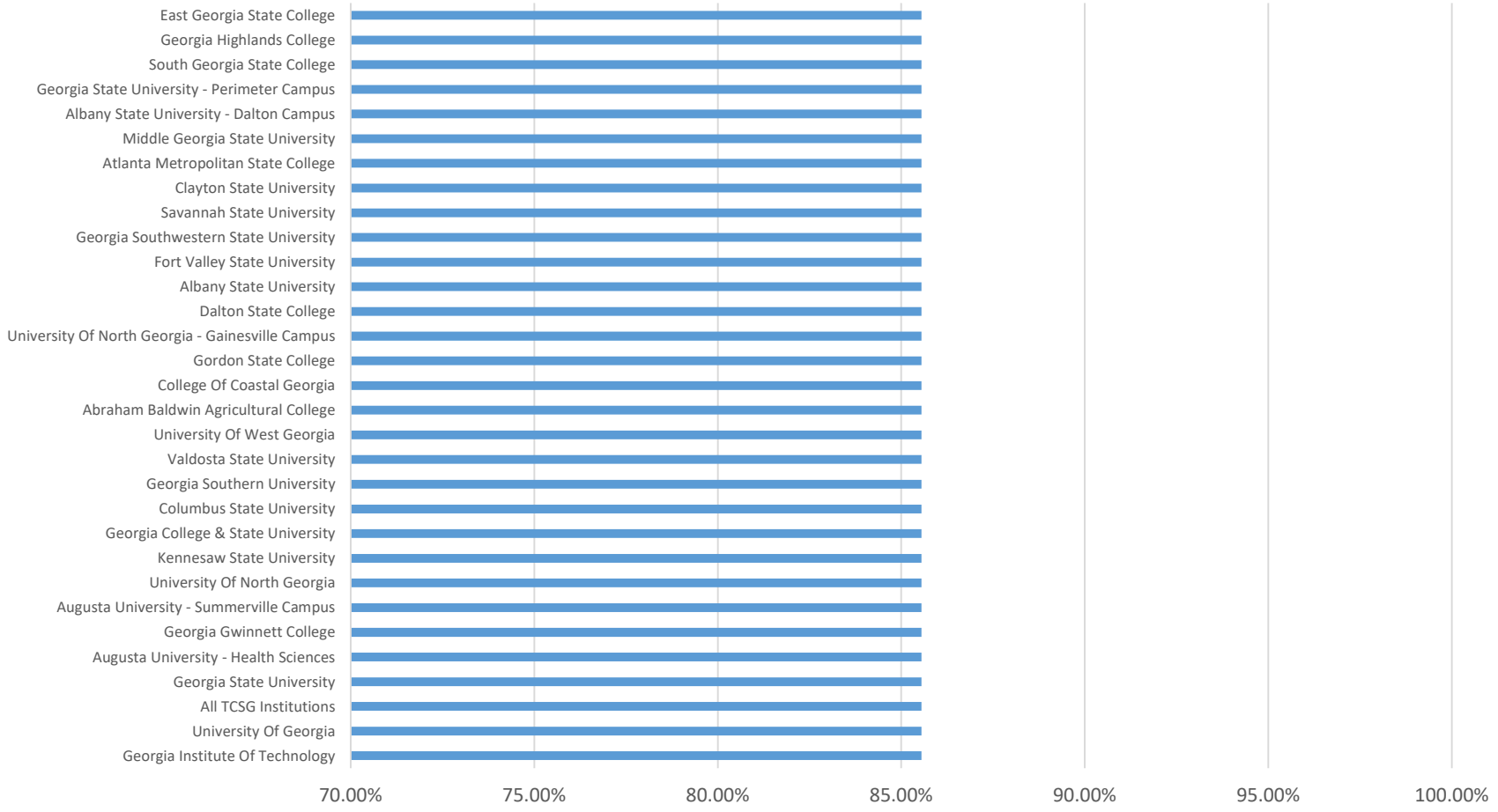
New HOPE Award Calculation Set for July 1, 2020

- House Bill 801 from 2016 contains language that resets the HOPE Award amount calculation (Zell Miller unchanged; remains 100% of public tuition)
 - A percentage will be applied to prior year's tuition amount to determine current year award rate
 - Percentage can still be adjusted yearly based on available funding
 - Will have impacts to amount paid at each institution with some increases and some decreases

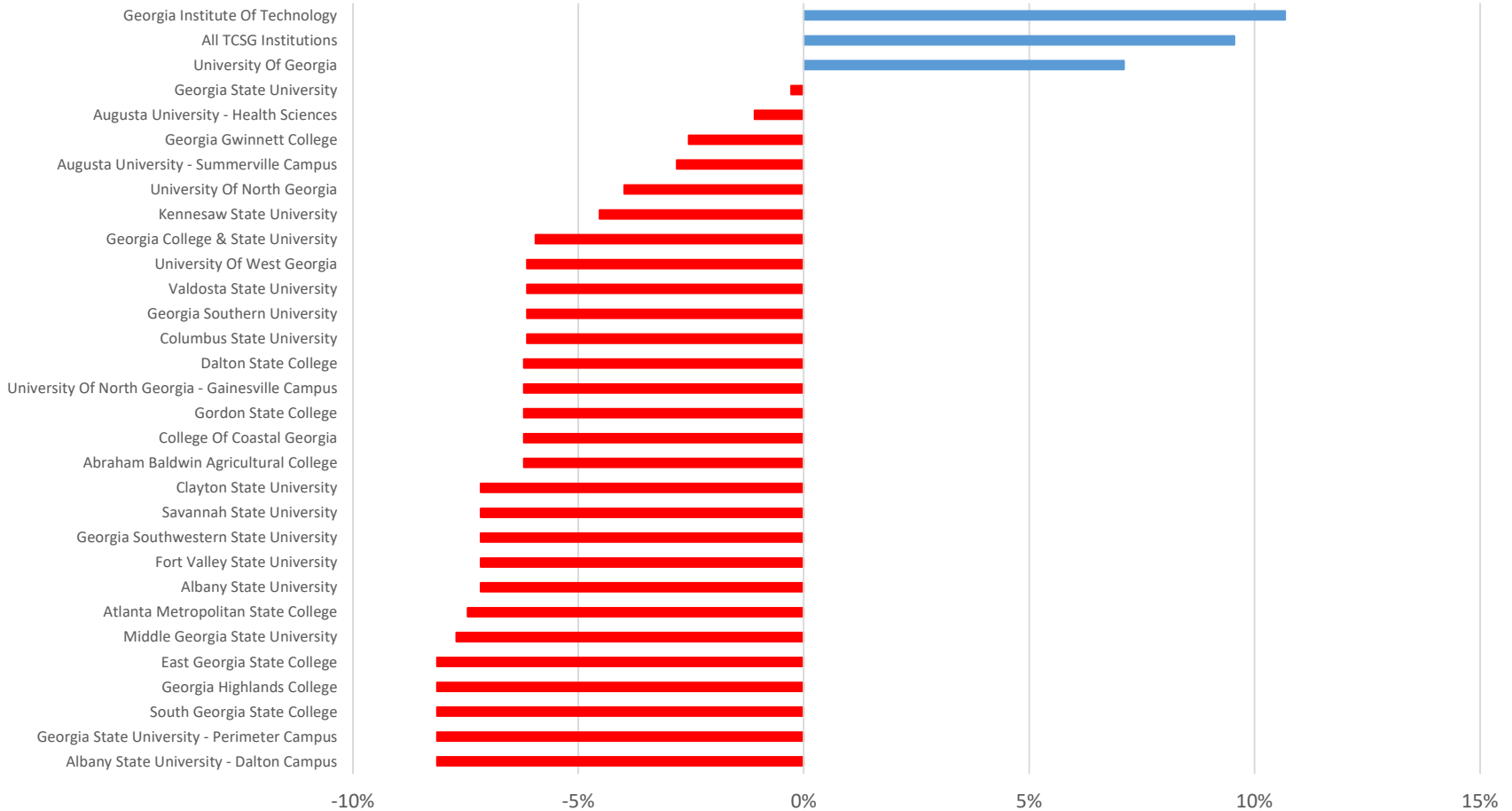
HOPE Award Percent of Tuition- Current



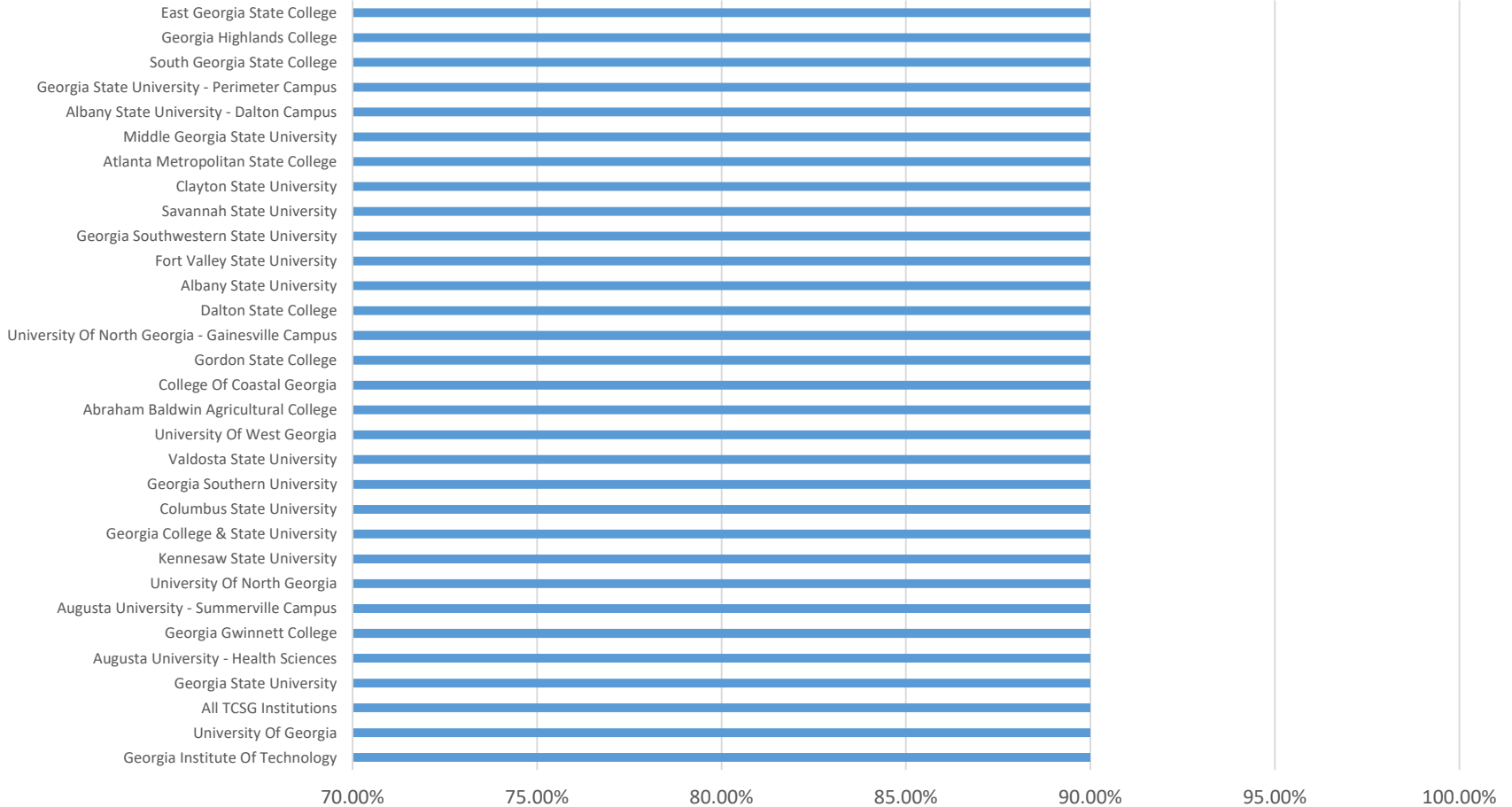
HB 801- Equal Percent of Tuition



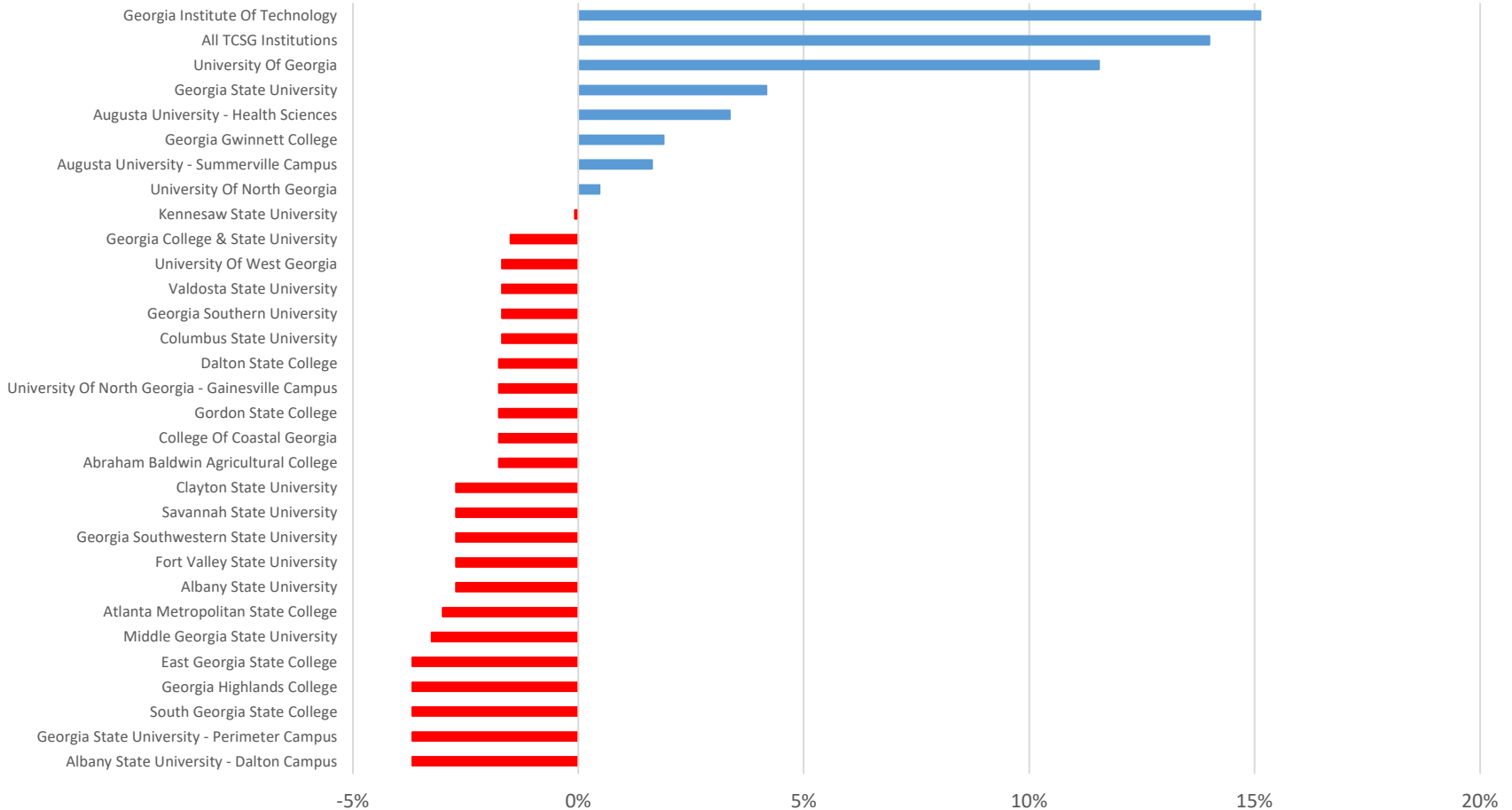
HB 801- Percent Change of Tuition Equal Percent Model



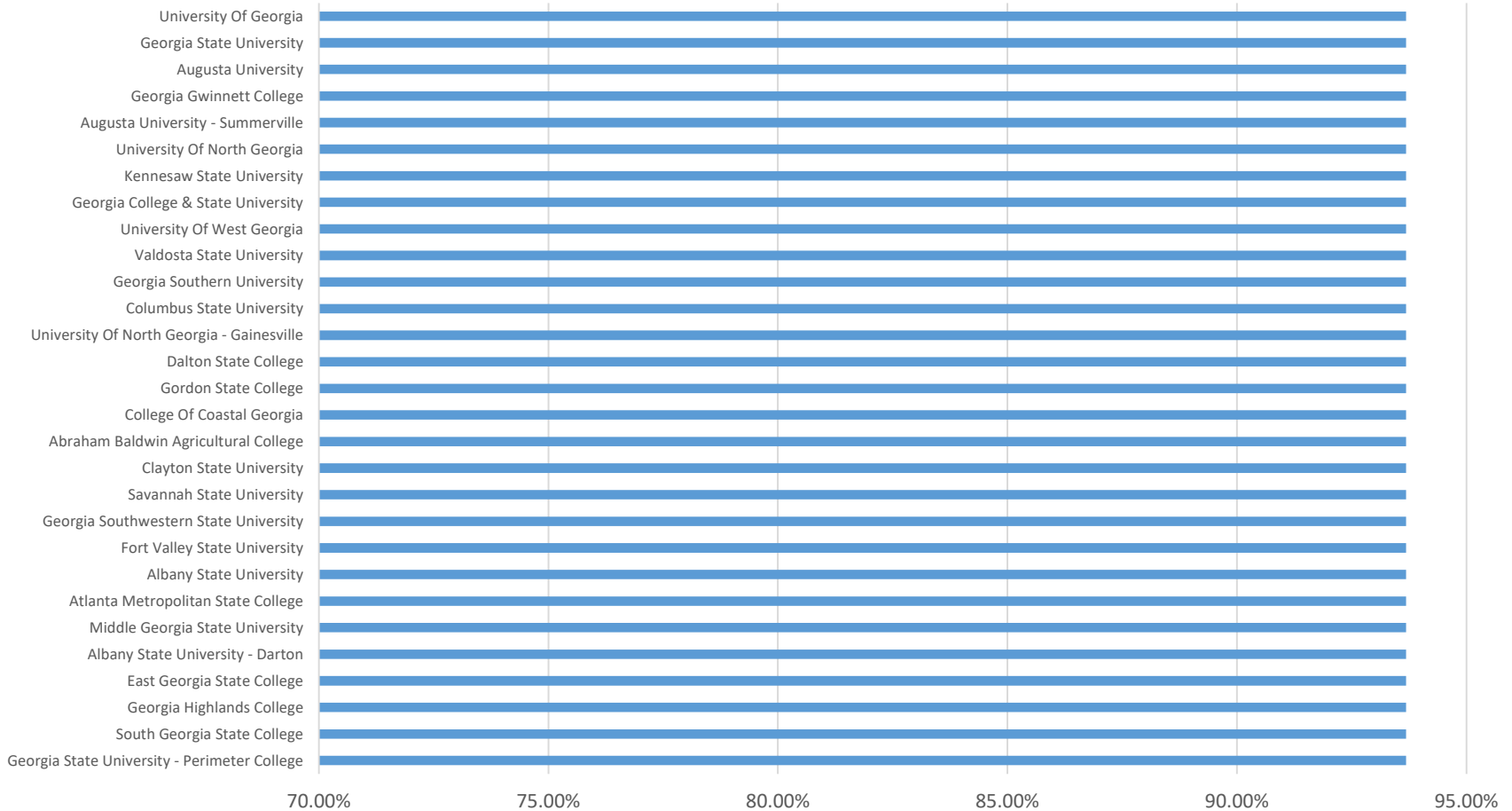
HB 801- 90% Model



HB 801- Percent Change of Tuition 90% Model



HB 801- Equal Percent “Hold Harmless” Model



Summary

- Success of combined HOPE programs
- With that success has come increasing costs
- GSFC recommends limiting any new or additional changes that result in additional costs
- If costs continue to increase at current pace, a review of program structure and funding model will be warranted within in the next few years.

Our Mission



To promote and increase access
to education beyond high school
for Georgians.