

**GEORGIA STATE SENATE
BUDGET AND EVALUATION OFFICE**

Chairman's Column

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Is there hope for the HOPE Program? - Report No. 1

The HOPE Scholarship Program has been one of the state's greatest bragging points since its inception. Over 1.1 million students have taken advantage of the program with \$10.6 billion in awards. Just this past year, more than 5,900 students at Georgia Southern alone received the HOPE Scholarship.

A recent Atlanta Journal Constitution article raised some alarming questions regarding the program's fiscal stability. While the program is not facing an immediate funding demise, the truth of the matter is that program expenditures will likely surpass lottery funds this fiscal year. And Georgia's students and their families could begin to feel the financial impact as soon as 2012 if triggers in present state law are activated.

The HOPE Program - A Quick Review

In 1993, the state established the Georgia Lottery with the intent of raising revenue for two educational programs, the HOPE Scholarship Program and the Pre-Kindergarten Program. HOPE, Helping Outstanding Pupils Educationally, was developed to assist Georgia students in affording higher education. The HOPE Program actually contains four different award programs.

1. The HOPE Scholarship for Public Colleges is the largest and most well known of the four. The program allows any student with grade point average of 3.0 or higher who is a resident of Georgia to receive a full tuition scholarship to any in-state public institution of higher education. When the scholarship was created, there was an income cap, limiting the number of eligible students. However, this requirement was eliminated after the programs second year when lottery revenues outpaced initial projections, and the program has been 100% merit-based since then.
2. The HOPE Grant is dedicated for students pursuing a diploma or certificate at a technical college. The HOPE Grant is available to any in-state student and does not have any GPA requirements. Both programs pay for tuition and fees (capped at the 2003 level), and provide a stipend to help pay for books.
3. The HOPE Scholarship for Private Schools provides \$3,500 a year for students attending in-state private institutions, and the GED Voucher program provides a \$500 voucher for students earning GEDs who pursue Postsecondary Education.
4. GED Voucher.

Prior Legislative Changes Now in Place

This is not the first time that program finances have been threatened. In 2003, the HOPE Scholarship Joint Study Commission was formed in response to concerns that program expenditures would soon exceed lottery revenues available. The recommendations of this commission led to changes in the next legislative session, which included freezing fee payments at the 2003 level, setting a maximum number of credit hours paid for by the program, standardizing GPA calculation across the state's high schools,

and requiring HOPE recipients to maintain a 3.0 GPA. As of 2008, these changes have saved the program \$179 million in expenditures.

The Legislature has amended the HOPE Program several times as recently as 2009 and has established a series of triggers to help slow the depletion of reserves in the event that expenditures exceeded revenues.

- If at the end of the fiscal year, the amount in the Lottery for Education Account is less than 92 percent of the highest year-end balance, the HOPE book allowance will be reduced from \$300 to \$150, except for Pell Grant recipients.
- If the amount is less than 84 percent, the HOPE book allowance will be eliminated, except for Pell Grant recipients.
- If the amount is less than 75 percent, the program will no longer cover fees, including for Pell Grant recipients.

In Report No. 2, this column will review the record of HOPE finances, look at Lottery Fund Reserves and examine the relationship between tuition and HOPE funding.