



Projected Lottery Revenues and Expenditures Through FY 2016 and Effects on HOPE Scholarship Award Levels

2012 Winter Meeting

Student Advisory Council (SAC)

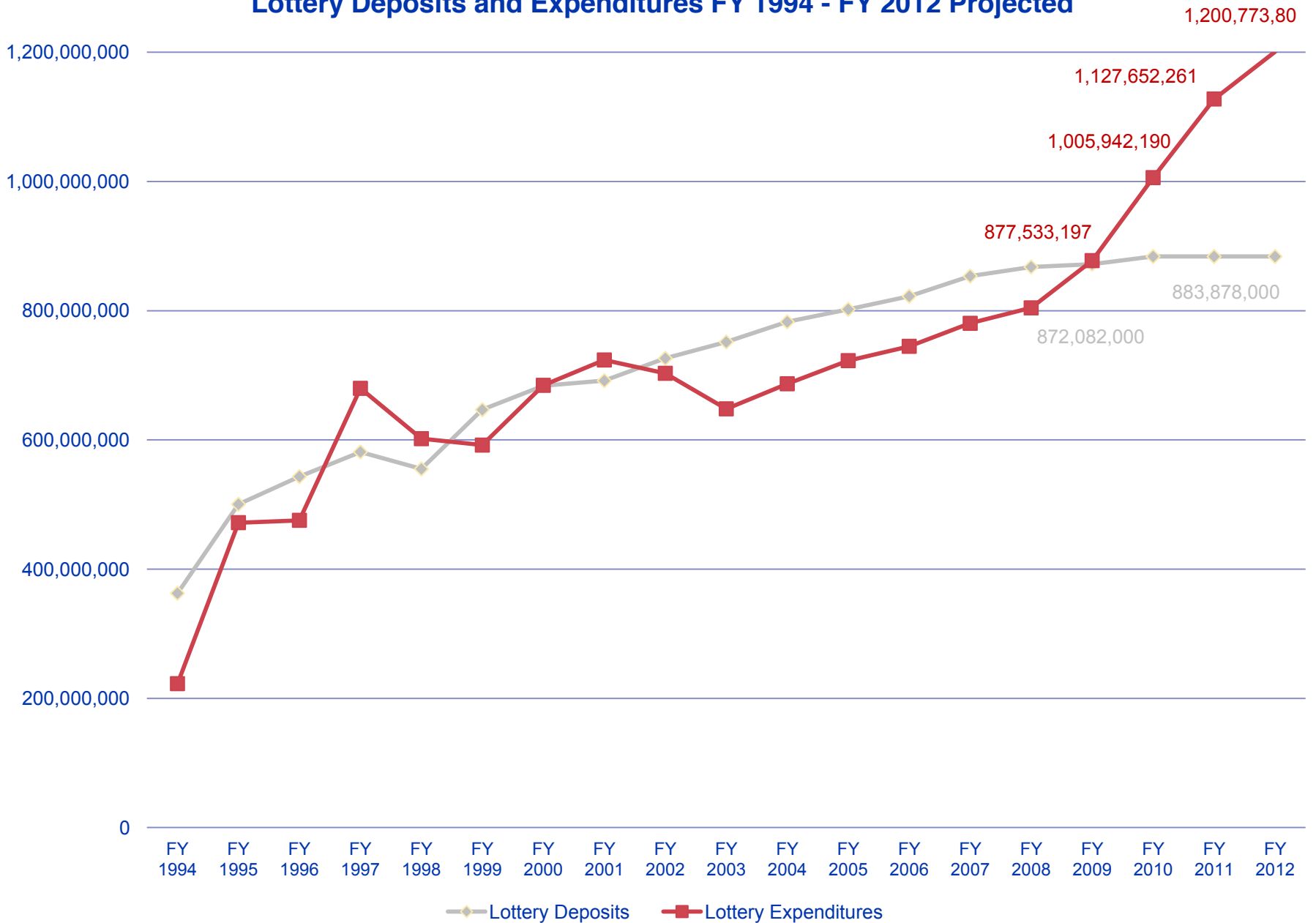
Tim Connell, President
Georgia Student Finance Commission

February 2, 2012

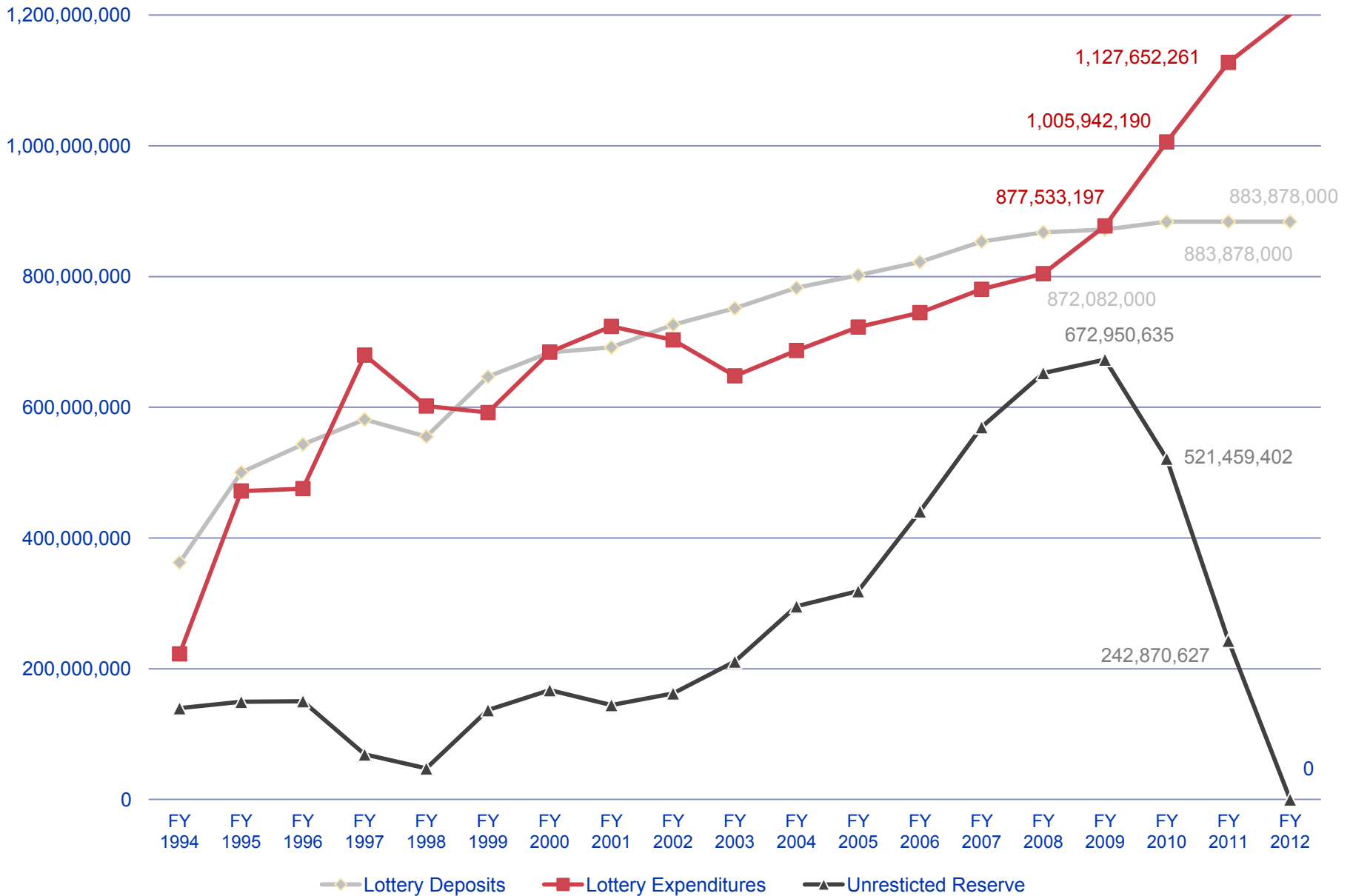
Last December's Presentation

- Last December, we provided the General Assembly with briefings that described HOPE's projected future if no changes were made to the benefit structure
- Our projection showed that the costs of lottery-funded programs were outstripping new lottery revenues at an accelerating rate that, if unchecked, would deplete lottery reserves
- This decline in total reserves would cause problems in the administration of lottery programs by FY 2013

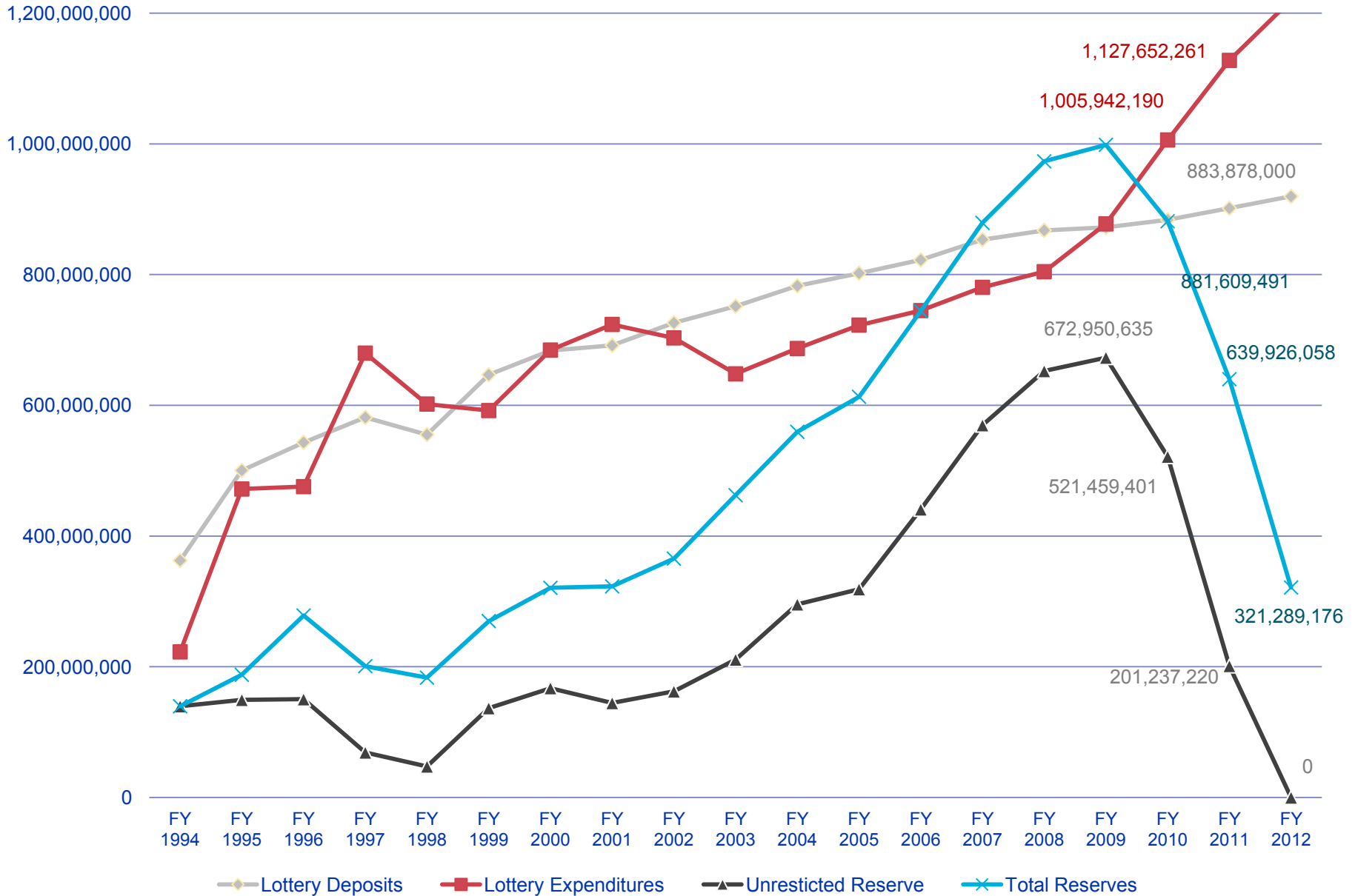
Lottery Deposits and Expenditures FY 1994 - FY 2012 Projected



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HOPE Changes: HB 326

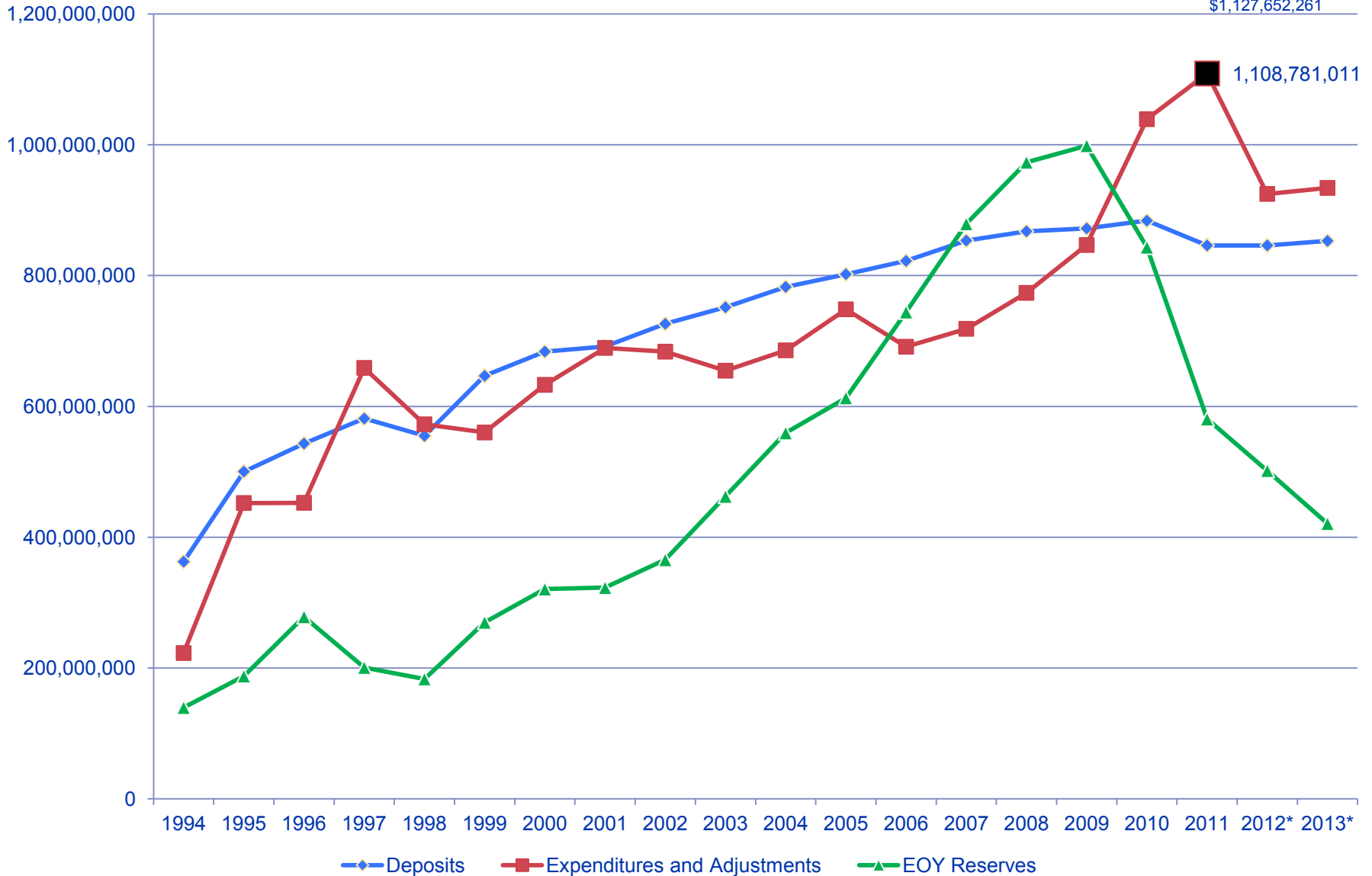
- **Limited time eligibility for the Scholarship and put limits on regaining HOPE once lost**
- **No payments for books or fees for all students or remedial college coursework for Scholarship students**
- **Provided for phase-in of high school coursework rigor requirements**
- **Established GPA requirement for the HOPE Grant**
- **Changed lottery reserves to a single category and set a standard for the reserve level**
- **Established a new Zell Miller Scholarship for high-achieving high school graduates**

HOPE Changes: HB 326

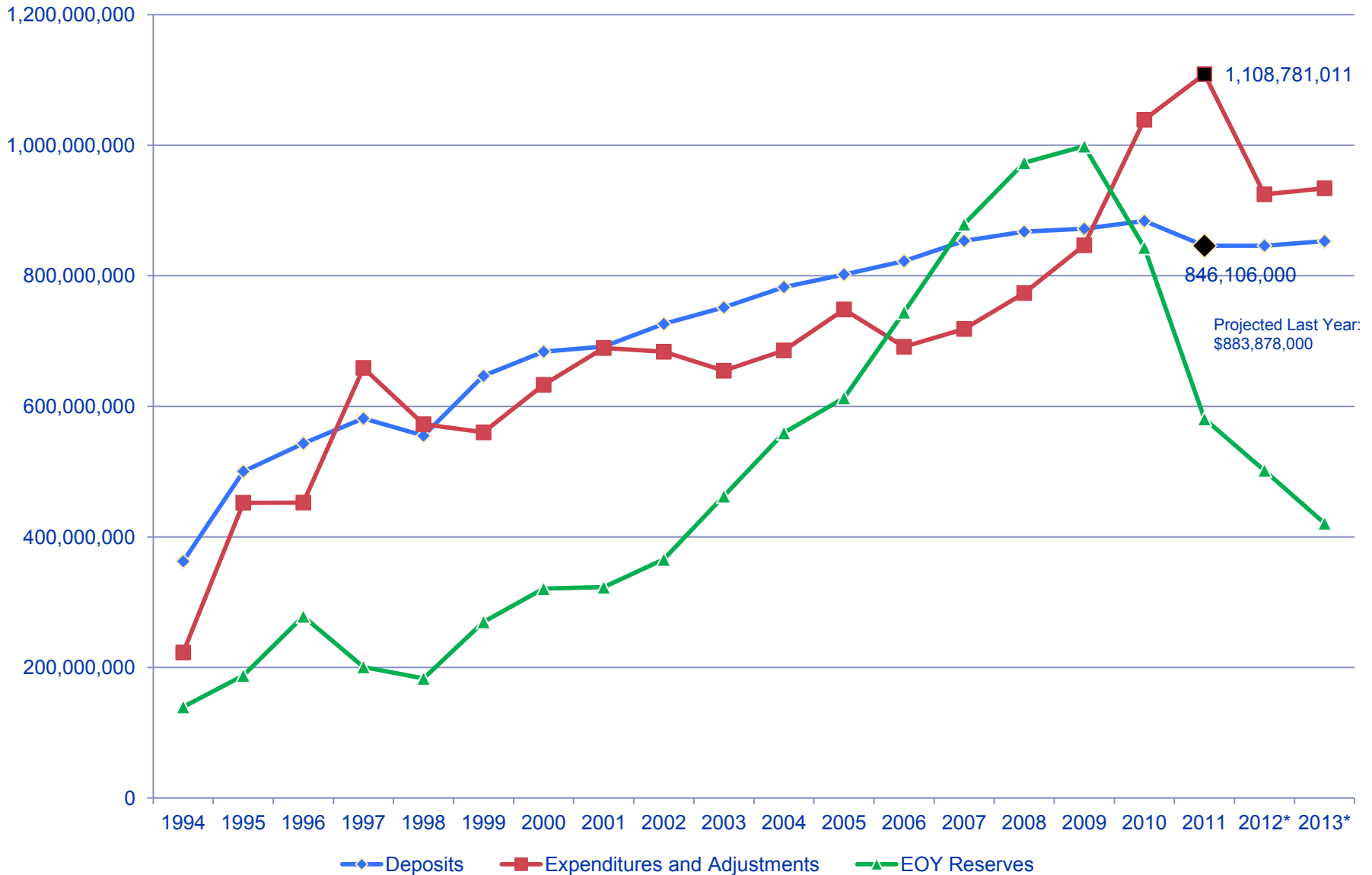
- **Most importantly and fundamentally, HB 326 uncoupled the HOPE benefit from the rate of tuition charged by postsecondary institutions**
- **Further, under HB 326, the amount of the HOPE benefit will be determined based upon available revenues and approved annually by the General Assembly through the appropriations process**
- **HB 326 ensures that HOPE and Pre-Kindergarten can annually meet all of their obligations while remaining in balance with incoming revenues from the Georgia Lottery Corporation**

Lottery Deposits, Expenditures and End-of-Year Reserves by Fiscal Year – FY 2011

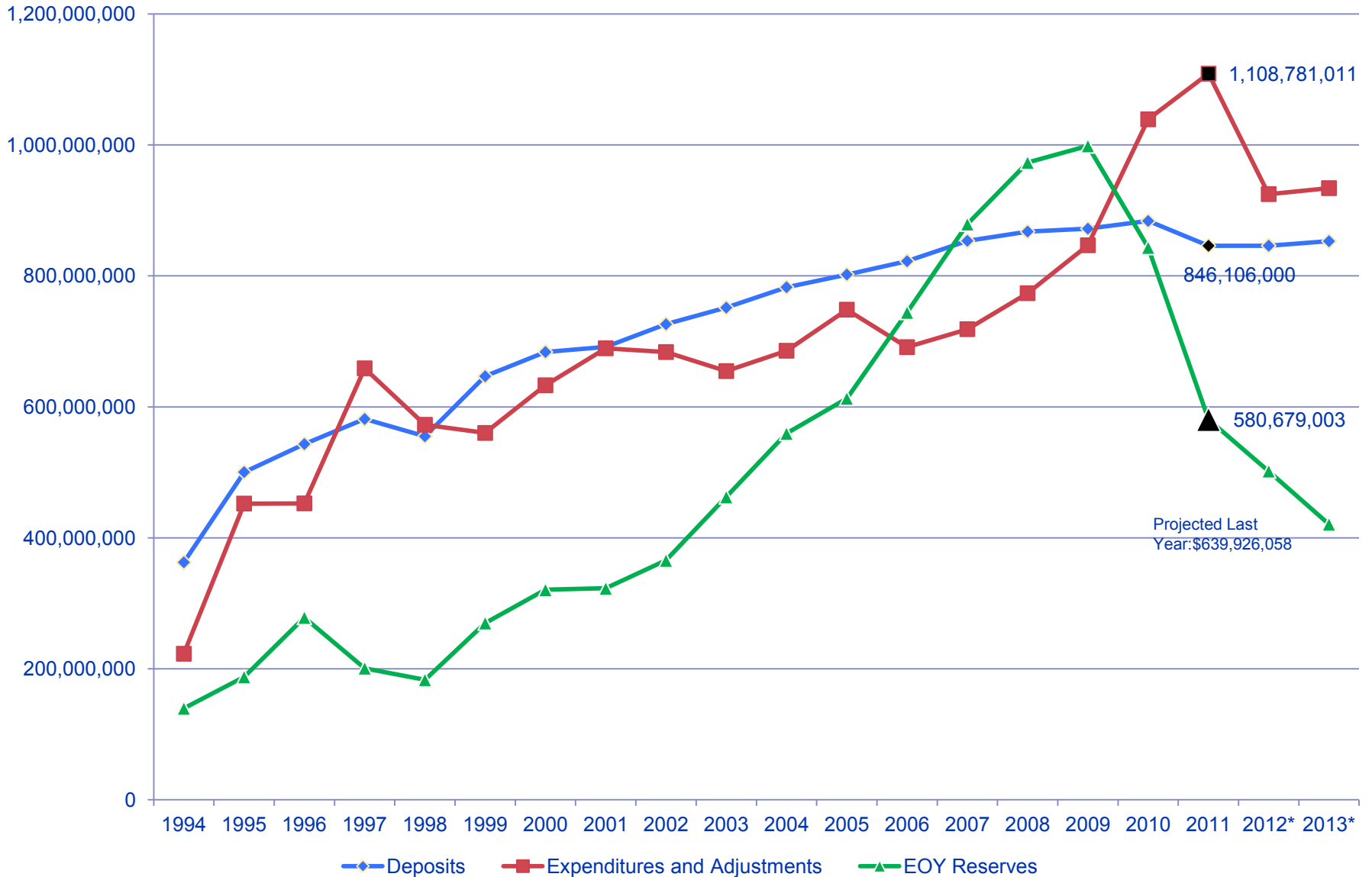
Projected Last Year:
\$1,127,652,261



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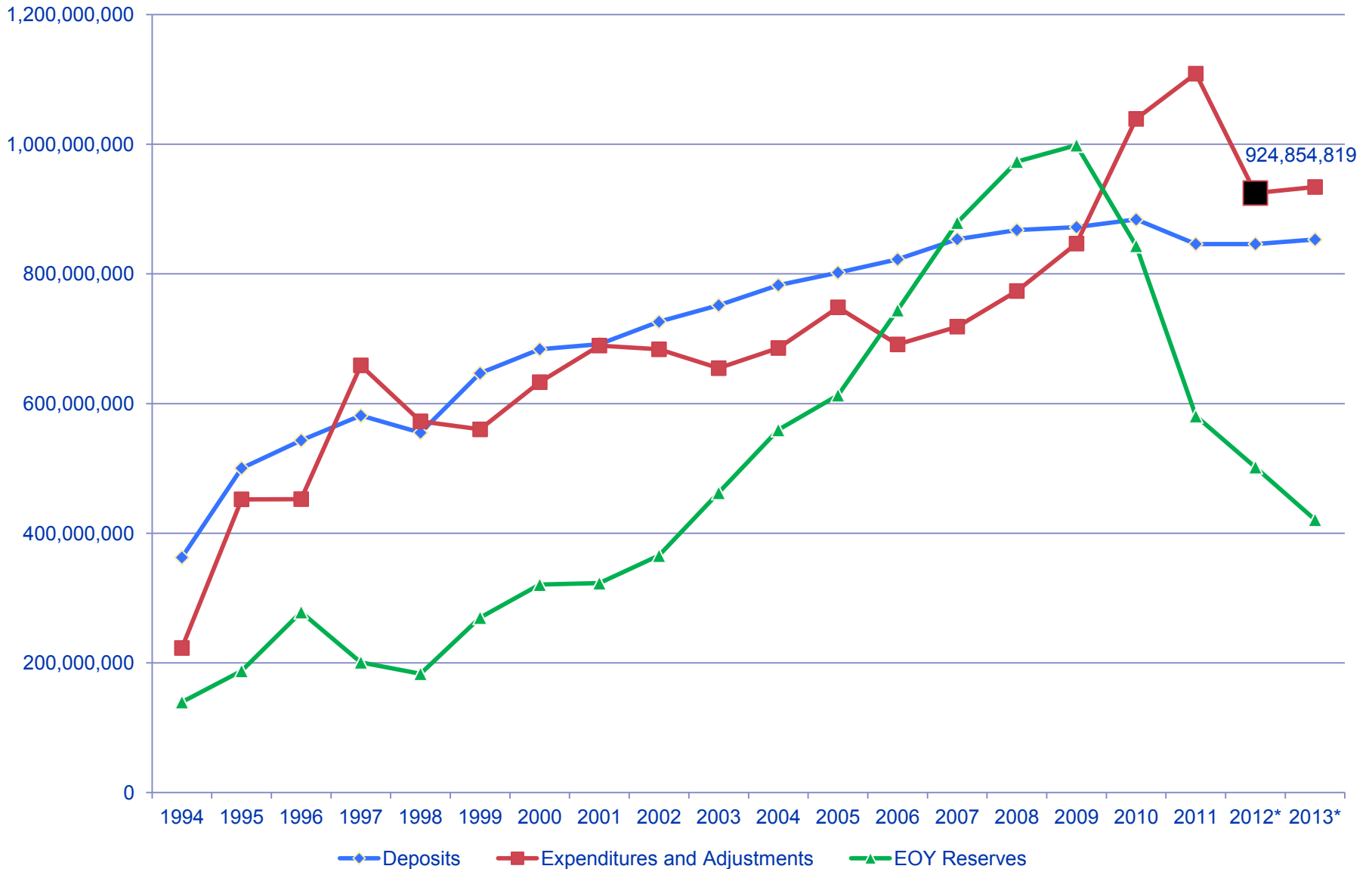


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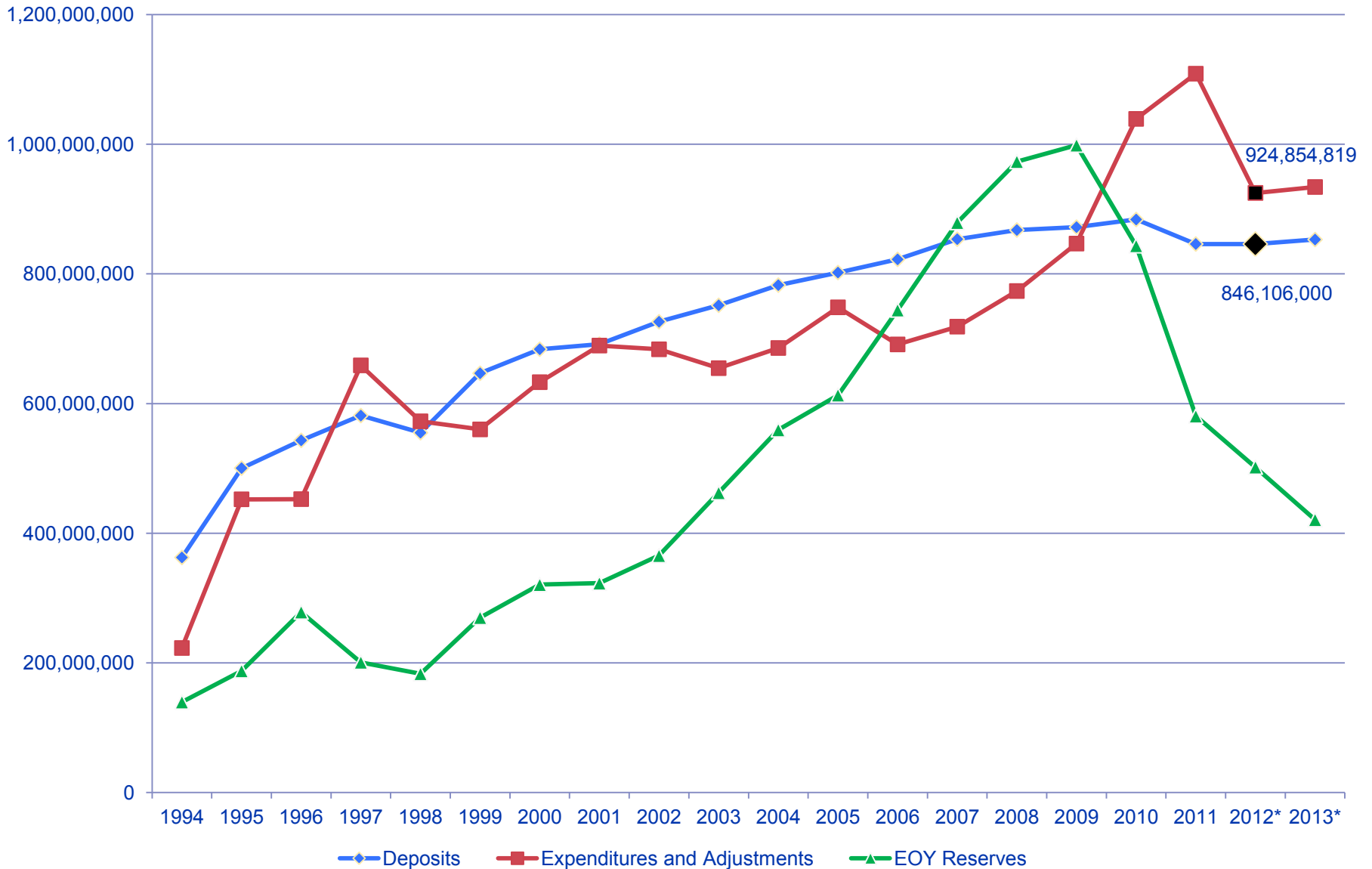


Lottery Deposits, Expenditures and End-of-Year Revenues by Fiscal Year – FY 2012

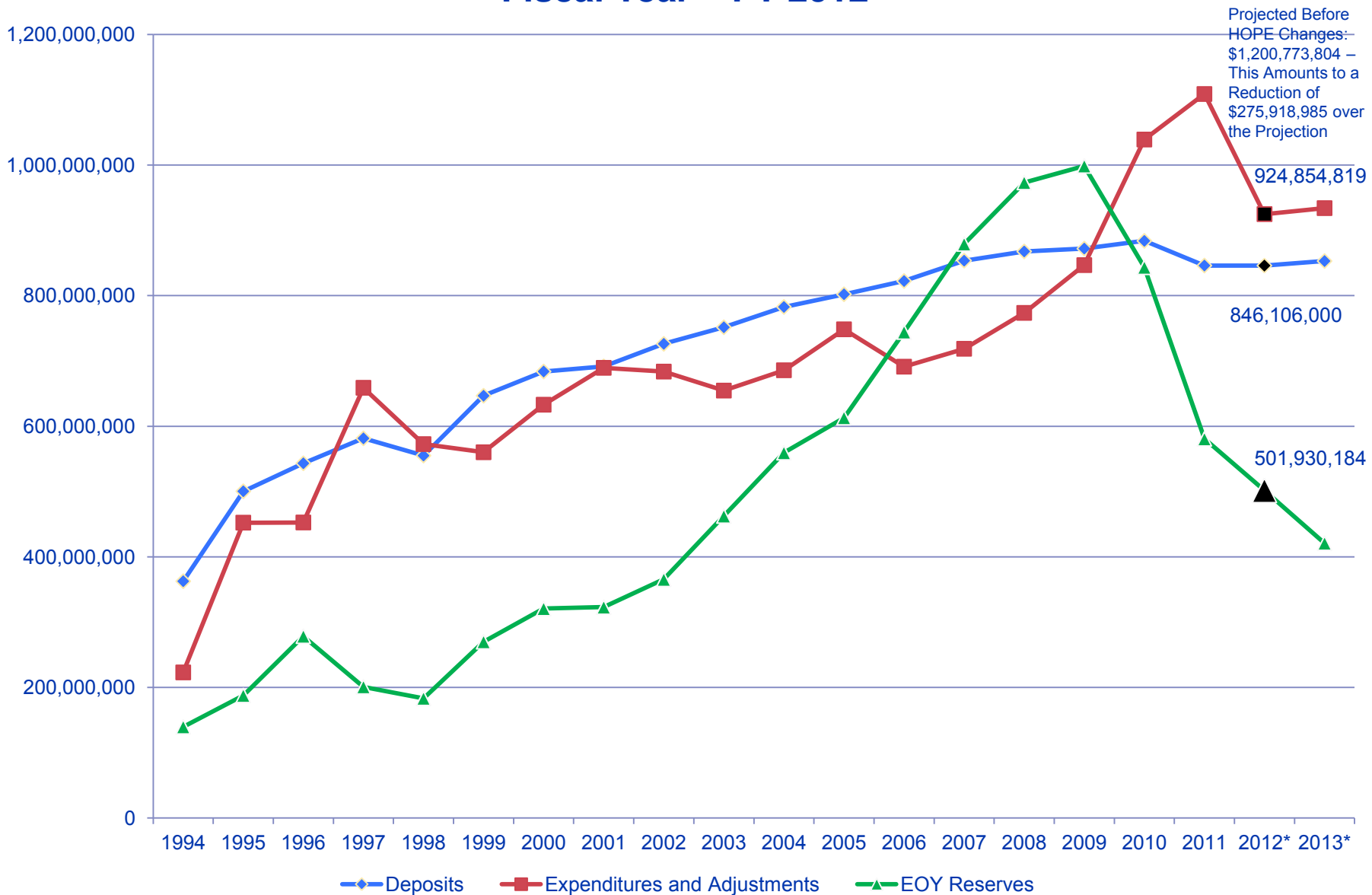
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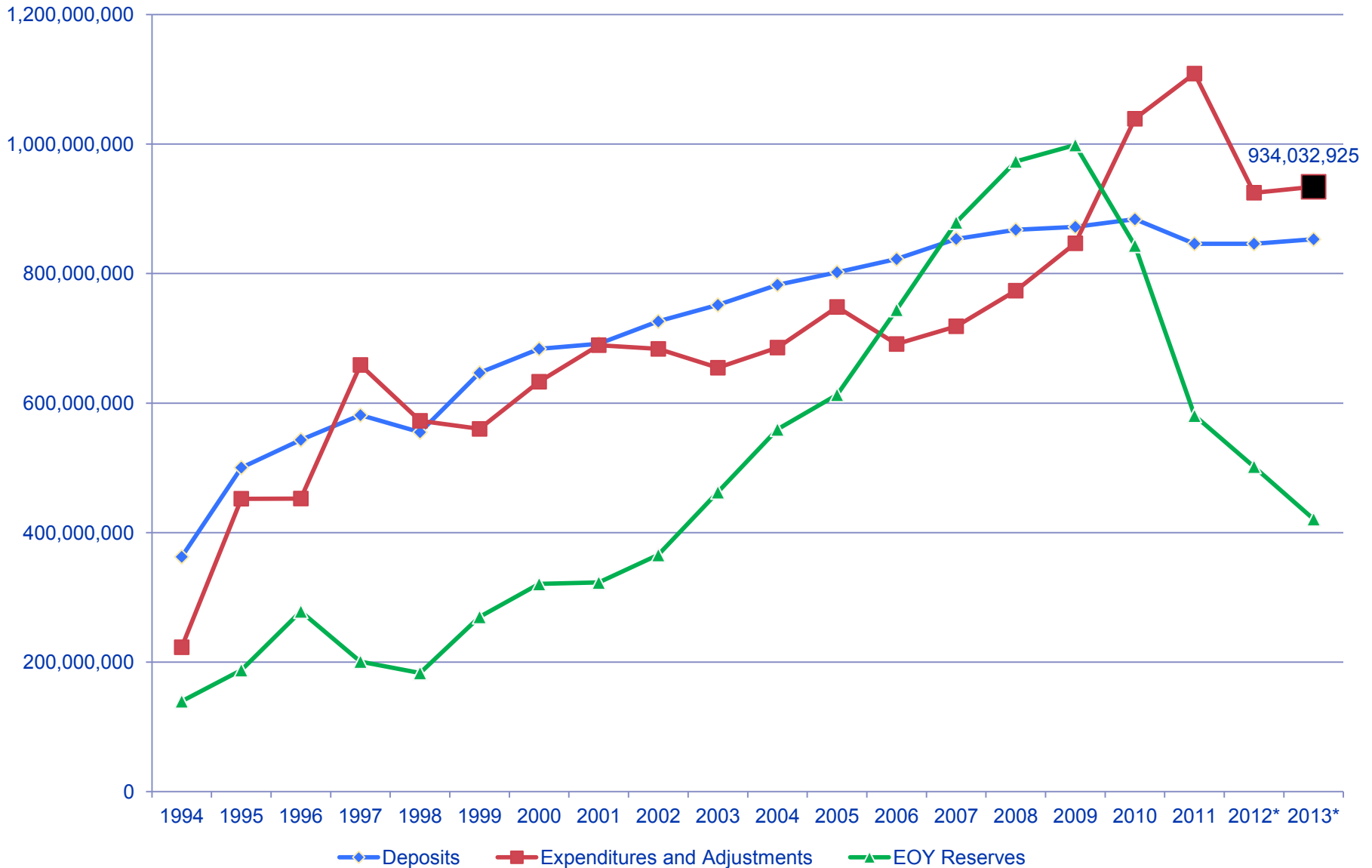


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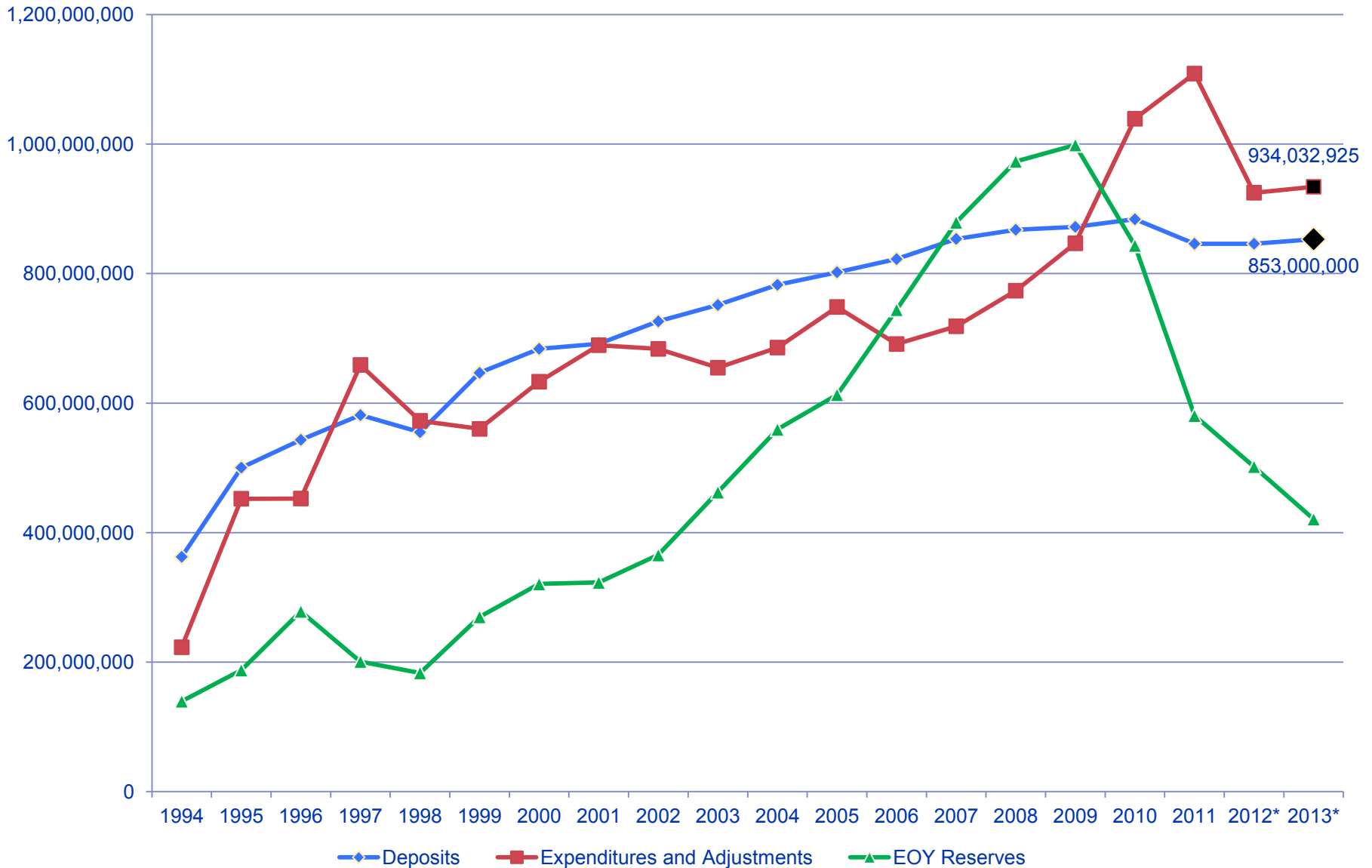


Lottery Deposits, Expenditures and End-of-Year Revenues by Fiscal Year – FY 2013 (Requested)

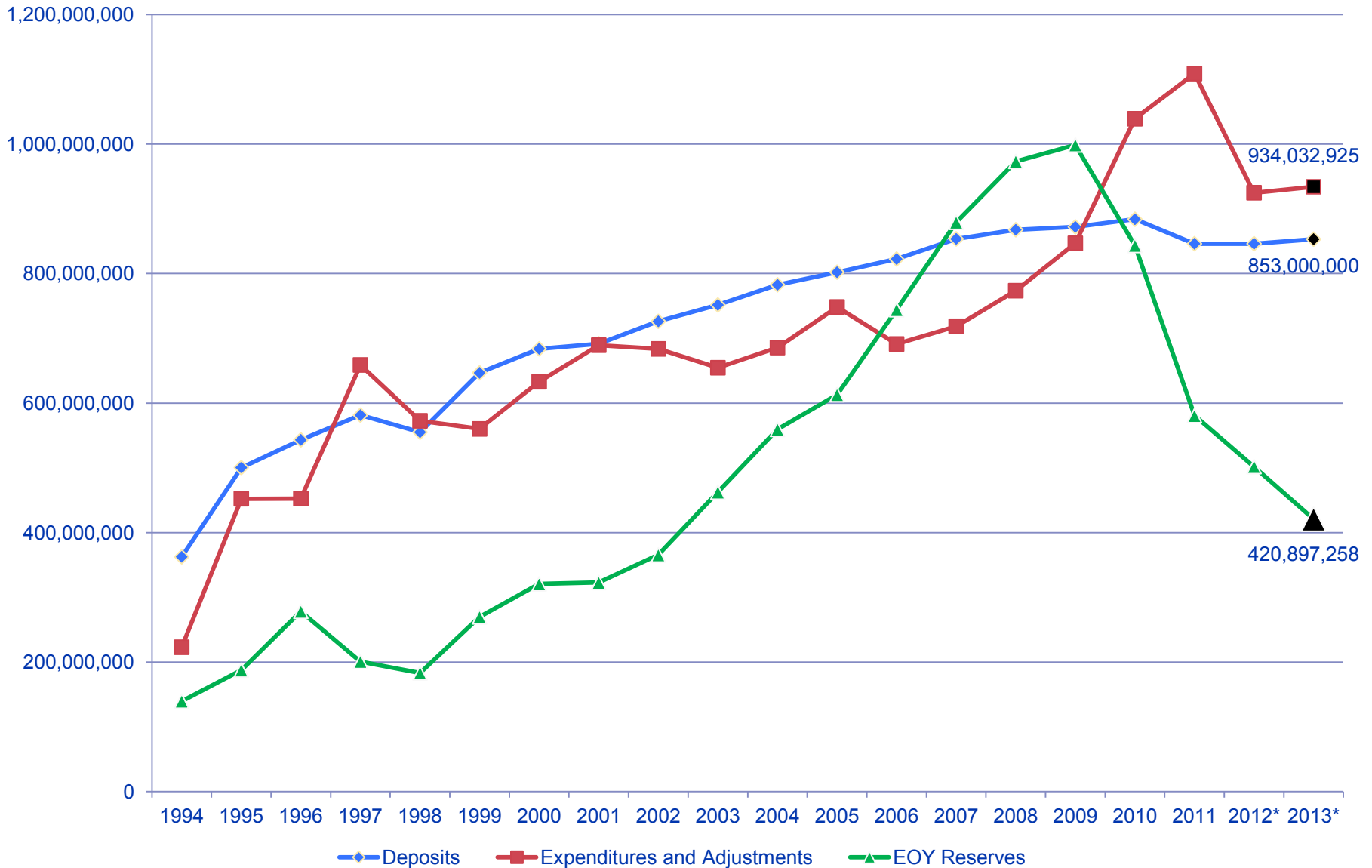
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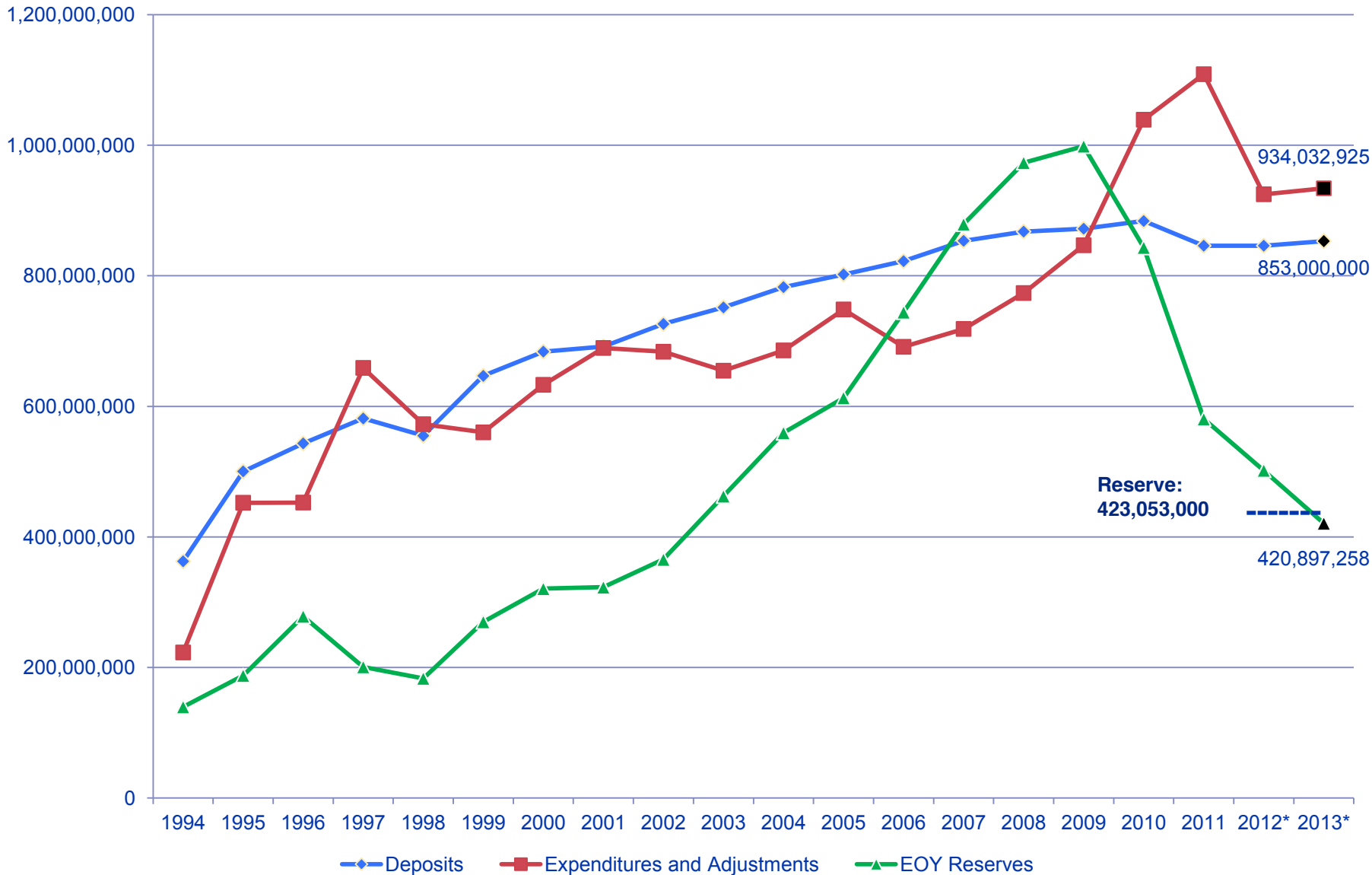
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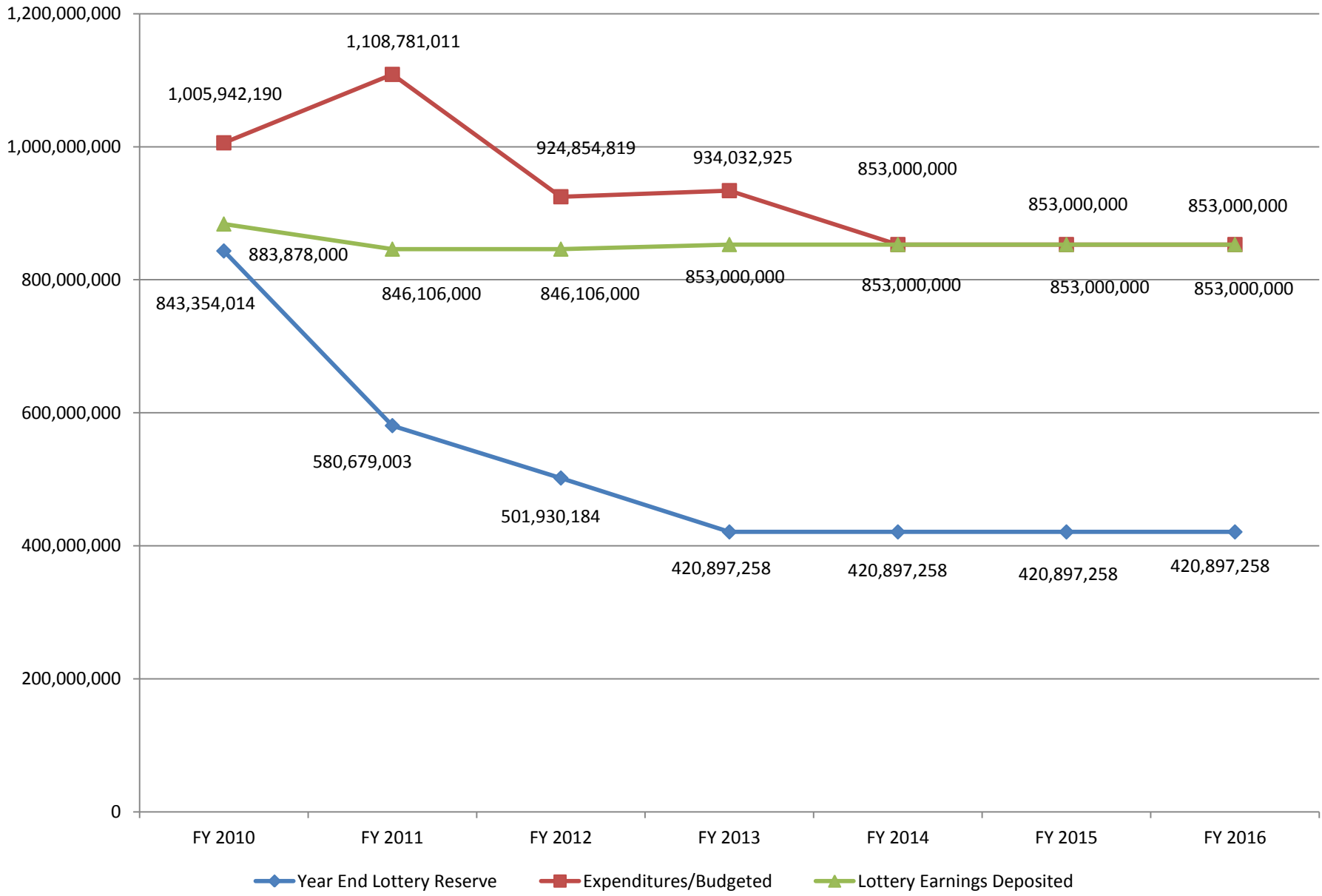
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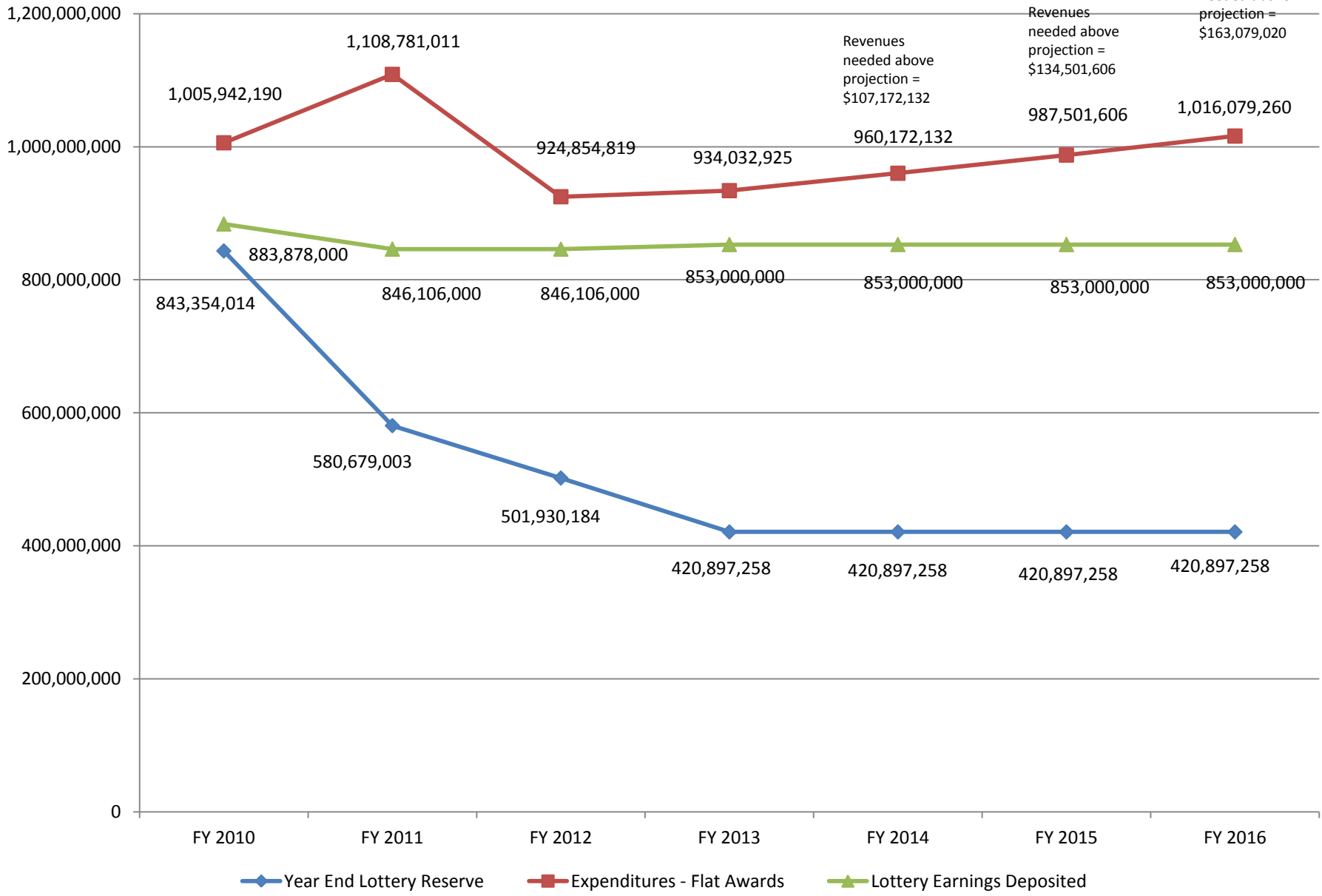
Assumptions Used in Projections for FYs 2014, 2015 and 2016

- Annual growth rate of 4% in number of HOPE awards and Zell Miller Scholarship awards
- Tuition increases estimated at 3% annually
- Apportionment of lottery revenues tracks current apportionment between Pre-Kindergarten and Scholarship programs
- Mandatory fee levels are flat at current levels
- Beginning in FY 2014, expenditures are limited to projected revenues – no reserve funds are used so that the required reserve level is maintained annually

Projected Lottery Deposits, Expenditures and Reserves: A Scenario



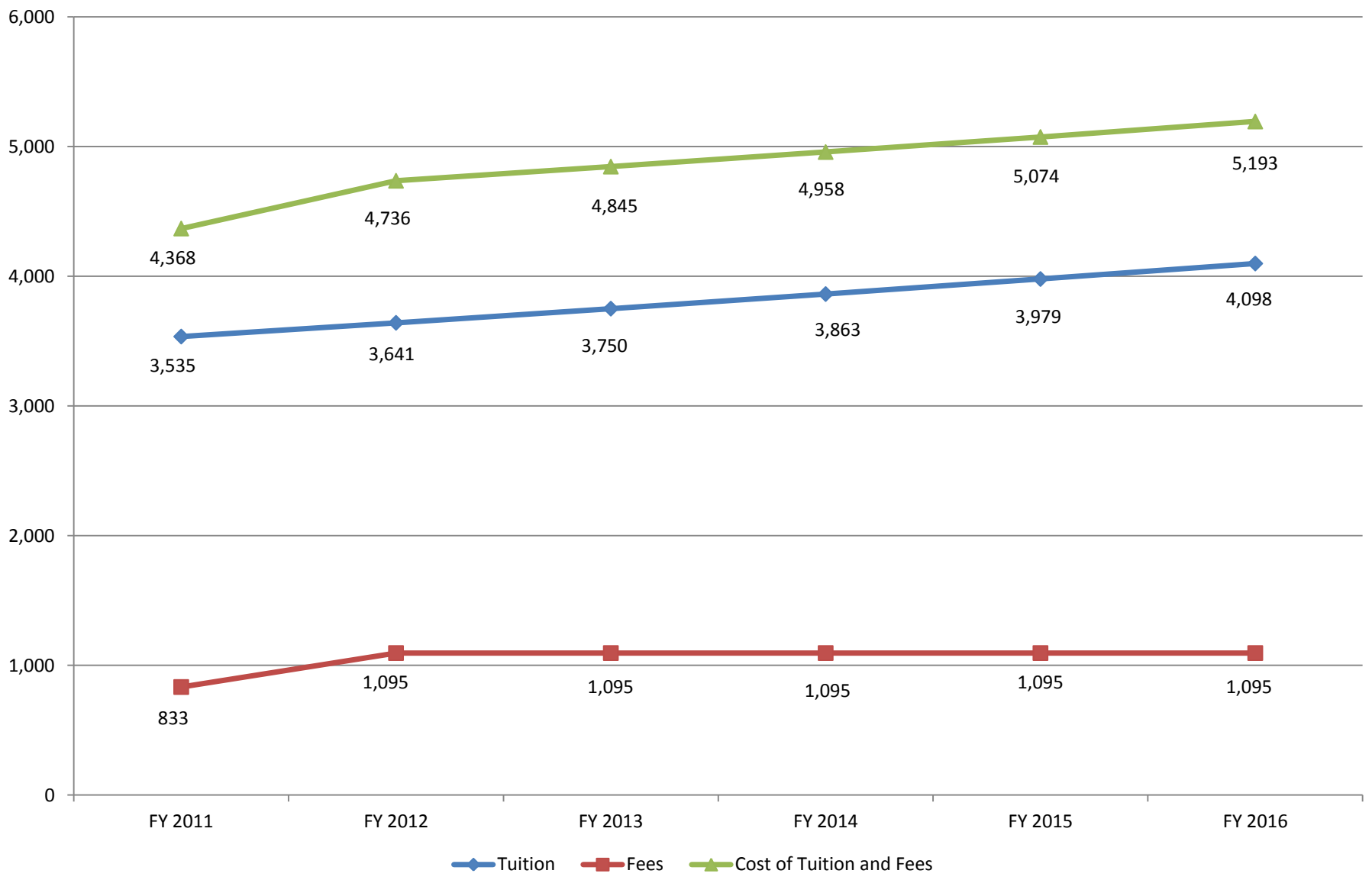
Projected Lottery Deposits, Expenditures and Reserves: A Scenario



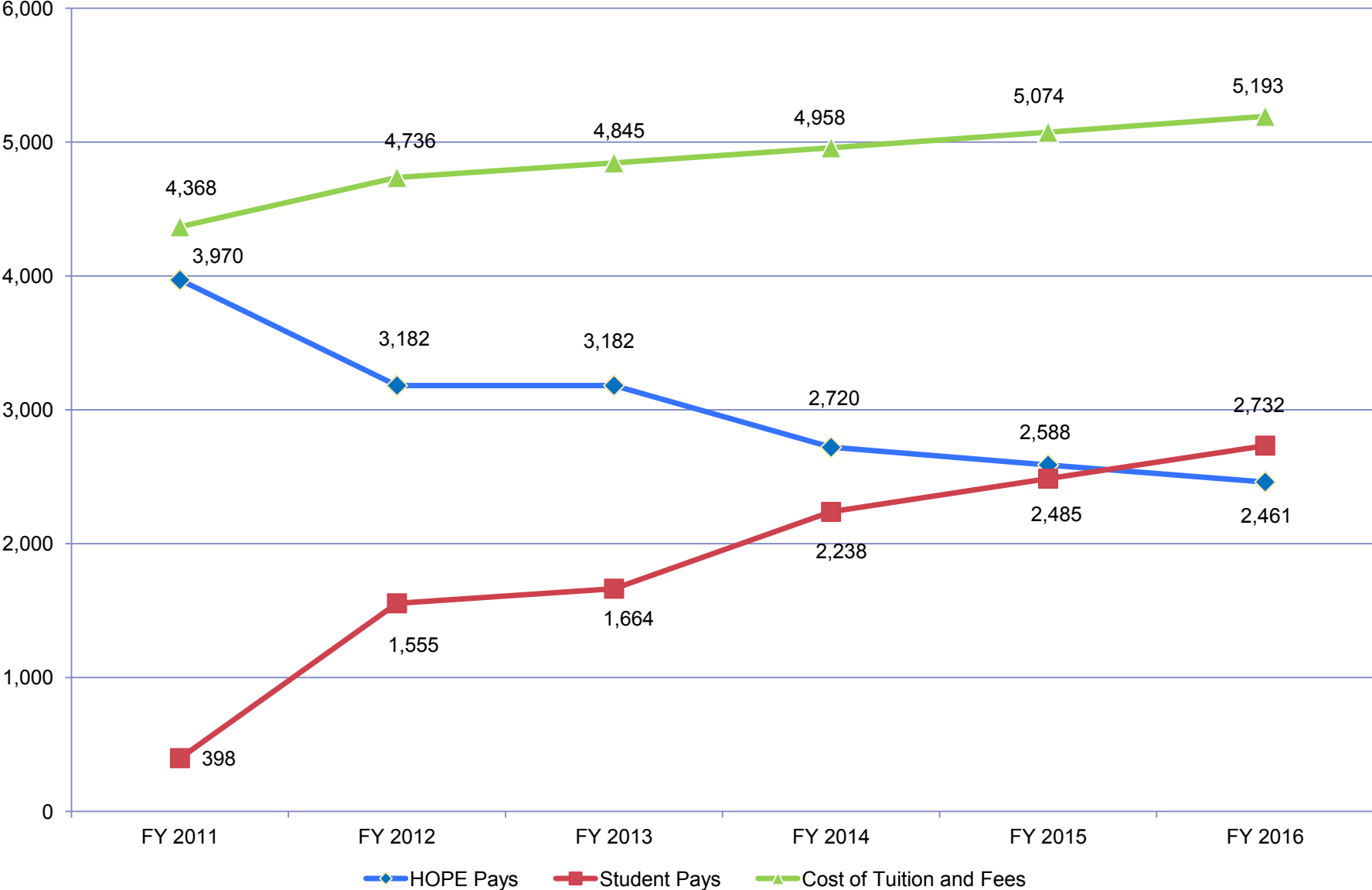
Effects of These Projected Funding Scenarios on HOPE Benefits and Projected Student Costs

- **Student cost comparisons based on three colleges: University of Georgia; Georgia Perimeter College; and Chattahoochee Technical College**
- **Examples show projected costs for full-time students at each college, HOPE benefits and the amounts students would pay each semester towards tuition and fee costs based on these scenarios**
- **Examples show comparisons in the context of FY 2011 and FY 2012 actual awards and FY 2013 awards per budget request**

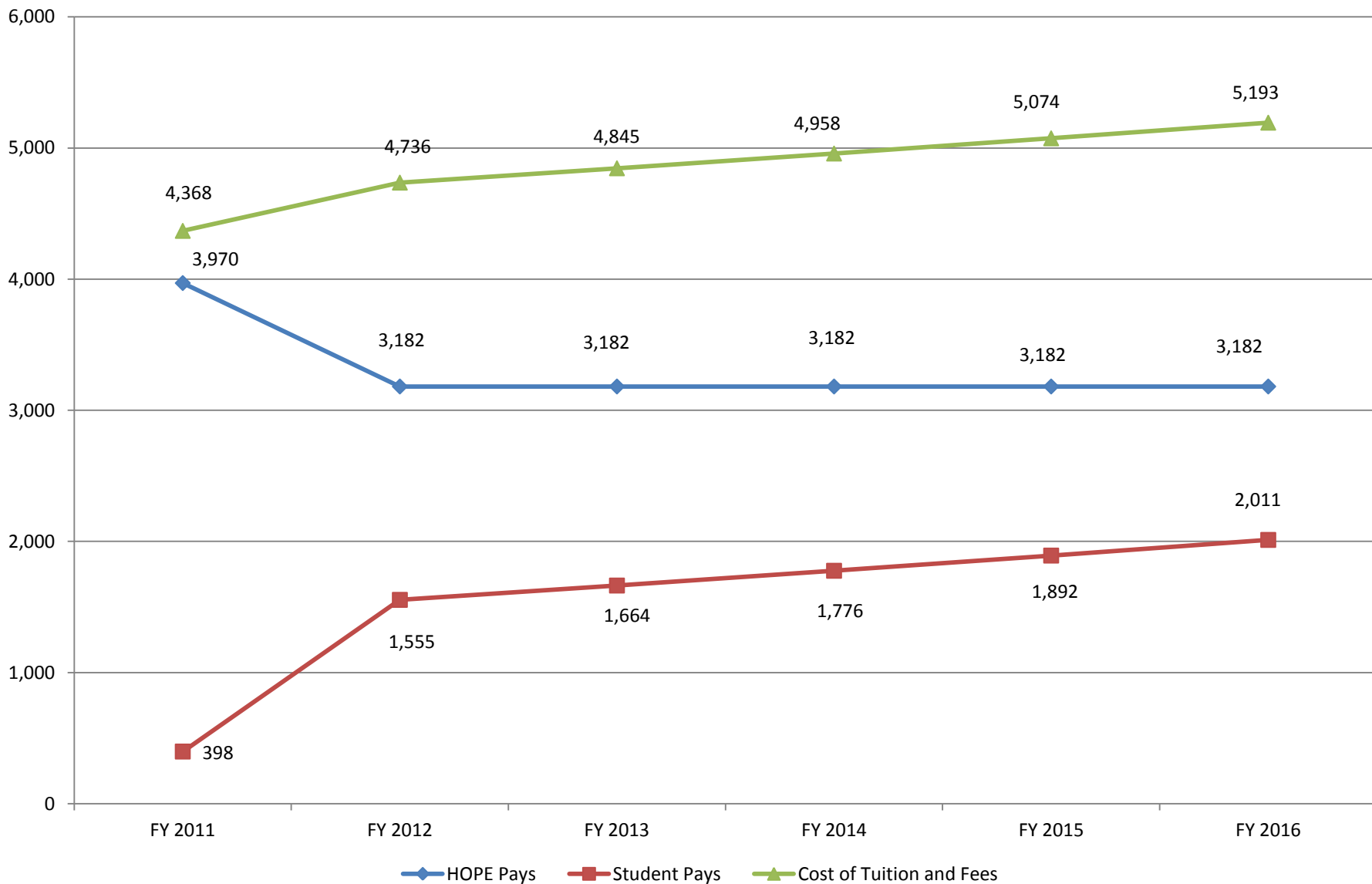
University of Georgia: Projected Costs Per Semester in Dollars at 3% Annual Increases with Fees Constant at FY 2012 Levels



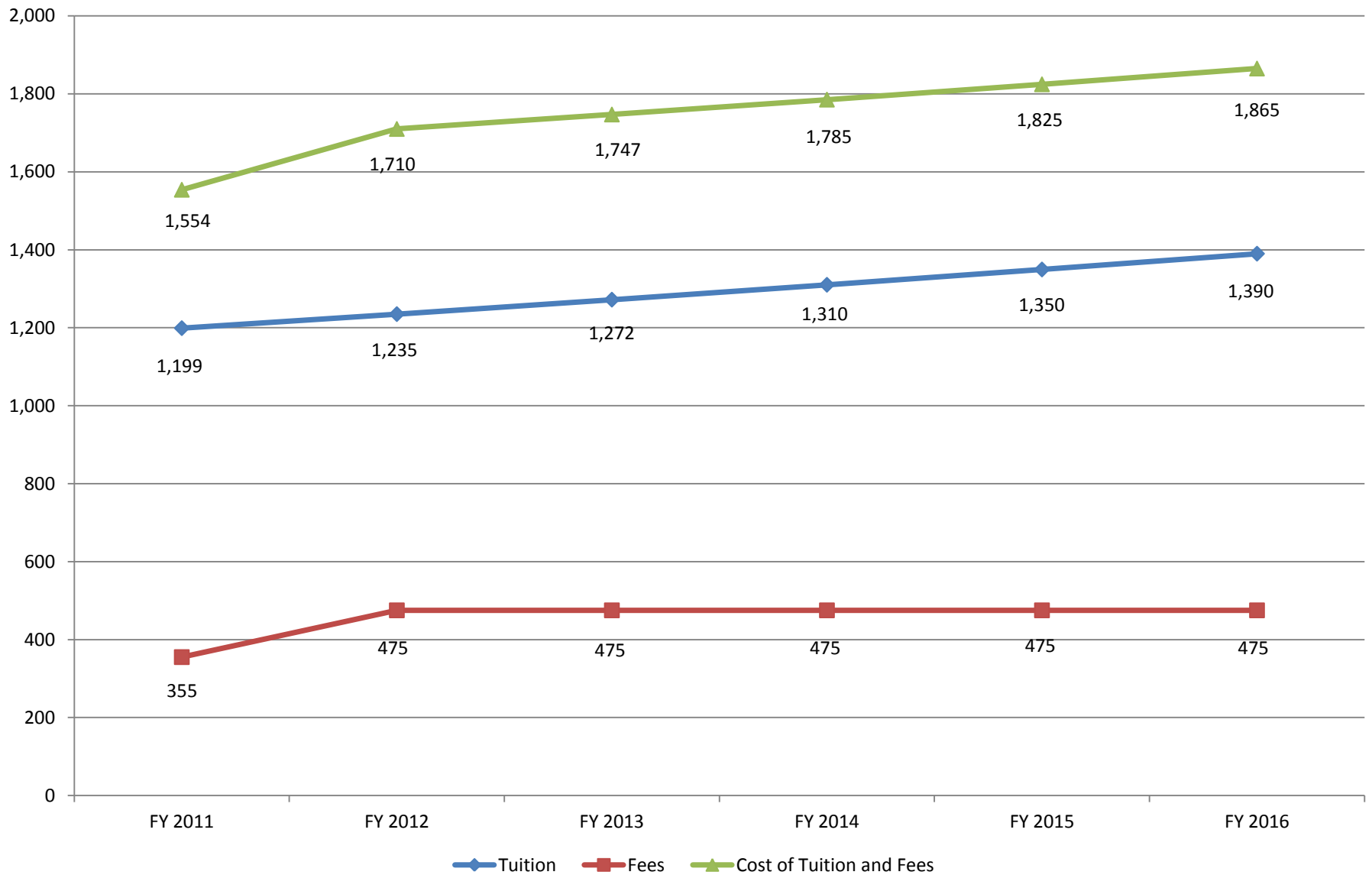
University of Georgia: Tuition and Fee Costs Per Semester, What HOPE Pays and What Students Will Pay Based on This Scenario



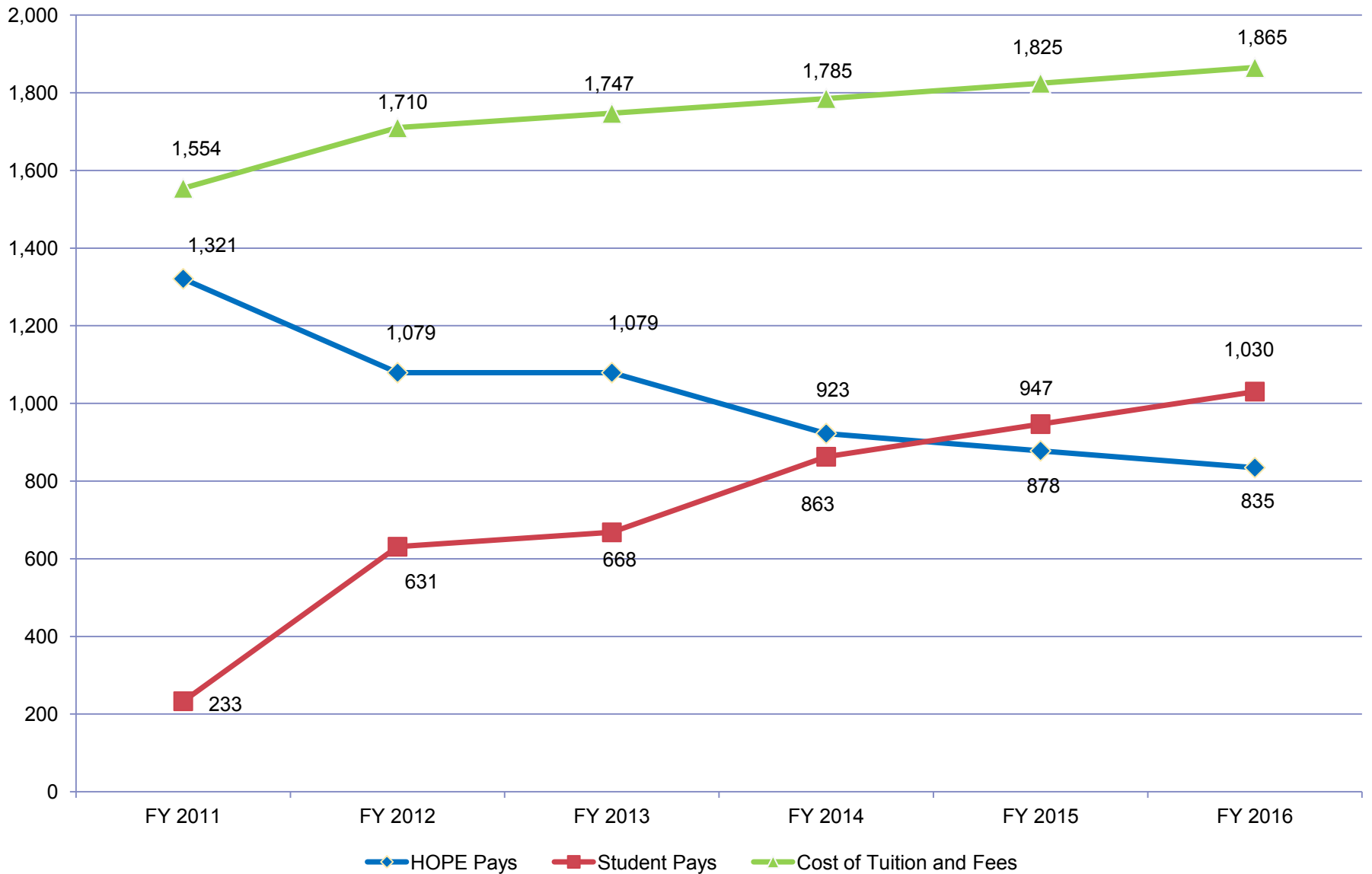
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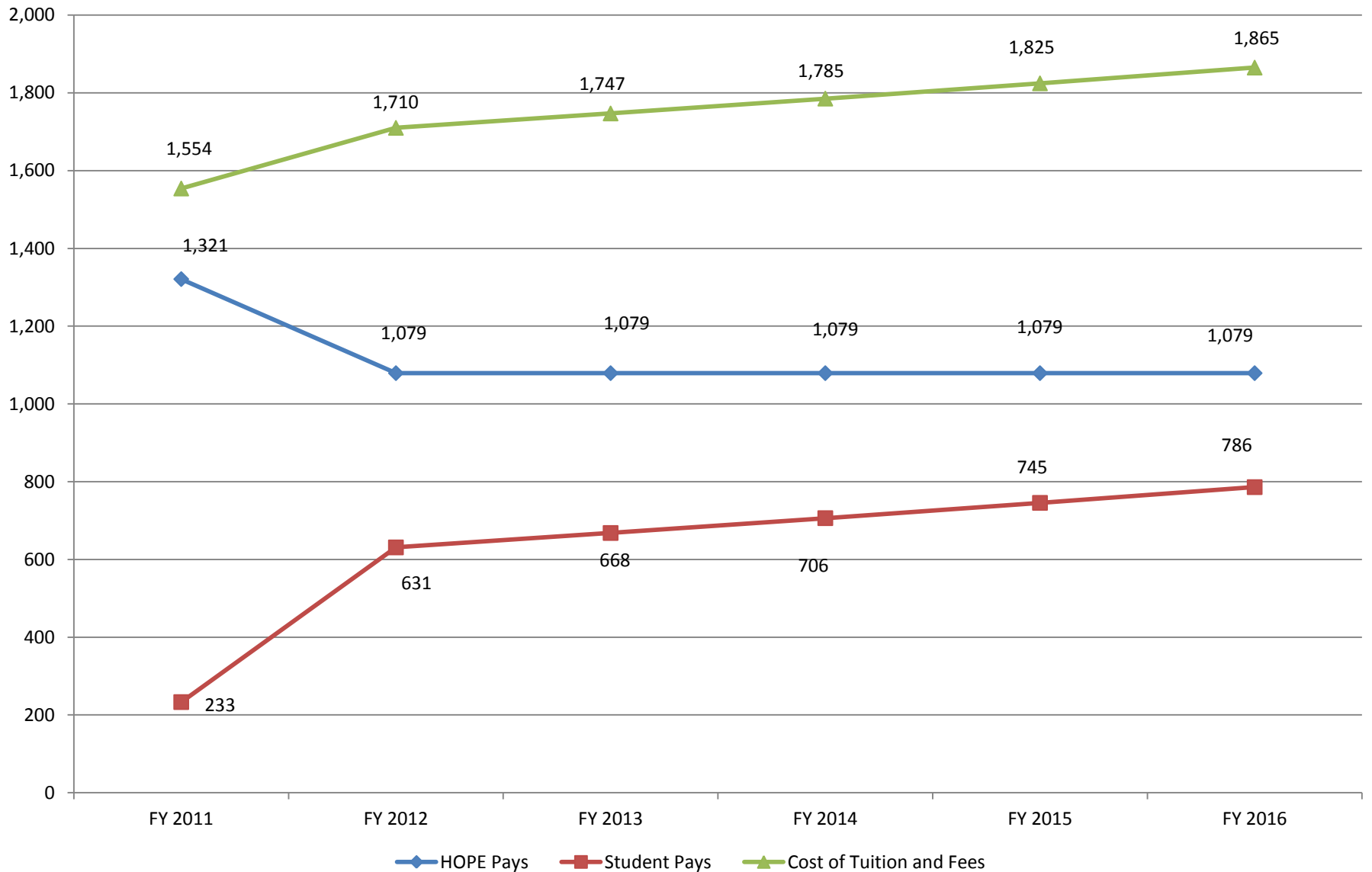
Georgia Perimeter College: Projected Costs Per Semester in Dollars at 3% Annual Increases with Fees Constant at FY 2012 Levels



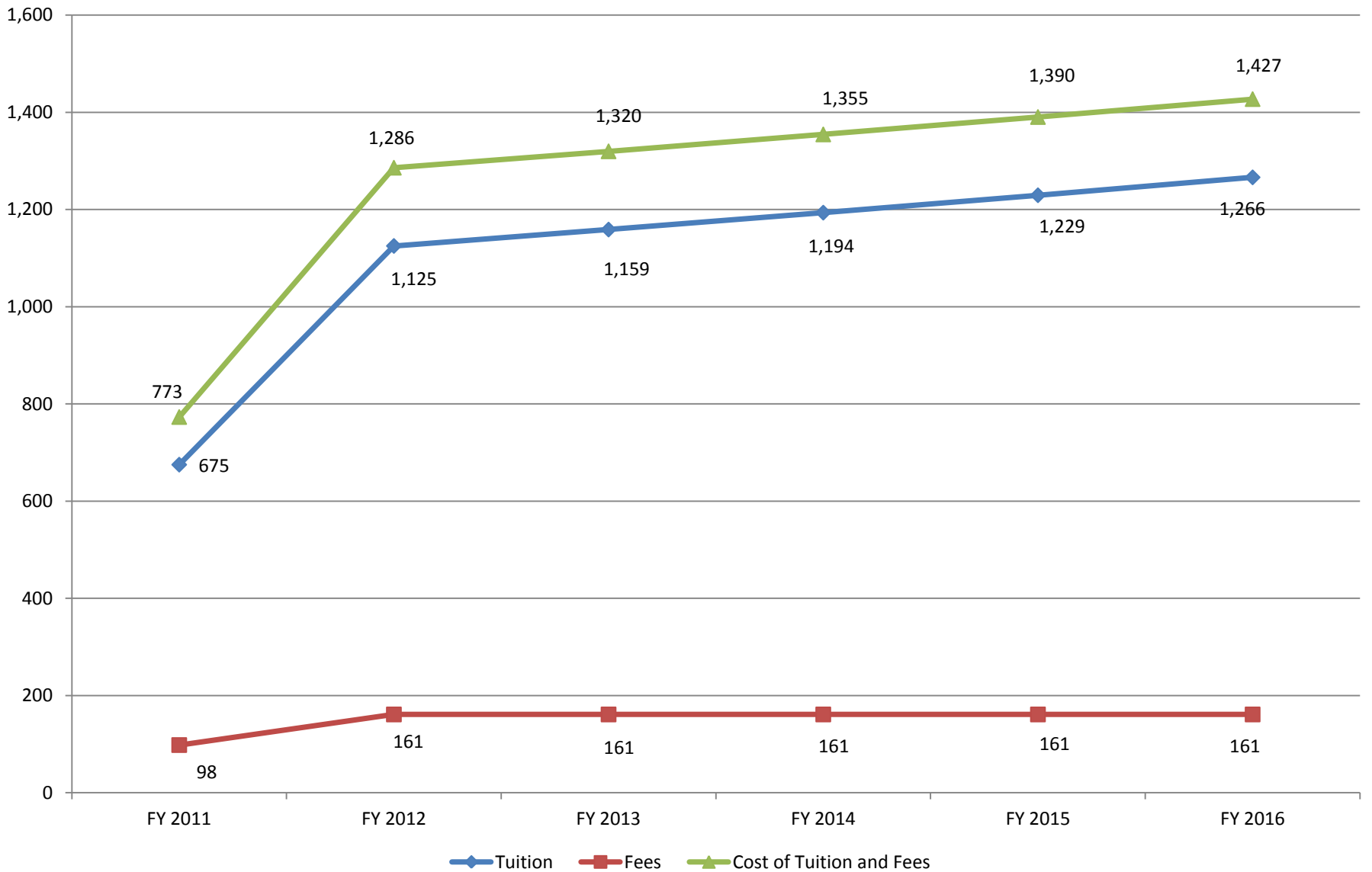
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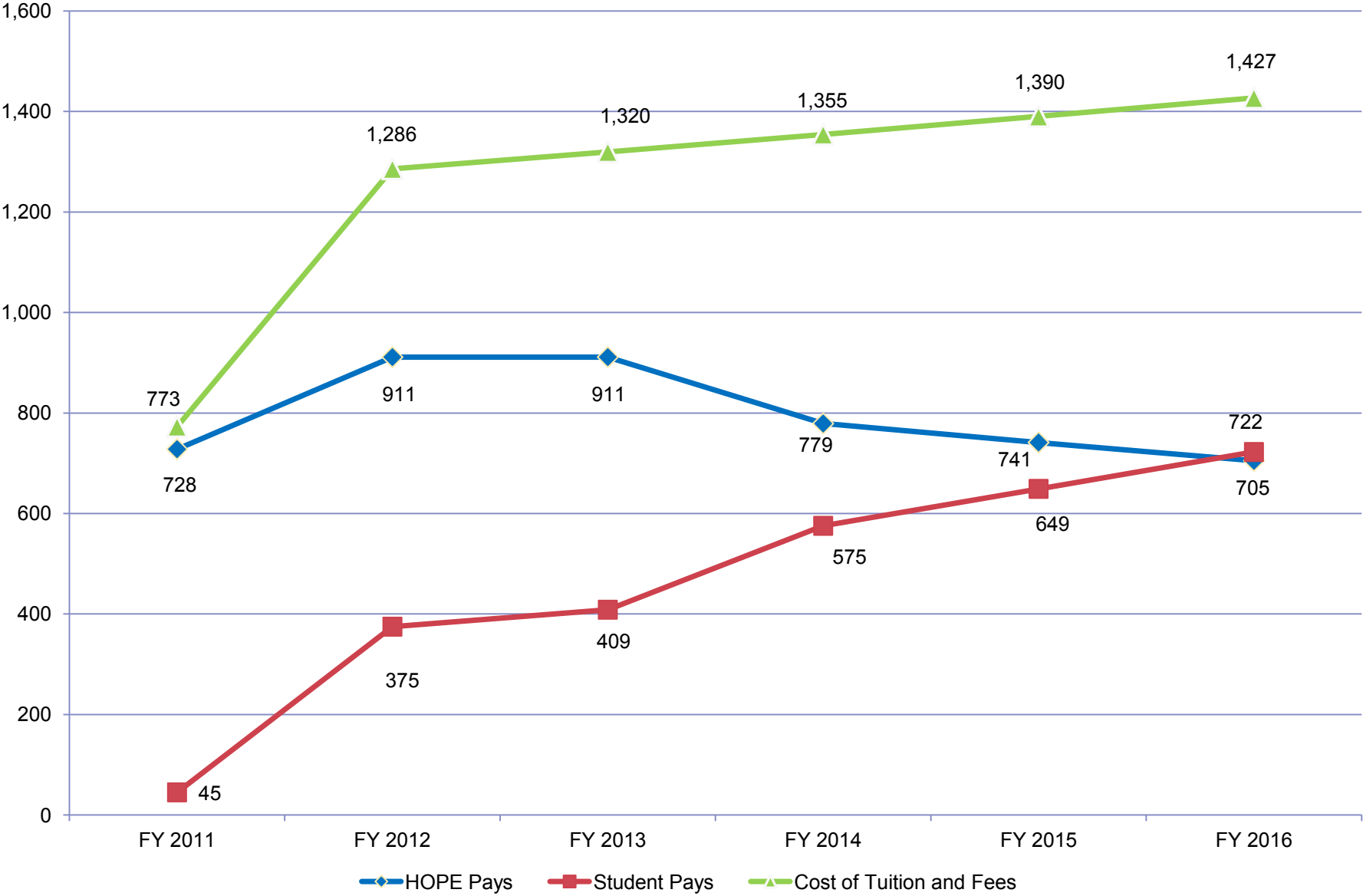
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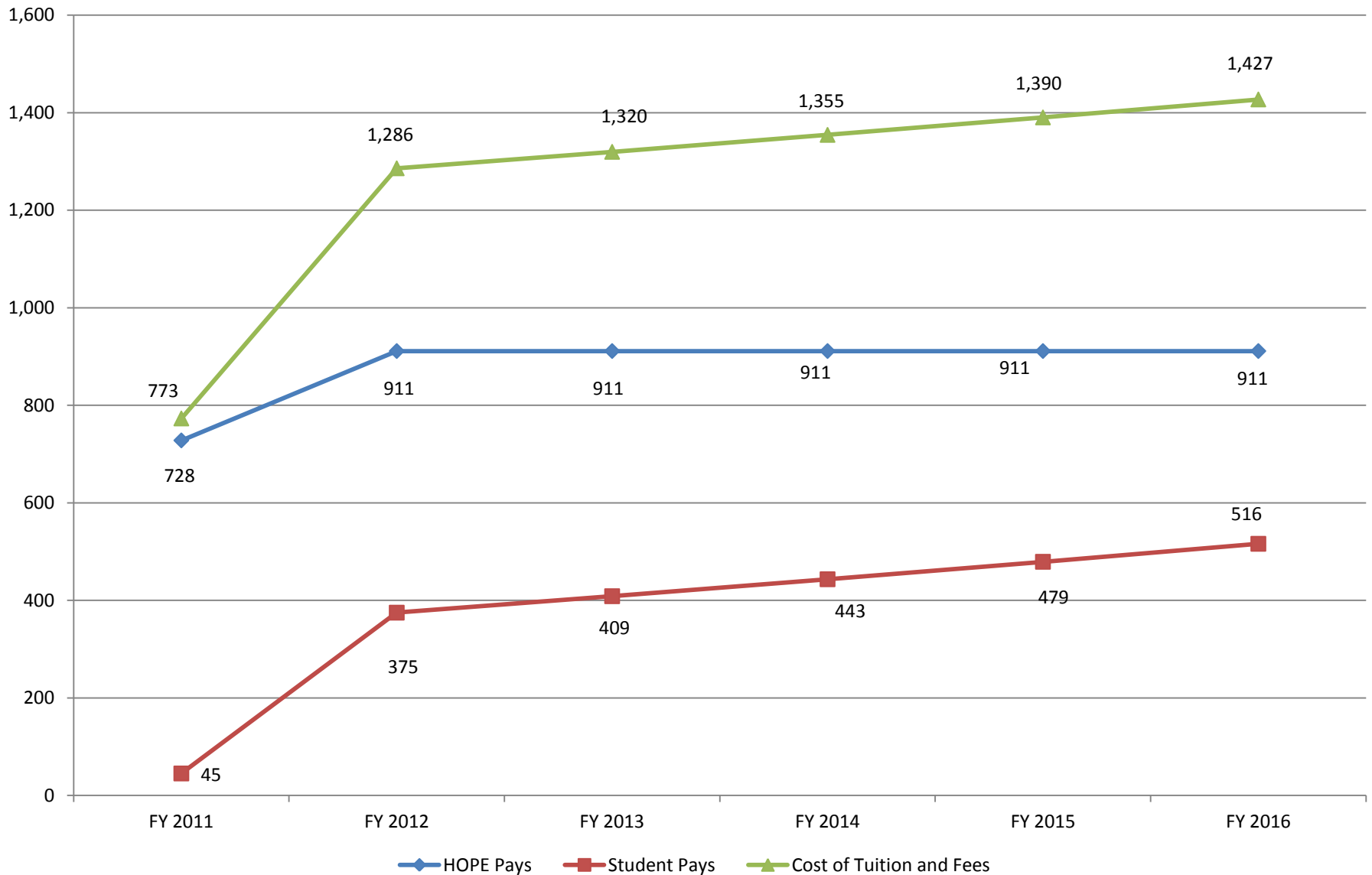
Chattahoochee Technical College: Costs Per Semester in Dollars at 3% Annual Increases With Fees Constant at FY 2012 Levels



Chattahoochee Technical College: Tuition and Fee Costs Per Semester, What HOPE Pays and What Students Will Pay Based on This Scenario



Chattahoochee Technical College: Tuition and Fee Costs Per Semester, What HOPE Pays and What Students Will Pay Based on This Scenario



Zell Miller Scholarship Qualifiers

Zell Miller Scholarship Qualifiers

2007	2008	2009	2010	2011	
82,262	89,660	94,082	98,222	97,269	Certified Grads
34,122	36,488	37,658	39,585	41,398	With HOPE GPAs
41.48%	40.70%	40.03%	40.30%	42.56%	% with HOPE GPAs
9,132	9,500	9,677	10,367	11,224	With 3.7 or Higher GPA of all Certified Grads
11.10%	10.60%	10.29%	10.55%	11.54%	% with 3.7 or Higher GPA of all Certified Grads
4,661	4,943	5,191	5,499	6,638*	Zell Miller Scholars by Year*
* Totals for 2011 Include Zell Miller Scholars Qualifying by Val/Sal Alone for All Years				26,932 14% of all HOPE GPA Certified Grads	Total Zell Miller Scholars all Years to Date

Student Access Program Review

Student Access Loan Program Review

- **Designed to address the gap between the student's Cost of Attendance (COA) and the sum of the students Estimated Financial Aid (EFA) and Expected Family Contribution (EFC).**
- **Ten year loan at one percent interest rate.**
- **Students must first access and exhaust other state and federal student aid.**
- **No minimum amount, maximum of \$10,000 per year, \$40,000 total.**
- **As part of the application process, students request the amount they wish to borrow. This amount is verified and approved by the college.**

Student Access Loan Program Review

- **Deferral of principal until graduation or no longer in school; interest payment while in school.**
- **Service cancelable component for teaching in STEM fields added in HB 326.**
- **Twenty million dollars appropriated for SFY 2012.**
- **Postsecondary school certification is required.**
- **Students are chosen at random from the pool of applicants received during the cycle.**

Application Results

- **Students submitted more than 8,800 applications.**
- **More than \$65 million requested.**
- **Average loan amount request of \$7,360.**
- **Applications requested at 95 schools from all sectors.**
- **Cycle 1 is closed and processing of cycle 2 is ongoing at postsecondary schools.**
- **Nearly \$15 million approved by postsecondary schools as of 01/23/2012 (all cycles).**

Loan Approvals (All Cycles)

Top Ten Schools by Approved Loan Amount

School Name	Sector	Approved Amount	Count
MERCER UNIVERSITY	Private Non Profit	\$1,520,288	213
SHORTER UNIVERSITY	Private Non Profit	\$836,631	123
DEVRY UNIVERSITY	Proprietary	\$735,850	103
SAVANNAH COLLEGE OF ART & DESIGN	Proprietary	\$614,648	68
ATLANTA TECHNICAL COLLEGE	TCSG	\$569,063	94
GEORGIA INSTITUTE OF TECHNOLOGY	USG	\$513,826	96
CLAYTON STATE UNIVERSITY	USG	\$499,597	76
KENNESAW STATE UNIVERSITY	USG	\$493,397	75
SPELMAN COLLEGE	Private	\$465,754	54
SOUTH GEORGIA TECHNICAL COLLEGE	TCSG	\$440,800	68
		6,689,854	970

Loan Approvals (All Cycles)

Application Approval Activity By Sector, Loan Count and Amount				
Sector	Application Count	Application Count as % of Total Approved	Approved Loan Amount	Approved Loan Amount as % of Total
USG	865	35%	4,318,339	29%
TCSG	577	24%	\$3,229,958	22%
Private	822	34%	\$5,976,428	40%
Proprietary	187	8%	\$1,338,710	9%
Totals	2,451		\$14,863,435	

Loan Approvals (All Cycles) HOPE Eligible Students

Loan Approvals-HOPE Eligible Students					
Sector	Approved Application Count	# of HOPE Eligible Approvals	% Loan Recipients who are HOPE Eligible	# of Zell Eligible Loan Recipients	% of Zell Eligible Loan Recipients
USG	865	354	41%	15	2%
TCSG	577	68	12%	1	0%
Private Non Profit	822	276	34%	10	1%
Proprietary	187	21	11%	0	0%
All Sectors	2,451	719	29%	26	1%

Loan Approvals (All Cycles) Pell Grant Eligible Students

Loan Approvals-Pell Grant Eligible Students				
Sector	# of Zero EFC Recipients	% of Zero EFC Recipients	# of Recipients with EFC Less Than \$5,000	% of Recipients with EFC Less Than \$5,000
USG	363	42%	583	67%
TCSG	388	67%	470	81%
Private Non Profit	427	33%	586	71%
Proprietary	104	8%	133	71%
All Sectors	1282	52%	1,772	72%

The EFC or Expected Family Contribution is the amount a student and his or her family are expected to pay toward the student's cost of attendance. The EFC is calculated as a result of the completion of the Free Application for Federal Student Aid (FAFSA). The EFC is used to determine a student's eligibility for the student financial assistance programs. Generally, students who have an EFC below \$5,000 are eligible for the Pell Grant Program.

Loan Approvals (All Cycles) HOPE and Pell Grant Eligible Students

Loan Approvals-HOPE and Pell Grant Eligible Students					
Sector	# of HOPE Eligible Loan Recipients	# of Zero EFC HOPE Eligible Loan Recipients	% of Zero EFC HOPE Eligible Loan Recipients	# of HOPE Eligible Loan Recipients with EFC Less Than \$5,000	% of HOPE Eligible Loan Recipients with EFC Less Than \$5,000
USG	354	113	32%	208	59%
TCSG	68	30	44%	37	54%
Private Non Profit	276	113	41%	186	67%
Proprietary	21	9	43%	12	57%
All Sectors	719	265	37%	443	62%

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Questions?