



Department of Audits and Accounts
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February 2, 2015

Greg S. Griffin
State Auditor
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Honorable Steve Henson
State Senator
121-B State C
Atlanta, Georgia 30334

SUBJECT: Fiscal Note
Senate Bill (LC 41 0282)

Dear Senator Henson :

This bill requires the Georgia Student Finance Authority to create a grant program that pays the tuition and fees of eligible students who enroll in a unit of the University System of Georgia (USG). In exchange for the grant, eligible students agree to pay a percentage of their annual adjusted gross income to the Georgia Student Finance Authority for up to ten years after completion of studies. The payment of grant assistance under this program would be contingent upon the appropriation of funds by the General Assembly.

The cost of implementing such a program can vary significantly based on the program 's design and the assumptions that are made in developing the cost. Estimating how much of the pool of federal loans that might be replaced by this proposed grant depends upon the design of the program . If certain assumptions are made, it is possible to estimate a cost to the State. These assumptions include :

- no change in enrollment , enrollment patterns or tuition and fees at USG institutions ; and
- that students used all federal, state, and other grant in aid that was available.

Based upon these assumptions , the difference between the amount of federal student loans borrowed and tuition/fees for in-state students for one academic year is roughly \$420 million . The cost of the bill would be limited to the amount appropriated by the General Assembly; however the cost to provide the grants proposed by the bill to all eligible students could be roughly \$420 million annually. Ultimately, the long-term cost of the grant would depend on the timeline for repayment, the percentage of income required for repayment, the median income of student borrowers, and many other factors.

Sincerely

s/Greg S.Griffin
State Auditor

s/Teresa A. Maccartney, Director
Office of Planning and Budget

GSG/TAM/lso/cb