

Overview: Georgia's 2021 Fiscal Year Budget for Lottery-Funded Programs

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Governor Brian Kemp's proposed 2021 budget includes \$1.3 billion for Georgia's lottery-funded pre-Kindergarten and HOPE financial aid programs. About \$888 million is for HOPE and \$392 million is for pre-K.

HOPE awards were not affected by budget cuts, though administrative costs and technical assistance funded by the lottery were cut by 4 percent for Amended Fiscal Year (AFY) 2020 and 6 percent for Fiscal Year (FY) 2021.

An additional \$14.1 million in lottery funds is allotted for a \$2,000 pay raise for certified pre-K teachers and a 5 percent pay bump for assistant pre-K teachers.

By the Numbers

Overall the 2021 budget for lottery-funded programs grew \$67 million, or 5 percent. Proposed spending for the various HOPE programs grows \$54 million to total \$888 million, a 6.5 percent increase from last year.

All budget changes to HOPE programs are to meet projected need. Changes include a \$49 million increase (7 percent) for HOPE scholarships for students who choose to attend public colleges, a \$6.2 million increase (10 percent) for HOPE Scholarships for students who choose to attend private colleges and a \$1.5 million decrease for GED recipients to pursue postsecondary education (HOPE GED).

For the first time in several years, there was no award increase for HOPE Grants or Scholarships.

The Georgia Student Finance Commission (GSFC), the state agency that administers the lottery-funded HOPE and state-funded Dual Enrollment programs, saw a six percent cut in its FY 2021 budget and a four percent cut in AFY 2020 for administrative costs and technical assistance. These reductions were achieved mostly by eliminating vacant positions and reducing starting salaries for positions.

Lottery dollars also supply \$26 million in student loans administered by GSFC. These loans were first made available for students in FY 2012.

Pre-Kindergarten

Gov. Kemp's proposed budget includes \$14.1 million in additional lottery funding to raise lead pre-K teacher's pay by \$2,000 annually, as well as a 5 percent raise for assistant teachers. Since assistant teachers are allocated a base pay level of \$16,190, this raise comes to about an extra \$810 per year before taxes.¹ This increased lottery funding will be partially offset by the cuts to services like information technology (\$150,000) and reduced funding for a study to analyze the long-term impact of the pre-K program (\$268,851).

Georgia continues to exceed national standards for class size. Former Gov. Deal's Education Reform Commission recommended class sizes be lowered to a ratio of 10 students for every teacher. Currently, Georgia's maximum class size is 22, and its student to teacher ratio is 11-to-1.² For the state's program to continue to be recognized as a national model, additional teachers would need to be hired to oversee smaller classes.

HOPE Financial Aid Programs

HOPE is comprised of several different programs: HOPE and Zell Miller Scholarships, HOPE and Zell Miller Grants, HOPE Career Grants and HOPE GED Grants.

The HOPE Scholarship is for students seeking associate or bachelor's degrees. The scholarship covers partial tuition for students with a 3.0 GPA in core academic courses. The Zell Miller Scholarship covers full tuition for students with a 3.7 high school GPA who score at least 1200 on the SAT or 26 on the ACT and take four rigorous courses (e.g., Advanced Placement or Dual Enrollment). Students must maintain a 3.3 cumulative college GPA to keep the award.

HOPE and Zell Miller Grants are for technical college students in certificate or diploma programs. The HOPE Grant covers partial tuition, and the Zell Miller Grant covers full tuition for students with a 3.5 GPA.

The HOPE Career Grant is an award on top of the HOPE/Zell Miller Grant for students enrolled in certain certificate and diploma program areas identified as strategically important to the state's economic growth. The most popular HOPE Career Grant programs include Practical Nursing, Health Science, Early Childhood Education and Welding.

Lottery Reserves

Surplus lottery funds transfer to lottery reserves held by the State Treasury. At the end of budget year 2019, \$79 million in lottery dollars went unspent. There are now \$1.28 billion in total reserves. About half, \$572 million, are required under law in case of a shortfall.

Endnotes

¹ Based on a GBPI calculation of the 2018-2019 Georgia's Pre-K Rate/Per Child Estimate Chart. Retrieved from: <http://dec.al.ga.gov/documents/attachments/2018-2019%20RateChart.pdf>

² Bluestein, G. (2015, August 13). Governor plans to pump \$50 million into Georgia's pre-k programs. *The Atlanta-Journal Constitution*. Retrieved from <https://www.ajc.com/news/state--regional-govt--politics/governor-plans-pump-million-into-georgia-pre-programs/HzFpHEqYnyj1ElnsS8S0yJ/>