

Legislation Advances to Establish Need-Based Grant Supporting College Completion

Bill Analysis: House Bill 1435 (LC 50 0377S)

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House Bill 1435 outlines a needs-based completion grant for college students. It builds off the governor's federally funded pilot¹ started in 2020 to help students with unmet financial need pay their college bills and needs-based financial aid language passed by the Legislature in 2018² but not yet funded.

Summary

The bill makes students with a “financial aid gap,” defined as the “amount remaining after other funding... for the cost of attendance,” eligible for grants. These students are eligible in addition to those who are “economically disadvantaged,” which has yet to be defined. The Georgia Student Finance Commission (GSFC), the state agency that would administer the grant, would determine more specific criteria.

Existing language qualified full-time students at University System of Georgia colleges and universities, though it was never funded. HB 1435 adds part-time students and students attending technical colleges and non-profit private colleges and universities.

To be eligible for grants, students must meet the following criteria:

- Be an undergraduate
- Complete the Free Application for Federal Student Aid (FAFSA)
- Completed 80 percent of credit requirements towards a credential
- Be otherwise eligible for scholarships or grants according to Georgia law, which includes residency and other requirements

The maximum award per eligible student is \$2,500 in total.

The bill directs GSFC to collect data to monitor and evaluate the grant. The program would conclude at the end of Fiscal Year 2025 but could be extended subject to evaluation. Georgia State University's Panther Retention Grant³, which is similar to the proposed need-based completion grant, is nationally recognized for promoting graduation and preventing dropout.

Considerations

The new grant program is subject to appropriations. As of committee passage on March 9, 2022, it remains to be seen how this will be funded in the budget. House Higher Education Chair Chuck Martin mentioned lottery funds now used for Student Access Loans as a potential funding source in a recent hearing. Other funding sources include excess lottery reserves, which currently total \$781 million, and interest earned from lottery fund holdings, which totaled \$23 million last year. The state could also increase the share of lottery ticket sales that go to education. A one percentage point increase would equal \$46 million more per year at recent ticket levels.

During hearings, advocates pushed for expansion to students earlier in their college careers who have financial need, noting many students who have completed less than 80 percent of their credit requirements would also benefit from grants.

If the bill passes, the administering agency (GSFC) will need to make many key policy decisions⁴ in collaboration with colleges and universities to account for students' diverse financial situations. This includes how to further determine eligibility criteria, prioritize students, define award processes and allocate funds among eligible colleges and universities.

Endnotes

¹ For example, see Middle Georgia State University. (n.d.) *Governor's Emergency Education Relief Fund*. Retrieved March 11, 2022 from <https://www.mga.edu/financial-aid/covid-relief.php#geer> for more information.

² See Lee, J. (2018, April 10). *Lawmakers pass need-based aid bill, what's next?* Georgia Budget and Policy Institute. <https://gbpi.org/next-steps-need-based-aid-georgia/>

³ For more information, see Georgia State University. (n.d.) *Panther Retention Grants*. Retrieved March 11, 2022 from <https://success.gsu.edu/initiatives/panther-retention-grants/>

⁴ See Lee, J. (2022, Feb 23). *Completion grants help students persist and graduate*. Georgia Budget and Policy Institute. <https://gbpi.org/completion-grants-help-students-persist-and-graduate/>