



SPECIAL EXAMINATION • REPORT NUMBER 22-19 • DECEMBER 2022

Tuition Equalization Grant

Requested Information on the Grant's Purpose and Impact

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Why we did this review

The Senate Appropriations Committee requested this special examination of the Tuition Equalization Grant (TEG). Based on the request, we reviewed trends in TEG enrollment, fields of study, and education outcomes. We also evaluated TEG's impact on student costs, as well as employment outcomes for TEG recipients. Finally, we reviewed TEG's provisions in comparison to other financial aid programs in supporting workforce needs.

About TEG

The Tuition Equalization Grant (TEG) was created in 1971 to provide financial assistance to Georgia residents attending in-state, independent institutions. Recipients must be enrolled full-time at an approved school but do not have to meet requirements related to merit or financial need. The current annual award is \$900.

TEG is administered by the Georgia Student Finance Authority. In the 2021-2022 academic year, approximately 24,400 students received the award, with expenditures totaling \$18.1 million.

Tuition Equalization Grant

Requested Information on the Grant's Purpose and Impact

What we found

The Tuition Equalization Grant (TEG) does not cover a significant portion of student costs at eligible postsecondary institutions, and the annual award amount is smaller than similar grants in other states. The number of TEG recipients has declined; however, most are employed in Georgia after receiving the grant.

TEG covers a small portion of costs on its own but is frequently part of a larger financial aid package.

TEG's impact on student costs has fallen over time as tuition costs have increased. Nominally, the current \$900 annual award is 10% lower than in the late 1980s (at its highest, TEG was \$1,200), but once tuition increases are considered, TEG's real value has fallen by 86%—from \$1,000 to \$143.

On its own, TEG does not cover a significant portion of the cost of attendance at eligible postsecondary institutions. For the 2022-2023 academic year, TEG covered an average of 4.1% of tuition and required fees at eligible schools. For schools with room and board cost data, the percentage decreased to 2.6% of the total cost of attendance.

Additionally, Georgia's TEG award amount is smaller than all of the similar grants for private college students in other southern states.

However, most TEG recipients also receive other state financial aid, as well as institutional and/or federal financial aid. When all these sources are considered, TEG is typically part of a larger financial aid package that may cover a significant portion of a student's costs. For example, during the 2021-2022 academic year, 58% of TEG recipients received the merit-based HOPE or Zell Miller Scholarship. When state-funded scholarships are combined with TEG-like grants, Georgia's award amount (TEG plus HOPE) is in line with those in other southern states.

The number of TEG recipients has declined over time.

Since the 2009-2010 academic year, the number of TEG recipients has declined by 33% (from approximately 36,300 to 24,400), due to several factors. Nearly 70% of the decline can be attributed to lower overall enrollment at TEG-eligible institutions, similar to national trends in college enrollment during this time period. Additionally, several schools have closed or lost eligibility, resulting in fewer TEG-eligible institutions than in the past. Other factors include more students attending part-time at TEG-eligible institutions (since TEG requires full-time enrollment) and students transferring to non-TEG eligible schools (e.g., University System of Georgia).

Like Georgia, other states offer financial aid to promote workforce development in specific fields. However, TEG-like grants are not used for this purpose.

Decision makers in Georgia have considered limiting TEG eligibility to students in certain fields of study, a restriction not used by other southern states with similar grants. However, all of these states, like Georgia, offer a variety of financial aid programs that target specific majors or occupations. These programs are typically service cancelable loans or scholarships that require the recipient to work in the state and in the targeted field. These financial aid programs most frequently target occupations in K-12 education, healthcare, or the military.

While TEG is not specifically intended for workforce development, we identified TEG recipients working in a variety of industries in Georgia. These industries included healthcare and social assistance, retail trade, administrative and support services, and educational services. Nearly 90% of TEG recipients were employed in Georgia after receiving their last TEG award, and nearly 75% remained employed in Georgia after 10 years.

What we recommend

This report is intended to answer questions posed by the Senate Appropriations Committee and to help inform policy decisions.

See **Appendix A** for a list of findings.

Agency Response: GSFA indicated its agreement with the findings. It also provided technical corrections that were incorporated into the report.

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Purpose of the Special Examination

This review of the Tuition Equalization Grant (TEG) was conducted at the request of the Senate Appropriations Committee. Our review focuses on the following questions:

- What are the trends in TEG enrollment, fields of study, and education outcomes?
- What financial impact does TEG have on a student's costs at a private school?
- To what extent do TEG recipients become employed in Georgia? What are common industry types?
- How do TEG's provisions compare to other financial aid programs, in Georgia and other states, in supporting workforce needs?

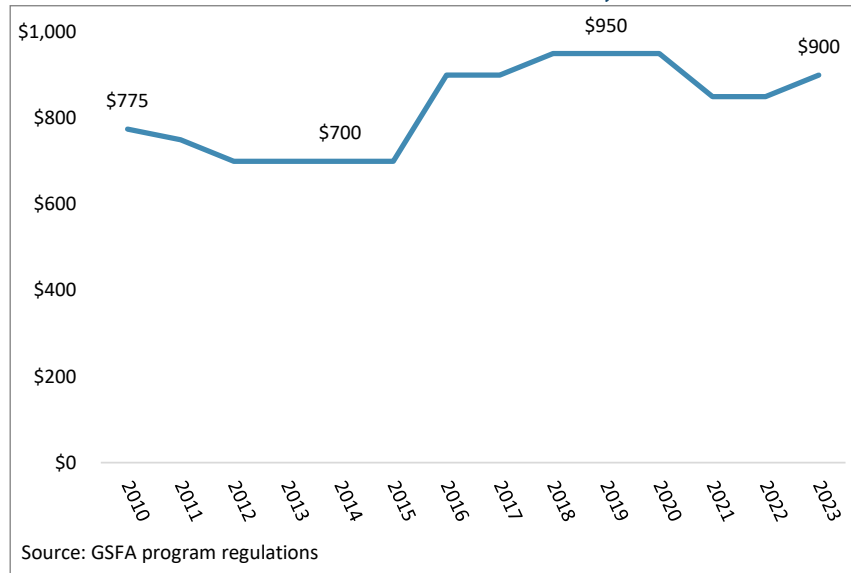
A description of the objectives, scope, and methodology used in this review is included in **Appendix B**. A draft of the report was provided to the Georgia Student Finance Authority for its review, and pertinent responses were incorporated into the report.

Background

History and Purpose of the Grant

The General Assembly created the Tuition Equalization Grant (TEG) program in 1971 to provide assistance for Georgia residents to attend independent colleges and universities within the state. TEG is administered by the Georgia Student Finance Authority (GSFA), which is statutorily authorized to provide scholarships, grants, and loans to Georgians for higher education (O.C.G.A. § 20-3-311). GSFA is governed by a Board of Commissioners that also oversees the Georgia Student Finance Commission and the Georgia Higher Education Assistance Corporation. Although statutorily created in Georgia law as separate entities, these three agencies operate as a single organization.

Each session, the General Assembly establishes the TEG award amount that eligible students will receive for the coming year, as well as the total amount of funds appropriated to the program. **Exhibit 1** shows historical award amounts for fiscal years 2010 through 2023. The current annual award amount is \$900, which is based on a student receiving the grant for two semesters or three quarters in an academic year. However, students may receive the award for up to three semesters a year (fall, spring, and summer) or four quarters, resulting in a maximum award (\$1,350) that is higher than the annual amount. In the 2021-2022 school year, approximately 24,400 students received the award.

Exhibit 1**TEG Annual Award Amounts Have Fluctuated, FY 2010-2023****Institution Eligibility and Approval**

Students must attend an approved institution to be eligible for TEG. An approved institution is classified as nonproprietary or proprietary based on whether it is a nonprofit or for-profit entity. This classification determines the institution's TEG eligibility requirements and also affects the extent of oversight by the Georgia Nonpublic Postsecondary Education Commission (GNPEC). The General Assembly established GNPEC in 1990 to provide oversight and regulation for non-degree and degree granting institutions that operate in the state but are not part of the University System of Georgia or the Technical College System of Georgia.

- **Nonproprietary institutions** are nonprofit institutions whose net earnings do not benefit any shareholder or individual. Most TEG-eligible nonproprietary institutions are exempt from GNPEC authorization because they meet additional requirements under state law, such as accreditation from the Southern Association of Colleges and Schools and a historical presence in the state (e.g., pre-1955 charter). Two nonprofit institutions are not exempt from GNPEC authorization but still must meet TEG's criteria for nonproprietary institutions.
- **Proprietary institutions** are for-profit institutions that are typically privately owned, and their net earnings can benefit a shareholder or individual. Unless they have an exemption, proprietary institutions are subject to GNPEC oversight and must seek annual authorization to continue operating in Georgia. GNPEC also approves proprietary institutions to be eligible to receive TEG funds.

O.C.G.A. § 20-3-411 establishes the minimum eligibility criteria that each type of

institution must meet to be considered an approved school, as described in **Exhibit 2**.

Exhibit 2

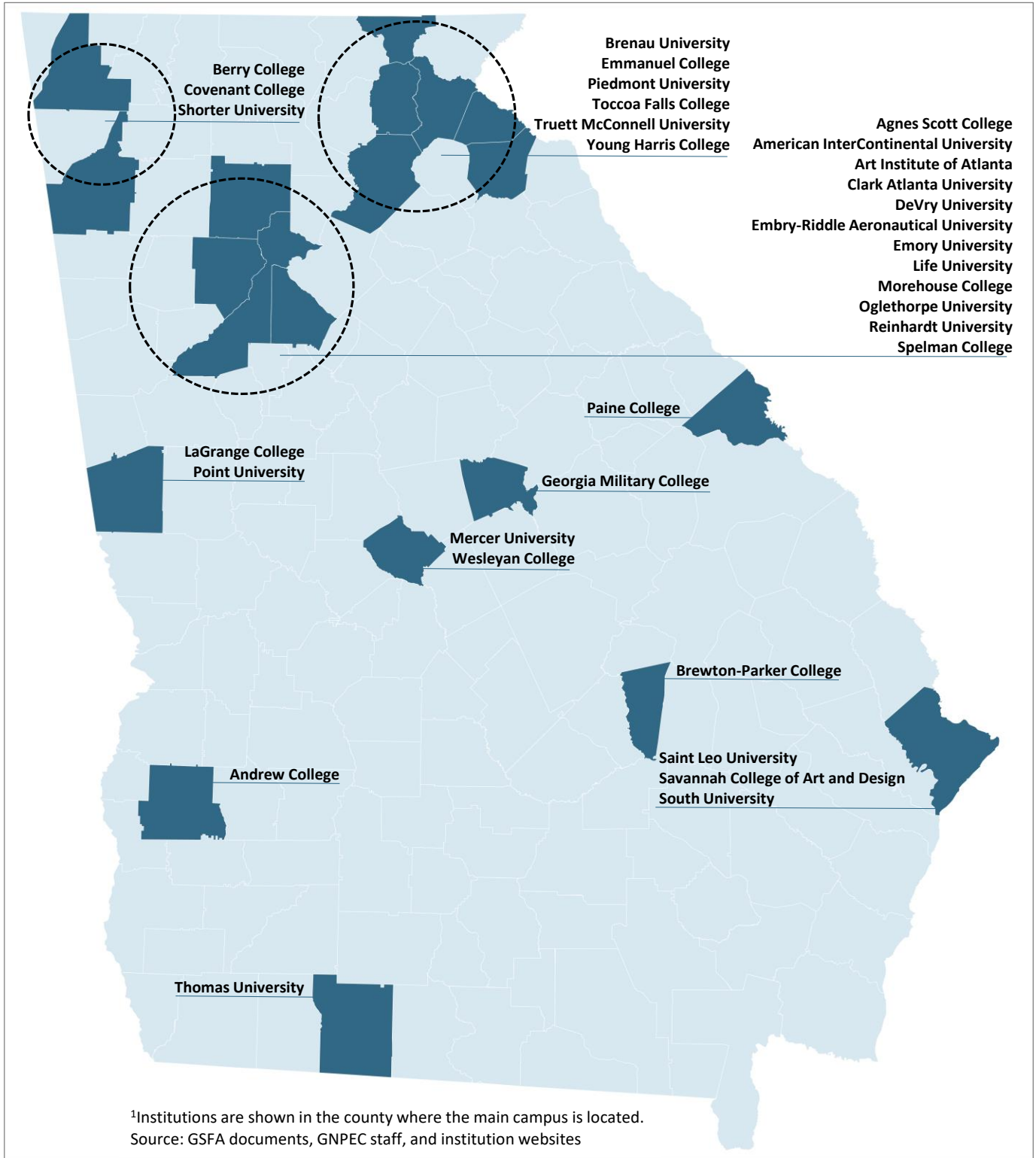
TEG Requirements Differ for Nonproprietary and Proprietary Institutions

Nonproprietary Institution
<ul style="list-style-type: none"> Is not a branch of the University System of Georgia; Is not owned and operated by a different state; Is accredited by the Southern Association of Colleges and Schools;¹ Is not a graduate level school or college of theology or divinity; and Is not presently receiving state funds under Georgia Code Title 20 Chapter 3 Article 4 ("Junior Colleges")
Proprietary Institution
<ul style="list-style-type: none"> Is a baccalaureate degree-granting institution of higher education; Is accredited by the Southern Association of Colleges and Schools; Is not a Bible school or college; Admits as regular students only persons who have a high school diploma, a general educational development (GED) diploma, or a degree from an accredited postsecondary institution; Enrolls students eligible to participate in the federal Pell Grant program; Has existed in the state for at least 10 years; Has been reviewed and approved for operation and for receipt of TEG funds by the Georgia Nonpublic Postsecondary Education Commission; Is domiciled and incorporated in the State of Georgia; and Met all the requirements of this subparagraph by January 1, 2011
<p>¹ The law provides that an institution is eligible if it was previously accredited within the last seven years and had been deemed an approved school within the last five years pursuant to the law as of January 1, 2011, and otherwise meets the requirements.</p> <p>Source: O.C.G.A. § 20-3-411</p>

Currently, 33 schools are approved for TEG for the 2022-2023 academic year (locations are shown in **Exhibit 3**). Of these, 31 (94%) are nonproprietary, and two (6%) are proprietary (American InterContinental University and DeVry University). All institutions are private, except for Georgia Military College, which is eligible for TEG as a public institution that is not a branch of the University System of Georgia.

Changes to legislation and the postsecondary education environment have led to fewer eligible schools. During the 2011 legislative session, state law was modified to eliminate out-of-state institutions that had previously been eligible for TEG. The legislation also limited proprietary institutions to those that were eligible in January 2011, which has prevented additional proprietary institutions from being approved for TEG. Following this legislation, two proprietary schools (Argosy University and Bauder College) closed, and two others (South University and The Art Institute of Atlanta) switched to a nonprofit model and became approved as nonproprietary institutions. Additionally, Morris Brown College and Herzing University lost eligibility after being unable to attain accreditation from the Southern Association of Colleges and Schools. As a result, the number of TEG-eligible institutions in Georgia decreased from 37 in fiscal year 2010 to 33 in fiscal year 2023.

Exhibit 3 33 Schools Are Approved for TEG, Academic Year 2022-2023¹



Statute requires a TEG recipient to be a Georgia citizen for 12 months before registration.

Student Eligibility

TEG applicants do not have to meet any specific student eligibility requirements related to academic merit, achievement, or financial need. To be eligible for the grant, students must:

- Be enrolled as a full-time student at an approved institution in an associate or baccalaureate degree program¹ through the last day of the institution's drop/add period;
- Meet residency requirements set by state law and GSFA regulations; and
- Maintain satisfactory academic progress,² as certified by the institution.

Currently, students in all undergraduate programs of study may qualify for TEG. However, during the 2022 legislative session, the General Assembly considered using TEG to address state workforce needs by restricting student eligibility to those enrolled in nursing majors or those related to Science, Technology, Engineering, and Math (STEM). The legislation did not pass.

Award Process

To receive a TEG award, students submit to GSFA either the federal Free Application For Student Aid (FAFSA) or a separate application covering both TEG and the HOPE/Zell Miller Scholarship program. Before any payment is made, institutions must submit to GSFA a certification stating that the student is eligible for the grant. After receiving the certification, GSFA pays the institution directly, on behalf of the student. The TEG funds may be applied to any direct charges, such as tuition, fees, room, and meals. A student's TEG award, plus any other student financial aid, cannot exceed the student's cost of attendance. Additionally, the institution is required to refund the grant if the student does not enroll as a full-time student.

State law limits the number of hours a student may receive the grant to 127 semester hours or 190 quarter hours. Institutions must report to GSFA the actual number of hours attempted for each student for whom TEG payment is requested.

Lottery-Funded Programs

TEG recipients may also be eligible for a lottery-funded HOPE or Zell Miller Scholarship. The merit-based HOPE Scholarship program was established in the 1990s to cover full tuition at public institutions and a comparable flat award at private institutions. In fiscal year 2012, the program was converted to two tiers (HOPE and Zell Miller) with different award amounts, as determined by a

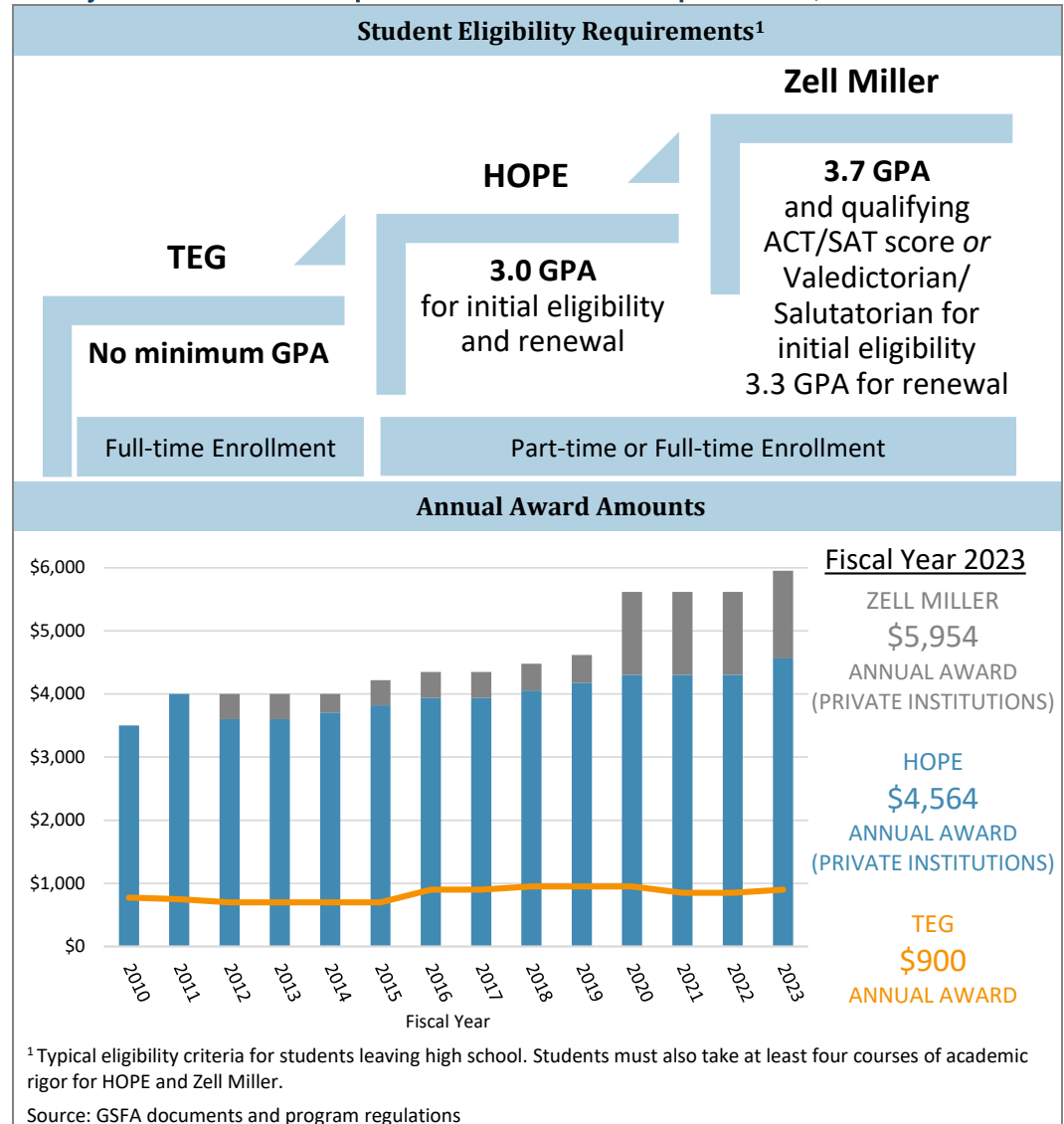
¹ State law allows graduate students to receive TEG if the General Assembly appropriates funds. However, funds have never been appropriated for that purpose.

² Satisfactory academic progress is generally based on a minimum grade point average and time-to-graduation calculation.

student's academic performance (as shown in **Exhibit 4**). For fiscal year 2023, the Zell Miller Scholarship covers full tuition at public institutions and \$5,954 at private institutions. The HOPE Scholarship covers a portion of tuition³ at public institutions and \$4,564 at private institutions.

Exhibit 4

Lottery-Funded Scholarships Include Academic Requirements, Unlike TEG



Unlike TEG, the HOPE and Zell Miller Scholarships have academic eligibility requirements, as shown in **Exhibit 4**. Students must meet minimum initial requirements and then maintain a minimum grade point average (GPA) to keep the scholarship. Additionally, recipients must meet the same residency requirements as TEG, and the same private institutions are eligible for both programs. As with TEG, students receive a set amount per academic term and can receive the scholarship for three semesters or four quarters each year. While

³ The General Assembly sets HOPE award amounts during the appropriations process. For public institutions, HOPE is currently set at 90% or more of the prior year's tuition, depending on the institution attended.

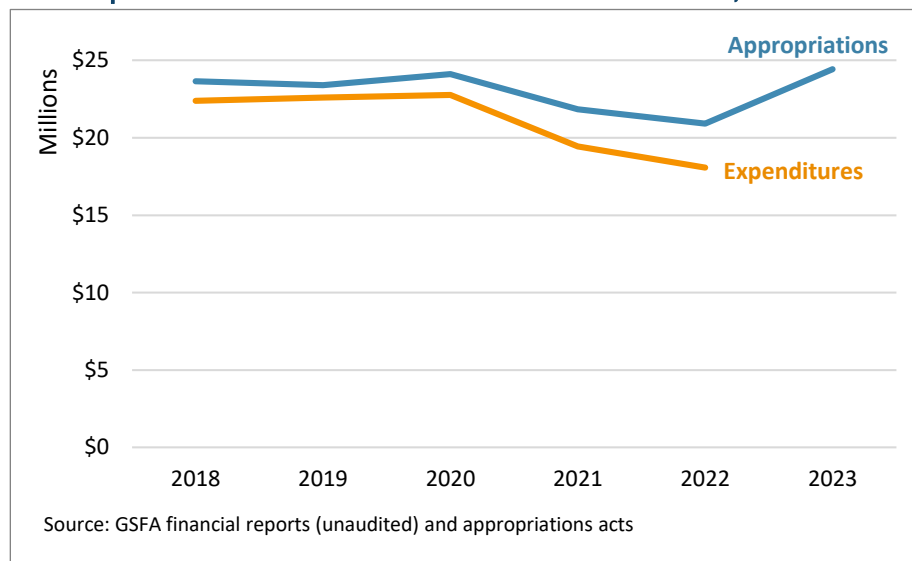
TEG can be used for any direct charges, HOPE and Zell Miller are limited to tuition costs.

Financial Information

The General Assembly appropriates state funding for TEG each year based on the selected award amount and the number of TEG recipients anticipated. As shown in **Exhibit 5**, over the last six years, total TEG appropriations have varied between \$20.9 million (fiscal year 2022) and \$24.4 million (fiscal year 2023). Appropriations decreased in fiscal years 2021 and 2022, when the award amount was lowered. Expenditures over the last five years have decreased from \$22.6 million to \$18.1 million, as the number of TEG recipients has fallen. Expenditures shown in **Exhibit 5** are limited to grant disbursements; GSFA does not allocate administrative expenses to the TEG program or receive an appropriation for this purpose.

Exhibit 5

TEG Expenditures Declined Between FY2020 and 2022, FY 2018-2023



When annual appropriations exceed expenditures, GSFA retains the funds for the program as deferred revenue. GSFA reported a deferred revenue balance of \$4.1 million at the end of fiscal year 2022. These funds can be used to cover unexpected shortfalls in the TEG program, such as an increase in recipients, or if the General Assembly directs the agency to use reserve funds instead of new state appropriations. Budget cuts in prior years have resulted in some use of deferred revenue. However, as discussed in Finding 2, the number of TEG recipients has declined, which has increased the deferred revenue balance.

Requested Information

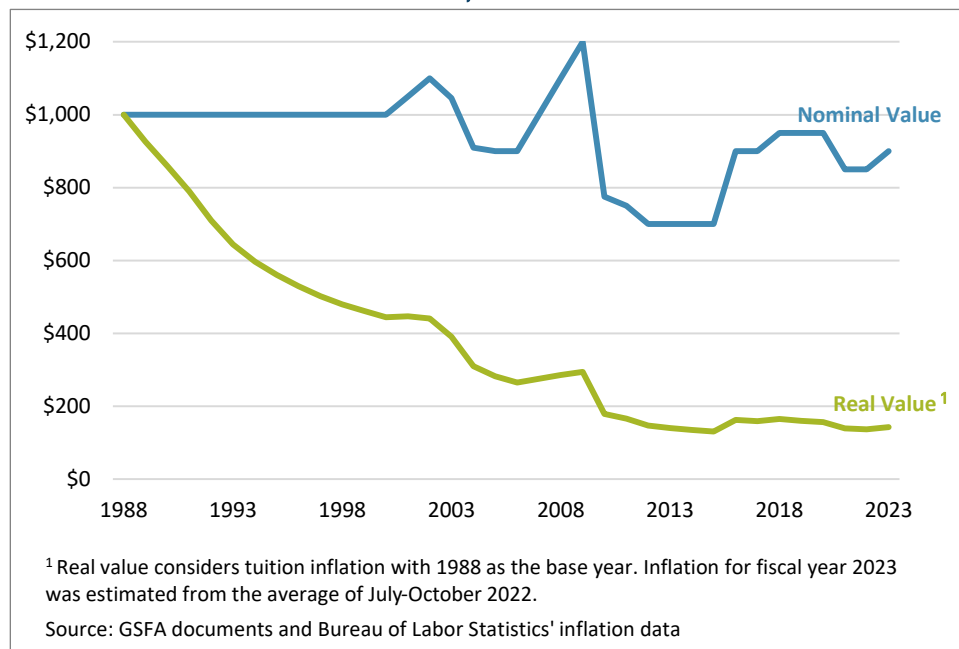
Finding 1: The TEG award amount has not kept pace with tuition increases and covers a small portion of students' costs. However, it is one component of a larger financial aid package for most students.

Nominally, the current TEG award is lower than it was in the late 1980s. Once tuition increases are considered, the decline is even more pronounced. As a result, the current TEG award offsets a small portion of attendance costs for most students, and it is not a significant source of financial aid on its own. However, when other programs are considered, TEG becomes part of an overall state aid package that covers a significant portion of many students' costs.

As shown in **Exhibit 6**, the TEG award amount has not kept up with increasing tuition costs. Nominally, the award amount was \$1,000 from fiscal year 1988⁴ to 2000 before fluctuating in subsequent years. The amount peaked at \$1,200 per year in 2009 before facing its largest single cut in 2010 (to \$775). The annual award then fell to \$700 due to continued cuts after the Great Recession. The current amount of \$900 remains below both the peak and the award amount from the late 1980s. Once tuition inflation is considered, the amount has declined in real value from \$1,000 in fiscal year 1988 to \$143 in fiscal year 2023.⁵

Exhibit 6

Real Value of TEG Award Declined, FY 1988-2023



⁴ Annual award history was not available for earlier years.

⁵ Tuition costs have risen faster than the overall inflation rate. Between July 1987 and October 2022, overall consumer prices have increased by 260%, while tuition has increased by 630%.

TEG covers 2.6% of the cost of attendance, on average.

Because the TEG award amount has not kept pace with tuition increases, the grant now covers a lower percentage of students' costs. When TEG was created in the early 1970s, the \$400 annual amount offset 31% of private school tuition, on average. By contrast, during the 2022-2023 school year, TEG offset an average of 4.1% of tuition and required fees. For schools with room and board data, the percentage decreases to 2.6% of the total cost of attendance. Institution costs and percentage covered by TEG are shown in **Appendix C**.

Cost Variation by Institution and Field of Study

Institutions

The annual cost of attendance (and therefore, the percentage covered by TEG) varies by institution, currently ranging from approximately \$6,100 to \$58,000 for tuition and fees. More selective institutions tend to have higher costs than less selective institutions (using *U.S. News and World Report's* selectivity ratings). For example, in the 2022-2023 academic year, TEG offset 1.6% of Emory University's tuition and fees (most selective), compared to 6.2% of Life University's (less selective). The highest percentage of tuition and fees covered (14.8%) is at Georgia Military College, a public-independent institution that did not have a selectivity rating. Institution costs and percentage covered by TEG are shown in **Appendix C**.

High Demand Career Fields

We assessed costs at institutions offering majors in five high-demand career fields as reported by the Georgia Department of Labor—Registered Nurses, General and Operations Managers, Elementary School Teachers, Accountants and Auditors, and Software Application Developers—and found that costs were similar to the overall average. For example, a TEG recipient receiving a Bachelor of Science in Nursing in spring 2023 will have received up to \$3,650 in total TEG aid over four years, which covers 3.3% of total tuition and fees (averaging approximately \$111,000).

Due to the size of TEG in relation to the total cost of attendance, it does not represent a significant source of funding on its own. However, many students combine TEG with other sources of financial aid—institutional, state, and federal—to cover a significant portion of their costs. Remaining gaps may be filled by loans or family contributions. These other types of aid are described below. Due to varying sources, the applicable populations and the most recent year of data varied.⁶

- **Institutional Aid** - During the 2019-2020 academic year, the average percentage of students at private, nonproprietary colleges receiving direct institutional aid was 84%.⁷ Across applicable institutions, awards averaged \$16,000 and ranged from 17% to 63% of a student's total cost of attendance.
- **State Aid** - More than half of TEG recipients also received other state scholarships or grants during the 2021-2022 academic year. Approximately 58% of TEG recipients received a merit-based HOPE or Zell Miller Scholarship, while approximately 0.2% received other

⁶ Data limitations prevented us from identifying comprehensive non-state aid received by TEG recipients. For these data points, we used other sources that were not specific to TEG recipients (e.g., school-level summary information).

⁷ The institutional aid statistic was published by the Georgia Independent College Association (GICA) for first-time, full-time students at member schools. GICA is composed of 24 private, nonproprietary institutions that account for 72% of TEG recipients.

state aid such as the REACH Scholarship or Public Safety Memorial Grant. On average, the total state financial aid package for TEG recipients was \$4,333 during the 2021-2022 academic year.

It should be noted that the amount of state aid has increased from \$3,170 in 2010 to \$4,333 in 2022, primarily due to increases in the HOPE/Zell Miller Scholarship award amounts.

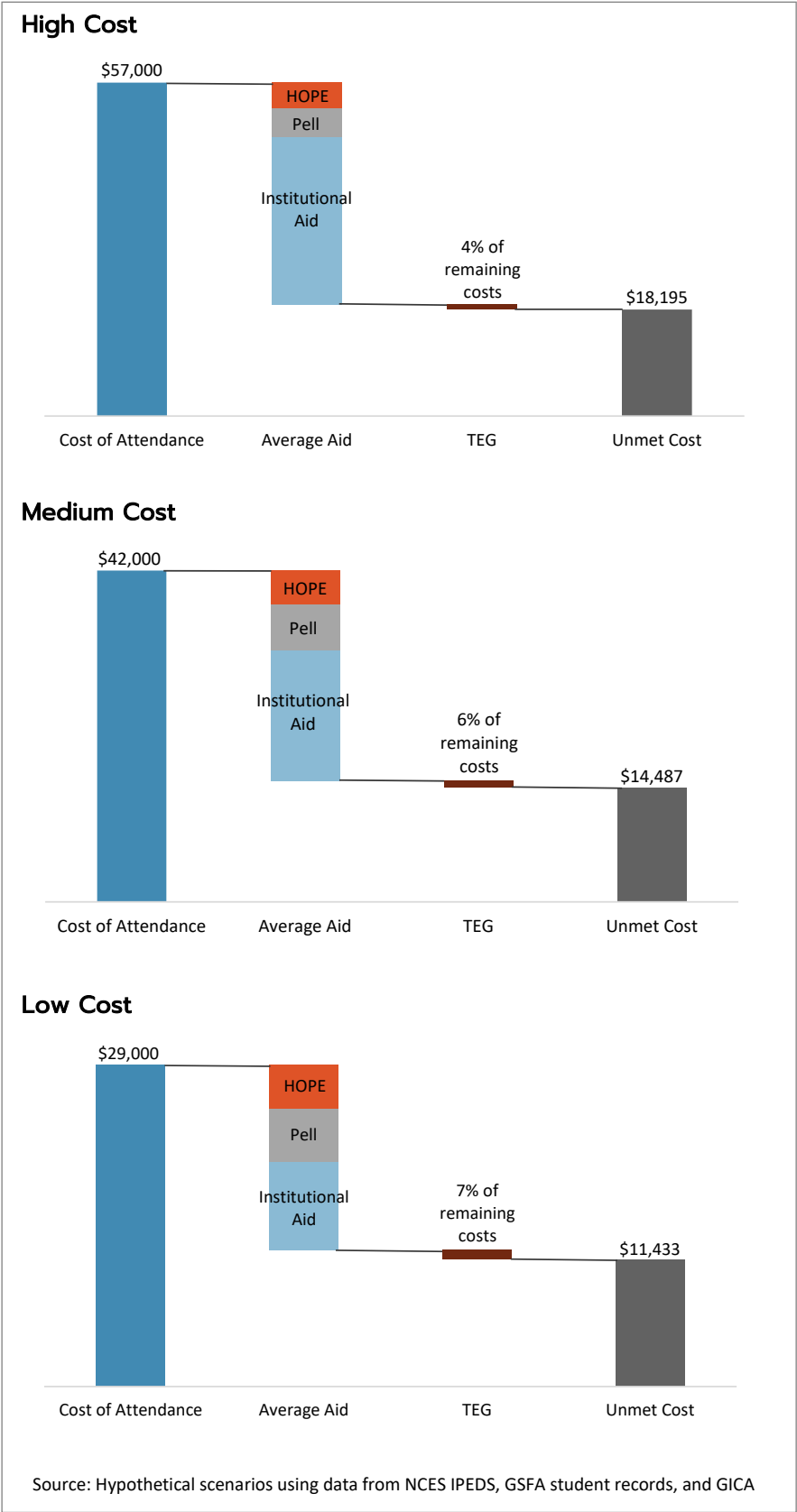
- **Federal Aid** - Most non-loan federal financial aid is provided through the Pell Grant program, which is based on student need. During the 2020-2021 academic year, between 11% and 79% of students across TEG-eligible schools received a Pell Grant, which averaged approximately \$4,600. Smaller federal programs such as the Supplemental Education Opportunity Grant and work-study averaged approximately \$750 and \$1,950, respectively, nationwide for the 2019-2020 academic year.
- **Loans** - Even with grants and scholarships, many private students are responsible for a portion of their cost of attendance and may choose to apply for a loan. During the 2020-2021 academic year, 46% of students at TEG institutions received a federal loan⁸, which averaged approximately \$6,600. Additionally, 8.4% of TEG recipients obtained a state loan in academic year 2021-2022, which averaged \$5,930. Students may also obtain private loans, but information is not available regarding the percentage or amount.

As shown in **Exhibit 7** on the following page, once other forms of financial aid have been considered, TEG covers a larger portion of remaining attendance costs. The three scenarios show typical financial aid packages for students at hypothetical high-, medium-, and low-cost institutions that are TEG-eligible.⁹ After other financial aid (based on average amounts for institutional aid, Pell, and HOPE/Zell Miller) is deducted, TEG represents 4%, 6%, and 7% of remaining costs for the high-, medium-, and low-cost institutions, respectively. As previously noted, on its own TEG covers 2.6% of a student's total cost of attendance, on average.

⁸ This figure does not include loans to parents, such as the Parent PLUS loan.

⁹ Ranges were based on the 2021-2022 total cost of attendance, with high-cost institutions ranging from \$52,000 to \$72,000, medium-cost ranging from \$32,000 to less than \$52,000, and low-cost ranging from \$13,000 to less than \$32,000. Further explanation of these scenarios can be found in **Appendix B**.

Exhibit 7
TEG May Cover 4%-7% of Remaining Cost After Other Aid



It should be noted that financial aid packages vary significantly by institution, both in the amount of aid and the percentage of students receiving aid. For example, students at higher cost institutions tend to receive a larger institutional aid award, on average, both in dollar amount and as a percentage of the overall cost of attendance.¹⁰ However, the percentage of students receiving institutional aid varied from 24% to 100% in the 2019-2020 academic year, and the relationship with cost of attendance was less clear. Additionally, higher cost institutions on average had a larger percentage of TEG recipients who also had a HOPE or Zell Miller Scholarship. By contrast, the cost of attendance did not appear to affect the percentage of students who received the Pell Grant or the average amount they received.

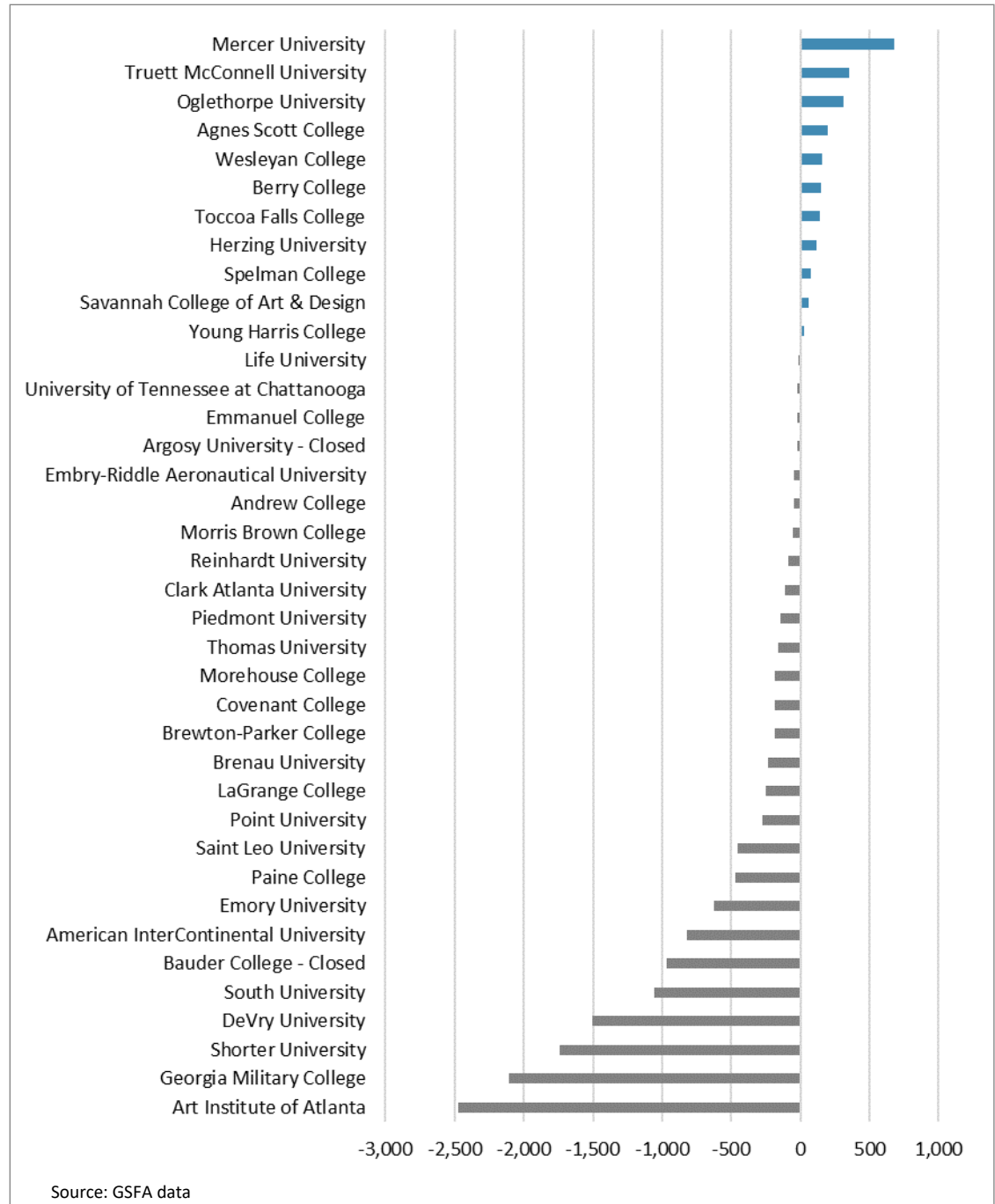
Agency Response: GSFA agreed with this finding.

Finding 2: The number of students receiving TEG has declined over time.

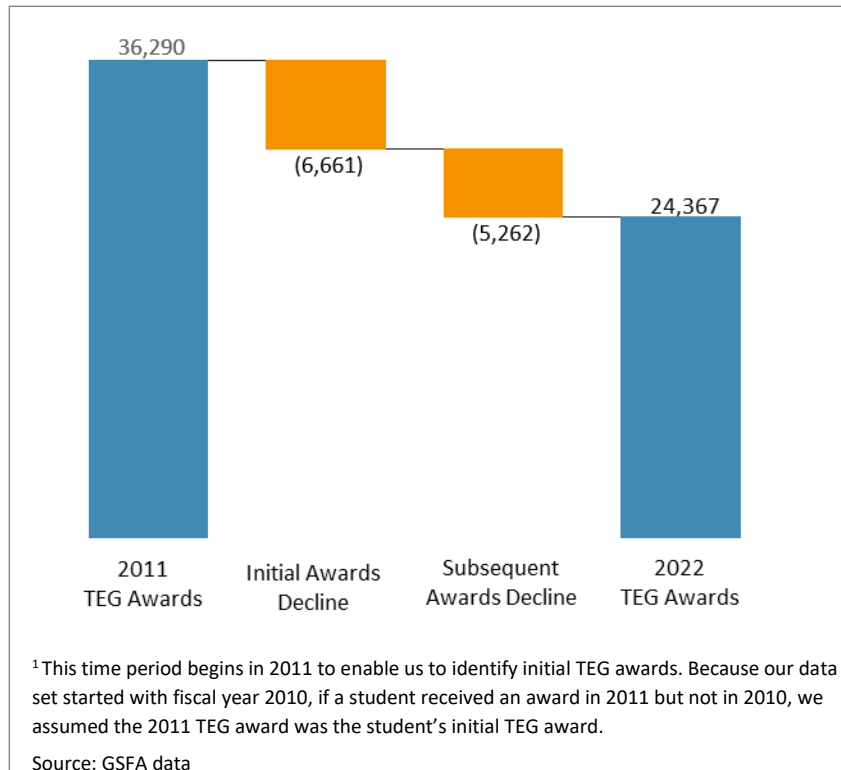
Since fiscal year 2010, the annual number of students receiving the TEG award declined by 33%, impacting most TEG-eligible institutions. Declining TEG participation appears to be related to multiple factors, including declining overall enrollment at these institutions, a declining number of students receiving an initial TEG award, TEG recipients not maintaining the award for the standard four-year academic period, and the closure of two TEG-eligible institutions.

Between fiscal years 2010 and 2022, the number of students receiving TEG each year decreased from 36,313 to 24,367—a decline of 33%. As shown in **Exhibit 8**, the number of students receiving TEG decreased at 27 of the 38 eligible postsecondary institutions, which had between 17 and nearly 2,500 fewer recipients. The declining TEG enrollment at these institutions—totaling almost 14,300 fewer students receiving TEG—outpaced the increasing TEG enrollment at the remaining 11 institutions (totaling an increase of approximately 2,300).

¹⁰ Based on GICA-member institutions. Institutional aid data was not available for non-GICA institutions, such as Savannah College of Art and Design and Georgia Military College.

Exhibit 8**27 of 38 Institutions Had Declining Numbers of Students Receiving TEG,
FY 2010-2022**

As shown in **Exhibit 9**, the decline in TEG awards is attributable to declines in both first-time recipients (initial awards) and returning students (subsequent awards). Of the 27 institutions with declining TEG recipients, 25 experienced declines in initial awards, and 25 institutions experienced declines in subsequent awards.

Exhibit 9**Decline in TEG Awards is Attributed to Declining Initial Awards and Subsequent Awards, FY 2011-2022¹**

Declines in initial TEG awards were caused, in part, by declining overall enrollment at some TEG-eligible institutions and closure or discontinued eligibility of several other TEG-eligible institutions, as discussed below.

- Declining Overall Enrollment** - Thirteen institutions with fewer TEG recipients also had declining overall undergraduate enrollment. For example, undergraduate enrollment at The Art Institute of Atlanta declined by 3,068 students from fiscal year 2010 to 2021 (the most recent year reported), and the number of TEG recipients declined by 2,476 students from 2010 to 2022. TEG enrollment declines at these 13 institutions (totaling 8,087 fewer awards) comprise approximately 68% of the 11,946 decline in total TEG awards from 2010 to 2022.
- Closure and Discontinued Eligibility of Institutions** - Part of the decline in recipients is due to fewer TEG-eligible institutions. Since fiscal year 2010, Argosy University and Bauder College have closed, while Morris Brown College and Herzing University lost TEG eligibility due to accreditation issues. In 2010, these institutions had a combined TEG enrollment of 1,043 students,¹¹ which comprised almost 9% of the 11,923 total decline in TEG awards from 2010 to 2022. Additionally, a

¹¹ This number excludes Herzing University's TEG enrollment because its final year of eligibility was the 2021-2022 academic year.

2011 state law (see page 3) rescinded TEG eligibility from all out-of-state schools. In 2010, 19 students at the University of Tennessee at Chattanooga received TEG.

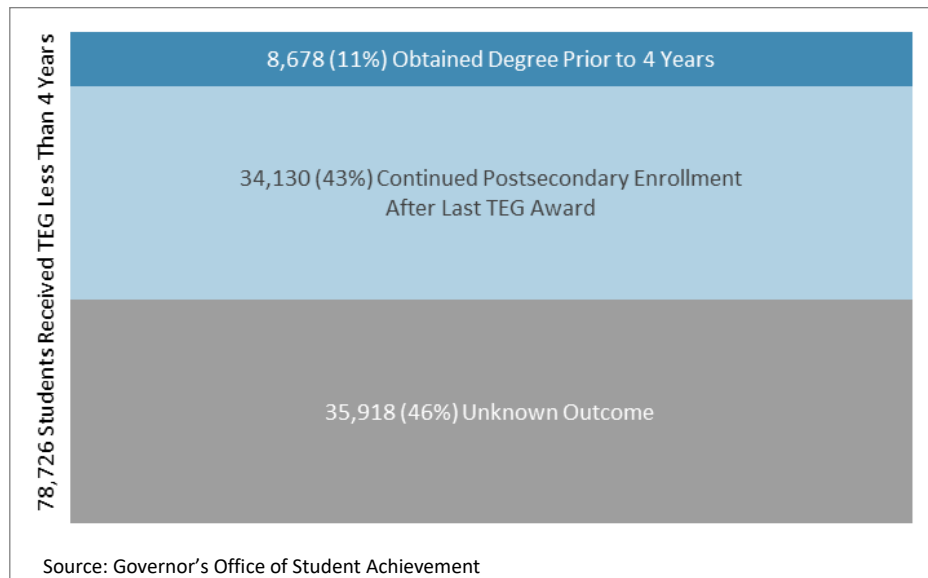
These enrollment declines mirror national trends. Postsecondary enrollment declined nationally during the time period reviewed, peaking in 2010 (during the “Great Recession”) then falling in later years during the economic expansion.¹² Although the declines in enrollment and the number of TEG recipients began earlier than 2020, the COVID-19 pandemic and related economic shutdowns may have also contributed to this trend. In addition, according to industry experts, increased federal regulation of for-profit institutions, combined with increased negative perceptions of these institutions, contributed to enrollment declines and some closures.¹³

Declines in TEG awards may also occur when students do not obtain a TEG for the standard four years, which pertained to 78,726 students who received their first TEG during the time period of our review. As shown in **Exhibit 10** and described below, we were able to identify approximately half of the 78,726 as either obtaining a degree prior to receiving TEG for four years or continuing postsecondary enrollment in a manner not eligible for TEG (i.e., part-time enrollment or transferring to a public or out-of-state institution). The remaining individuals may have continued their postsecondary education but at an institution not reporting enrollment to our data source¹⁴ or may have discontinued their postsecondary education.

¹² Postsecondary enrollment typically increases during recessions because more people are unemployed. During economic expansions, people gain employment and are less likely to leave the labor force to pursue postsecondary education.

¹³ Both institutions that closed (Argosy University and Bauder College) were for-profit institutions. Additionally, both remaining for-profit institutions (American InterContinental University and DeVry University) experienced large declines, as well as two institutions that were previously for-profit (The Art Institute of Atlanta and South University).

¹⁴ We relied on records of enrollment included in the state’s longitudinal education data clearinghouse (GA*AWARDS). As discussed on page 18, this data source may not be complete due to the voluntary nature of reporting.

Exhibit 10**Over Half of Students Who Received TEG for Less Than Four Years Continued Postsecondary Enrollment or Obtained a Degree, FY 2011-2021**

- Degree Attainment Earlier Than Four Years** - Nearly 8,700 TEG recipients who did not maintain the TEG award for four years obtained a degree or other type of postsecondary certification sooner than four years. Most of these students (59%) obtained a bachelor's degree, indicating completion of their undergraduate postsecondary education. The remaining students obtained an associate's degree or other type of postsecondary certificate. Although some of these students have continued their postsecondary education, they have not used TEG to cover associated costs.
- Continued Enrollment: Increase in Part-Time versus Full-Time Enrollment in a TEG-Eligible Institution** - We identified 6,740 students who received TEG for less than four years but continued enrollment in a TEG-eligible institution. Among these, approximately 83% (5,627) continued enrollment on a part-time basis (students must enroll full-time to receive TEG). From fiscal year 2010 to 2022, many TEG-eligible institutions had increasing rates of part-time versus full-time enrollment overall.

While this can also help explain the decreasing numbers of initial TEG awards, we were not able to identify the number of students who did not receive an initial award due to part-time enrollment.

- Continued Enrollment: Transfer to Non-TEG Eligible Institutions** - Many students continued their postsecondary education after their last TEG year by transferring to a public Georgia postsecondary institution—those affiliated with the University System of Georgia (USG) or Technical College System of Georgia (TCSG)—or to an institution in another state. Of the approximately 70,000 students

receiving TEG for less than four years who had not obtained a postsecondary degree or certification prior to or during the year of their last TEG award:

- 18,937 (27%) enrolled in a USG institution for an average of 2.9 years after their last TEG award. Nearly 80% of these students (15,035) were enrolled in a bachelor's degree program.
- 8,246 (12%) enrolled in a TCSG institution for an average of 2.0 years after their last TEG award. Approximately half of these students (4,349) were enrolled in an associate's degree program.
- 1,798 (3%) were identified¹⁵ as enrolled in an institution in another state for an average of 1.5 years after their last TEG award. Most of these students (1,202 or 67%) were enrolled in a bachelor's degree program.¹⁶

Agency Response: GSFA agreed with this finding.

Finding 3 Academic fields of study and industries of employment vary among TEG recipients.

Georgia law allows students in all undergraduate programs of study to qualify for TEG and does not require recipients to work in Georgia in a specific industry or job. Consequently, TEG recipients enroll in a variety of academic fields while in college/university and become employed in a variety of industries. Although TEG does not require recipients to work in Georgia, most do so after receiving the grant and have continued employment for many years.

Academic Fields of Study

We were able to obtain at least one enrollment record specifying a particular academic program or major field of study for 95,760 (55%) of the 173,029 students who received TEG between 2010 and 2021 (see discussion in the text box on the next page). The remaining students either had enrollment records with only an unclassified or undeclared major (13,207 students), or no enrollment records were available (64,062 students).

As shown in **Exhibit 11**, the most common field of study is Liberal Arts (i.e., History, Social Science, Language Arts, etc.), followed by Business and Management, STEM fields (Science, Technology, Engineering, and Math), and

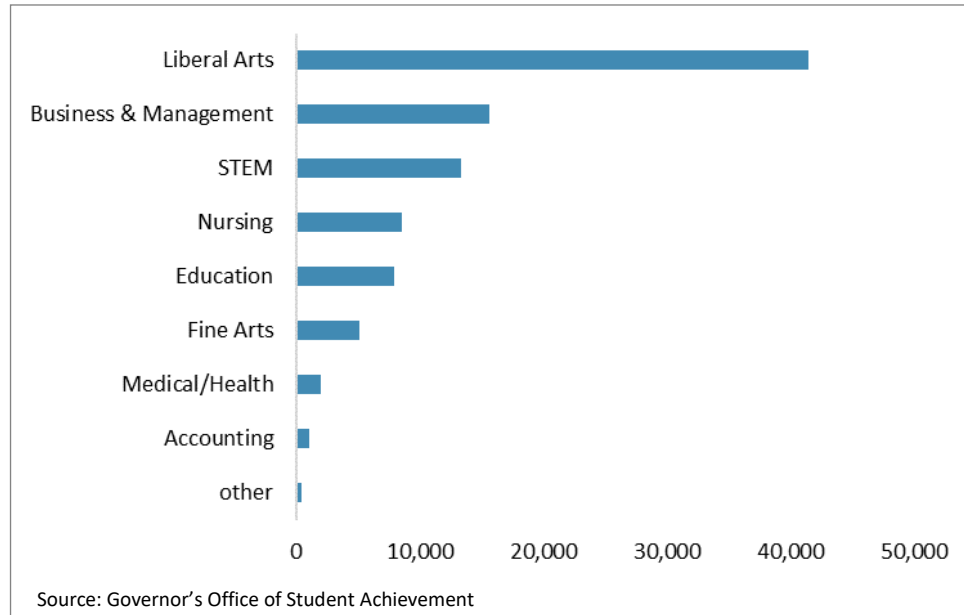
¹⁵ Due to data issues noted on page 18, it is possible that more students transferred to other Georgia private and out-of-state postsecondary institutions than were included in the data maintained in the GA*AWARDS system that was used in this analysis.

¹⁶ The total number of students that continued their postsecondary education after their last TEG award is 34,130. However, some of these students transferred to more than one type of institution (i.e., Georgia public, out of state, and TEG-eligible). As a result, the numbers reported in the bullets total more than 34,130.

Education. This analysis uses each student's last reported field of study (students may change their field of study during their postsecondary career).

Exhibit 11

TEG Recipients Enrolled in a Variety of Academic Programs, Academic Years 2010-2021



Private Postsecondary Enrollment and Degree Data Limitations

GA*AWARDS (or Georgia's Academic and Workforce Analysis and Research Data System) is the state's Pre-K through workforce longitudinal data system that is housed within the Governor's Office of Student Achievement (GOSA). It is composed of education and workforce data from participating state agencies (e.g., the Georgia Department of Labor (GDOL), the University System of Georgia, and the Technical College System of Georgia) and participating private postsecondary institutions. GA*AWARDS uses a data matching algorithm to consolidate data across the reporting entities.

Because GA*AWARDS consolidates education data from postsecondary institutions and workforce data from GDOL, we identified this system as the best data source for this study. Unfortunately, because their participation in this data system is voluntary, some of Georgia's private postsecondary institutions do not report student-level data such as enrollment records or degree/certification data. Additionally, although many private institutions do report to the system, there is no requirement that the information reported be complete. Due to these limitations, we were unable to determine the percentage of TEG recipients who obtained a postsecondary degree or certification. Additionally, most TEG recipients did not have enrollment records specifying their academic majors.

Because of these reporting limitations, a complete and accurate review of each TEG recipient's academic program enrollment or degree attainment—and subsequent employment—would require researchers to obtain data directly from each TEG-eligible institution and match this information to the GDOL workforce data. This would be a time-consuming process that is duplicative of the work already performed by GOSA for the GA*AWARDS system.

Employment Outcomes

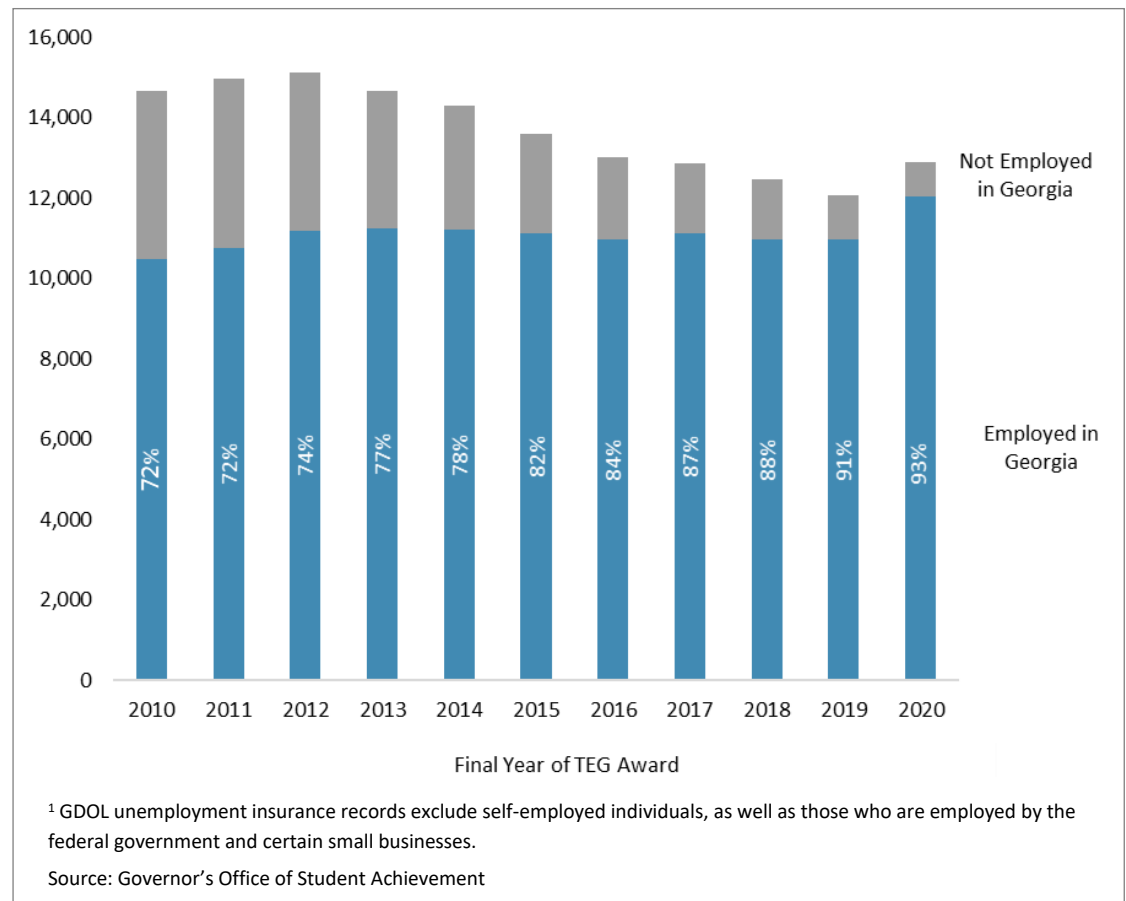
Most TEG recipients are employed in Georgia for at least one year following their last TEG award. Based on our review of the Georgia Department of Labor's (GDOL) quarterly employer wage reports, we identified 87% (131,864) of the

150,710 TEG recipients who received their last TEG award from 2010 to 2020¹⁷ as being subsequently employed in Georgia. As of academic year 2022, 81% (122,177) of these TEG recipients remain employed in Georgia. As shown in **Exhibit 12**, the percentage of recipients remaining employed ranged from 72% of students last receiving TEG in 2010 to 93% of students last receiving TEG in 2020.

It should be noted that students may still be enrolled in a postsecondary institution even after receiving their last TEG award (as noted in the finding on page 12). As such, this should not be considered employment following graduation.

Exhibit 12

As of Academic Year 2022, Most TEG Recipients Remained Employed in Georgia After Their Last TEG Award¹



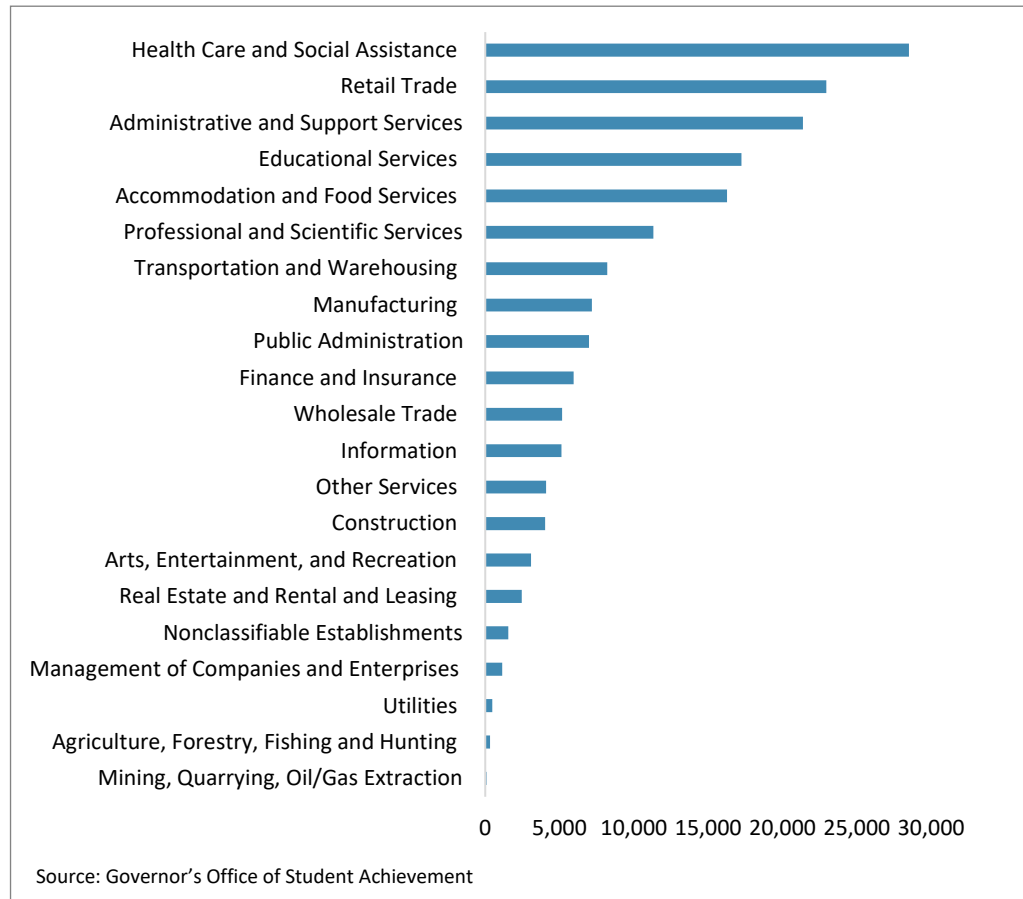
Although job types (i.e., nurse, physician, auditor, etc.) are not defined in the GDOL quarterly wage data, employers' industry classifications are reported. As shown in **Exhibit 13**, TEG recipients most commonly worked in the field of

¹⁷ We used TEG award data reported in the GA*AWARDS database to determine the last year a student received a TEG award. The GA*AWARDS database included data only through academic year 2021; therefore, if a student had an award in 2020 but not 2021, we assumed the last TEG award year was 2020. However, if a student had TEG in 2021, we could not be certain that was their last year. As such, we limited our review to students whose last TEG was in 2010 to 2020.

Health Care and Social Assistance, followed by Retail Trade and Administrative and Support Services. The most common industries in which TEG recipients were most recently employed are described below the exhibit.

Exhibit 13

TEG Recipients Become Employed in a Variety of Georgia Industries, Academic Years 2010-2022

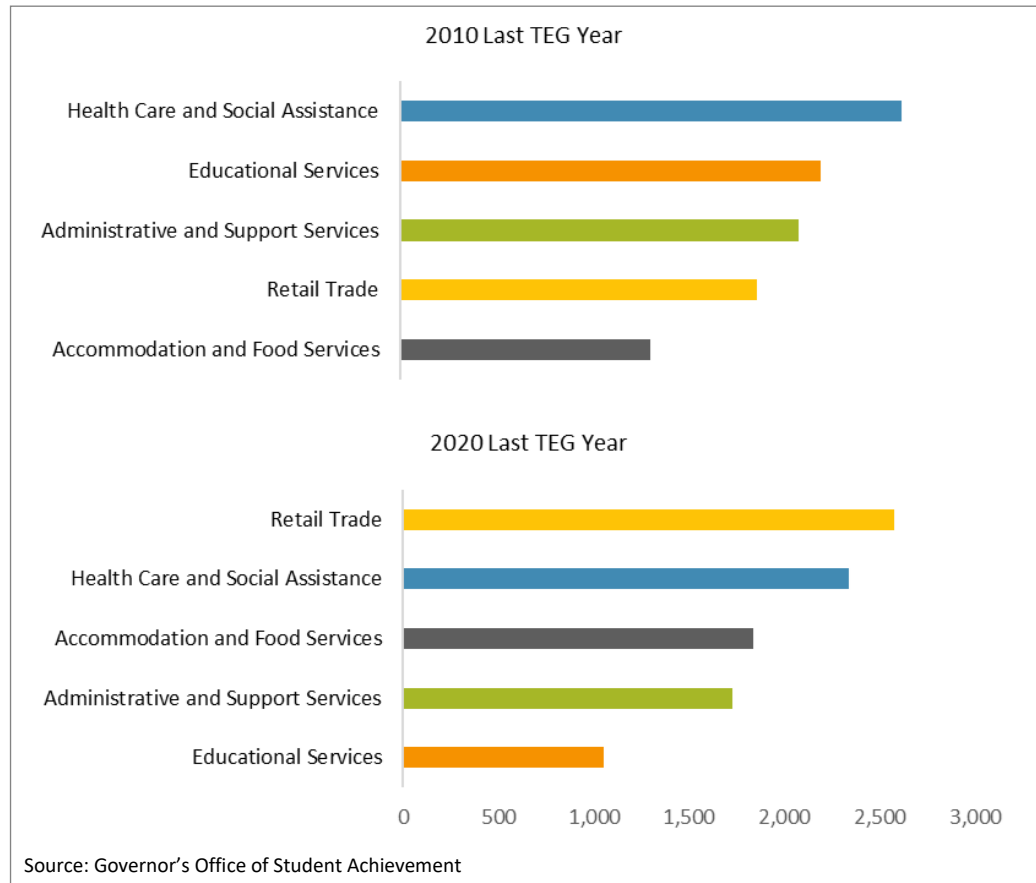


- **Health Care and Social Assistance** (28,520 – 22%) – These establishments provide health care and social assistance for individuals. According to the Bureau of Labor Statistics, common jobs in this industry include home health aides, licensed practical and vocational nurses, physicians and similar professions, and medical and health services managers.
- **Retail Trade** (22,962 – 17%) – These establishments are engaged in rendering services related to the sale of merchandise. Common jobs include cashiers, customer service representatives, first-line supervisors/managers of retail sales workers, retail salespersons, and stock clerks.
- **Administrative and Support Services** (21,384 – 16%) – These establishments perform routine support activities for the day-to-day operation of other organizations. Common jobs include management

occupations such as general and operations managers, business and financial operations such as accountants and auditors, and facilities support positions such as janitors and landscaping and groundskeeping workers.

- **Educational Services** (17,246 – 13%) – These establishments provide instruction and training in a wide variety of subjects. Common jobs include school administrators, teachers, and teacher assistants.
- **Accommodation and Food Services** (16,265 – 12%) – These establishments provide customers with lodging and/or preparing meals, snacks, and beverages for immediate consumption. Common jobs include management occupations (e.g., food service managers), food preparation and service-related occupations (e.g., fast-food preparers/servers), wait staff, and hotel desk clerks.

Employment trends change depending on the length of time from the last TEG award (and therefore the length of time a student is in the workforce). As shown in **Exhibit 14**, in their most recent employment record, the three most common industries of employment for students who last received TEG in 2010 (and have been in the workforce for the longest period) are Health Care and Social Assistance, Educational Services, and Administrative and Support Services, which combined employ nearly half of these individuals. For students whose last TEG year was in 2020 (and have been in the workforce for only two years), the three most common industries of employment are Retail Trade, Health Care and Social Assistance, and Accommodation and Food Services, which combined employ 66% of these students.

Exhibit 14**Employment Industry Trends Change as Time in the Workforce Increases, Academic Years 2010 and 2022**

Agency Response: *GSFA agreed with this finding.*

Finding 4: Grant programs like TEG vary across states, but award amounts are typically higher.

Most southern states offer students attending private institutions a grant similar to Georgia's TEG. While other states' award amounts are typically higher, the inclusion of Georgia's lottery-funded scholarships brings its combined financial aid package more in line with other states. Additionally, other states' institution and student eligibility criteria vary. Unlike Georgia, nearly all states with a similar grant exclude for-profit institutions, and most have a need and/or merit-based requirement for recipients.

We reviewed 12 southern states¹⁸ and found that 8 (67%) have a grant program similar to TEG. Variations in the annual award amount, student eligibility

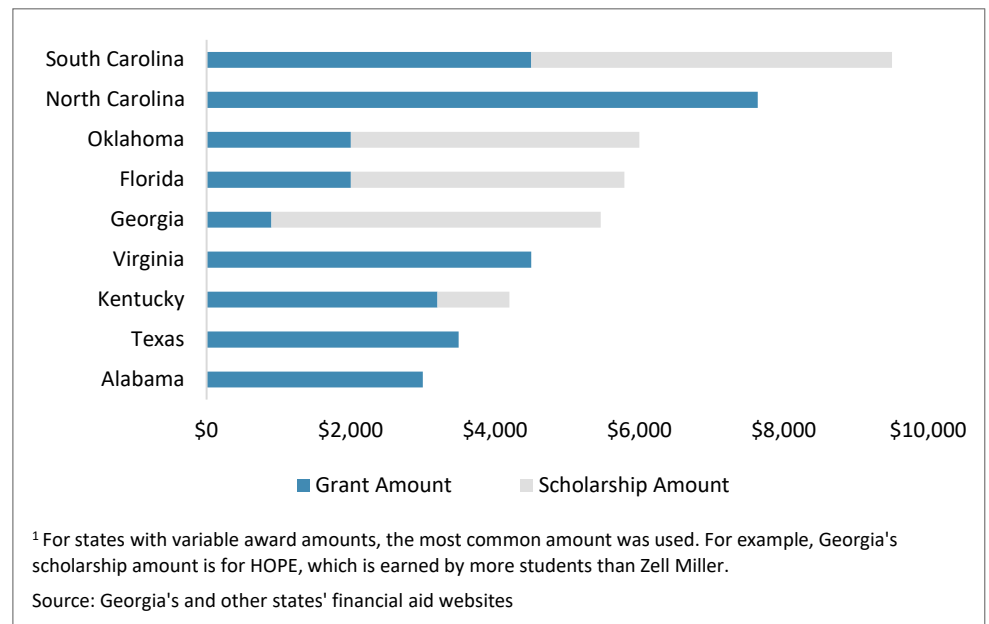
¹⁸ These states included Arkansas, Louisiana, Mississippi, and Tennessee, in addition to the states shown in **Exhibit 15**.

requirements, and institutional eligibility requirements are discussed below.

- **Annual Award Amount** - Georgia has the lowest annual award compared to the eight other states we reviewed. As shown in **Exhibit 15**, the annual award amount in other states ranges from \$2,000 to \$7,640. Like Georgia, six of the eight states have a flat award amount. In two states, award amounts vary. Texas offers a \$3,500 grant but provides approximately \$1,750 more to students with an Expected Family Contribution of \$1,000 or less. Virginia provides \$4,500 to on-campus students and \$2,250 to online students.

Exhibit 15

Georgia Has the Smallest Grant, but State Scholarships Result in More Similar Combined Packages, Academic Year 2022-2023¹



Students attending private institutions may also receive a merit-based scholarship from their states. In Georgia, 58% of TEG recipients also received the merit-based HOPE or Zell Miller Scholarship during the 2021-2022 academic year (the most recent year available), as discussed on page 9. For these students, Georgia's combined award amount is currently \$5,464 (increasing to \$6,854 for students receiving Zell Miller), which is in line with the other states' combined state financial aid packages. As shown in **Exhibit 15**, other states with both a grant and a merit-based scholarship offer a combined amount between \$4,200 (Kentucky) and \$9,500 (South Carolina).

- **Student and Institutional Eligibility** - Eligibility requirements also vary across states, as shown in **Exhibit 16**. Of the eight other states with a grant, five have student eligibility requirements pertaining to financial need. For example, students in Oklahoma must have a family income of \$50,000 or less and an unmet financial need. Three states have

provisions for initial or continuing academic eligibility. For example, in Florida, recipients must maintain a 2.0 GPA and earn 12 credit hours for each term the award is received. By contrast, Georgia—along with Alabama and Virginia—has no requirements related to merit or need.

Exhibit 16

Student and Institutional Eligibility Varies, Academic Year 2022-2023

State	Student Need- based?	Academic Requirements?	Institution For-profit Institutions?
Alabama			
Florida		✓	
Georgia			✓
Kentucky	✓		✓
North Carolina	✓		
Oklahoma	✓		
South Carolina	✓	✓	
Texas	✓	✓	
Virginia			
Source: Georgia's and other states' financial aid websites			

All other states except Kentucky limit institutional eligibility to only nonprofit, private institutions. Previously, Florida had a separate grant for for-profit institutions, but it was eliminated in 2021. During the 2021-2022 academic year, \$696,500 (3.8%) of Georgia's TEG went to for-profit institutions.

Agency Response: GSFA agreed with this finding.

Finding 5: Similar to Georgia, states typically do not use TEG-like grant programs to target workforce needs.

While other southern states have grants similar to TEG, the grants are not used to target occupations in specific fields of study. Instead, state financial aid programs typically use service cancelable loans or scholarships to address workforce demands. Generally, other states' programs target specific fields (e.g., nursing), rather than a broader category, such as "high-demand" or STEM. Additionally, the programs typically require recipients to work in the state for a period of time.

In Georgia, decision makers have considered limiting TEG to certain majors to target specific workforce needs. For the southern states we reviewed, no other private institution grant was limited in this manner.¹⁹ However, states—including Georgia—do employ other forms of financial aid to promote workforce development in certain occupations. In the 12 other southern states we reviewed,

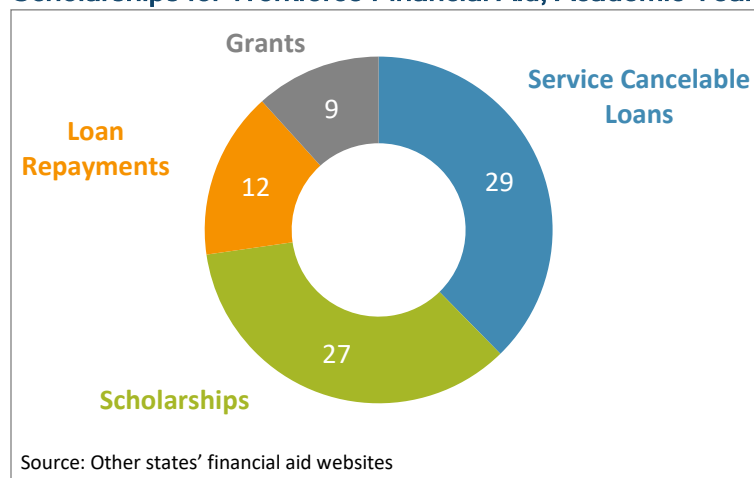
¹⁹ Virginia's grant is limited to healthcare when used by graduate students, but not undergraduate students.

we identified 77 financial aid programs²⁰ that target specific majors or occupations and are aimed at the associate's and/or bachelor's degree level,²¹ with the number varying from one to 14 per state. There is wide variation in these programs; however, some similarities were found with Georgia's 14 programs (see **Appendix D** for a list). Details are included below.

- **Types of Aid** - In other southern states, service cancelable loans are one of the most common workforce financial aid types. As shown in **Exhibit 17**, other states offer a total of 29 loan programs in which all or a portion of a student's loan will be canceled if the student works in-state in a specific field for a set length of time. For example, under Mississippi's Nursing Education Forgivable Loan program (for a bachelor's of science in nursing), the state will cancel \$4,000 per year of nursing employment, up to \$8,000 total. In Georgia, 6 (43%) of the 14 workforce financial aid programs are service cancelable loans. For example, Georgia cancels up to \$3,500 of the Scholarship for Engineering Education Service Cancelable Loan for each year of work in an eligible engineering field within the state of Georgia.

Exhibit 17

Other States Frequently Use Service Cancelable Loans and Scholarships for Workforce Financial Aid, Academic Year 2022-2023



As shown in **Exhibit 17**, scholarships—which have a merit component such as a minimum GPA—are also a prominent aid type among other states (27 programs). For example, Oklahoma offers a \$1,000 public service scholarship for students with high academic achievement in majors leading to a career in public service. Though less common, other states also offer loan repayment programs, through which the state pays off a portion of a loan from a third party (e.g., the federal government) in return for employment in the

²⁰ Counts in this finding are based solely on the number of programs, not the relative size (i.e., total cost or number of recipients).

²¹ We included loan forgiveness programs that could address loans for these degrees or higher, such as those for physicians.

Most workforce financial aid requires employment in the state.

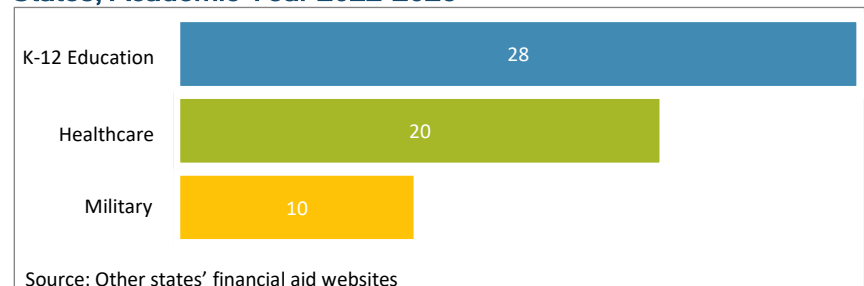
targeted field, and grants, which typically require the student to have an unmet financial need. Georgia's workforce-related financial aid currently includes no scholarships, but it does offer six loan repayment programs (primarily in healthcare) and two ROTC grants.

It should be noted that 79% (61) of the 77 programs identified in other states require recipients to either obtain or maintain employment in the targeted field.²² Similarly, in Georgia, the majority (12) of the 14 workforce financial aid programs require employment in the targeted field to obtain loan cancelation or repayment.

- **Workforce Targets** - While states target a variety of occupations, the most prevalent were K-12 education, healthcare (which includes physicians, health specialists, and nurses), and the military, which includes the National Guard (see **Exhibit 18**). Other targeted occupations are shown in **Appendix E**. In Georgia, 11 of the 14 programs target healthcare or the military, one targets engineering, one targets veterinary medicine, and one targets public service and teaching in STEM-related fields.

Exhibit 18

K-12 Education is the Most Frequent Workforce Target in Other States, Academic Year 2022-2023



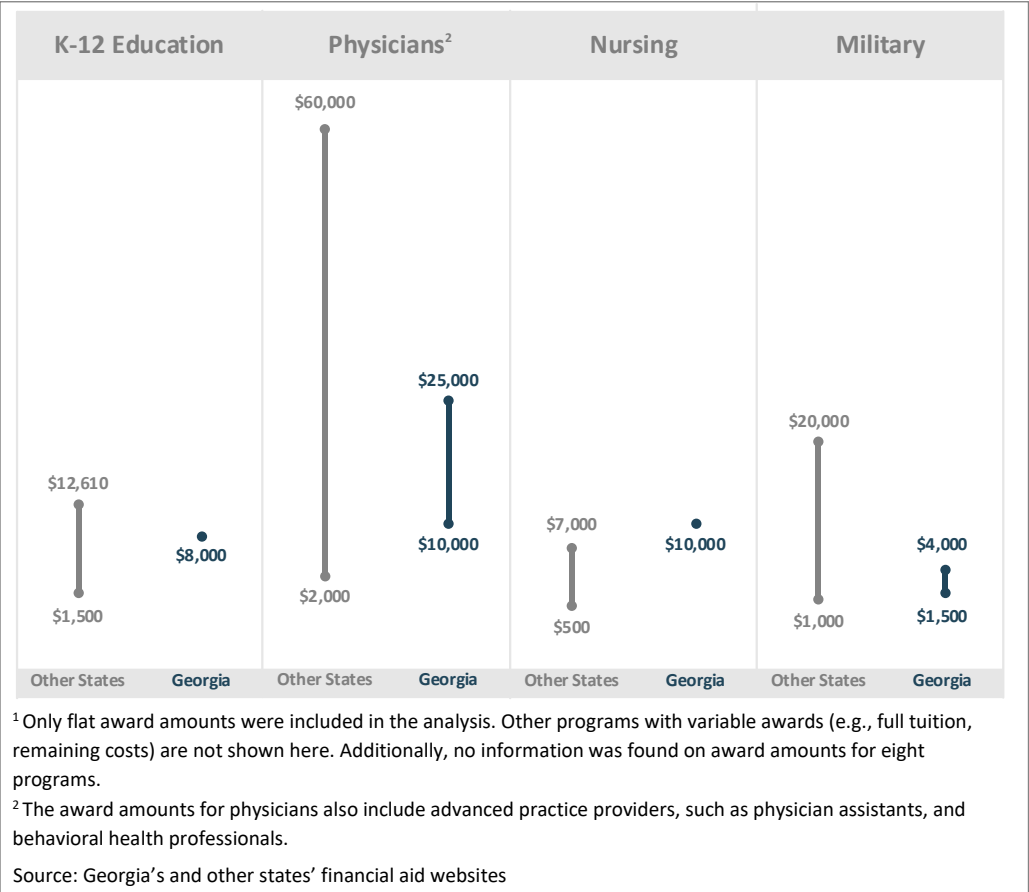
While less common than programs that target specific majors or occupations (e.g., public school teachers), some states do offer financial aid for broader groupings such as “STEM” or “high demand fields.” Eight programs (10%) target high demand fields, typically by incentivizing enrollment in certificate or associate's degree programs, such as manufacturing or construction. Seven programs (9%) target STEM majors or teaching in STEM. For example, the five institutions in the Virginia Space Grant Consortium offer an Undergraduate STEM Research Scholarship for juniors and seniors, funded by the Commonwealth of Virginia and NASA. Another program, the Arkansas Future Grant, targets both STEM and regional high demand fields of study (e.g., agriculture) for certificate and associate's degrees.

- **Aid Amounts** - Annual award amounts vary widely for workforce financial aid, as shown in **Exhibit 19**. Annual awards for K-12

²² Loan cancelation and repayment programs typically forgive a set amount per year of service (e.g., \$1,500 of loans per year of teaching). Other programs provide aid to individuals currently working in the targeted field.

education range from \$1,500 to \$12,610, while annual awards for military programs range from \$1,000 to \$20,000. In the healthcare sector, awards vary by position type, with more advanced degrees (e.g., physicians, dentists) typically receiving higher awards. For example, the Physician Education Loan Repayment program in Texas will repay between \$30,000 and \$60,000²³ annually toward undergraduate or medical education loans in exchange for four consecutive years of medical practice. With the exception of nursing, Georgia’s programs fall within the range of other states.

Exhibit 19
Georgia’s Award Amounts are Generally Within Range of Other States for the Most Common Fields, Academic Year 2022-2023¹



It should also be noted that in Georgia and in other states, programs may offer partial tuition coverage or full waivers in lieu of a specified award amount. For example, Georgia’s Military Service Scholarship Loan at the University of North Georgia covers full costs in exchange for eight years of service in the Army National Guard.

- **Student and Institutional Eligibility** - Programs aimed at workforce development are intended to incentivize participation in specific

²³ The program awards up to \$30,000 for the first year of service. Award amounts increase each year up to \$60,000 for the fourth year of service.

fields; however, other states often attach additional requirements, particularly for student eligibility. While only 14% (11) of the 77 programs in other states have a need component, 47% (36) have a merit (e.g., academic) requirement. Georgia's workforce financial aid programs generally do not have need or merit components. However, two National Guard programs have academic requirements, and the Student Access Loan is a need-based, low interest loan program with a service cancellation component.

None of the workforce financial aid in other states is limited to private institutions; however, 10 programs restrict institutional eligibility in a manner related to the program's purpose. For example, North Carolina's Millennium Teacher Scholarship Loan Program is intended to reach students enrolled in certain Historically Black Colleges and Universities that are not part of the North Carolina Teaching Fellows program. Georgia, however, restricts some programs to a single institution—for example, Georgia funds a service cancelable loan for engineering majors at Mercer University and a service cancelable loan for students in the National Guard at Georgia Military College. Only one institution-specific program was identified in another state (for students who work in Virginia shipyards and enroll in an eligible program at the Tidewater Community College).

- **Specific Program Targets** - Nearly 30% (23) of the 77 programs reviewed targeted an identified need in the state—most frequently employment in specific geographic areas with workforce shortages (e.g., rural). For example, 11 programs target teachers and 5 programs target healthcare professionals in shortage areas. Similarly, Georgia has six loan repayment programs for healthcare professionals in rural areas.

Additionally, some programs target underserved populations, specialties with a critical shortage, or occupations with demand for specific demographics. For example, the Arkansas State Teacher Education Program incentivizes teaching in a geographic or subject matter shortage area through loan repayments, with an additional amount for target demographics. In Virginia, the Nurse Practitioner/Midwife Scholarship Program offers awards to nurses practicing in medically underserved areas, but applicant selection gives preference to specific demographics and specialties.

Nearly 75% (17) of the programs targeted to a specific need were related to K-12 education or healthcare. Furthermore, five of the seven identified programs targeting STEM also incorporate one of these characteristics.

Agency Response: *GSFA agreed with this finding.*

Appendix A: Table of Findings and Recommendations

	Agency Agreement
Finding 1: The TEG award amount has not kept pace with tuition increases and covers a small portion of students' costs. However, it is one component of a larger financial aid package for most students. (p. 8)	Agree
No recommendations included	N/A
Finding 2: The number of students receiving TEG has declined over time. (p. 12)	Agree
No recommendations included	N/A
Finding 3: Academic fields of study and industries of employment vary among TEG recipients. (p. 17)	Agree
No recommendations included	N/A
Finding 4: Grant programs like TEG vary across states, but award amounts are typically higher. (p. 22)	Agree
No recommendations included	N/A
Finding 5: Similar to Georgia, states typically do not use TEG-like grant programs to target workforce needs. (p. 24)	Agree
No recommendations included	N/A

Appendix B: Objectives, Scope, and Methodology

Objectives

This report examines the Tuition Equalization Grant (TEG) program administered by the Georgia Student Finance Authority (GSFA). Specifically, our examination set out to determine the following:

1. What are the trends in TEG enrollment, fields of study, and education outcomes?
2. What financial impact does TEG have on a student's costs at a private school?
3. To what extent do TEG recipients become employed in Georgia? What are common industry types?
4. How do TEG's provisions compare to other financial aid programs, in Georgia and other states, in supporting workforce needs?

Scope

This special examination generally covered activity related to TEG that occurred from fiscal year 2010 to fiscal year 2023. Information used in this report was obtained by reviewing relevant laws, rules, and regulations; interviewing agency officials and staff from GSFA and the Georgia Nonpublic Postsecondary Education Commission (GNPEC); and reviewing agency documents and industry publications. We also analyzed data from GSFA, the Governor's Office of Student Achievement (GOSA), the Georgia Independent College Association (GICA), and the National Center for Education Statistics' Integrated Postsecondary Education Data System (IPEDS). Finally, we reviewed websites for state financial aid programs in 12 other southern states and the National Association of State Student Grant and Aid Programs (NASSGAP).

The following data sets were used to inform multiple objectives:

- **GSFA Data** – GSFA administers a variety of financial aid programs, including state-sponsored scholarships, grants, and loans to help Georgia residents gain postsecondary training, certifications, and degrees.
 - To administer scholarship and grant programs, GSFA obtains and processes invoices from Georgia public and private postsecondary institutions. The invoices include student-level information such as student identification, demographic descriptions, postsecondary institution, scholarship/grant program, requested scholarship/grant amount, and academic year and term. GSFA processes the invoices and, if accepted, disburses requested funds to the institutions. Records of these invoices and disbursements are maintained in GSFA's Invoice System. GSFA provided the audit team with invoice records of all TEG awards from fiscal years 2010 to 2022. In addition, GSFA provided the audit team with invoice records of other scholarship and grants received by these TEG recipients for all students who obtained TEG from fiscal years 2010 to 2022.
 - To administer state sponsored loan programs such as the Student Access Loan and service cancelable loans, GSFA obtains and processes loan applications. The applications include student-level information such as student identification, postsecondary institution, loan program, requested loan amount, and academic year. GSFA processes the applications and, if approved, disburses requested funds to the institutions. Records

of these applications and disbursements are maintained in GSFA's Loan Application and Loan Servicing data systems. GSFA provided the audit team with loan records for all TEG recipients detailing each student's loan program, postsecondary institution, and dates of loan disbursements.

While we concluded the information was sufficiently reliable for the purpose of our review, we did not independently verify the data.

- **GA*AWARDS** – Georgia's Academic and Workforce Analysis and Research Data System (GA*AWARDS) is the state's Pre-K through workforce longitudinal data system. It is composed of education and workforce data from participating state agencies and private postsecondary institutions with the goal of linking and providing education and workforce data to researchers. To support GA*AWARDS, GOSA collects student-level enrollment, financial aid, and demographic information from Georgia public and participating private postsecondary institutions. The data system includes information on schools attended, number of enrollment hours, GPA, and credentials received. GOSA also collects employment data (including wages) from the Georgia Department of Labor's (GDOL) unemployment insurance records (which excludes the federal government, self-employed individuals, those working out of state, and small businesses). While we concluded that the information was sufficiently reliable for the purpose of our review, we did not independently verify the data. Additionally, it should be noted that private institutions are not required to report information to GOSA; as such, we were limited in the information available for analysis of these institutions.

GOSA provided enrollment and financial records for any student identified in GA*AWARDS as having obtained TEG from academic years 2010 to 2021 (the last available year). GOSA also provided GDOL employment records for these TEG recipients. At the time of this review, GOSA had obtained GDOL data through academic year 2022, and postsecondary information was available through academic year 2021, which affected populations reviewed.

- **NCES IPEDS** – NCES is the primary federal entity for collecting statistics from postsecondary education institutions, which is stored in its IPEDS database. The database includes institution-level information such as student enrollment, retention and completion rates, cost of attendance, and limited financial aid data. While we concluded that the information was sufficiently reliable for the purpose of our review, we did not independently verify the data.

Government auditing standards require that we report the scope of our work on internal control that is significant within the context of the audit objectives. We considered risks related to fraud and internal controls but determined that these risks were low based on work from previous audits.

Methodology

To determine the trends in TEG enrollment, fields of study, and education outcomes, we obtained scholarship/grant invoice records and loan records from GSFA and financial aid, postsecondary enrollment, and GDOL employment records from GOSA for students who obtained TEG from fiscal years 2010 to 2022. TEG award trends were based on GSFA's invoice data, which identified individual students, the academic terms they obtained TEG, TEG award amounts, and postsecondary institutions.

GSFA reports scholarship and grant data, including TEG, to GOSA for the GA*AWARDS data system. GOSA staff used this information to pull all available enrollment, student award (i.e., degree, certification, etc.), financial aid, and GDOL employment records for students who obtained TEG from

2010 to 2022. Enrollment and student award data were only available through 2021. Consequently, analyses of education outcomes and reported academic programs/majors or fields of study were limited to academic year 2021.

Although enrollment records specifying the academic field of study was available for less than half of the TEG recipients, we summarized the available records into broad categories based on the reported Classification of Instructional Program (CIP) codes. The CIP codes include such categories as Education, Engineering, Social Sciences, and Performing Arts. We grouped these codes into the following eight broad categories.

- **STEM:** We used the U.S. Bureau of Labor Statistics' definition of STEM-related occupations to identify potentially related fields of study. Examples of related academic fields of study are Biology, Mathematics, Engineering, Computer and Information Sciences, and Chemistry.
- **Business and Management:** We identified fields of study such as Business Administration and Management, Business/Commerce General, Sport and Fitness Administration, and Medical Administration as belonging to the "Business and Management" category.
- **Education:** We identified fields of study such as Early Childhood Education, Elementary Education, and Teaching as belonging to the "Education" category.
- **Fine Arts:** We identified fields of study such as Music, Theatre, Fine/Studio Arts, and Visual and Performing Arts as belonging to the "Fine Arts" category.
- **Nursing:** We identified fields of study such as Nursing Practice, Registered Nursing, and Pre-Nursing Studies as belonging to the "Nursing" category.
- **Medical/Health:** We identified fields of study such as Pre-Medicine, Pharmacy, Physical Therapy, Exercise Science, Allied Health and Medical Assistance, and Dental Hygiene as belonging to the "Medical/Health" category.
- **Accounting:** We identified fields of study related to Accounting, such as Accounting and Accounting Technology.
- **Liberal Arts:** Although this field does not have a common definition, we included fields related to Social Sciences, Psychology, History, Foreign Language, English/Literature, Theology, and General Studies.

To determine education outcomes of TEG recipients, we used degree/certification information reported in GA*AWARDS student awards data. We found that this information was not reported in a sufficiently consistent manner to identify the percentage of TEG recipients who successfully completed their postsecondary education. However, we did use this information to identify the number of TEG recipients that received TEG for less than four years but obtained a degree or certificate prior to or during the same year as their last TEG award.

To determine the extent of TEG's financial impact on a student's costs at a private school, we used IPEDS data for academic years 2010-2011 through 2021-2022 to determine the in-state average tuition, fees, and, if applicable, room and board charges for a full-time undergraduate student at each TEG-eligible institution. Cost of attendance information for the current academic year (2022-2023) was retrieved from each institution's website. Due to missing IPEDS data, we also requested five years of IPEDS data directly from Georgia Military College. Using IPEDS cost of attendance data and TEG award history data from GSFA, we analyzed the percentage of tuition and fees, by institution and on average, covered by the annual TEG award.

To determine how selectivity affected cost of attendance (and therefore, the percentage covered by TEG), we used selectivity ratings published by *U.S. News and World Report*. We then evaluated the percentage of tuition and fees covered by TEG for the institutions in each rating category (most selective, more selective, selective, and less selective). *U.S. News and World Report* did not publish selectivity ratings for American InterContinental University or Georgia Military College.

To assess the impact of tuition increases on TEG's value, we used tuition inflation data published by the U.S. Bureau of Labor Statistics (BLS) to estimate changes in the real value of the TEG award since 1988. The BLS data includes college tuition and fees as a component of the Consumer Price Index. Historical data was only available on the national level, so the BLS data is not specific to Georgia or private institutions. Additionally, because inflation data was not yet available for the full 2023 fiscal year, we estimated it using the average of July-October 2022.

To determine TEG's impact in relation to other financial aid, we used several sources to identify the percentage of students receiving aid and average aid amounts.

- **Institutional aid** – We used the most recent factbook published by GICA, which provided institutional aid information for each of its member institutions for academic year 2019-2020. The 24 GICA members are private, nonproprietary institutions that account for 72% of TEG recipients. The GICA factbook information is for all first-time full-time students at each institution, so the data is not specific to TEG recipients. Additionally, no information was available for the TEG-eligible institutions that are not members of GICA (American InterContinental University, Art Institute of Atlanta, DeVry University, Embry-Riddle Aeronautical University, Paine College, Saint Leo University, Savannah College of Art and Design, South University, and Georgia Military College, as well as Herzing University, which was TEG-eligible before the 2022-2023 academic year).
- **State aid** – We used student records from GSFA and GOSA to identify other state aid received by TEG recipients, including state Student Access Loans. The most recent data available was for the 2021-2022 academic year.
- **Federal aid** – We used IPEDS data to determine the frequency and average amount of both Pell Grants and federal student loans for each TEG-eligible school. The IPEDS data was aggregated by institution for all undergraduate students, so it is not specific to TEG recipients. The most recent data available was for the 2020-2021 academic year. IPEDS does not include data on other federal programs, so we obtained national averages for the Supplemental Education Opportunity Grant and work-study programs from a National Association of Student Financial Aid Administrators' publication.

To illustrate the impact of TEG and other financial aid programs, we created hypothetical scenarios for three cost ranges using typical cost of attendance and aid amounts. We assessed attendance costs using IPEDS data for the 2021-2022 academic year and divided the institutions currently eligible for TEG into three ranges. The high-cost range was \$52,000 to \$72,000, the medium-cost range was \$32,000 to less than \$52,000, and the low-cost range was \$13,000 to less than \$32,000. Since the analysis considered the overall cost of attendance, we excluded institutions without room and board data (i.e., nonresidential institutions). To create a hypothetical cost for illustrative purposes, we calculated the median cost of attendance for each cost range and rounded to nearest thousand. We then reviewed the GOSA data and identified the institution in each cost range with the most complete financial aid data.²⁴

²⁴ As noted on page 18, student data is requested, but not required, from private institutions for the GA*AWARDS database. As a result, data from some institutions was incomplete and/or unreliable.

For aid amounts, we utilized the sources described in the bullets above to identify average aid for the three identified institutions. We calculated the percentage of their attendance costs covered by their average amount for institutional aid, HOPE/Zell Miller Scholarships, and Pell Grants and then applied this percentage to the hypothetical cost for that range.

To determine TEG's impact on the cost of attendance for high demand degrees, we used a GDOL publication (*Georgia Workforce Trends: An Analysis of Long-term Employment Projections to 2028*) to identify the five occupations with the most job growth in Georgia that require a bachelor's degree or higher. We determined the average cost of attendance for degrees that lead to those career fields by reviewing each TEG-eligible institution's website for information on available majors and the cost of attendance for applicable majors (if costs varied). We calculated the percentage of tuition and fees covered by TEG for all institutions with the applicable major and then averaged the percentage for each major.

To determine the extent to which TEG recipients become employed in Georgia and the common industry types, GOSA provided the audit team with quarterly unemployment insurance wage data that GDOL provides to the GA*AWARDS system for all students who received TEG from academic years 2010 to 2022. The data included wage data for all reported quarters through academic year 2022. We analyzed the data to determine the number of TEG recipients who were employed in Georgia in the year following their last TEG award. We also analyzed the data to identify the industry classification of each recipient's employer using the reported North American Industry Classification System (NAICS) code included with each record. Industry sectors and subsectors are classified in groupings and identified by these codes. For example, educational services industries are coded "11" and health care and social assistance industries are coded "62."

To determine how TEG's provisions compare to other financial aid programs, in Georgia and other states, in supporting workforce needs, we reviewed state financial aid websites to identify the various state-funded postsecondary financial aid programs in Georgia and 12 other southern states. These states included Alabama, Arkansas, Florida, Kentucky, Louisiana, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, and Virginia. To identify additional programs in these states, we also reviewed the most recent NASSGAP data (2019-2020 academic year), which included a nationwide listing of state financial aid. To restrict the comparison to programs on TEG's education level, we limited the analysis to programs applicable to associate or baccalaureate degrees; however, we included loan repayment programs that could be applied to undergraduate education debt, even if the target occupation required a graduate degree (e.g., physicians).

Once the programs were identified, we reviewed program provisions to determine characteristics such as aid purpose, eligible institution types, eligible degree programs, and aid amounts. We evaluated the programs in two groups: grants similar to TEG (i.e., grants offered only to students attending private institutions) and financial aid targeting specific areas of study and/or career fields. We also considered scholarship programs with a similar purpose to the HOPE and Zell Miller Scholarships (i.e., merit-based scholarships for state residents attending either public or private four-year institutions). Program characteristics were compared with those of Georgia's TEG.

We conducted this special examination in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Appendix C: Costs at TEG-Eligible Institutions, Academic Year 2022-2023

Institution	TEG Award	Tuition & Fees ¹	% Covered by TEG	Room & Board ²	Cost of Attendance ³	% Covered by TEG
Agnes Scott College	\$900	\$45,786	2.0%	\$13,375	\$59,161	1.5%
American InterContinental University	\$900	\$15,700	5.7%		N/A	
Andrew College	\$900	\$18,214	4.9%	\$11,728	\$29,942	3.0%
Art Institute of Atlanta	\$900	\$20,700	4.3%		N/A	
Berry College	\$900	\$39,376	2.3%	\$14,275	\$53,651	1.7%
Brenau University	\$900	\$36,870	2.4%	\$7,860	\$44,730	2.0%
Brewton-Parker College	\$900	\$19,470	4.6%	\$8,690	\$28,160	3.2%
Clark Atlanta University	\$900	\$23,950	3.8%	\$13,601	\$37,551	2.4%
Covenant College	\$900	\$38,860	2.3%	\$11,223	\$50,083	1.8%
DeVry University	\$900	\$18,504	4.9%		N/A	
Embry-Riddle Aeronautical University	\$900	\$11,185	8.0%		N/A	
Emmanuel College	\$900	\$44,908	2.0%	\$16,730	\$61,638	1.5%
Emory University	\$900	\$57,948	1.6%	\$17,016	\$74,964	1.2%
Georgia Military College	\$900	\$6,092	14.8%	\$5,625	\$11,717	7.7%
LaGrange College	\$900	\$33,700	2.7%	\$12,350	\$46,050	2.0%
Life University	\$900	\$14,406	6.2%	\$12,853	\$27,259	3.3%
Mercer University	\$900	\$39,708	2.3%	\$14,046	\$53,754	1.7%
Morehouse College	\$900	\$29,468	3.1%	\$8,193	\$37,661	2.4%
Oglethorpe University	\$900	\$44,060	2.0%	\$13,040	\$57,100	1.6%
Paine College	\$900	\$14,596	6.2%	\$7,503	\$22,099	4.1%
Piedmont University	\$900	\$28,970	3.1%	\$11,261	\$40,231	2.2%
Point University	\$900	\$22,000	4.1%	\$8,183	\$30,183	3.0%
Reinhardt University	\$900	\$27,300	3.3%	\$11,273	\$38,573	2.3%
Saint Leo University	\$900	\$27,050	3.3%		N/A	
Savannah College of Art and Design	\$900	\$39,105	2.3%	\$13,388	\$52,493	1.7%
Shorter University	\$900	\$23,258	3.9%	\$9,283	\$32,541	2.8%
South University	\$900	\$16,025	5.6%		N/A	
Spelman College	\$900	\$28,885	3.1%	\$15,666	\$44,551	2.0%
Thomas University	\$900	\$11,080	8.1%	\$5,373	\$16,453	5.5%
Toccoa Falls College	\$900	\$22,410	4.0%	\$8,600	\$31,010	2.9%
Truett McConnell University	\$900	\$24,440	3.7%	\$10,007	\$34,447	2.6%
Wesleyan College	\$900	\$27,650	3.3%	\$10,996	\$38,646	2.3%
Young Harris College	\$900	\$30,905	2.9%	\$18,441	\$49,346	1.8%
Average Percentage Covered			4.1%			2.6%

¹ If the institution has a flat tuition amount, then this amount is reported. If the institution has a per-credit hour rate, then this rate was multiplied by 12 credit hours per quarter or semester (as applicable). If tuition varied by major, the average for all majors was used.

² "N/A" indicates the institution did not list room and board on its website (because it is not a residential institution). If room and board varied, the average of all options was used.

³ Cost of attendance is Tuition and Fees plus Room and Board.

Source: Institution websites

Appendix D: Georgia Workforce Financial Aid Programs, Academic Year 2022-2023

Program	Workforce Target	Eligible Institutions	Degree Level	Annual Award	Employment Requirement?
Service Cancelable Loans¹ – Loan programs administered by the state that allow the recipient to cancel all or a portion of the loan while working in the state in the targeted field.					
Georgia Military College State Service Scholarship Loan	Military	Georgia Military College	Undergraduate Degrees	Full Costs	Yes
Georgia National Guard Service Cancelable Loan	Military	Public, Technical, and Select Private	Undergraduate and Graduate Degrees	Varies by Institution	Yes
University of North Georgia Military Service Scholarship	Military	University of North Georgia	Undergraduate Degrees	Full Costs	Yes
Scholarship for Engineering Education Service Cancelable Loan	Engineering	Mercer University	Undergraduate Degrees	\$3,500	Yes
Student Access Loan ²	K-12 Education and Public Sector	Public, Technical, and Select Private	Undergraduate and Graduate Degrees	\$8,000 ³	Yes
Grants – Aid programs that disburse awards with no requirement for repayment.					
University of North Georgia ROTC Grant	Military	University of North Georgia	Undergraduate Degrees	\$1,500	No
University of North Georgia ROTC Grant for Future Officers	Military	University of North Georgia	Undergraduate Degrees	\$4,000	No
Loan Repayments – Aid programs through which the state pays off a portion of a recipient's loan from a third party in return for employment in the state targeted field.					
Georgia Veterinary Education Loan Repayment Program	Veterinary Medicine	N/A	N/A	\$18,000	Yes
Physicians for Rural Areas Assistance Program	Physicians and Specialists	N/A	N/A	\$25,000	Yes
Georgia Physician Loan Repayment Program	Physicians and Specialists	N/A	N/A	\$25,000	Yes
Dentists for Rural Areas Assistance Program	Physicians and Specialists	N/A	N/A	\$25,000	Yes
Physician Assistant Loan Repayment Program	Physicians and Specialists	N/A	N/A	\$10,000	Yes
Advanced Practice Registered Nurse Loan Repayment Program	Nursing	N/A	N/A	\$10,000	Yes
¹ Legislation passed in 2022 (House Bill 1013) created a service cancelable loan program for certain behavioral health professionals that is not listed here. The General Assembly appropriated funding to GSFA for the creation of this program for fiscal year 2023. ² The Student Access Loan is a low interest loan program with provisions for service cancellation if the recipient is employed as a K-12 teacher in a STEM field or as an employee of the state of Georgia or another eligible state or local public entity. ³ Students can borrow up to \$8,000 for costs at USG and eligible private institutions, and \$3,000 for TCSG institutions. Borrowers can receive year-for-year cancellation for work in qualified fields. Source: Georgia's financial aid websites, appropriations acts, GSFA staff, and the Georgia Board of Healthcare Workforce's website					

Appendix E: Workforce Targets in Other States, Academic Year 2022-2023

Workforce Targets	AL	AR	FL	KY	LA	MS	NC	OK	SC	TN	TX	VA
K-12 Education	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓	✓
Healthcare		✓		✓	✓	✓	✓				✓	✓
Military ¹	✓			✓	✓		✓	✓	✓		✓	✓
High Demand		✓		✓	✓		✓		✓			✓
STEM ²		✓			✓		✓				✓	✓
Public Safety							✓				✓	
Public Sector ³				✓				✓				
Engineering				✓								✓
Forestry/Marine Science					✓							
Certified Public Accountant											✓	
Shipyards												✓

¹ "Military" includes the National Guard and Reserves.

² "STEM" refers to financial aid programs that specifically target STEM. Financial aid programs targeting a single major within STEM, such as engineering, are counted separately.

³ "Public Sector" refers to financial aid programs that target majors such as public administration or programs that incentivize participation in unspecified public sector positions.

Source: Other states' financial aid websites

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