



FOLLOW-UP REVIEW • REPORT NUMBER 21-01 FR • MARCH 2024

Student Access Loan Program

Program Has Been Terminated and Funding Redirected to a Needs-Based Grant

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Why we did this review

Between 2012 and 2021, the Student Access Loan (SAL) provided approximately \$266 million in loans to nearly 36,000 students. The state dedicated \$26 million in lottery funds each year to assist borrowers with postsecondary costs.

Given the national attention on growing student debt, this audit examined SAL's utilization and programmatic controls. In addition, we determined SAL's reasonableness for students with financial needs. We also reviewed the extent to which participants defaulted on their loan.

About the Student Access Loan Program

SAL was established in the 2012 Appropriations Bill to provide a needs-based, 1% loan to assist postsecondary students with the cost of education and completing their credentials in a timely manner. SAL was also intended to encourage work in public service.

The Georgia Student Finance Authority oversees the SAL program. At the time of the review, SAL was primarily funded through state appropriations, though additional loans were distributed based on borrower principal repayments.

In fiscal year 2021, approximately 5,600 students received nearly \$28 million in loans across 78 institutions.

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What we found

The original report found that the Student Access Loan (SAL) was designed to ensure access to certain populations, which also decreased the likelihood that loans would be repaid. Recommendations were related to the need to establish SAL's intent and define the program's goals and priorities. After the report's release, the General Assembly created a needs-based grant program, and SAL will no longer be available after fiscal year 2024.

We found Georgia's need-based loan program was unique among other states, which instead dedicated larger portions of state funds to need-based grant or scholarship programs. Additionally, at the time of the report, SAL participants defaulted at a rate more than three times higher than that of federal loan participants. Because SAL was designed to ensure access to those who could not obtain a loan in the private sector (e.g., by not requiring a credit check or cosigner), higher default rates were likely.

During the 2022 legislative session, the General Assembly reduced SAL's appropriation and redirected funds to the newly created College Completion Grants program. SAL's appropriation was reduced again in fiscal year 2024, with the expectation that the Georgia Student Finance Authority (GSFA) would offer a final year of loan disbursements using reserve funds from past loan recipients' principal repayments. No new SAL loans will be originated after fiscal year 2024; however, past borrowers will continue to provide repayments for the length of their loan. These repayments will be held in GSFA's restricted reserve fund until GSFA is given legislative direction in future appropriations processes.

The Georgia College Completion Grant (GCCG) was created to provide needs-based financial aid (up to \$2,500) to eligible students so they can complete their remaining credential credit requirements. Students must have completed at least 80% of their credit requirements for an undergraduate major or program of study and have an outstanding balance of

direct institutional cost for the term for which they are seeking the funds. Students can participate if they are enrolled in the University System of Georgia, the Technical College System of Georgia, or an eligible¹ nonprofit private institution in Georgia.

In its first year, the GCCG was appropriated \$10 million in lottery funds. Approximately \$7.3 million was granted to 6,065 students, for an average amount of nearly \$1,200 per student. The GCCG was again appropriated \$10 million in fiscal year 2024.

A draft of the report was provided to the Georgia Student Finance Authority, which provided technical corrections.

A copy of the 2021 performance audit report (#21-01) may be accessed at [Student Access Loan Program](#).

¹ Institutions eligible for higher education financial aid programs, including the HOPE scholarship, dual enrollment, and the Tuition Equalization Grant.

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