PERFORMANCE AUDIT • REPORT NUMBER 24-04 • DECEMBER 2024

Higher Education Cost Drivers

Increased State and Federal Funding Has Reduced Student Costs

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Performance Audit Report No. 24-04

December 2024

Performance Audit Division

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Why we did this review

We conducted an examination of undergraduate higher education cost drivers in USG institutions in 2016. We found that from 2006 to 2015, decreased levels of state appropriations and changes to the HOPE Scholarship shifted a larger portion of the cost of public higher education to USG students in the form of increased tuition and fees. Considering changes in state and federal funding and enrollment since 2016, including pandemic-era impacts, an update to this information should be of value to multiple stakeholders.

We reviewed how funding of USG institutions has changed since the release of our 2016 report and how these changes have impacted undergraduate students' cost of attendance. We identified both state and institution-level factors driving costs. We compared the cost of attendance at USG institutions to peer institutions in other states. Also, we reviewed expenditure trends at USG institutions.

About Higher Education

A student's cost of attendance includes tuition, mandatory fees, housing, dining, books and supplies, and personal expenses. The average published undergraduate tuition and mandatory fees at USG institutions for 2024-25 is approximately $6,500 annually. The average housing and dining rate at USG institutions is approximately $11,000 annually.

Higher Education Cost Drivers

Increased State and Federal Funding Has Reduced Student Costs

What we found

Since the release of our 2016 report, USG students' share of costs has been reduced due to increases in state and federal funding and changes to the HOPE Scholarship program. USG institutions have derived an increasing portion of their revenue from state and federal sources rather than from students, resulting in fee reductions and minimal tuition rate increases. As a result, USG institutions typically provide services at lower costs to in-state students than their peers. In addition, increases in HOPE Scholarship award amounts have further reduced the net cost of attendance for the in-state students receiving the award.

Increased state funding has reduced the cost of attendance for in-state students.

Increases in state appropriations have reduced the share of instructional costs funded by students by enabling the Board of Regents to eliminate the system-wide Special Institutional Fee and minimize tuition rate increases. As a result, tuition costs declined by 24% after adjusting for inflation.

- From fiscal years 2017 to 2025, state appropriations per FTE student increased by $3,665 (53%) from $6,920 to $10,585. The largest increase (approximately $230 million, or $799 per FTE) occurred in fiscal year 2023 with the specified purpose of eliminating the Special Institutional Fee—a mandatory fee that was an additional form of tuition and averaged $271 per semester in 2017.

- Undergraduate tuition has increased an average of $203 (8.3%) per semester from fiscal year 2017 to 2025. This increase did not fully offset the elimination of the Special Institutional Fee. Consequently, students in 2025 are paying, on average, less in tuition than they were in 2017.

USG institutions used federal COVID emergency relief funds in a manner that temporarily reduced students' cost of attendance.

All USG institutions received federal funds to address economic challenges related to the COVID-19 pandemic. On average, federal regulations required USG institutions to provide 40% of funds directly to students in the form of emergency financial aid, which if applied to expenses such as tuition, housing, or dining contributed to a reduction in their net cost of attendance. In addition, many USG institutions reported using a large portion of remaining funds to offset revenue losses including those in enrollment, state appropriations, and auxiliary accounts such as housing and dining. This institutional aid reduced the need for temporary increases in tuition and fees.

Increased award amounts and participation in the HOPE Scholarship program have reduced the net cost of attendance for many Georgia residents attending USG institutions.

Recent legislative and regulatory changes to the HOPE Scholarship program have increased award amounts for students receiving these awards at USG institutions. From 2017 to 2024, the average percentage of tuition expenses covered by the HOPE Scholarship has increased from 86% to 100%. In addition, the percentage of in-state students attending USG institutions who received a HOPE or Zell Miller Scholarship increased from 46% to 59% (an increase of approximately 20,000 students).

Most USG residential institutions have a lower in-state cost of attendance than the average of their peer institutions in other states.

Generally, the cost of attendance and net price for in-state students at USG institutions are lower than the average of their peer institutions. For in-state students living on campus, the combined cost of tuition, fees, and typical housing and dining was lower than the peer average at 22 of the 24 residential USG institutions. When average financial aid is subtracted from the cost of attendance, most USG institutions remain at a lower cost, with housing and dining costs creating some exceptions.

What we recommend

This report does not include recommendations. It is intended to provide information to help inform the general public, agency management, and policy decision makers.

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

USG's Response: *USG noted its agreement with all findings in the report, commenting that "affordability has been and continues to be a priority of the Board of Regents. The USG appreciates the continued partnership with the General Assembly and Governor in focusing on keeping student costs low for all students in Georgia." USG acknowledged the role of the General Assembly and Governor in providing additional funding that allowed the elimination of the Special Institutional Fee that was charged to students to help offset funding cuts resulting during the Great Recession. USG also noted the increased federal funding provided in response to the COVID-19 pandemic "eliminated the need to increase costs to students as revenues slowed and USG institutions experienced escalated costs and supply chain issues."*

USG also noted that "while lower costs are helpful for students, the USG's mission is successful completion of degree seeking students."

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Purpose of the Audit

This review is an update of DOAA's 2016 examination of higher education cost drivers at University System of Georgia (USG) institutions. Specifically, our audit focuses on the following questions:

- How has funding of USG institutions changed over time, and how have these changes impacted the cost of attendance?
- What are the factors driving changes to the cost of attendance?
- How does the cost of attendance at USG institutions compare to peer institutions in other states?
- What are USG institutions' expenditure trends by functional and natural classification?

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 USG for its review, and pertinent responses were incorporated into the report.

Background

University System of Georgia

Under the constitution and laws of the state of Georgia, the Board of Regents (BOR) of the University System of Georgia (USG) was created to govern, control, and manage a system of public institutions providing quality higher education for the benefit of Georgia citizens. BOR oversees 26 such institutions, including 4 research universities, 4 comprehensive universities, 9 state universities, and 9 state colleges. USG institutions' collective mission is to create knowledge through research, transfer knowledge through teaching, and apply knowledge through service.

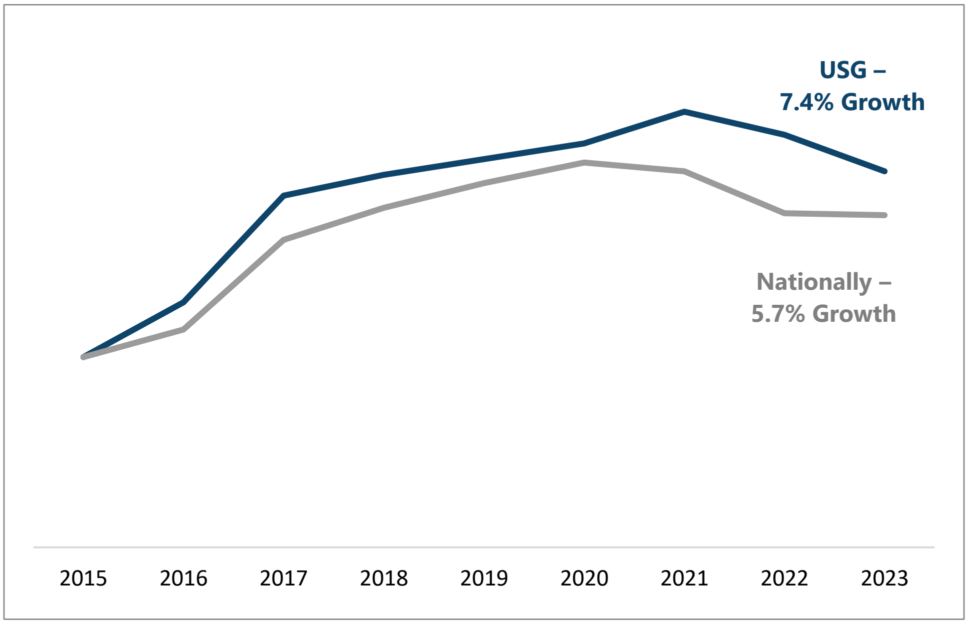
Enrollment

USG defines full-time enrollment as attempting at least 12 course hours for undergraduate students and at least 9 course hours for graduate students.

Between the fall semesters of 2014 and 2022 (fiscal years 2015 and 2023), total full-time equivalent (FTE) enrollment at USG institutions increased from approximately 245,000 to 260,000, an increase of 7.4%. This growth rate slightly exceeds national trends for public institutions, which show enrollment growth of 5.7%. As shown in **Exhibit 1**, USG enrollment growth has consistently outpaced average growth in public institutions nationally. USG's enrollment increased to its peak level in Fall 2020, after which enrollment declined by 2.2% in the following two years. It should be noted that this decline is likely attributable to the COVID-19 pandemic, with similar patterns evident in national trends. USG FTE counts for Fall 2024 indicate that enrollment now exceeds pre-pandemic levels.[1]

[1] The Fall 2024 enrollment data is not reflected in Exhibit 1 because comparable national data is only available through fiscal year 2023.

Exhibit 1
USG FTE enrollment percentage growth surpassed public institutions nationally, Fiscal Years 2015-2023[1]



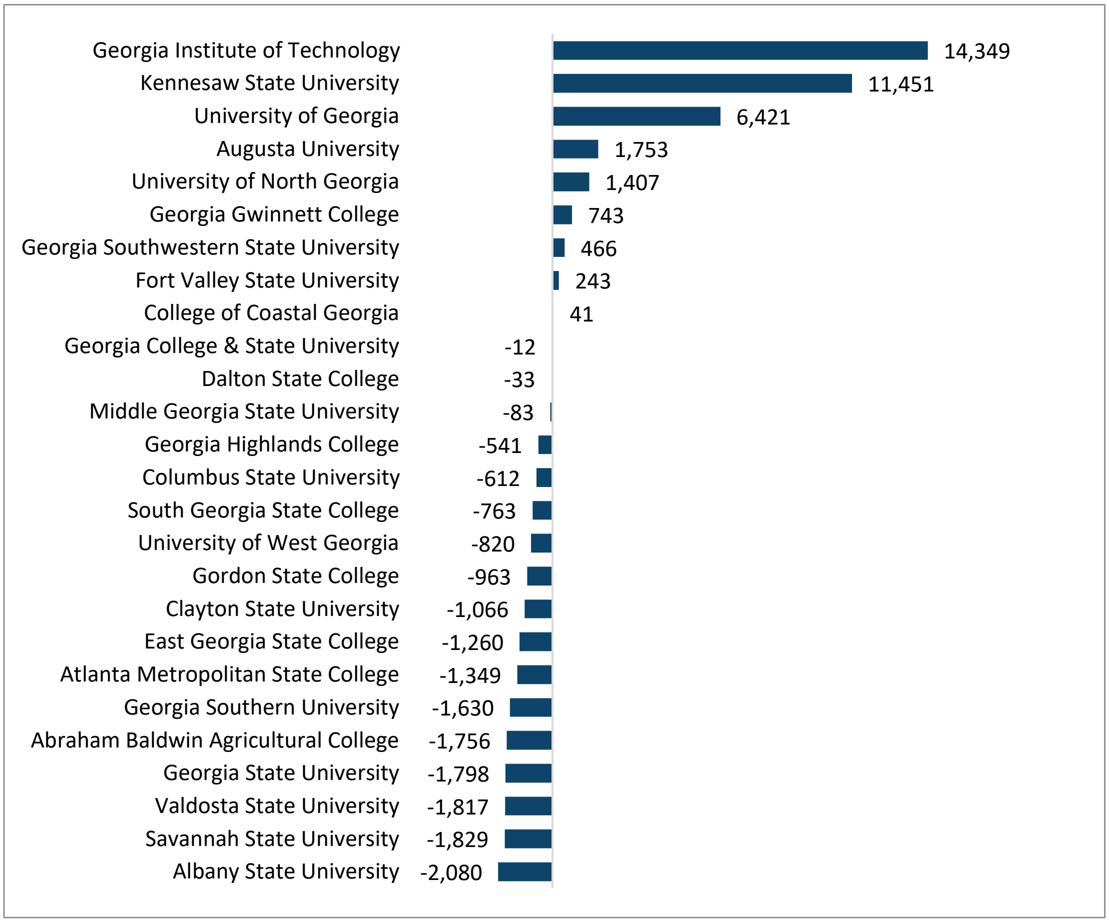
[1] National data is only available through fiscal year 2023. Charts displaying only USG data incorporate latest available fiscal year 2024 or 2025 data.

Source: NCES IPEDS data

As shown in **Exhibit 2**, recent enrollment trends vary among USG institutions, with most growth concentrated among a few institutions. In particular, two institutions (Georgia Institute of Technology and Kennesaw State University) saw enrollment growth of more than 10,000 students. The majority of institutions, however, experienced a decline in enrollment, with nine institutions losing more than 1,000 students.

Exhibit 2

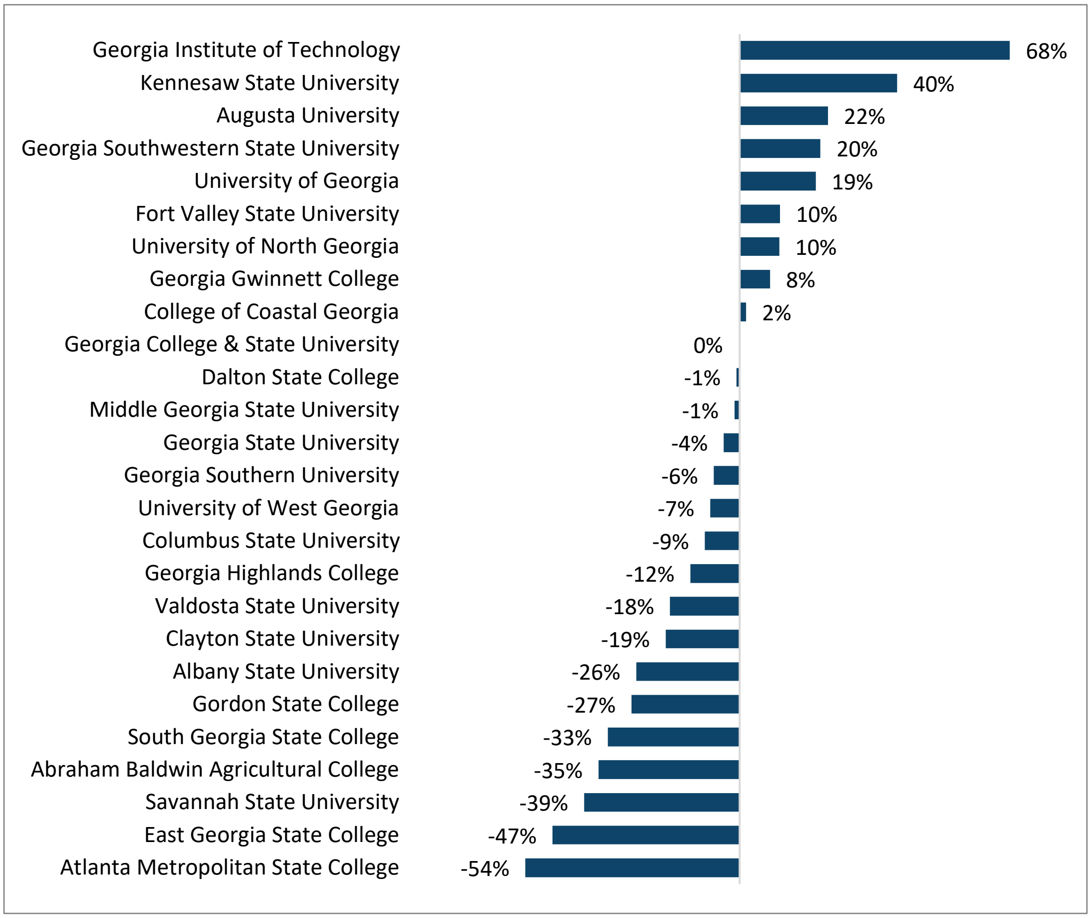
Fall Semester FTE Enrollment declined at most USG institutions, Fiscal Years 2015-2024



Source: University System of Georgia

Changes in enrollment can disparately impact institutions when considering the change as a percentage of total enrollment (see **Exhibit 3**). For example, although Georgia State University lost almost 1,800 FTEs, this accounted for only 4% of total enrollment. As such, Georgia State University is likely less impacted by the loss than Atlanta Metropolitan State College, which lost fewer FTEs (1,349) but a larger portion of total enrollment (54%). Such large losses can impact revenue sources such as tuition, fees, and auxiliary services (e.g., housing and dining). Large increases in student population may also lead to challenges, including a need to expand facilities and services.

Exhibit 3
Some institutions had large percentage gains or losses in Fall Semester FTE enrollment, Fiscal Years 2015-2024



Source: University System of Georgia

Public Higher Education Funding

USG institutions are funded through multiple revenue sources, including state appropriations, tuition, grants and contracts, donations, mandatory and other student fees, and auxiliary service fees. Annual state appropriation levels are determined primarily through a funding formula. The formula estimates the total cost of education based on credit hour production (i.e., the number of students taking types of courses), square footage of instructional facilities, and employee benefits. While the General Assembly appropriates state funds to USG, BOR determines the amount of state funds to be allocated to each institution.

Appropriations, in conjunction with other revenue sources, support the mission of USG institutions and may be used to fund the following:

- **Instruction** – Activities associated with an institution's instruction program.
- **Research** – Activities specifically organized to produce research.

- **Public Service** – Activities established primarily to provide non-instructional services beneficial to individuals and groups external to the institutions (e.g., community service programs).
- **Academic Support** – Activities including curriculum development, technology, and media services that support the institution's primary missions of teaching, research, and public service.
- **Student Services** – Services provided by the offices of admissions and the registrar, as well as activities designed to contribute to students' emotional and physical well-being, including student clubs, cultural events, intramural athletics, counseling, and career guidance.
- **Institutional Support** – Administrative activities, including fiscal operations, human resource management, and procurement.
- **Plant Operations and Maintenance** – Operations established to provide services and maintenance related to grounds and facilities.
- **Scholarships and Fellowships** – Grants to students resulting from selection by the institution or from an entitlement program.

Tuition

BOR establishes the tuition rates for each USG institution and approves mandatory fees requested by individual institutions. As shown in **Exhibit 4**, undergraduate, in-state tuition rates for full-time students vary by institution type and range from $1,515 to $5,256 per semester.

Exhibit 4
In-state tuition rates for full-time undergraduate students vary by institution type, Fiscal Year 2025

Institution Type	Semester Tuition Rates (15 Credit Hours)
Research University[1]	$1,515 - $5,256
Comprehensive University	$2,805 - $2,850
State University	$1,665 - $3,848
State College	$1,515 - $2,055

[1] Includes Georgia State University – Perimeter College

Source: University System of Georgia

Mandatory Student Fees

Per BOR policy, a mandatory fee is any fee that is required to be paid by all students, all undergraduate students, or all full-time undergraduate students at an institution. Some mandatory fees support auxiliary services, which directly or indirectly serve students, faculty, and staff (e.g., student activities, intercollegiate athletics). Auxiliary services may also be supported by other revenue, such as ticket sales, but are not subsidized by state appropriations.

USG institutions, with BOR approval, may charge different types of mandatory student fees at rates associated with their unique needs. For example, all USG institutions charge an Activity Fee (ranging from $32 to $133 per semester), whereas only three institutions charge a Sustainability Fee (ranging from $2 to $10 per semester). Mandatory fees are further discussed in the finding on page 38.

As shown in **Exhibit 5**, the total mandatory student fee rates charged by each institution range from $145 to $818. There does not appear to be a pattern related to institution type—institutions in each type have relatively low and high total fees.

Exhibit 5
Mandatory fee rates for full-time undergraduate students vary by institution type, Fiscal Year 2025

Institution Type	Total Mandatory Fee Rates Per Semester
Research University[1]	$340 - $773
Comprehensive University	$424 - $818
State University	$332 - $787
State College	$145 - $622

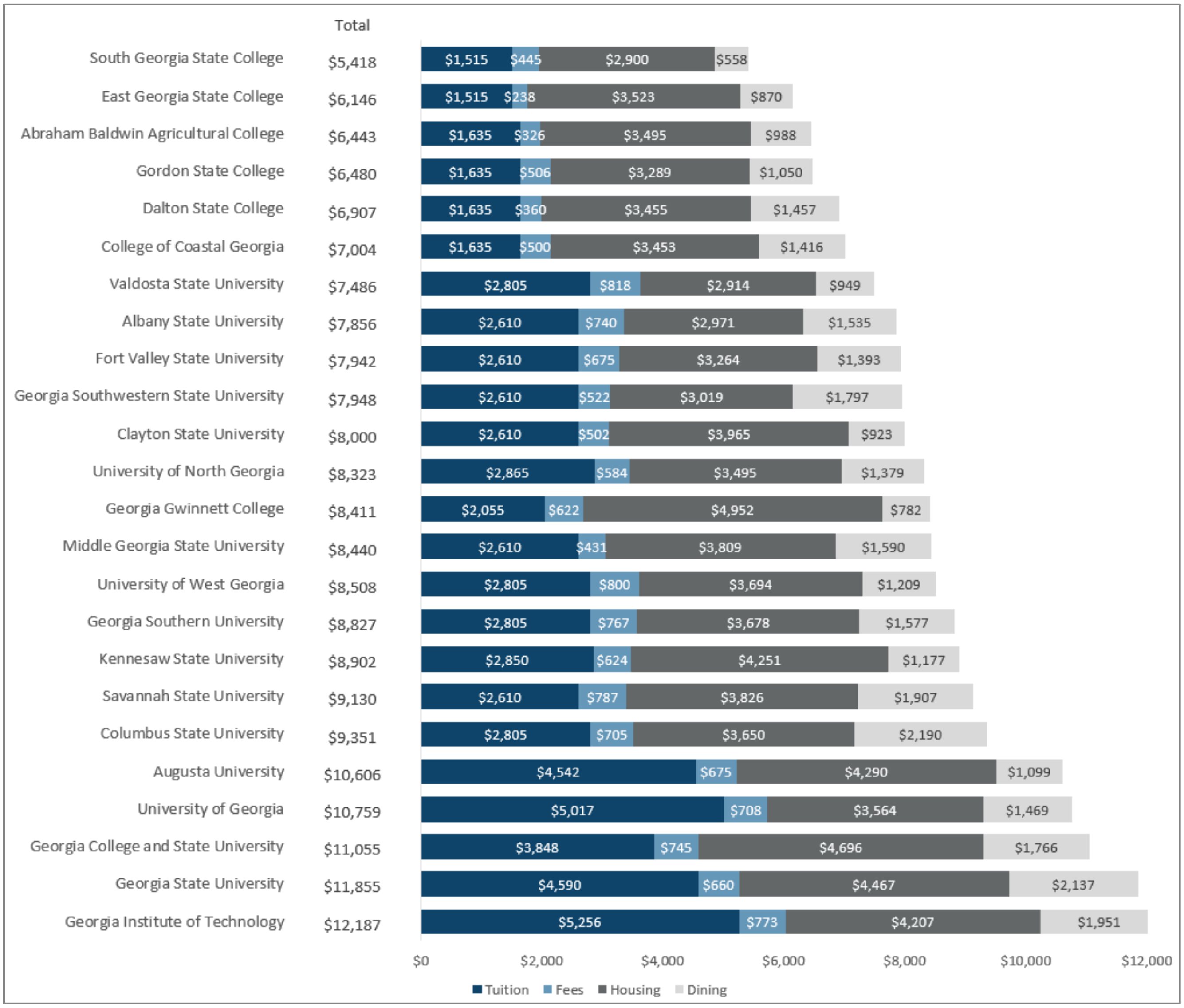
[1] Includes Georgia State University-Perimeter College
Source: University System of Georgia

Cost of Attendance

The cost of attendance is the estimated total cost of attending a higher education institution as a full-time student. As published by institutions, this includes tuition, fees, housing, dining, and other expenses such as books, supplies, and transportation. For this audit, we calculated cost of attendance using only the largest cost components: tuition, fees, and on-campus housing and dining. The cost of attendance does not consider financial aid.

In fiscal year 2025, the average cost of attendance across USG institutions for on-campus students was $8,499 per semester. As shown in **Exhibit 6**, this cost ranges from $5,418 (South Georgia State College) to $12,187 (Georgia Institute of Technology).

Exhibit 6
Cost of attendance[1] varies across USG institutions, Fiscal Year 2025



[1] Per semester cost for in-state undergraduates residing on campus. Totals may not add due to rounding.

Source: University System of Georgia and institution websites

Scholarship and Grant Aid

Students who receive scholarship and grant aid do not pay the full cost of attendance. The amount these students actually pay—after taking scholarships and grants into account—is commonly referred to as the net price. In fiscal year 2022 (the most recent available data at the time of the audit), the average amount of grant or scholarship aid awarded to first-time, full-time USG undergraduates from the state/local government, federal government, or institution was $8,729 per year, which reduces the cost of attendance by 55% for these students.

Pell grants and the HOPE/Zell Miller Scholarships are the two largest sources of student financial aid in Georgia. Pell grants are a type of federal aid that provide funds up to an annual maximum ($6,495 in 2021-22) and are awarded based on financial need. The HOPE and Zell Miller Scholarships are awarded based on academic achievement, with amounts varying based on tuition. Other sources of state aid include merit- or need-based awards issued by USG institutions.

Financial Information

As shown in **Exhibit 7**, USG institutions' largest fund source is grants and contracts, followed by state appropriations and tuition and fees. Grants and contracts include sponsored research projects, student financial aid, and (in recent years) COVID-19 emergency relief funding. From fiscal year 2022 to fiscal year 2023, total revenue remained flat, increasing by only 1% (about $140 million). While revenue from grants and contracts declined by more than $160 million (5%) and tuition and fees by almost $215 million (10%), these declines were offset by a $485 million (19%) increase in state appropriations. Combined revenue in fiscal years 2022 and 2023 totaled $19.86 billion, $1.65 billion (9%) more than the $18.21 billion in expenditures.[2]

Exhibit 7

USG institutions' revenue exceeded expenditures by $1.65 billion (9%), Fiscal Years 2022 and 2023

Revenue	2022	2023
Grants & Contracts	$3,495,436,896	$3,335,315,375
State Appropriations	2,558,213,707	3,043,545,312
Tuition & Fees	2,253,259,853	2,039,110,558
Auxiliary Enterprises	917,544,223	960,215,418
Capital Grants & Gifts	489,427,920	348,178,776
Sales & Services	216,125,051	239,193,647
Federal Appropriations	23,947,359	22,918,183
Rents & Royalties	13,668,660	8,225,950
Other	-108,471,079	6,129,846
Total Revenue	**$9,859,152,590**	**$10,002,833,065**
Operating Expenditures		
Personal Services	$5,313,231,795	$5,920,695,525
Supplies/Other Services	1,923,224,337	2,121,865,070
Scholarships/Fellowships	785,155,895	450,574,166
Depreciation	564,943,962	589,018,223
Utilities	203,330,189	220,300,510
Travel	41,195,496	77,669,258
Total Expenditures	**$8,831,081,674**	**$9,380,122,752**

Source: University System of Georgia

[2] *Funds not expended are carried over to the next year.*

COVID-19 Impact on Revenue and Expenditures

USG institutions were awarded $1.6 billion in federal COVID-19 emergency relief during fiscal years 2020 and 2021. USG was required to allocate a minimum of $631 million for direct student aid and could use the remaining $993 million for institutional expenses.

USG institutions were awarded COVID-19 federal emergency relief primarily through three programs: the first Higher Education Emergency Relief Fund (HEERF) established during fiscal year 2020, the second (HEERF II) in December 2020, and the third (HEERF III) in March 2021. Some institutions received additional funding for serving minorities or having other unmet needs. Funds from the HEERF grants were available through fiscal year 2023 (or later, with a no-cost extension).

The public health emergency did not officially end in Georgia until the beginning of fiscal year 2022. In the Fall 2021 semester, USG campuses began taking steps to return to in-person events and activities at pre-pandemic levels. Many USG institutions had reductions in enrollment that led to reduced tuition, fee, and auxiliary revenue. Additionally, operating during the public health emergency incurred costs for items such as distance learning equipment and related staff training, medical supplies, and cleaning.

Findings

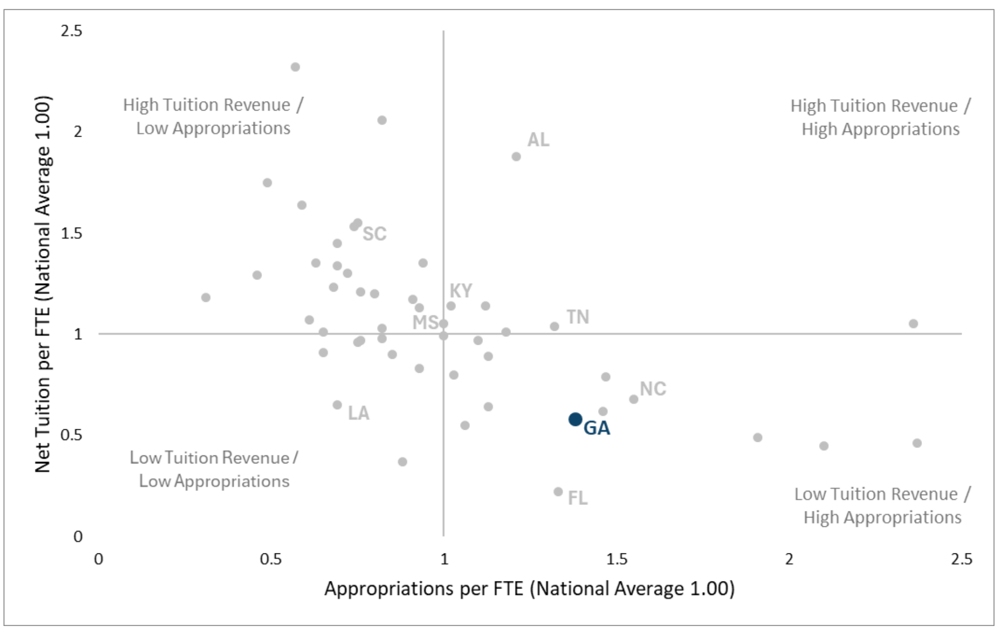
Finding 1: With state and federal fund increases, USG institutions have reduced students' share of costs, resulting in typically lower costs of attendance than similar institutions in other states.

Revenue at USG institutions increased by more than $2 billion (29%) from 2017 to 2023, which is consistent with growth in enrollment and inflation. USG institutions have derived an increasing portion of their revenue from state and federal sources rather than from students (i.e., tuition and fees). As a result, USG institutions typically provide services at lower costs to in-state students than peer institutions in other states.

USG institutions are largely funded by state appropriations and tuition and fee revenue, which account for 51% of total funding. As discussed in the finding on page 41, USG institutions typically have lower tuition and mandatory fee rates than peer institutions in other states. One reason Georgia can keep these student costs relatively low is that it receives a relatively high level of state support. According to the State Higher Education Executive Officers Association,[3] as shown in **Exhibit 8**, USG institutions (GA) receive 38% more state appropriations per FTE than the national average, while relying on only 58% of the national average tuition revenue per FTE.

Exhibit 8

USG institutions receive more state appropriations and rely on less tuition revenue than the national average, Fiscal Year 2023



Source: State Higher Education Executive Officers Association

[3] *The State Higher Education Executive Officers Association (SHEEO) is a national nonprofit that serves as a liaison between states and the federal government. SHEEO also provides information and analysis on educational and public policy issues.*

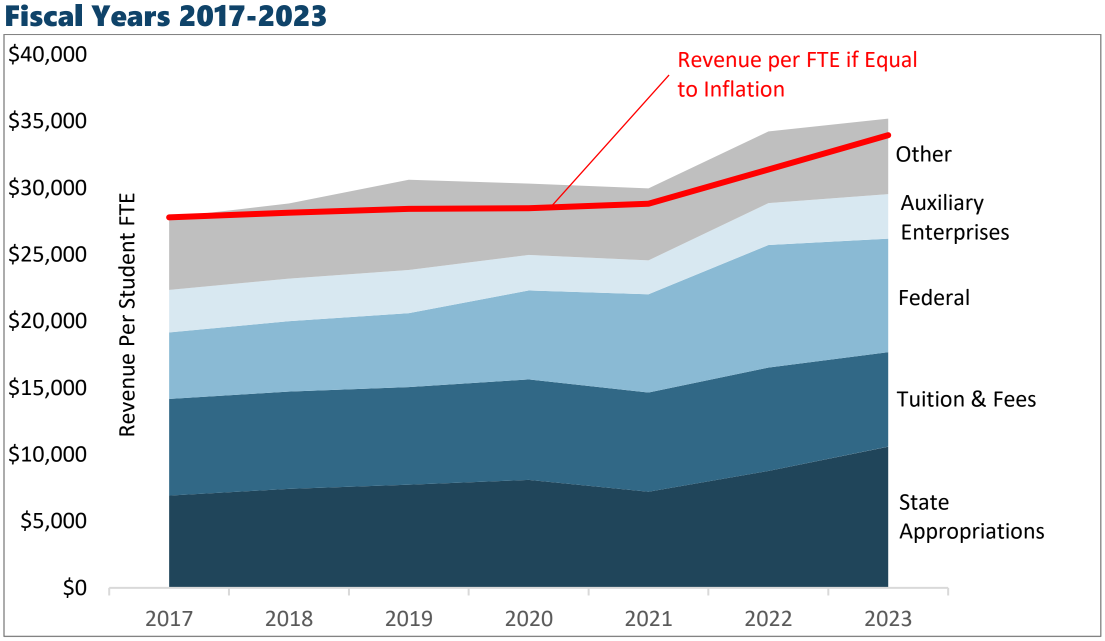
USG institution revenues increased from $7.7 billion in fiscal year 2017 to $10.0 billion in fiscal year 2023 ($2.27 billion, 29.4%). However, the portion funded by students (tuition and auxiliary enterprises) has decreased from 38% in fiscal year 2017 to 30% in fiscal year 2023. This change is largely the result of a 53% increase in state appropriations for instruction (accounting for $3,665 per student increase) and a corresponding 2% decrease in tuition and fees revenue, which amounts to $154 less revenue per student. The decline in tuition and fees revenue is due to a combination of relatively flat tuition rates and the repeal of the system-wide mandatory Special Institutional Fee, which averaged $271 per semester in 2017 (see finding on page 17).

As shown in **Exhibit 9**, when adjusted for enrollment growth, USG revenue per student FTE increased by 27.8%, which tracks slightly higher than the rate of inflation over this period (23.8%). It should be noted that the fiscal year 2021 decline in revenue per FTE was mostly attributable to a decline in state appropriations of $884 per FTE (11%) due to the COVID-19 public health emergency.

Federal funding per FTE increased by 71%—from $4,986 to $8,511—in the period reviewed. This increase is largely due to HEERF grants provided to USG institutions during fiscal years 2020-2023. As discussed in the finding on page 20, a significant portion of these funds was used to offset revenue losses incurred during the public health emergency.

Exhibit 9

Growth in total revenue per student FTE[1] is slightly higher than inflation, Fiscal Years 2017-2023



[1]Based on Fall Semester FTE counts

Source: University System of Georgia

USG's Response: *USG agrees with this finding and stated that "affordability has been and continues to be a priority of the Board of Regents. The USG appreciates the continued partnership with the General Assembly and Governor in focusing on keeping student costs low for all students in Georgia."*

Finding 2: Increased state funding has contributed to the decreased cost of attendance for USG students.

Increases in state appropriations have reduced the share of instructional costs funded by students by enabling the Board of Regents to eliminate the system-wide Special Institutional Fee and minimize tuition rate increases. As a result, tuition costs declined by 24% after adjusting for inflation.

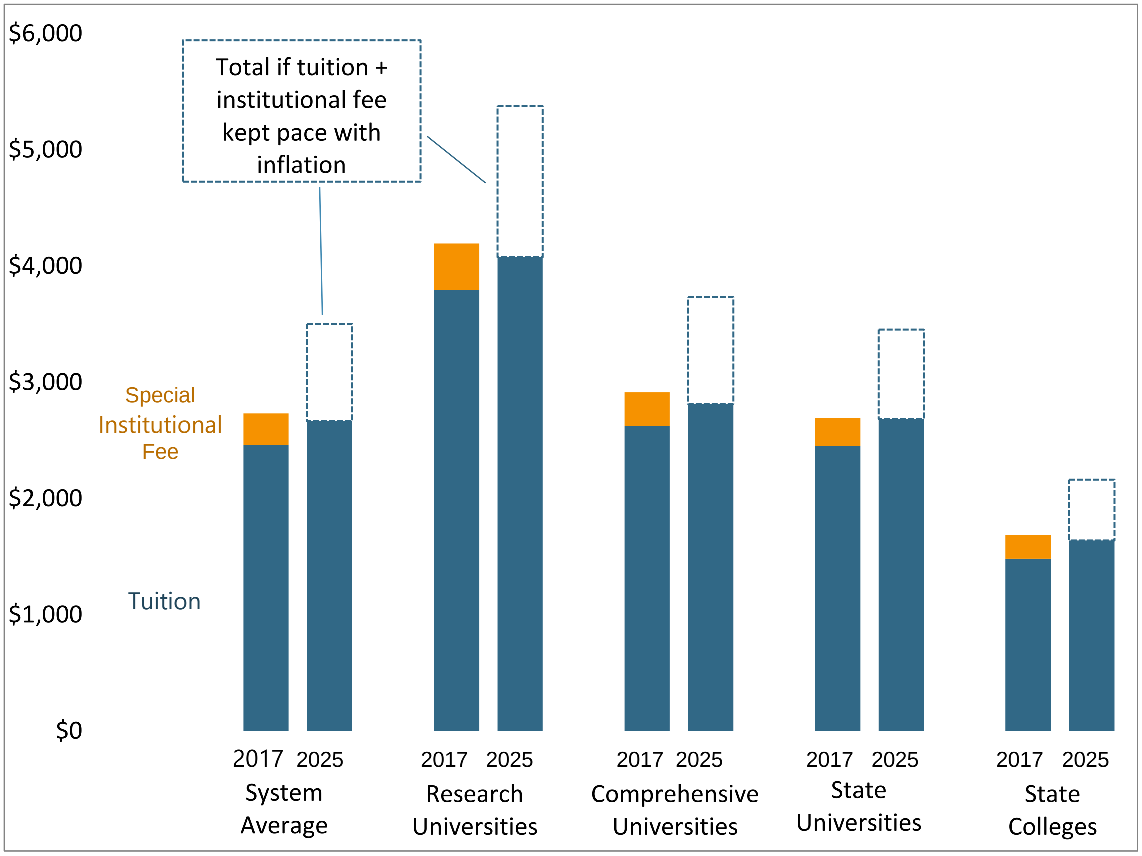
In fiscal year 2025, in-state, full-time undergraduate tuition at USG institutions averaged approximately $2,665 per semester (ranging from $1,638 at state colleges to $4,075 at the research universities). This represents an 8.3% increase since fiscal year 2017, or an average increase of $203 per semester. During that period, the Board of Regents approved and implemented three[4] separate in-state tuition increases (ranging from 2% to 2.5%) across all 26 institutions.

As shown in **Exhibit 10**, the average tuition increase of $203 per semester has not fully offset the 2023 elimination of the Special Institutional Fee, which was viewed as an alternate form of tuition and averaged $271 in 2017. Consequently, students in 2025 are paying, on average, less in tuition than they were in 2017. Tuition rates have also increased at levels below inflation. If tuition had increased at the same rate as inflation (28% from 2017 to 2024), tuition would have increased by an average of $770 per semester.

[4] *Increases occurred in fiscal years 2018, 2020, and 2025.*

Exhibit 10

In-state tuition rate increases did not fully offset revenue from the Special Institutional Fee, Fiscal Years 2017-2025



Source: University System of Georgia, U.S. Bureau of Labor Statistics

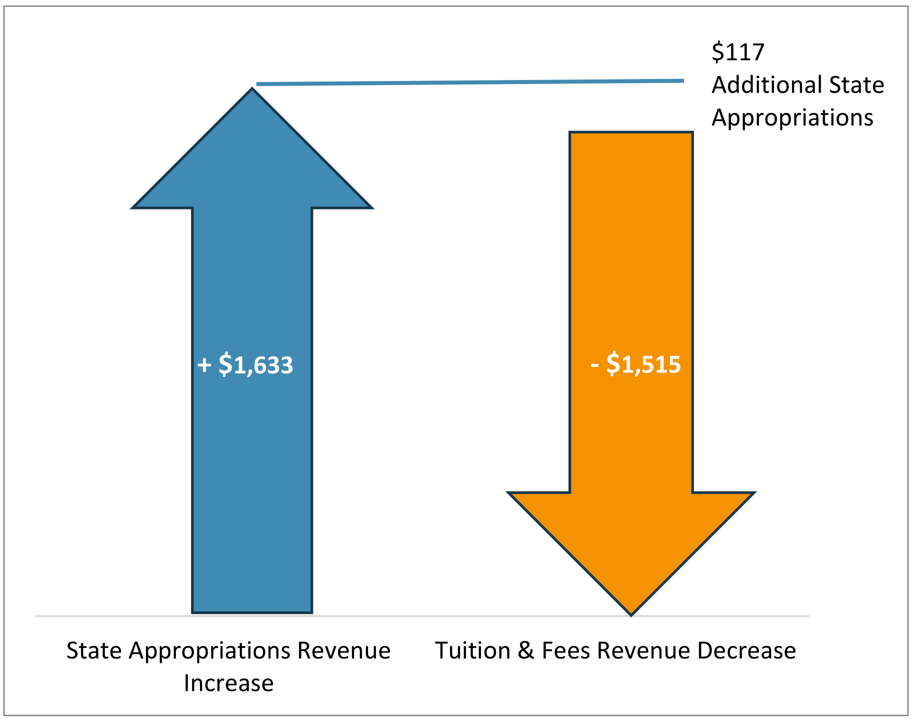
From fiscal years 2017 to 2023, state appropriations per FTE student have increased by $3,665 (53%) from $6,920 to $10,585. One of the largest increases (approximately $230 million or $799 per FTE) occurred in fiscal year 2023 with the specified purpose of eliminating[5] the Special Institutional Fee at USG's 26 institutions. This fee was implemented at all USG institutions in 2008 to generate revenue to help offset austerity reductions in state appropriations, which were partially restored in the 2023 Appropriations Act.

[5] Based on the fee amounts at the time the Special Institutional Fee was eliminated, student costs were reduced by an average of $268 per semester (ranging from $113 at Georgia Southern University – Armstrong Campus to $544 at the Georgia Institute of Technology).

As shown in **Exhibit 11**, increases in state appropriations have offset declines in tuition and institutional fee revenue. Because tuition and institutional fee increases have not kept pace with inflation, revenue from tuition and institutional fees per FTE has declined in real dollars by $1,515 from fiscal year 2017 to 2023. During this period, state appropriations revenue per FTE increased in real dollars by $1,633, slightly more than the loss in tuition and institutional fee revenue. As noted in the finding on page 15, revenue growth (including state, federal, tuition and auxiliary revenue) during this period is consistent with enrollment and inflation growth.

Exhibit 11

Increases[1] in state appropriations offset reductions in tuition and institutional fee revenue, Fiscal Years 2017-2023



[1] Per FTE amount when taking inflation into account. Fall Semester FTE counts were used in the calculation.

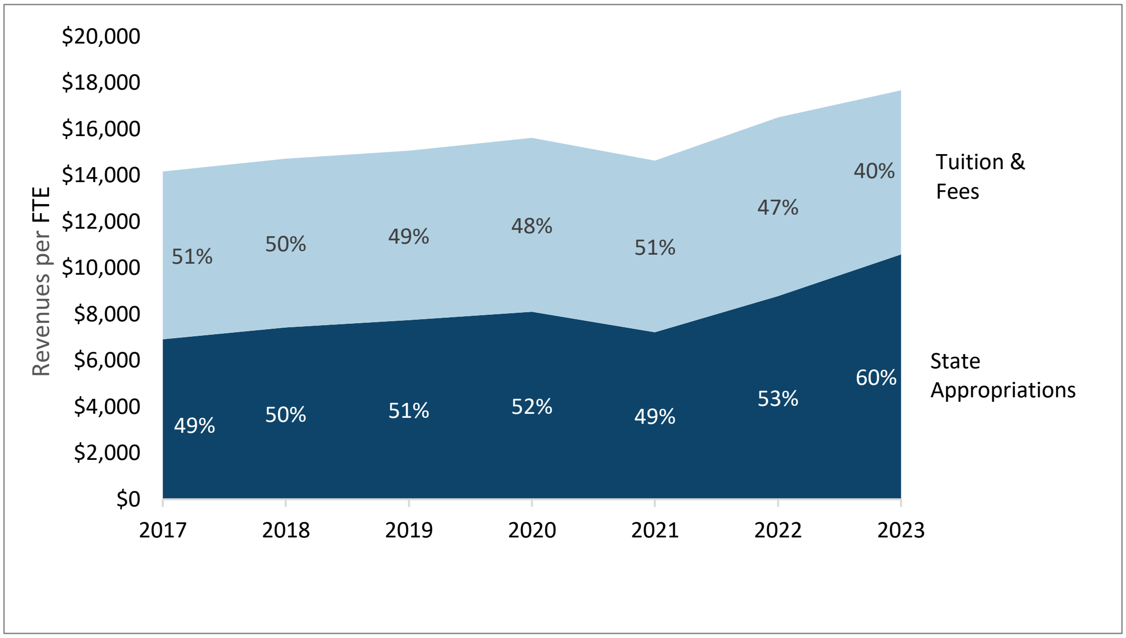
Source: University System of Georgia, Bureau of Labor Statistics

State appropriations and tuition and fees revenue fund operations for USG's Teaching Program, which includes activities related to instruction, research, academic and institutional support, and plant operations. The primary USG funding mechanism is the funding formula that calculates the funding required for faculty, staff, and support expenditures necessary to fund workload based on enrollment. Historically, state appropriations were set at a level sufficient to provide 75% of required funding, and tuition rates were set at a level sufficient to provide the remaining 25% of funds. However, by fiscal year 2017 reductions in state appropriations and resulting increases in tuition and fees increased students' share of funding to 51%.

As shown in **Exhibit 12**, since fiscal year 2017 the increase in state appropriations and the net decrease in cost to students (when comparing the average $203 tuition increase to the elimination of the Special Institutional Fee which averaged $271 in 2017) has reduced students' share of funding by more than 10 percentage points—from 51% to 40%. The state's share of funding correspondingly increased from 49% in fiscal year 2017 to 60% in fiscal year 2023.

Exhibit 12

The increase in state appropriations has reduced the share of costs funded by students,[1] Fiscal Years 2017–2023



[1]Fall Semester FTE counts were used to calculate the revenue per FTE

Source: University System of Georgia

USG's Response: *USG agrees with this finding and stated that "in 2023, the Governor and General Assembly supported providing additional state support and to eliminate the Special Institutional Fee charged to students that was established during the Great Recession. This fee was established during difficult economic times in the State of Georgia and fortunately, the State prioritized this funding in order to reduce the cost to students."*

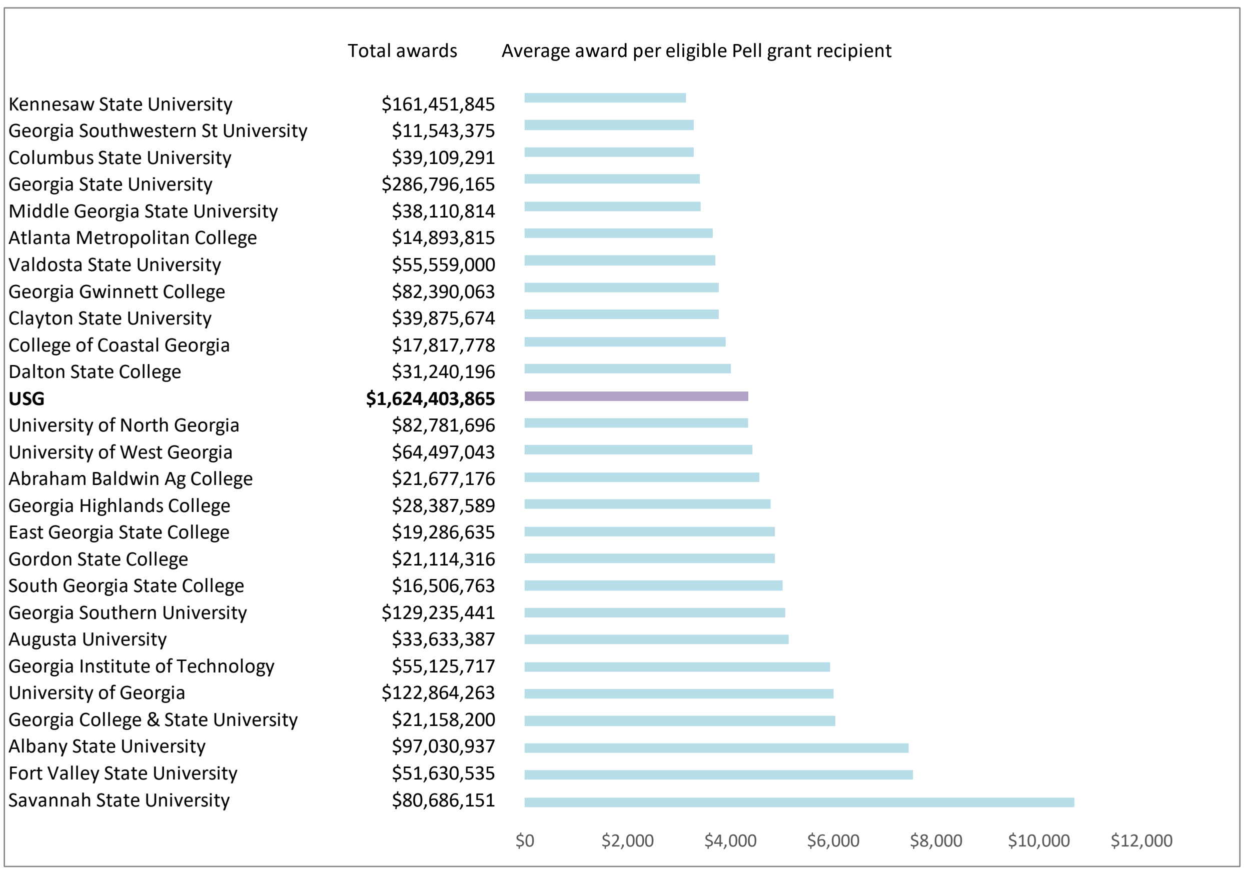
Finding 3: USG institutions used federal COVID emergency relief in a manner that temporarily reduced students' cost of attendance.

All USG institutions received federal funds to address economic challenges related to the COVID-19 pandemic. On average, federal regulations required USG institutions to provide 40% of funds directly to students in the form of emergency financial aid. In addition, all USG institutions reported using a large portion of remaining funds to offset revenue losses including those in enrollment, state appropriations, and auxiliary accounts such as housing and dining. This institutional aid reduced the need for temporary increases in tuition and fees.

Federal aid went directly to students and to offset institutional revenue loss.

Between 2020 and 2021, Congress passed three waves of HEERF (Higher Education Emergency Relief Fund), with USG institutions receiving $1.6 billion in aid (see **Exhibit 13** for total awards by institution and average amount per eligible Pell grant recipient). To make the awards, the U.S. DOE used a funding formula that relied heavily on an institution's percentage of students receiving Pell grants. USG institutions did not request specific aid amounts but accepted the amounts determined for them. Some institutions received additional funding for serving minorities or having other unmet needs. For USG, most of this additional funding went to three institutions: Albany State University, Fort Valley State University, and Savannah State University.

Exhibit 13
HEERF awards were tied to student demographics and Pell grant recipients, Fiscal Years 2020-2022



Source: HEERF annual reports, 2020-2022

Student Grants

Between 2020 and 2022, more than $686 million in direct student aid was distributed across USG institutions. Most USG institutions exceeded the federally required amount of student grants. In 2021 and 2022, half of all USG students were HEERF grant recipients. Federal requirements instructed institutions to prioritize student awards to those with exceptional need, with specific eligibility and award amounts at the institution's discretion. The aid was intended for expenses related to disruption of campus operations—such as housing, food, course materials, and technology—which might otherwise have impacted the total cost of attendance.

U.S. DOE recommended that the maximum annual award to students equate to the maximum annual Pell grant, and USG student grants only exceeded that recommended maximum in a few instances. As shown in **Exhibit 14**, average student grants across USG institutions ranged between $446 and $3,536 during the first three years of funding.

Exhibit 14
Average annual emergency grants varied widely across USG institutions, Calendar Years 2020-2022

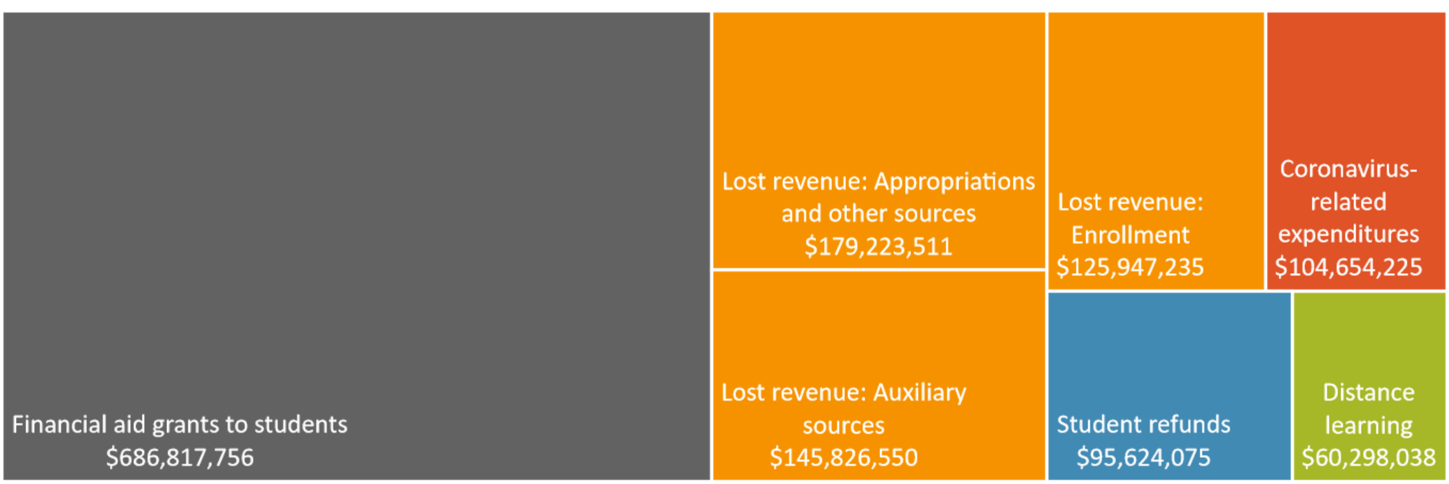
	Lowest	Highest
2020	$529	$3,200
2021	$636	$3,054
2022	$446	$3,536

Source: HEERF annual reports, 2020-2022

Institutional Funds

Outside of the financial aid grants to students, USG institutions had flexibility to use HEERF funds to manage significant changes to the delivery of instruction. As shown in **Exhibit 15**, most reported uses of institutional funds were for student aid or lost revenue reimbursement; students indirectly benefitted from some of these uses.

Exhibit 15
Most HEERF funds went to student aid or lost revenue reimbursement



Source: HEERF annual reports, 2020-2022

- **Lost revenue: Appropriations and other sources –** All institutions received a 10% reduction in base budget appropriations. Even as state appropriations increased in later years, this reduction was not retroactively restored. Some institutions reimbursed up to three years of the loss with HEERF funds. Other types of lost revenue included the discharge of certain student debts.
- **Lost revenue: Auxiliary sources –** An institution's auxiliary enterprises offer services to students in exchange for fees and include housing, dining, athletics, bookstores, parking and transportation. Temporary campus closures and other disruptions affected auxiliary enterprises, and these funds were claimed to offset those losses.
- **Lost revenue: Enrollment –** This included lost or reduced tuition and mandatory fees. Even USG institutions experiencing a pre-existing enrollment decline could estimate the pandemic's impact by calculating the difference between the trend and the actual enrollment.
- **Coronavirus-related expenditures –** This included the costs of monitoring and suppressing the coronavirus, subsidized housing due to dormitory closures, and social distancing. Further examples and details can be found in **Appendix C**.
- **Student refunds –** These were similar to lost revenue but related to refunding student fees that were already paid in 2020 (when services were suspended) rather than decreasing fee revenues in subsequent semesters.
- **Distance learning –** This included obtaining necessary equipment and software, upgrading or extending campus wi-fi access, and providing additional technology hardware to students. Further examples and details can be found in **Appendix C**.

HEERF student refunds and lost revenue reimbursements helped ensure the burden of continued operation for USG institutions did not have to fall on students. The lack of this aid could have precipitated increases to tuition and fees or cuts to services. Nearly all USG institutions agreed that these funds enabled them to keep student net prices similar to pre-pandemic levels, and most also agreed that HEERF enabled them to keep employees at full salary levels. One institution official stated that without HEERF the effects on auxiliary funds could have been disastrous.

Other HEERF expenditures had indirect but potentially long-term effects on student costs. COVID-19-related HVAC upgrades and remediation have likely impacted deferred maintenance needs at some institutions, allowing other projects to be pursued. Similarly, the influx of distance learning technology meant that online and hybrid classes could be offered, and computer labs could be expanded without raising the student technology fee.

USG's Response: *USG agrees with this finding and stated that "during the COVID-19 pandemic, the USG was provided Higher Education Emergency Relief Funding (HEERF) to supplement and supplant institutional funds during a time of need. Additionally, a portion of the HEERF funds were provided as direct payments to students. This funding assisted the USG during this difficult time and eliminated the need to increase costs to students as revenues slowed and USG institutions experienced escalated costs and supply chain issues."*

Finding 4: Increased award amounts and participation in the HOPE Scholarship program have reduced the net cost of attendance for many Georgia residents attending USG institutions.

Net cost of attendance is the price students pay to attend an institution. It is the cost of attendance minus any grants and scholarships a student receives.

Recent legislative and regulatory changes to the HOPE Scholarship program have increased award amounts for students receiving these awards at USG institutions. From 2017 to 2024, the average percentage of tuition expenses covered by the HOPE Scholarship has increased from 86% to 100%. In addition, the percentage of in-state students attending USG institutions who received a HOPE or Zell Miller Scholarship increased from 46% to 59% (an increase of approximately 20,000 students).[6]

The Helping Outstanding Pupils Educationally (HOPE) Scholarship Program was created in 1992 to provide tuition assistance for Georgia residents obtaining a postsecondary education. Initially, the program included one merit-based scholarship—the HOPE Scholarship—which is available to Georgia residents who have graduated from high school with a minimum 3.0 grade point average (GPA). It also had a family income limit of $66,000, which was raised to $100,000 in 1994 and then removed in 1995. The HOPE Scholarship originally covered 100% of tuition, mandatory student fees, and book expenses.

As shown in **Exhibit 16**, legislative actions from 2004 to 2012 reduced and ultimately eliminated book and mandatory fee awards. In addition, the 2012 legislation reduced HOPE Scholarship tuition awards from covering 100% of tuition to covering only a portion of tuition. The legislation also created a new scholarship—the Zell Miller Scholarship—to cover 100% of tuition for Georgia residents graduating with a 3.7 GPA and a SAT score of at least 1200.

Since 2017, legislative and regulatory actions have increased HOPE Scholarship award amounts and participation. As a result, the HOPE Scholarship now covers 100% of the previous year's tuition for eligible students, while the Zell Miller scholarship continues to cover 100% of the current year's tuition. In addition, course grades for students enrolled in Science, Technology, Engineering, and Math (STEM) courses are increased by 0.5 percentage points for the purposes of calculating GPA for retaining HOPE eligibility.

[6] *While information regarding HOPE as a percentage of tuition was available through 2024, data on the percentage of in-state students receiving the HOPE or Zell Miller scholarship was only available through 2023.*

Exhibit 16
Legislative and programmatic changes to the HOPE program, Fiscal Years 1992–2023

1992 **Constitutional amendment:**

Creates the HOPE Scholarship for Georgia residents graduating high school with a minimum 3.0 GPA. HOPE covers 100% of tuition, books, and mandatory student fees.

1995 **Regulatory Revision:**

The HOPE scholarship was limited to students with family incomes of $66,000 or less. In 1995, this income restriction was removed.

2004 **HB 1325:**

Caps mandatory fee awards to January 2004 rates

Caps book allowance to $150

Reduces participation by requiring students maintain a minimum 3.0 GPA to retain eligibility

2012 **HB 326:**

Eliminates awards for mandatory fees and books.

Funds only a portion of tuition rather than 100%. The percentage of tuition funded is based on prior year expenditures. As a result, the percent of tuition covered by HOPE ranges from 75% to 94% by 2021.

Creates the Zell Miller Scholarship for Georgia residents graduating high school with at least a 3.7 GPA and a combined math/reading SAT score of 1200. Zell covers 100% of tuition. Students must maintain at least a 3.3 GPA to retain eligibility.

Recent Changes to HOPE Increase Awards to Students

2017 **HB 801:**

Increases participation by boosting the grade value of STEM courses by 0.5 points; students taking these courses become more likely to retain scholarship eligibility.

2021 **HB 801 (additional provision from previous bill becomes active)**

Increases award amounts by tying award to the percent of tuition to be funded on prior year tuition rates rather than prior year expenditures. Increases in tuition rates and scholarship recipients no longer decrease the value of the award.

2022 **Georgia Student Finance Commission:**

Increases award amounts by requiring HOPE to cover at least 90% of the previous year's tuition rate.

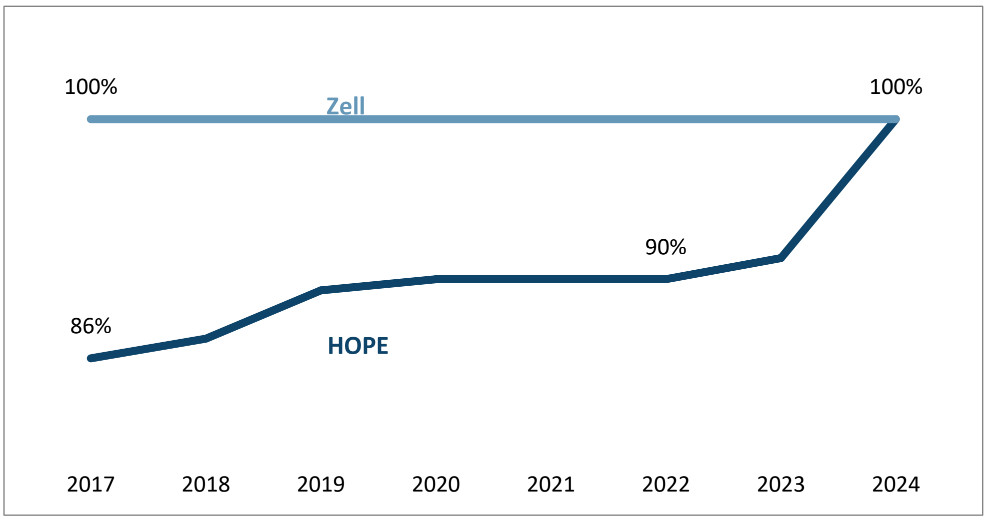
2023 **Georgia Student Finance Commission:**

Increases award amounts by requiring HOPE to cover at least 100% of the previous year's tuition rate.

Source: State laws, Georgia Student Finance Commission

As shown in **Exhibit 17**, the average percentage of undergraduate tuition expenses covered by the HOPE Scholarship increased from 86% in fiscal year 2017 to 100% in 2024. This percentage increase reduced net cost for the approximately 73% of HOPE Program recipients receiving a HOPE Scholarship (the remaining 27% received a Zell Miller Scholarship, which has always been set at 100% of tuition).[7] Although the 2024 HOPE Scholarship award covers the same percentage of tuition as the Zell Miller scholarship, in future years the HOPE Scholarship will only cover 100% of the tuition cost of the previous academic year. Therefore, during years where tuition is increased at an institution, HOPE recipients will be responsible for the dollar difference between the new and previous tuition rate.

Exhibit 17
HOPE Scholarship award amount has increased as a percentage of tuition, Fiscal Years 2017-2024

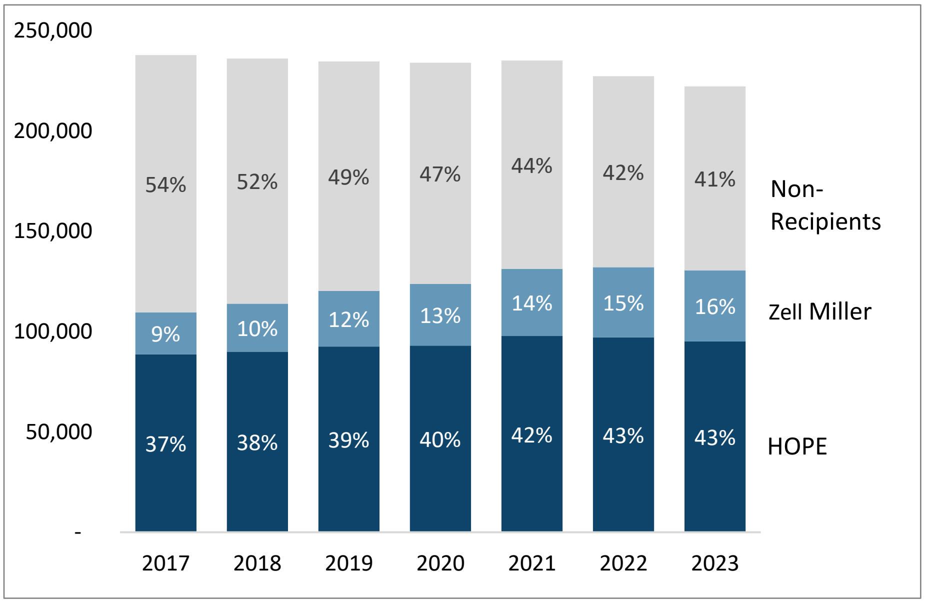


Source: Georgia Student Finance Commission

In addition to legislative and programmatic changes impacting the HOPE Scholarship award amount, more students attending USG institutions have received a HOPE or Zell Miller Scholarship. As shown in **Exhibit 18**, from 2017 to 2023, the percentage of in-state students receiving either the HOPE or Zell Miller Scholarship increased from 46% to 59% (approximately 20,000 students).

[7] *These percentages are based on the 2023 distribution of HOPE and Zell Miller scholarship awards.*

Exhibit 18
Total number and percentage of in-state students receiving HOPE increased, Fiscal Years 2017-2023



Source: Georgia Student Finance Commission and University System of Georgia

USG's Response: *USG agrees with this finding and stated it "is thankful for the changes in recognizing exemplary student achievements by covering 100% of the prior year's tuition as part of the HOPE Scholarship for eligible Georgia residents."*

Finding 5: USG students are increasingly enrolling in online courses, which generally have lower tuition and fee costs than in-person courses.

Between 2017 and 2023, almost three times as many undergraduate students enrolled exclusively in online courses—increasing from approximately 12,720 to 36,270 students. The portion of undergraduate students enrolled in only online courses has also grown from 5% to 14%. These students generally have lower tuition and fees costs than students enrolled in some in-person classes—on average $200 less per semester in fiscal year 2025.

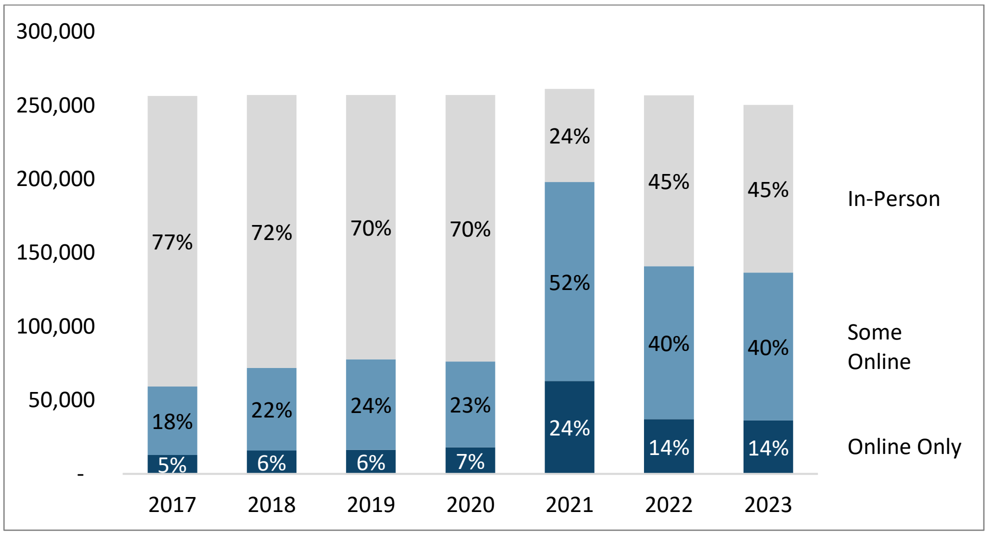
Trends in online enrollment, tuition, and fees between academic years 2017 and 2023 are described below.

Online Enrollment

As shown in **Exhibit 19**, undergraduate enrollment has decreased by approximately 6,000 (2%) students from fiscal years 2017 to 2023. However, during this period the portion of students enrolling in at least one online course has significantly increased from 23% to 55% of the undergraduate student population. While most of these students are also enrolled in in-person classes, the percentage of students enrolled exclusively in online courses has increased from 5% to 14%. Online course enrollment peaked in fiscal year 2021, likely in response to the COVID-19 public health emergency. However, the percentage of students enrolled in online courses has remained more than twice the amount prior to COVID-19.

Exhibit 19

Undergraduate online course enrollment has significantly increased, Fiscal Years 2017-2023

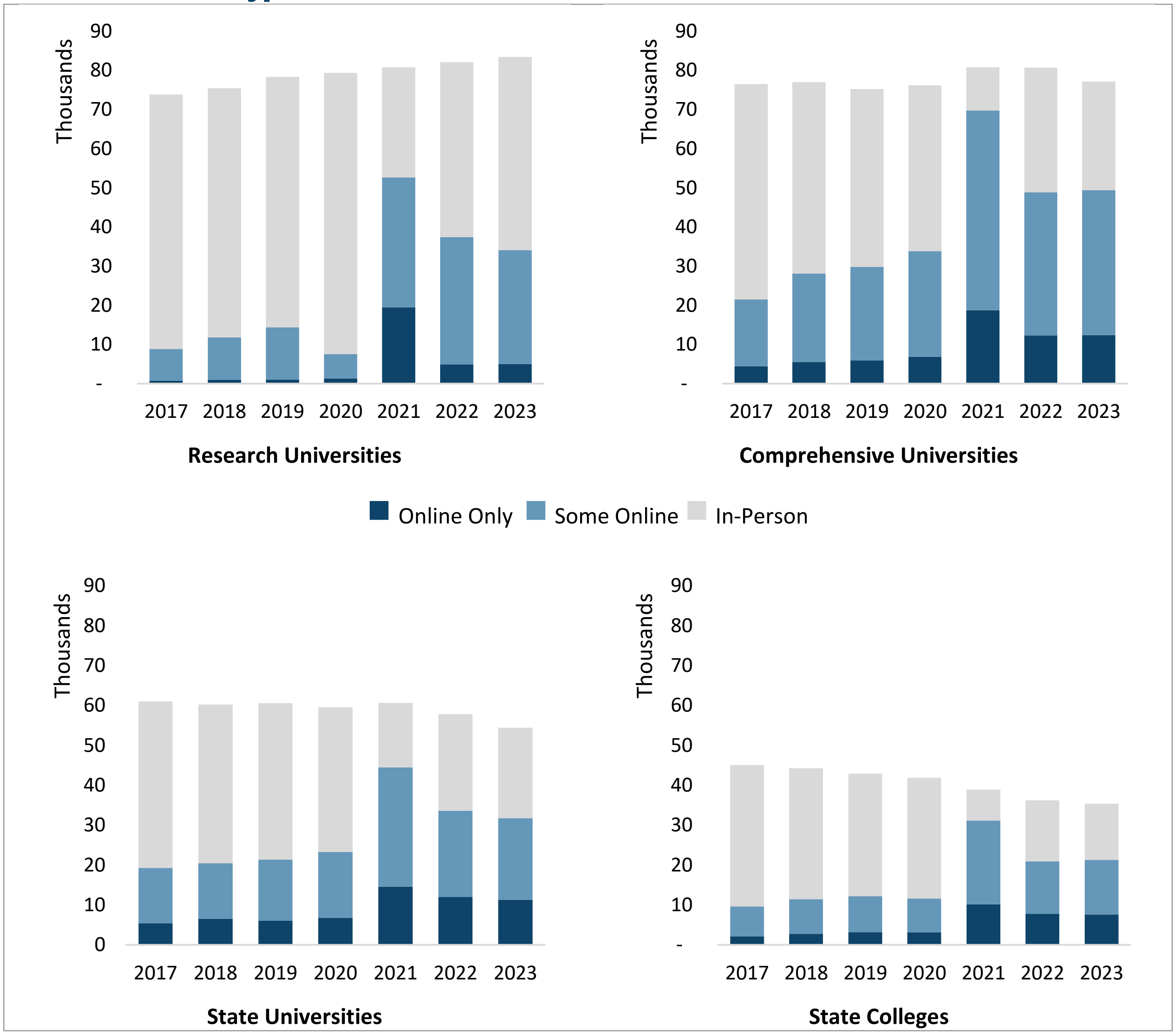


Source: University System of Georgia

The increase in online enrollment has varied by institution type; in fiscal year 2023, the percentage of students exclusively enrolled in online courses ranged from 6% (4,976) at Research Universities to 22% (7,612) at State Colleges. As shown in **Exhibit 20**, roughly 60% of the student population was enrolled in at least one online course at Comprehensive Universities, State Universities, and State Colleges. Research Universities were the only type of institution where most students exclusively enrolled in in-person courses.

Exhibit 20

The percentage of students enrolled in online courses has increased at different rates across institution types, Fiscal Years 2017-2023



Source: University System of Georgia

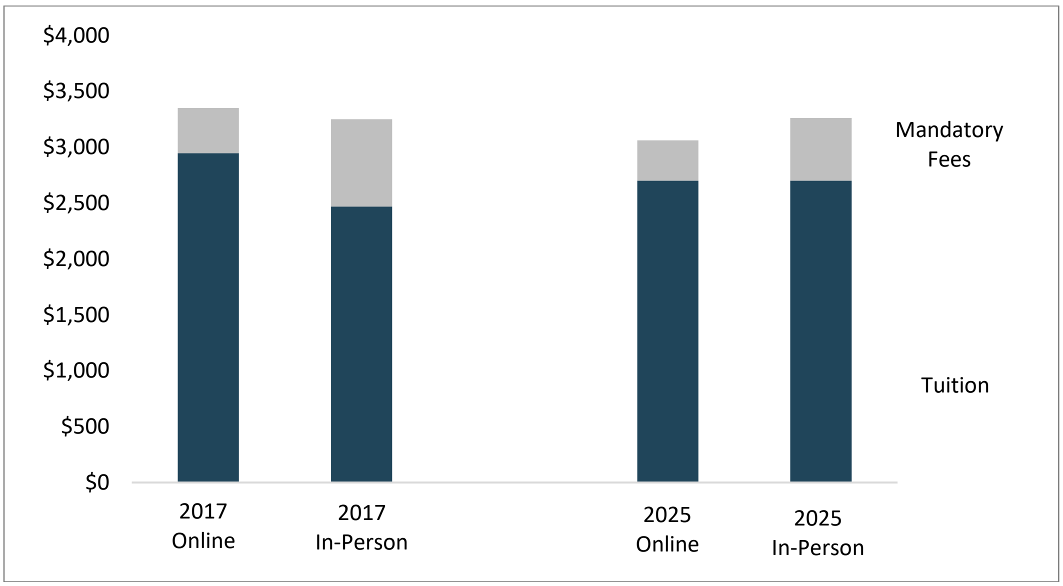
In addition to varying by institution type, the institutions with the largest growth in the portion of their student population enrolled exclusively in online courses were generally smaller, more rural institutions or those that did not offer on-campus housing. At the four institutions with the largest growth—Atlanta Metropolitan State College (from 8% to 57%), Georgia Highlands College (from 11% to 46%), Middle Georgia State University (from 13% to 40%), and South Georgia State College (from 2% to 33%)—the number of students enrolled in online-only courses increased by an average of 239% from fiscal year 2017 to 2023. During this same period, these institutions also experienced a 20% decrease in average total enrollment. Because online students were not required to pay most of the mandatory student fees (discussed on page 39) and the number of in-person students at these institutions declined, these institutions experienced declining fee revenue.

Online Tuition/Mandatory Fees

As shown in **Exhibit 21**, the fiscal year 2025 average tuition and fees for online students are slightly lower ($201, 6%) than the costs for in-person students. While average fees for online students have decreased by $42 (10%) since 2017, more significant reductions in online tuition rates have further reduced total tuition and fee costs by $247 (8%) per semester.

Exhibit 21

Tuition and fee costs for fully online undergraduate students have declined and are lower than those for in-person students, Fiscal Years 2017-2023

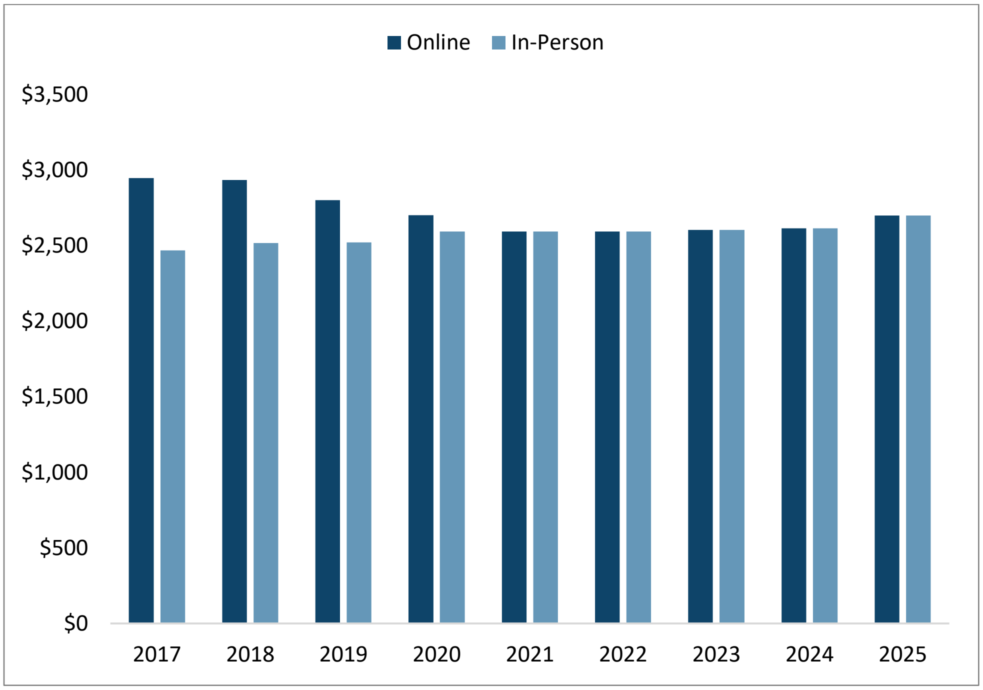


Source: University System of Georgia

Tuition

From fiscal year 2017 to 2025, average online undergraduate tuition rates have steadily declined. As shown in **Exhibit 22**, the average full-time undergraduate online tuition rate (based on 15 credit hours) decreased from $2,949 to $2,701 (8%), aligning online tuition with in-person rates. This decrease was the result of a 2017 USG policy to phase out the difference between online and in-person tuition rates over a three-year period. At the beginning of fiscal year 2017, online tuition rates were an average of 16% higher than in-person rates.

Exhibit 22
Average undergraduate online tuition costs have decreased, Fiscal Years 2017-2025



Source: University System of Georgia

Online tuition rates vary by program and by institution. Effective fiscal year 2025, undergraduate online tuition ranged from $1,515 for all online undergraduate courses at East Georgia State College, Georgia Highlands College, and Georgia State University-Perimeter College Campus to $5,256 at the Georgia Institute of Technology. These rates are the same as their respective in-person rates.

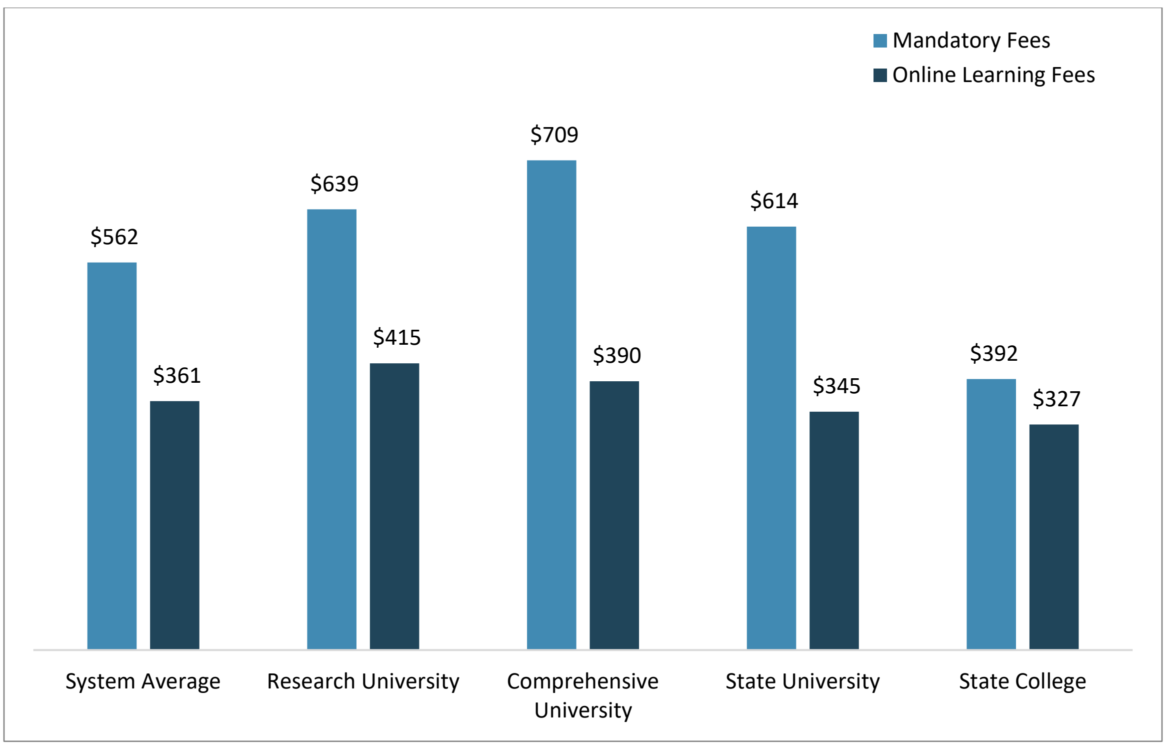
Mandatory Online Learning Fees

Historically, fully online students were not required to pay most of the mandatory student fees because they were not present on campus and able to take advantage of the services and facilities funded by these fees. In fiscal year 2022, mandatory fees for fully online students—which were generally the institution's Special Institution Fee and Technology Fee—averaged $400 per semester, while mandatory fees for in-person students averaged $803 per semester. After the system-wide elimination of the Special Institutional Fee in fiscal year 2023, average mandatory fees for online students decreased to just $139 while average fees for in-person students remained higher at $535.

In response to declining fee revenue due to increased online enrollment, the Board of Regents approved a system-wide online learning fee to be implemented effective fiscal year 2025. Per Board guidance, this fee must be at least 100% of each institution's Technology Fee and at least 50% of all other mandatory fees. The establishment of the Online Learning Fee increased mandatory fees for fully online students from an average of $139 in 2023 to an average of $361 beginning in 2025, which is similar to the amount charged to online students prior to the elimination of the Special Institutional Fee.

Online Learning Fees range from $190 at Atlanta Metropolitan State College to $660 at Georgia State University. As shown in **Exhibit 23**, the average Online Learning Fee ($361) is approximately $200 lower than the average total mandatory fees ($521) system wide. However, six USG institutions have established Online Learning Fees equal to total mandatory fees: Abraham Baldwin Agricultural College, College of Coastal Georgia, East Georgia State College, Georgia Gwinnett College, Georgia Highlands College, and Georgia State University.

Exhibit 23
Online learning fees are lower than mandatory fees system-wide, Fiscal Year 2025



Source: University System of Georgia

USG's Response: *USG agrees with this finding and stated that "the COVID-19 pandemic transitioned the student modality to becoming more online than in previous years. The USG continues to monitor modality of students and their success. While lower costs are helpful for students, the USG's mission is successful completion of degree seeking students."*

Finding 6: Although increases in average on-campus housing and dining costs remained below the inflation rate, these costs continue to represent more than half of students' total cost of attendance.

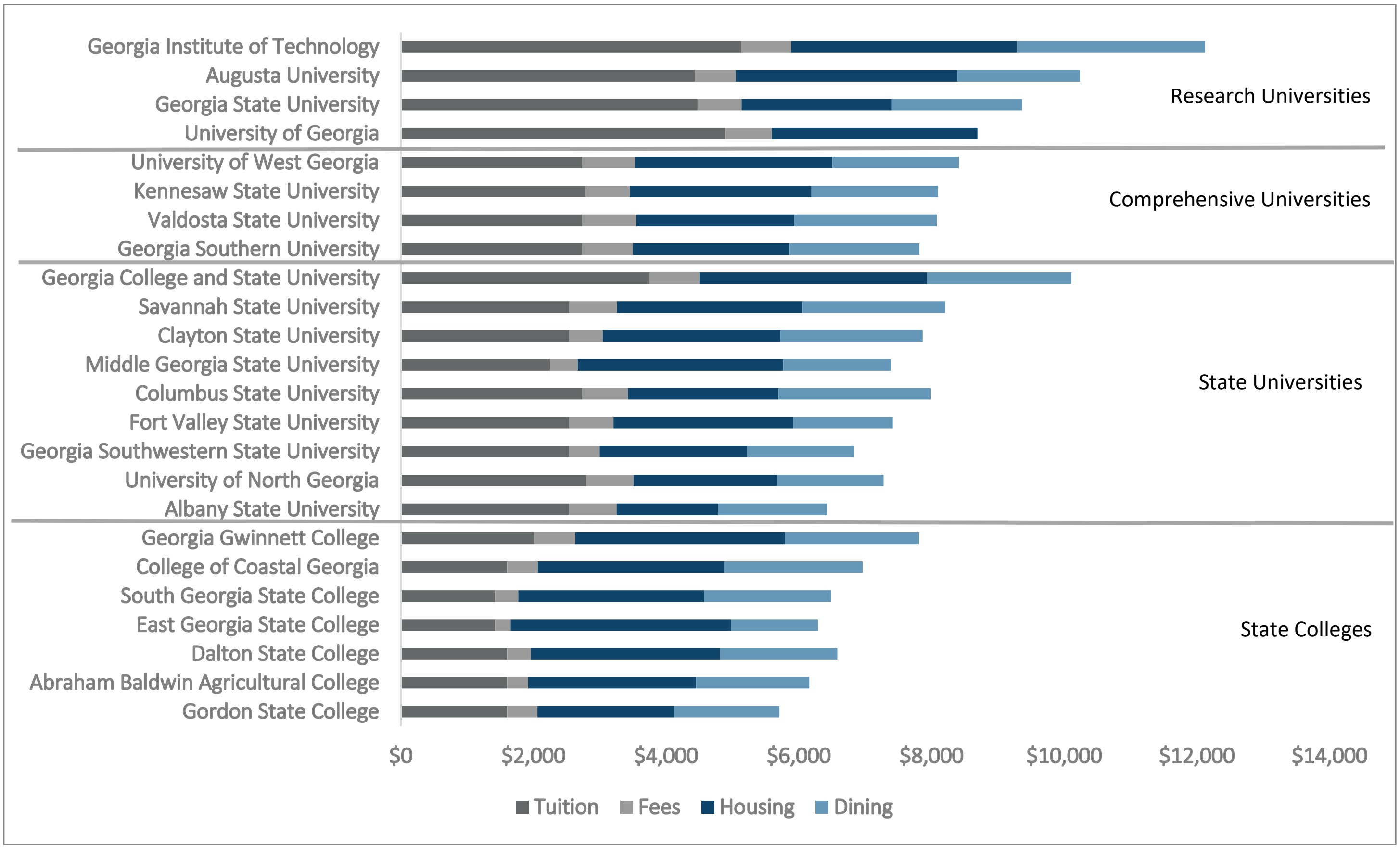
Many USG institutions require first-year full-time students to reside on campus and purchase dining plans, and their costs can significantly impact students' total cost of attendance. During fiscal year 2024, average housing and dining costs equaled nearly $5,500 per semester, approximately 62% of total costs for student residing on campus. However, since 2017 USG institutions have had limited increases in housing and dining fees at levels below the rate of inflation.

Although housing and dining are auxiliary programs and their fees are considered "elective," 18 USG institutions[8] require full-time first year students to reside in on-campus housing and 17 of those institutions require these students to purchase a meal plan. As shown in **Exhibit 24**, these requirements significantly increase the total mandatory costs for first-year students by an average of $4,653 per semester, ranging from $3,226 at the University of Georgia[9] to $6,238 at the Georgia Institute of Technology. These costs on average represented 58% of total costs (including tuition, fees, housing, and dining), ranging from 37% at the University of Georgia to 74% at East Georgia State College.

[8] *Kennesaw State University does not require full-time first year students to live on campus at the Kennesaw campus but does have that requirement for students at the Marietta campus.*
[9] *The University of Georgia does not require students living on campus to purchase a meal plan.*

Exhibit 24

Housing and dining requirements increase mandatory costs for full-time first-year students, Fiscal Year 2024



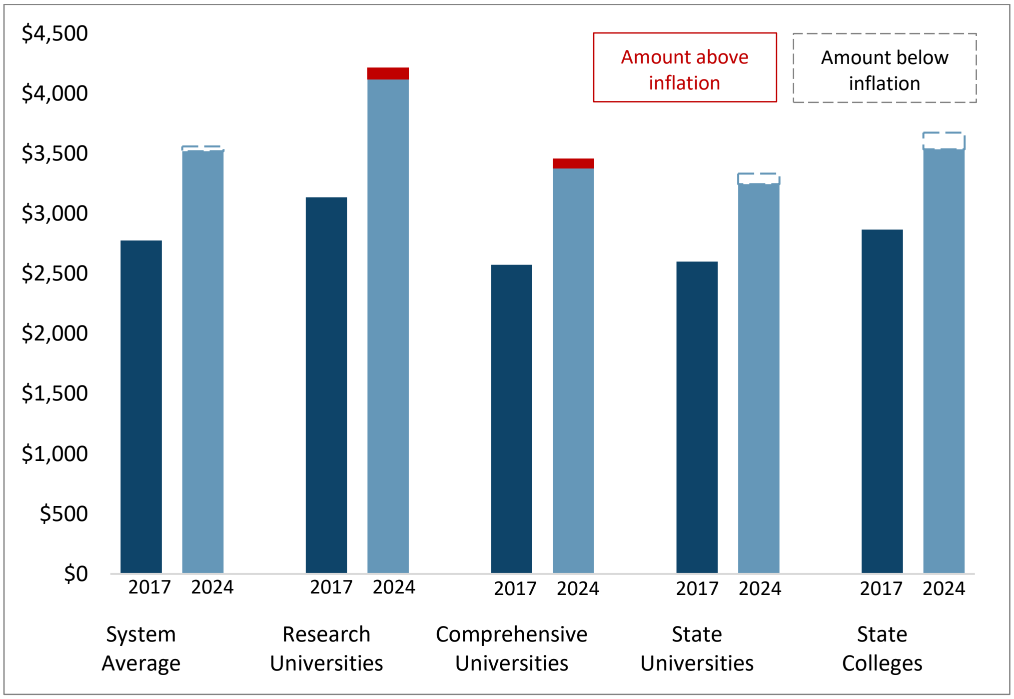
Source: University System of Georgia and NCES IPEDS data

Typical On-Campus Housing and Dining Costs

System-wide,[10] typical housing costs have increased 27% from fiscal years 2017 to 2024, 1% less than the rate of inflation. However, this varied by institution type, with housing costs at USG's research and comprehensive universities outpacing inflation by more than 2% during fiscal year 2024. As shown in **Exhibit 25**, the typical housing expense for students living on campus ranged from an average of $3,248 per semester at USG's state universities to $4,121 per semester at USG's research universities during fiscal year 2024. On average, the cost of housing has increased by $743 per semester since fiscal year 2017, with the increase ranging from $647 per semester at state universities to $982 per semester at research universities.

[10] *For the 22 USG institutions reporting typical housing costs to IPEDS in 2017 and 2024.*

Exhibit 25
Typical annual housing costs at USG institutions have increased less than inflation, Fiscal Years 2017-2024



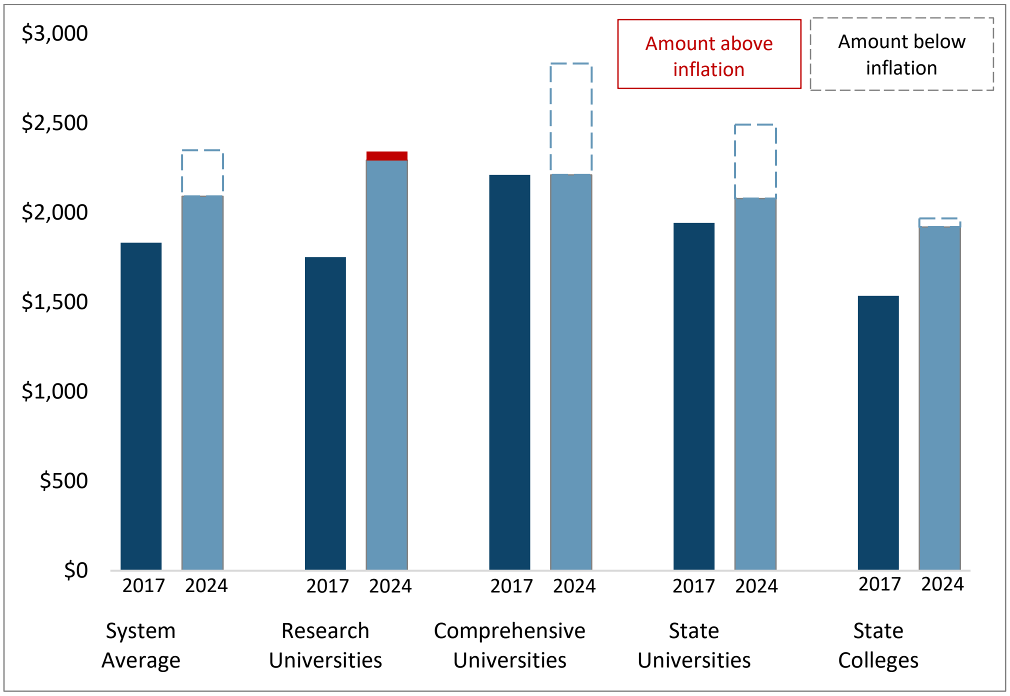
Source: NCES IPEDS data

System-wide,[11] typical dining costs have increased 14% from fiscal years 2017 to 2024, 12% less than the rate of inflation. However, this varied by institution type, with dining costs at USG's research universities outpacing inflation by an average of $49 per semester in fiscal year 2024. As shown in **Exhibit 26**, the typical dining expense for students living on campus ranged from an average of $1,920 per semester at USG's state colleges to $2,294 per semester at USG's research universities. On average, the cost of dining has increased by $258 per semester since fiscal year 2017, ranging from $1 at USG's comprehensive universities to an increase of $542 at USG's research universities.

[11] *For the 23 USG institutions reporting typical dining costs to IPEDS in 2017 and 2024.*

Exhibit 26

Typical annual dining expenses at USG institutions have increased at a rate below inflation, Fiscal Years 2017-2024



Source: NCES IPEDS data

Off-Campus Housing Costs

While on-campus housing is offered at 24 USG institutions, housing availability may not always meet demand. During fiscal year 2024, USG institutions reported an average occupancy rate of 92%, with six institutions (25%) reporting housing occupancy rates of 99% or higher. Additionally, multiple institutions indicate that housing availability is limited or discuss housing waitlists on their websites. Limited housing availability can increase the cost of attendance for students attending USG institutions in the Metro Atlanta region.

Off-campus housing costs vary widely across Georgia and are generally correlated with population density. As shown in **Exhibit 27**, median housing costs[12] in the Metro Atlanta region exceeded average on-campus housing costs by more than $750 per semester during fiscal year 2024. Increased costs ranged from $946 for off-campus students attending Kennesaw State University to more than $1,681 for off-campus students attending the University of West Georgia. Conversely, on-campus housing costs at institutions outside the Metro Atlanta region exceeded median off-campus housing costs by an average of $148 per semester.

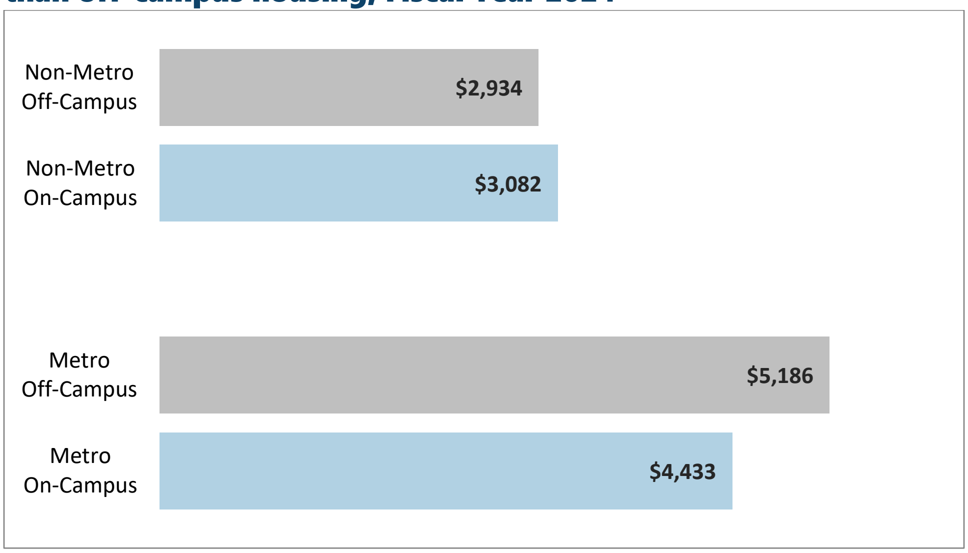
In addition to considering cost, it should be noted that off-campus housing typically requires a one-year commitment. Off-campus cost figures mentioned

[12] Median housing costs and Metro Atlanta counties were identified by using Fair Market Rate (FMR) data from the U.S. Department of Housing and Urban Development. When comparing to on-campus housing cost, FMR data was prorated to a four-month period.

above were prorated to a four-and-a-half-month period for a direct cost comparison, but students who require off-campus housing may have to pay three months more than an on-campus student (enrolled fall and spring semesters) over the course of an academic year. For example, four months of off-campus housing in Lumpkin County, Georgia is approximately $350 less expensive than one semester of on-campus housing at the University of North Georgia (UNG). However, a one-year lease for an apartment in Lumpkin County exceeds the one-year cost of on-campus housing (assuming fall and spring semester only) at UNG by more than $1,300.

Exhibit 27

In the Metro Atlanta area, on-campus housing is less expensive than off-campus housing, Fiscal Year 2024



Source: University System of Georgia and U.S. Department of Housing and Urban Development

USG's Response: *USG agrees with this finding and stated that "housing and dining costs are a significant portion of the overall cost of living for both students and non-students alike. The USG continually looks for ways to keep the cost of on-campus housing and dining low. On-campus housing, which often include resident advisors (RAs) for support and community building, laundry facilities, common areas for socializing, 24/7 security, and study rooms, is significantly lower than off-campus housing in the Metro Atlanta region and modestly higher outside of the Metro Atlanta region."*

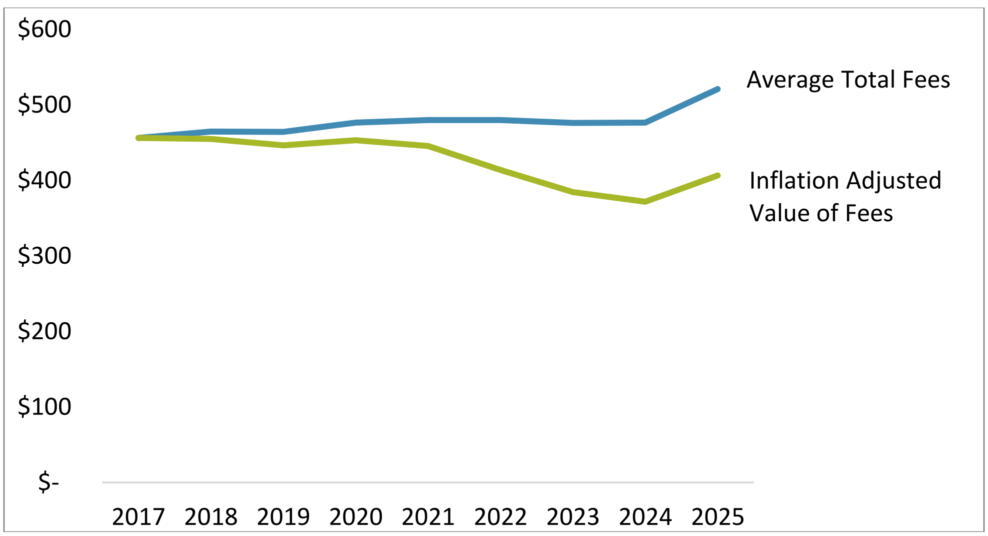
Finding 7: Mandatory fee increases at most USG institutions have been below the rate of inflation, though some institutions' increases were significant.

Since 2017, average mandatory fees for students enrolled in at least one in-person class have increased by 15%. This rate has not kept pace with inflation. Few USG campuses had fee increases exceeding the rate of inflation; these generally occurred at satellite campuses and were directed by the USG central office.

Between academic years 2017 and 2025, average mandatory student fees[13] charged to students enrolled in at least one in-person class have increased from $465 to $521 per semester (14%). When adjusted for inflation, however, the real value (i.e., the purchasing power) of the average fee amount has declined by 11% since 2017—from $456 to $407 (see **Exhibit 28**).

Exhibit 28

Average mandatory student fees have not kept pace with inflation, Fiscal Years 2017-2025



Source: University System of Georgia and Bureau of Labor Statistics

As shown in **Exhibit 29**, mandatory fees charged by USG institutions in fiscal year 2025 vary from $818 per semester (Valdosta State University) to $145 (Abraham Baldwin Agricultural College – Bainbridge Campus). Since 2017, mandatory student fees have increased at 32 of 39 USG campuses (satellite campuses at some institutions have different fees), by an average of $95 (or 38%). These increases have varied at the USG institutions and campuses, ranging from $382 (189%) at the University of North Georgia-Gainesville campus to $9 (1%) at Georgia College and State University. Fees decreased at five campuses over this period, with the largest decrease ($178, -55%) occurring at the Bainbridge Campus of Abraham Baldwin Agricultural College. This decrease occurred after the consolidation of Bainbridge State College and Abraham Baldwin Agricultural College.

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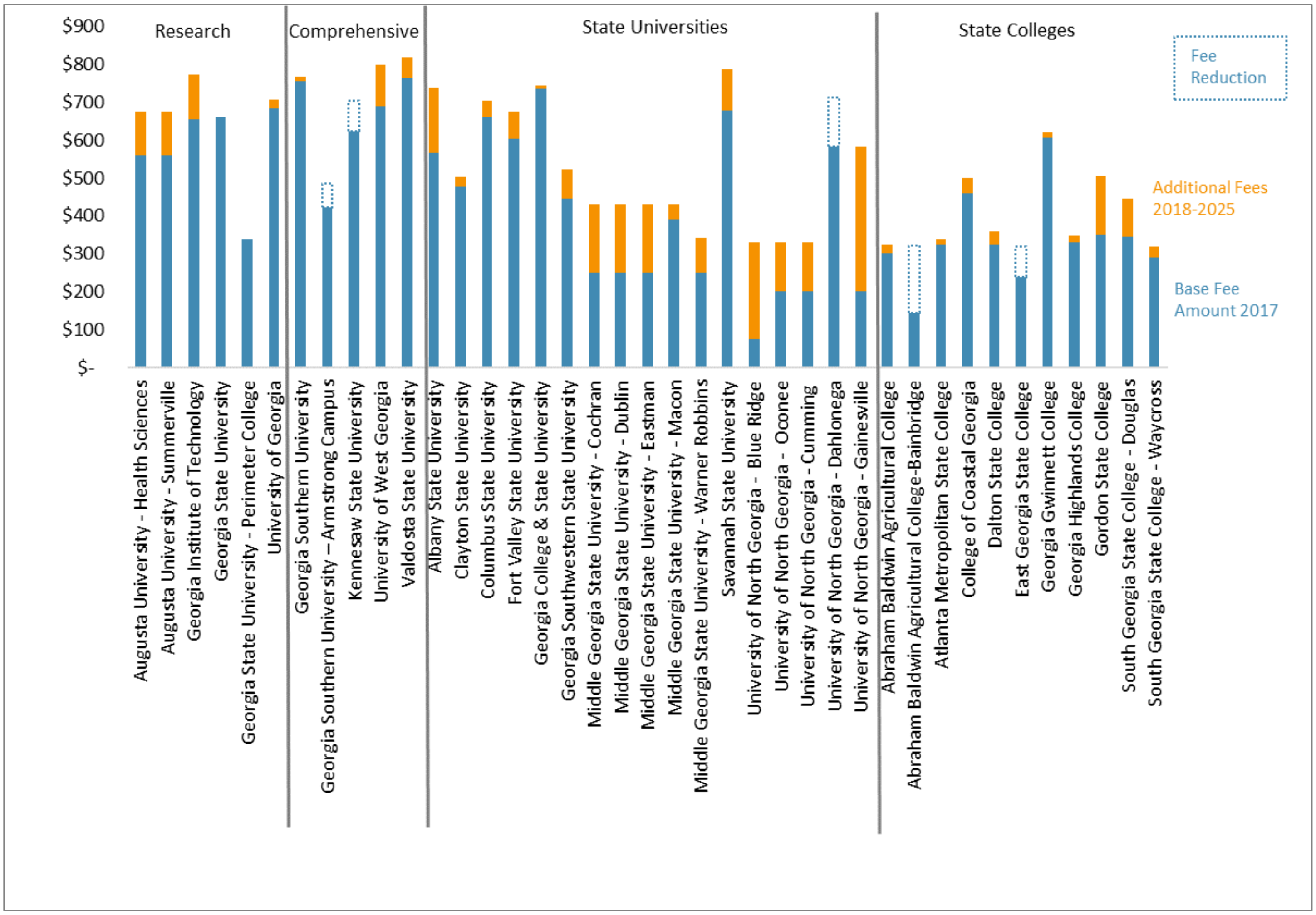
[13] *Excluding the Special Institutional Fee, which was an additional form of tuition charged by all USG institutions and discontinued effective fiscal year 2023.*

Exhibit 29
Mandatory fee increases have varied by institution, Fiscal Years 2017-2025



Source: University System of Georgia

Mandatory student fees are typically established by each institution to fund a variety of items, such as the construction and operation of certain facilities, intercollegiate athletics programs, student activities, and technology. Fee increases can be due to a multitude of factors including program expansion, facility construction, or declining enrollment that causes revenue shortfalls at current fee rates. Although USG institutions are authorized to establish mandatory fees and set fee rates with the approval of the Board of Regents, recent Board actions have mandated system-wide fee changes.

- **Online Learning Fees** – According to USG staff, the declining value of fees (when accounting for inflation) in combination with declining enrollment at some institutions created financial stress in many fee-funded auxiliary accounts. In addition, many institutions have historically not required fully online students to pay most fees. As the portion of students who are fully online increased, the fee-paying student population decreased, resulting in declining fee revenue. These trends precipitated a system-wide review of mandatory student fees, which resulted in the Board establishing Online Learning Fees, discussed in the finding on page 27.

- **Satellite Campus Fees** – Prior to 2025, many USG institutions with satellite campuses charged different mandatory fees at each of their campuses. For example, in 2024 students enrolled at the University of North Georgia's Blue Ridge satellite campus were charged only two fees (technology and student activity) totaling $117 per semester, while students enrolled at the main campus in Dahlonega were charged six fees (technology, transportation, activity, student center facility, athletic, and health) totaling $708.

Because the new Online Learning Fee must be at least half of the fee amount charged for in-person students enrolled at the main campus, it would have been higher than fee rates charged to students enrolled at many satellite campuses. Consequently, mandatory fee rates increased at three satellite campuses to be at least equal to the Online Learning Fee.

USG's Response: *USG agrees with this finding and stated it "has held mandatory student fee increases to a minimum over the past several years. However, in recent years the USG has experienced significant growth in the number of students attending classes via fully online course delivery. This has had implications on fee funded revenues as many institutions waived most mandatory fees for fully online students. For fiscal year 2025, the Board approved a change to the underlying mandatory fee structure as it relates to fully online students. The new structure continues to allow institutions to charge online students fees at a reduced rate but would require that fully online students be charged an Online Learning Fee that must equal or exceed the institution's technology fee plus fifty percent of all institution's mandatory fees approved by the Board of Regents. Additionally, the USG has strategically worked to standardize fees for students across institutions with multiple campuses/sites. The changes improve the overall operations and fiscal health of fee funded programs."*

Finding 8: Most USG residential institutions have a lower in-state cost of attendance than the average of their peer institutions in other states.

Generally, the cost of attendance and net price for in-state students at USG institutions are lower than the average of their peer institutions.[14] For in-state students living on campus, the combined cost of tuition, fees, and typical housing and dining was lower than the peer average at 22 of the 24 residential USG institutions. When average financial aid is subtracted from the cost of attendance, most USG institutions remain at a lower cost, with housing and dining costs creating some exceptions.

To compare USG cost of attendance to peer institutions, we used self-reported data from IPEDS.[15] Peer institutions were determined based on a list USG maintains for each of its institutions. The audit team removed private institutions and other USG institutions from these peer lists for our comparisons. For five USG institutions, we determined there were not enough peers with available data to make robust comparisons. For these five institutions, the team added a peer list generated by an IPEDS algorithm to our calculations. All comparisons involve an average of an institution's peers.

Cost of attendance for residential students is composed of published tuition, mandatory fees, and typical housing and dining costs. This is the full price students are charged and does not take into account financial aid.

Cost of Attendance

As shown in **Exhibit 30**, the in-state cost of attendance at 22 of 24 residential USG institutions is less than the average cost of attendance at their peer institutions. Both Georgia State University and East Georgia State College have higher costs of attendance due to a higher typical housing charge.[16] Dalton State College, Middle Georgia State University, and Abraham Baldwin Agricultural College all had especially lower tuition and fees than their peers (on average, 61% less than peers).

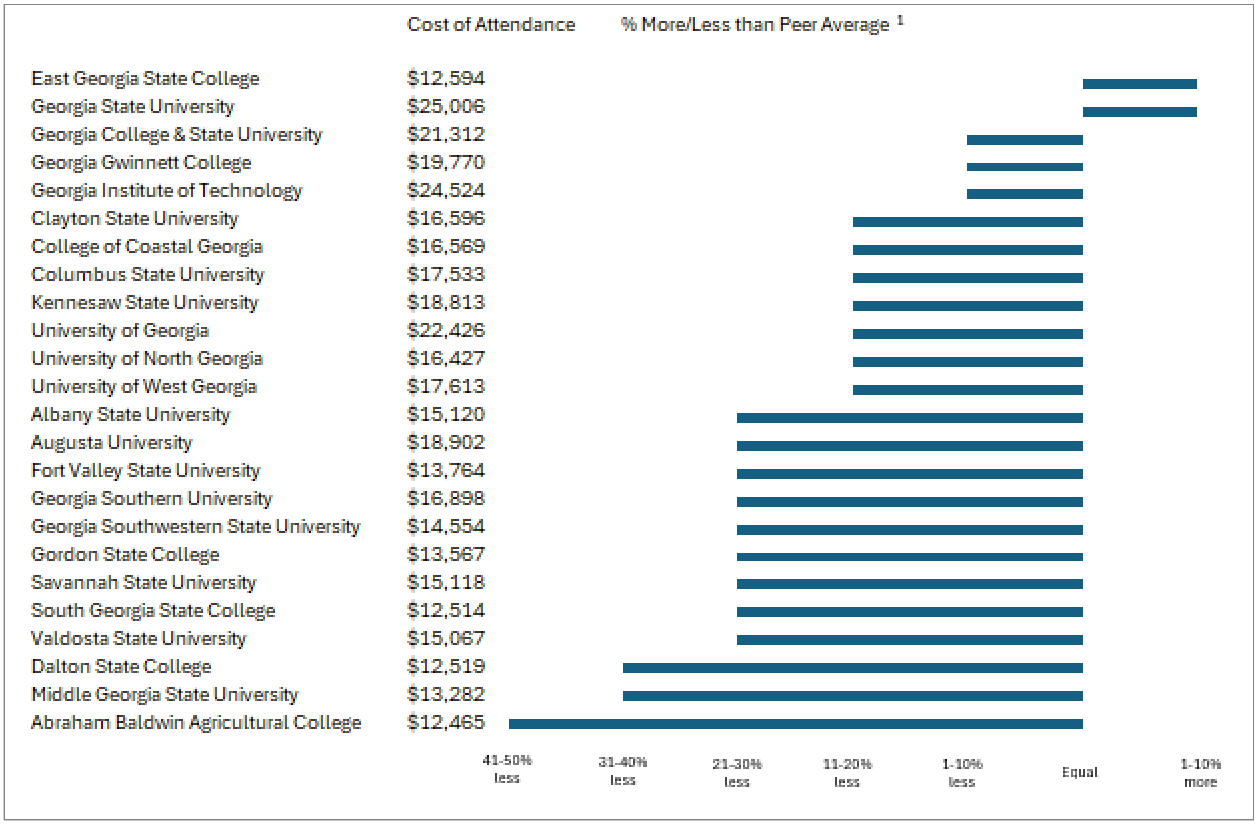
[14] Our peer comparisons are a point-in-time analysis: IPEDS allows institutions to revise their data, and historical data may be removed when an institution merges or closes.

[15] *The most recent data available for cost of attendance was for academic year 2023-24; however, for financial aid it was 2021-22, so net price calculations use cost data from 2021-22.*

[16] *Not all of East Georgia's peer institutions had data available for each variable. Even after adding IPEDS-generated peers to its peer group, some variables (including typical dining costs) had a limited number of peers for comparison.*

Exhibit 30

Most USG institutions had a lower cost of attendance for in-state, on-campus students than the average of peer institutions, Fiscal Year 2024

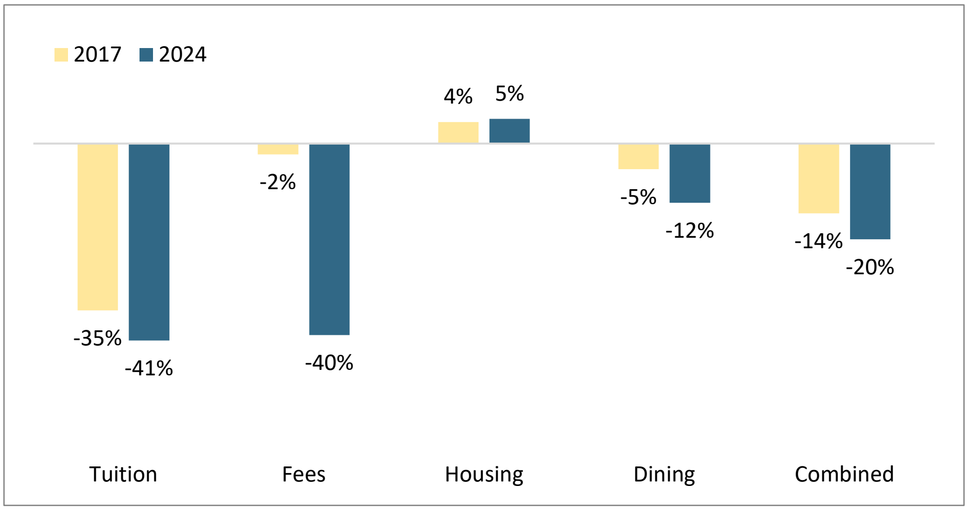


[1] Differences have been rounded to the nearest percent.
Source: NCES IPEDS data, USG peer lists, and DOAA analysis

As shown in **Exhibit 31**, between 2017 and 2024 USG on average became less expensive than peers in terms of tuition, fees, and typical dining. For example, USG fees went from being 2% less ($52 less) than peer averages to 40% less ($809 less). This change coincides with the removal of the Special Institutional Fee, which averaged $271 per semester in 2017. Typical on-campus housing is the only cost of attendance factor for which most USG institutions are more expensive than their peer average.[17] However, as discussed on page 36, on-campus housing is generally less expensive than off-campus housing when students are required to rent for the entire year rather than only the nine months of fall and spring semesters.

[17] *In addition to being self-reported, the IPEDS housing data has further limitations. Our analysis found examples where USG institutions appeared to not define typical housing in the same manner or made changes in definition from year to year. Such examples could likely be found in the peer institution data as well.*

Exhibit 31
USG tuition, fees, and typical housing costs have generally become less expensive than peer averages, Fiscal Years 2017-2024



Source: NCES IPEDS data, USG peer lists, and DOAA analysis

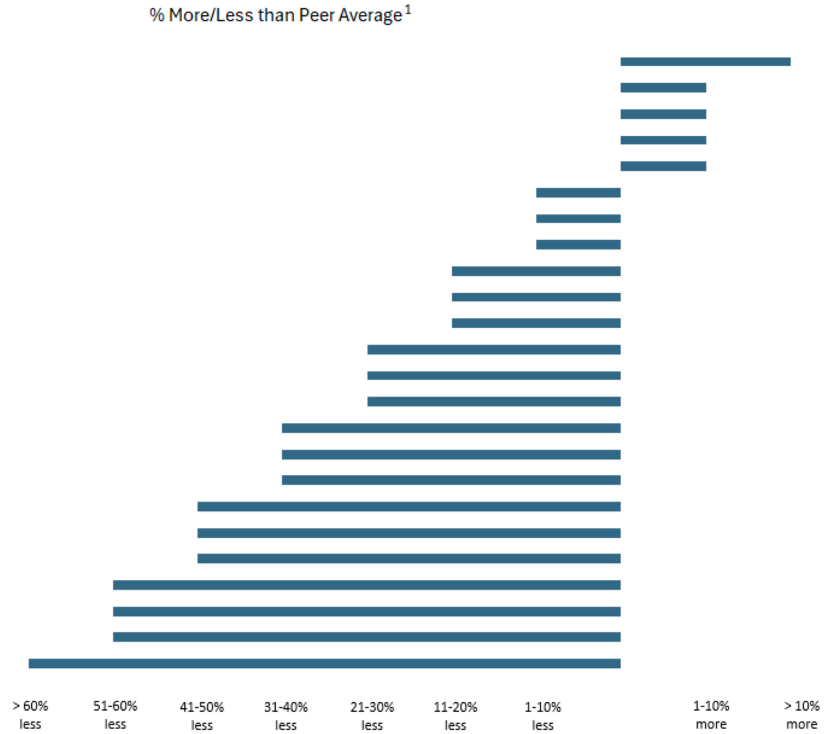
When financial aid is considered, nearly all USG residential institutions had a lower net price than their peer averages in academic year 2022 (see **Exhibit 32**).[18] On-campus housing costs were a major factor in a higher net price at East Georgia State College, Clayton State University, Georgia Gwinnett College, and Georgia State University; dining was a major factor for Kennesaw State University. It should be noted that this calculation does not include other expenses that college students incur, including transportation, books, and supplies. Additionally, in 2022 financial aid included HEERF emergency grants (see Finding 2 on page 17), which likely affected the magnitude of some of these comparisons.[19]

[18] We calculated net price by subtracting average aid (for students receiving aid) from the sum of tuition, fees, typical housing and typical dining. The most recent available data for financial aid is from academic year 2022. As with cost of attendance, this applies to in-state, on-campus students.
[19] For example, Savannah State University (SSU) had the highest average HEERF grant among USG institutions in 2021 and the second-highest in 2022; the net price differential between SSU and its peers significantly widened between 2019 and 2022.

Exhibit 32

Most residential USG institutions had a lower net price than the average of peer institutions, Fiscal year 2022

Institution Name	Net price
East Georgia State College	$5,119
Clayton State University	$7,751
Georgia Gwinnett College	$10,153
Georgia State University	$13,315
Kennesaw State University	$11,529
Georgia College & State University	$12,238
Georgia Institute of Technology	$11,106
University of Georgia	$10,837
Columbus State University	$7,722
University of North Georgia	$8,329
University of West Georgia	$9,399
Augusta University	$9,525
College of Coastal Georgia	$7,774
Georgia Southern University	$7,691
Fort Valley State University	$4,705
Middle Georgia State University	$6,496
Valdosta State University	$5,478
Albany State University	$4,647
Dalton State College	$5,416
Gordon State College	$5,345
Abraham Baldwin Agricultural College	$4,221
Georgia Southwestern State University	$4,592
South Georgia State College	$3,625
Savannah State University	$977

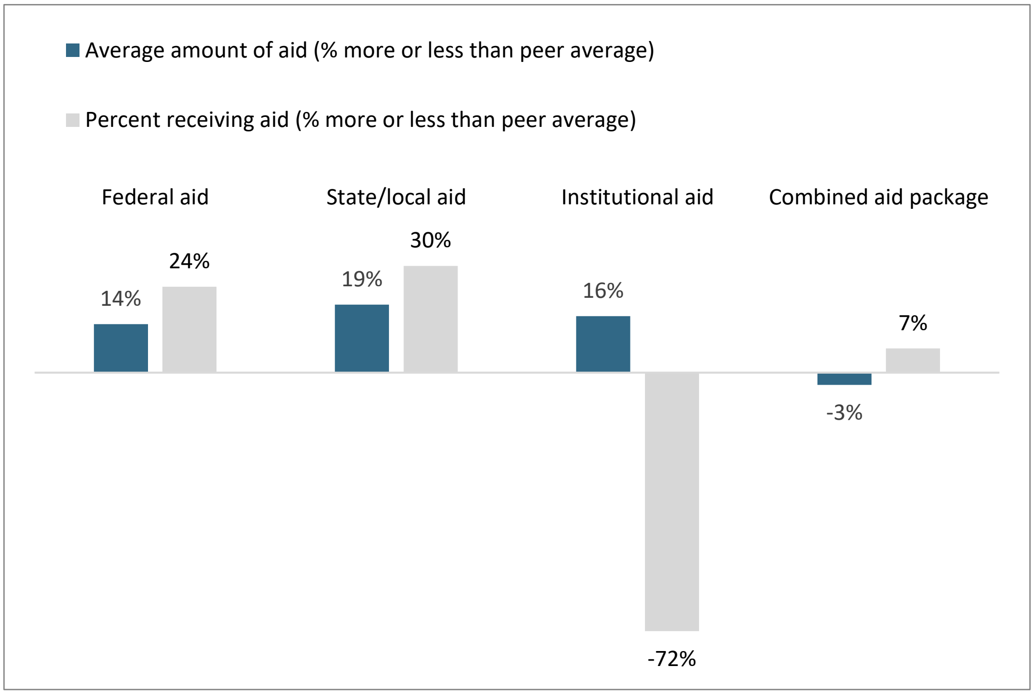


[1] Differences have been rounded to the nearest percent.
Source: NCES IPEDS data, USG peer lists, and DOAA analysis

Using the most recent data, USG institutions generally compare favorably with their peers in terms of average student financial aid and percentage of first-time, full-time undergraduates receiving aid. As shown in **Exhibit 33**, one exception is institutional aid—all USG institutions had a lower percentage of first-time, full-time undergraduates receiving institutional aid than their peer averages. Federal Pell grants (which are need-based) and the state's HOPE/Zell Miller scholarships (which are based on academic performance) are the two largest factors in financial aid for Georgia students. Nearly all (94%) first-time, full-time undergraduates at USG institutions received federal, state, local, and/or institutional aid during academic year 2022.

Exhibit 33

First-time, full-time USG undergraduates received more federal and state/local financial aid than students attending comparable institutions in other states, Fiscal Year 2022



Source: NCES IPEDS data, USG peer lists, and DOAA analysis

USG's Response: *USG agrees with this finding and stated that "USG has worked hard to keep our in-state cost of attendance down for our students and at a rate lower than their peer institutions. The report reflects only two institutions that are at a rate higher than their peers. In those cases, we want to highlight that Georgia State University's cost of attendance reflected in the report was obtained from the Integrated Postsecondary Education Data System (IPEDS), a self-reported repository used for analyzing higher education data trends. During the audit the institution identified that instead of reporting the most prevalent cost of housing to IPEDS, GSU reported to IPEDS the most expensive housing options available to students, which skewed the cost of attendance reflected in the report by $5,836. The report also noted that within the IPEDS data, East Georgia State College did not have many identified peer institutions with which to compare, which affected the peer comparison. However, USG still recognizes East Georgia State College as among the lowest cost of attendance across all its institutions."*

"The report further noted that our institutional aid is significantly lower than our peers, which is a result of our state gratuities law that does not allow our USG institutions to use state funding to pay for something without receiving something in return. However, as the report has reflected, USG has worked hard to keep our costs low to avoid the need for student aid."

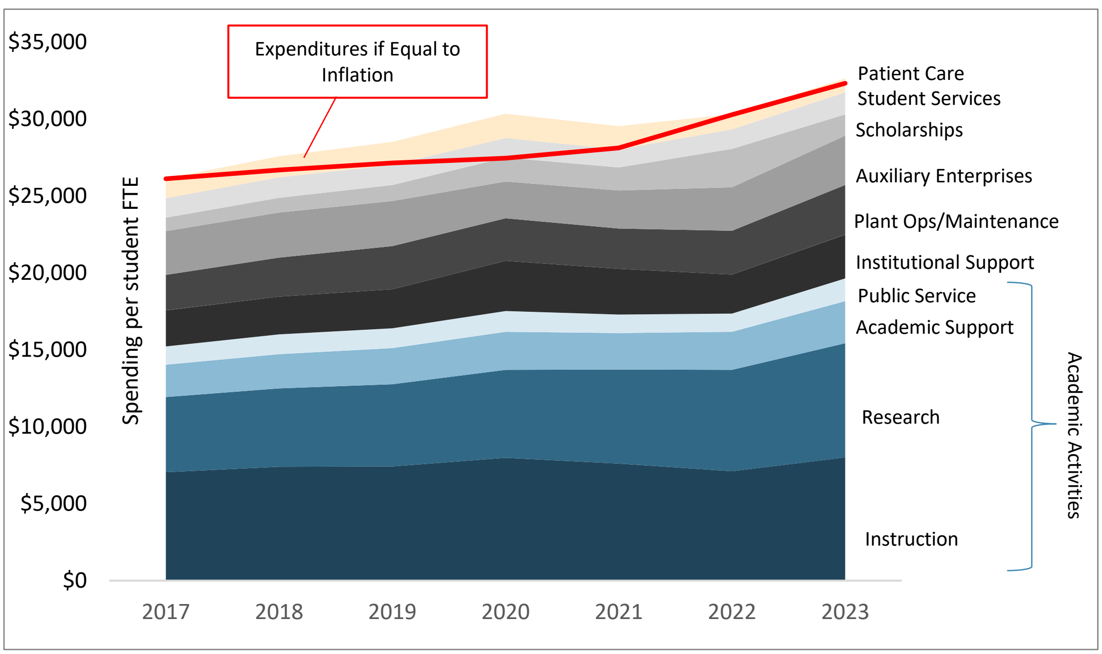
Finding 9: Institution spending is consistent with enrollment and inflation, and most spending continues to support academic activities.

USG institutions' expenditure increases between 2017 and 2023 have been consistent with enrollment and inflation trends. In addition, spending patterns by major functional categories have remained consistent, with most spending attributed to academic activities associated with instruction, research, public service, and academic support.

Between fiscal years 2017 and 2023, USG institutions' expenditures increased by 27%, from $7.4 billion to $9.4 billion. Expenditures per FTE increased at a similar rate—from $26,105 to $32,624 ($6,500, or 25%). As shown in **Exhibit 34**, this growth is consistent with the 24% inflation rate during this period (when adjusting for inflation, the per FTE increase amounts to approximately $315). The distribution of spending across the major funding areas (described in further detail below) has generally remained consistent.

Exhibit 34

Expenditures per student FTE[1] are consistent with inflation trends, Fiscal Years 2017-2023



[1]Fall semester FTE counts were used to calculate expenditures per FTE.

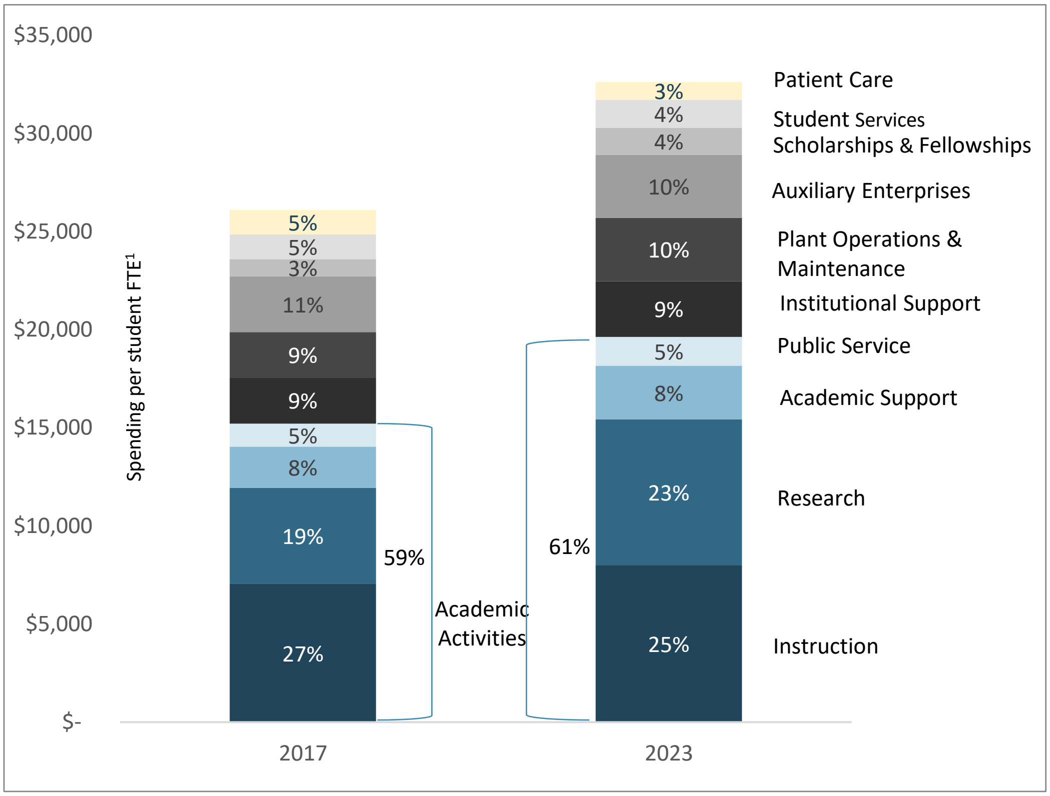
Source: University System of Georgia and Bureau of Labor Statistics

Spending by Function

As shown in **Exhibit 35**, the distribution of expenditures across major functional areas remained consistent between fiscal years 2017 and 2023. In both fiscal years, approximately 60% of expenditures were for academic activities, which include instruction, research, academic support, and public service. It should be noted, however, that within the academic activities, the portion spent on instruction declined while the portion spent on research activities grew. The reason for this trend is that research expenditures grew more than instruction (described below).

Exhibit 35

Most spending remains in academic activities, with a larger portion spent in research, Fiscal Years 2017-2023

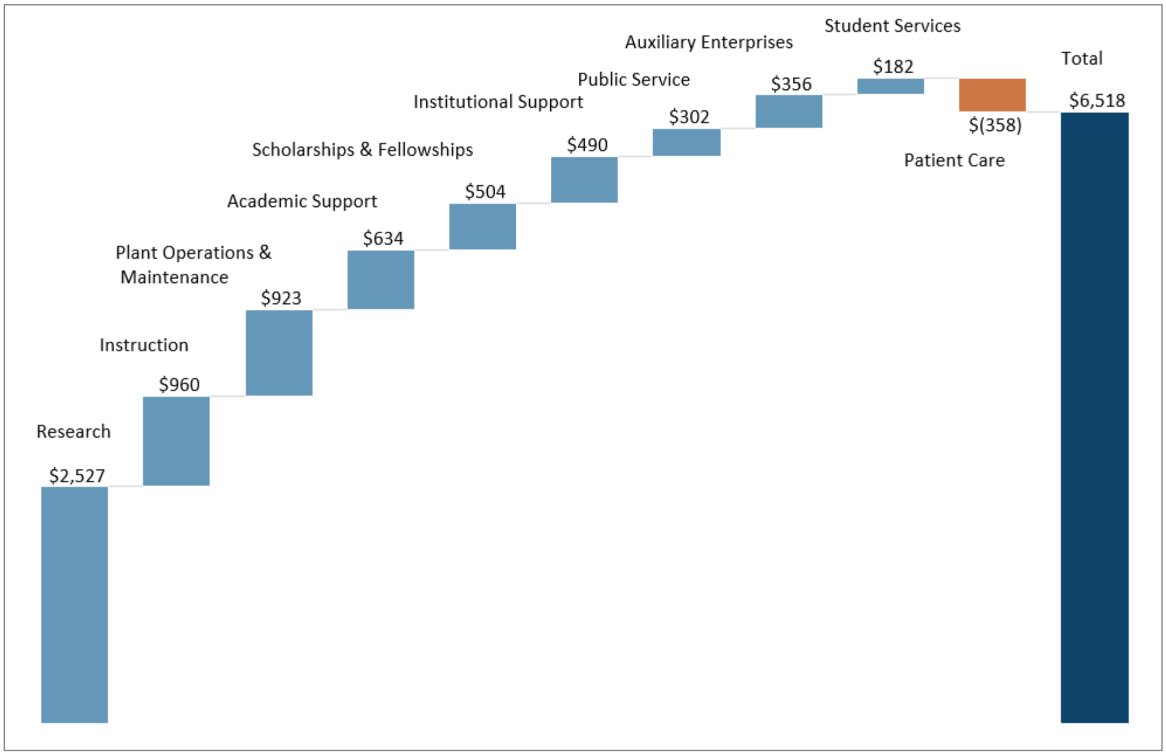


[1]Fall semester FTE counts were used to calculate expenditures per FTE

Source: University System of Georgia

As shown in **Exhibit 36**, per FTE spending on research increased by $2,527 (52%) from 2017 to 2023, more than double the 24% inflation rate. This function, which can be funded by federal and private grants and contracts, represented 39% of institutions' total spending increase. The instruction category had the next largest per FTE spending increase of $960 (14%), which is below the 24% inflation rate and represented 14% of the total spending increase. Plant Operations and Maintenance had a similar increase of $923, but the rate of 40% was significantly higher than the 24% inflation rate. Only one program (Patient Care, which is associated with patient care expenditures at Augusta University's medical school) saw a decrease in expenditures during the period reviewed. This decrease resulted from the termination of Augusta University's contract with the Georgia Department of Corrections to provide healthcare services for inmates.

Exhibit 36
The Research functional category is the largest driver of spending increases,[1] Fiscal Years 2017-2023



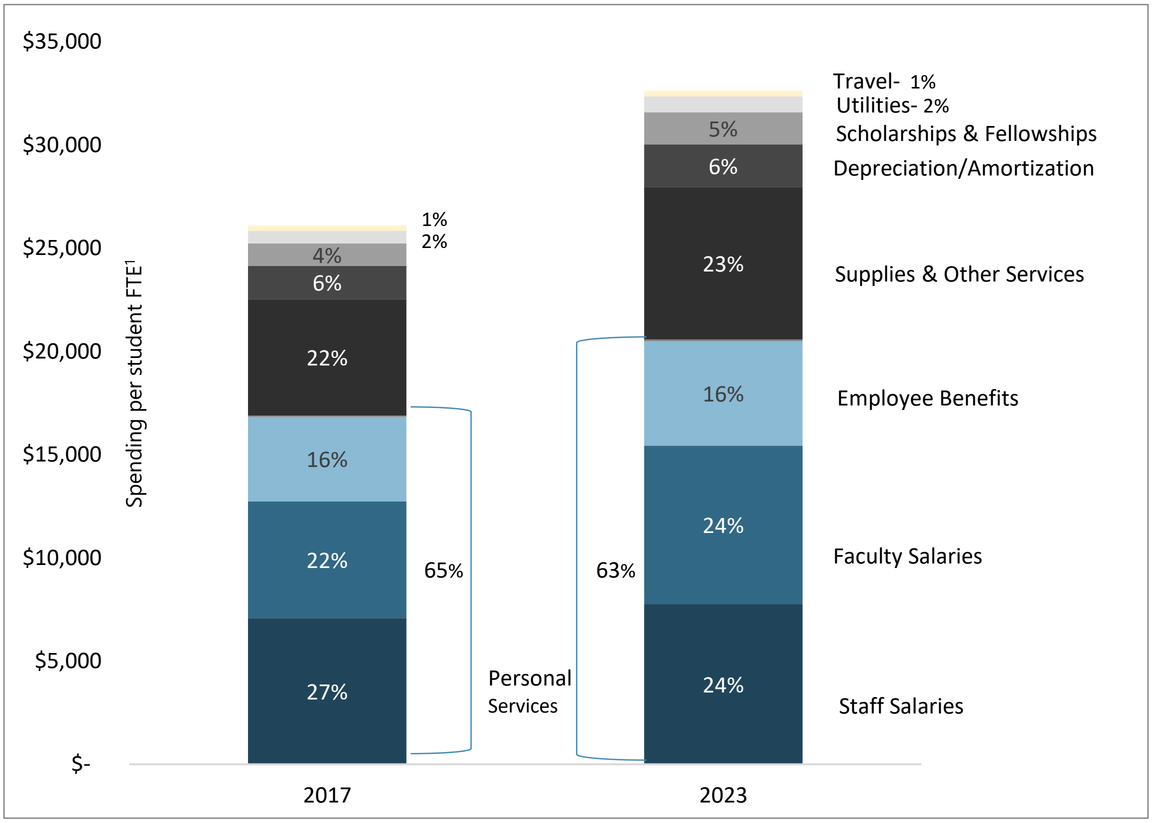
[1]Fall semester FTE counts were used to calculate per FTE expenditures

Source: University System of Georgia

Spending by Expenditure Type

Expenditures are also categorized by type, such as for salaries, utilities, or supplies (which may be expended in any of the function areas included in **Exhibits 35** and **36**). As shown in **Exhibit 37**, the distribution of expenditures by type remained consistent over the period. In fiscal years 2017 and 2023, most expenditures (65% and 63% respectively) were for personal services, which includes staff salaries, faculty salaries, and employee benefits. While the portion spent on faculty salaries grew, the portion spent on staff salaries declined.

Exhibit 37
Most spending remains in personal services, with a larger portion of spending in faculty salaries, Fiscal Years 2017-2023

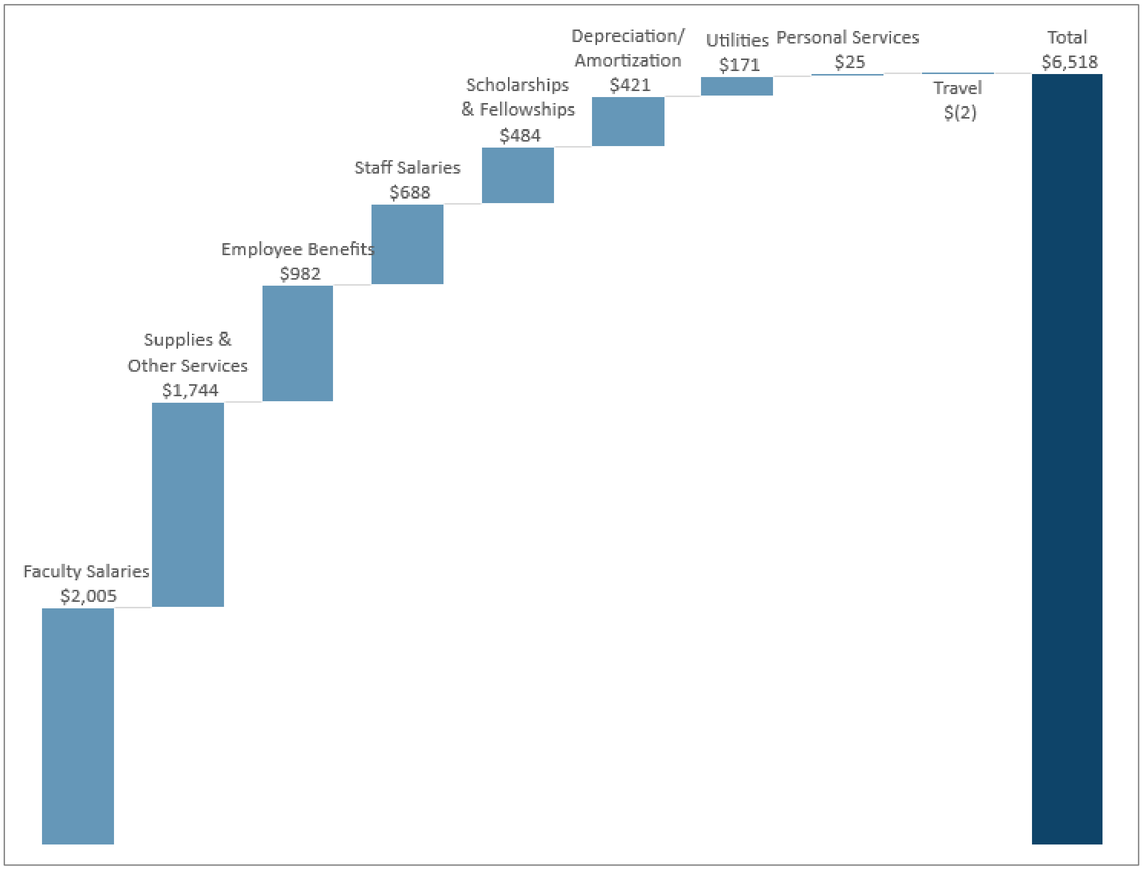


[1]Fall semester FTE counts were used to calculate per FTE expenditures
Source: University System of Georgia

As shown in **Exhibit 38,** two expenditure types have disproportionately driven the spending increase. Faculty salary expenditures increased by $2,005 (35%) per student FTE from 2017 to 2023, 11 percentage points higher than inflation. These expenditures represent 31% of the total spending increase. Expenditures for supplies and other services increased by $1,744 (31%) per student FTE from 2017 to 2023, 7 percentage points higher than inflation. These expenditures represent 27% of the total spending increase. By contrast, spending for staff salaries—the largest category of spending—did not keep pace with inflation. Spending per student FTE in this category increased by $688 (10%), less than half of the 24% inflation rate.

Exhibit 38

Faculty salaries and supplies & other services are the largest drivers of spending increases by expenditure type,[1] Fiscal Years 2017-2023



[1]Fall semester FTE counts were used to calculate per FTE expenditures

Source: University System of Georgia

USG's Response: *USG agrees with this finding and stated that "while USG's plant operations and maintenance expense increased at a rate higher than inflation, this was due to efforts to pay down debt on facilities during the pandemic. This increase was also directly attributable to an increase of 6.4% in total instruction square footage since 2017. USG has also had an increase in faculty salary expenditures since 2017 at a rate slightly higher than inflation as we aimed to retain qualified talent for student learning but still keeping those expenditures at lower rates than some of our peers. Our research indicates salaries across the nation have outpaced inflation since 2021 due to disruptions caused by the pandemic and the resulting labor shortages across various industries."*

Appendix A: Table of Findings

	Agree, Partial Agree, Disagree
Finding 1: With state and federal fund increases, USG institutions have reduced students' share of costs, resulting in typically lower costs of attendance than similar institutions in other states. (p. 15)	**Agree**
1.1 No recommendations included	
Finding 2: Increased funding has contributed to the decreased cost of attendance for USG students. (p. 17)	**Agree**
2.1 No recommendations included	
Finding 3: USG institutions used federal COVID emergency relief in a manner that temporarily reduced students' cost of attendance. (p. 20)	**Agree**
3.1 No recommendations included	
Finding 4: Increased award amounts and participation in the HOPE Scholarship program have reduced the net cost of attendance for many Georgia residents attending USG institutions. (p. 24)	**Agree**
4.1 No recommendations included	
Finding 5: USG students are increasingly enrolling in online courses, which generally have lower tuition and fee costs than in-person courses. (p. 27)	**Agree**
5.1 No recommendations included	
Finding 6: Although increases in average on-campus housing and dining costs remained below the inflation rate, these costs continue to represent more than half of students' total cost of attendance. (p. 33)	**Agree**
6.1 No recommendations included	
Finding 7: Mandatory fee increases at most USG institutions have been below the rate of inflation, though some institutions' increases were significant. (p. 38)	**Agree**
7.1 No recommendations included	
Finding 8: Most USG residential institutions have a lower in-state cost of attendance than the average of their peer institutions in other states. (p. 41)	**Agree**
8.1 No recommendations included	
Finding 9: Institution spending is consistent with enrollment and inflation, and most spending continues to support academic activities. (p. 46)	**Agree**
9.1 No recommendations included	

Appendix B: Objectives, Scope, and Methodology

Objectives

This report examines the factors impacting the cost of higher education. Specifically, our review set out to determine the following:

- How has funding of USG institutions changed over time and how have these changes impacted the cost of attendance?
- What are the factors driving changes to the cost of attendance?
- How does the cost of attendance at USG institutions compare to peer institutions in other states?
- What are the USG institutions' expenditure trends by functional and natural classification?

Scope

This audit generally covered activity related to the cost drivers of higher education within the University System of Georgia (USG) that occurred from fiscal year 2017 to fiscal year 2023, with consideration of earlier or later periods when relevant. Information used in this report was obtained by reviewing relevant rules, and regulations; interviewing agency officials and staff from USG and its institutions; analyzing data provided by USG; analyzing data from the U.S. Department of Education (DOE) National Center for Education Statistics' (NCES) Integrated Postsecondary Education Data System (IPEDS); analyzing data from the U.S. Bureau of Labor Statistics; analyzing data from the State Higher Education Executive Officers Association (SHEEO); and utilizing prior audit work.

We obtained higher education data from the NCES IPEDS through the IPEDS website for fiscal years 2017 to 2024. NCES gathers information from every college, university, and technical and vocational institution that participates in the federal student aid financial programs, through an interrelated system of surveys conducted annually. This includes data on enrollments, program completions, graduation rates, faculty and staff, finances, institution prices, and student financial aid. We did not independently verify NCES IPEDS data but believe it represents the best available data and a credible estimate of peer comparisons given the limitations of the data.

Government auditing standards require that we also report the scope of our work on internal control that is significant within the context of the audit objectives. Specific information related to the scope of our internal control work is described in the methodology section below.

Methodology

To identify how funding of USG institutions has changed over time and how these changes have impacted the cost of attendance, we compiled and analyzed revenue data from USG's system-wide Annual Financial Report. In addition, we obtained tuition and fee rate information for each USG institution for fiscal years 2017 through 2025. Revenue data were adjusted for inflation using the Consumer Price Index for all urban items in the south urban area. The data were also adjusted for enrollment growth using USG's fall semester enrollment reports for full-time equivalent students at each USG institution. Although we did not independently verify revenue data, we determined the data to be reliable for our purposes because it was obtained from audited annual financial reports. We did not independently verify enrollment data.

To identify the impact of the coronavirus public health emergency on USG institutions' revenue and expenditures, we reviewed documents and data related to the Higher Education Emergency Relief Fund (HEERF). We compiled and analyzed a sample of HEERF spending plans (submitted to and approved by USG) and quarterly HEERF expenditure reports (generally posted on an institution's website). For system-wide analyses we compiled annual HEERF reports, which are collated and used for statewide calculations by DOE. The most recent systemwide data available for HEERF spending was from 2022 annual reports. We used the 2022, 2021, and 2020 annual reports for its systemwide calculations; most HEERF funds were spent during this period. We checked a sample of 2023 and 2024 quarterly reports from institutions with remaining HEERF funds to verify that the trends identified in annual reports (2020-2022) continued into 2023 and 2024 as these institutions spent the remainder of their awards. Discrepancies found between quarterly and annual reports were communicated to USG and resolved with institutional input. We did not independently verify the HEERF data but believe it represents a credible estimate given the nature of the data.

To identify the state-level factors driving increases to the cost of attendance at USG institutions, we reviewed relevant Board of Regents policies and procedures; we compiled and analyzed revenue and expenditure data from USG annual financial reports for fiscal years 2017-2023; we compiled and analyzed appropriations data from General Appropriations Acts for fiscal years 2017-2024; we analyzed national data on tuition and appropriations revenue per full-time equivalent from SHEEO; we compiled and analyzed tuition and fee rates charged from fiscal years 2017-2025; and we analyzed fiscal years 2017-2024 HOPE program scholarship award data obtained from the Georgia Student Finance Commission. Although we did not independently verify revenue and expenditure data, we determined the data to be reliable for our purposes because they were obtained from audited annual financial reports. We did not independently verify HOPE program scholarship award data but have determined it to be sufficiently reliable for our analyses.

To identify the institution-level factors driving increases to the cost of attendance at USG institutions, we reviewed relevant Board of Regents policies and procedures; we reviewed housing and dining policies for each USG institution; we compiled mandatory student fees charged by each USG institution from fiscal years 2017-2025; we compiled and reviewed housing and dining rates charged by each USG institution; we analyzed USG data on housing demand by institution and compared housing rates with U.S Department of Housing and Urban Development fair market rents in each institution's vicinity.

To determine how the cost of attendance for students at USG institutions compares to peer institutions in other states, we used lists of comparable institutions in other states provided by USG staff. When institutions had a relatively low number of peers with available data for certain variables, we supplemented the peer list with an IPEDS-generated list. Peer institutions in IPEDS are generated by NCES based on variables such as enrollment and Carnegie Classification. We used data obtained from IPEDS to determine the cost of attendance at USG institutions and their peers and the net cost of attendance at USG institutions and their peers (using average amounts of aid to undergraduate students). This was conducted only for USG institutions that had on-campus housing and dining. Our peer comparisons are a point-in-time analysis—IPEDS allows institutions to revise their data, and historical data may be removed when an institution merges or closes. We did not independently verify NCES IPEDS data but believe it represents a credible estimate of peer comparisons given the limitations of the data.

To identify the functional and natural expenditure trends at USG institutions, we obtained and analyzed expenditure data for each USG institution from annual financial reports for fiscal years 2017-2023. Expenditures by functional classification and by natural classification were compiled for each institution. The data were adjusted for inflation using the Consumer Price Index for all urban items in the south urban area. The data were also adjusted for enrollment growth using USG's fall semester enrollment reports for full-time equivalent students at each USG institution. Although we did not independently verify expenditure data, we determined the data to be reliable for our purposes as it was obtained from audited financial reports. We did not independently verify enrollment data.

We conducted this performance audit 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.

If an auditee offers comments that are inconsistent or in conflict with the findings, conclusions, or recommendations in the draft report, auditing standards require us to evaluate the validity of those comments. In cases when agency comments are deemed valid and are supported by sufficient, appropriate evidence, we edit the report accordingly. In cases when such evidence is not provided or comments are not deemed valid, we do not edit the report and consider on a case-by-case basis whether to offer a response to agency comments.

Appendix C: Other HEERF Expenditures

We grouped reported HEERF expenditures—those not related to student aid, lost revenue, or student refunds—into two primary categories: Distance Learning and Coronavirus-Related Expenditures. Subcategories (taken from HEERF reports), totals, and descriptions can be found below.

Category: Distance Learning	
Distance Learning	$46,736,754
Purchasing, leasing, or renting additional equipment or software to enable distance learning, or upgrading campus wi-fi access or extending open networks to parking lots or public spaces, etc.	
Student Technology	$11,570,097
Covering the cost of providing additional technology hardware to students, such as laptops or tablets, or covering the added cost of technology fees.	
Online Instruction	$1,126,031
Purchasing faculty and staff training in online instruction; or paying additional funds to staff who are providing training in addition to their regular job responsibilities.	
Subsidizing Internet	$865,156
Providing or subsidizing the costs of high-speed internet to students or faculty to transition to an online environment.	
Category: Coronavirus-Related Expenditures	
Coronavirus Practices	$17,866,265
Implementing evidence-based practices to monitor and suppress coronavirus in accordance with public health guidelines.	
Campus Safety	$16,948,488
Campus safety and operations. This could include cleaning, PPE, and Covid testing.	
Indirect Costs	$15,120,355
Providing indirect cost recovery/facilities and administrative costs charged on the grants.	
Housing	$6,554,374
Subsidizing off-campus housing costs due to dormitory closures or decisions to limit housing to one student per room; subsidizing housing costs to reduce housing density; paying for hotels or other off-campus housing for students who need to be isolated; paying travel expenses for students who need to leave campus early due to coronavirus infections or campus interruptions.	
Equipment	$3,485,126
Purchasing, leasing, or renting additional instructional equipment and supplies (such as laboratory equipment or computers) to reduce the number of students sharing equipment or supplies during a single class period and to provide time for disinfection between uses.	
Social Distancing	$1,654,827
Operating additional class sections to enable social distancing, such as those for hiring more instructors and increasing campus hours of operations.	
Construction	$447,922
Amount used for construction, renovation, and real property projects.	
Food Service	$269,891
Subsidizing food service to reduce density in eating facilities, to provide pre-packaged meals, or to add hours to food service operations to accommodate social distancing.	
Unemployment Aid	$38,361
Conducting direct outreach to financial aid applicants about the opportunity to receive a financial aid adjustment due to the recent unemployment of a family member or independent student, or other circumstances.	
Other Uses	$42,268,616
Other uses of institutional funds.	

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