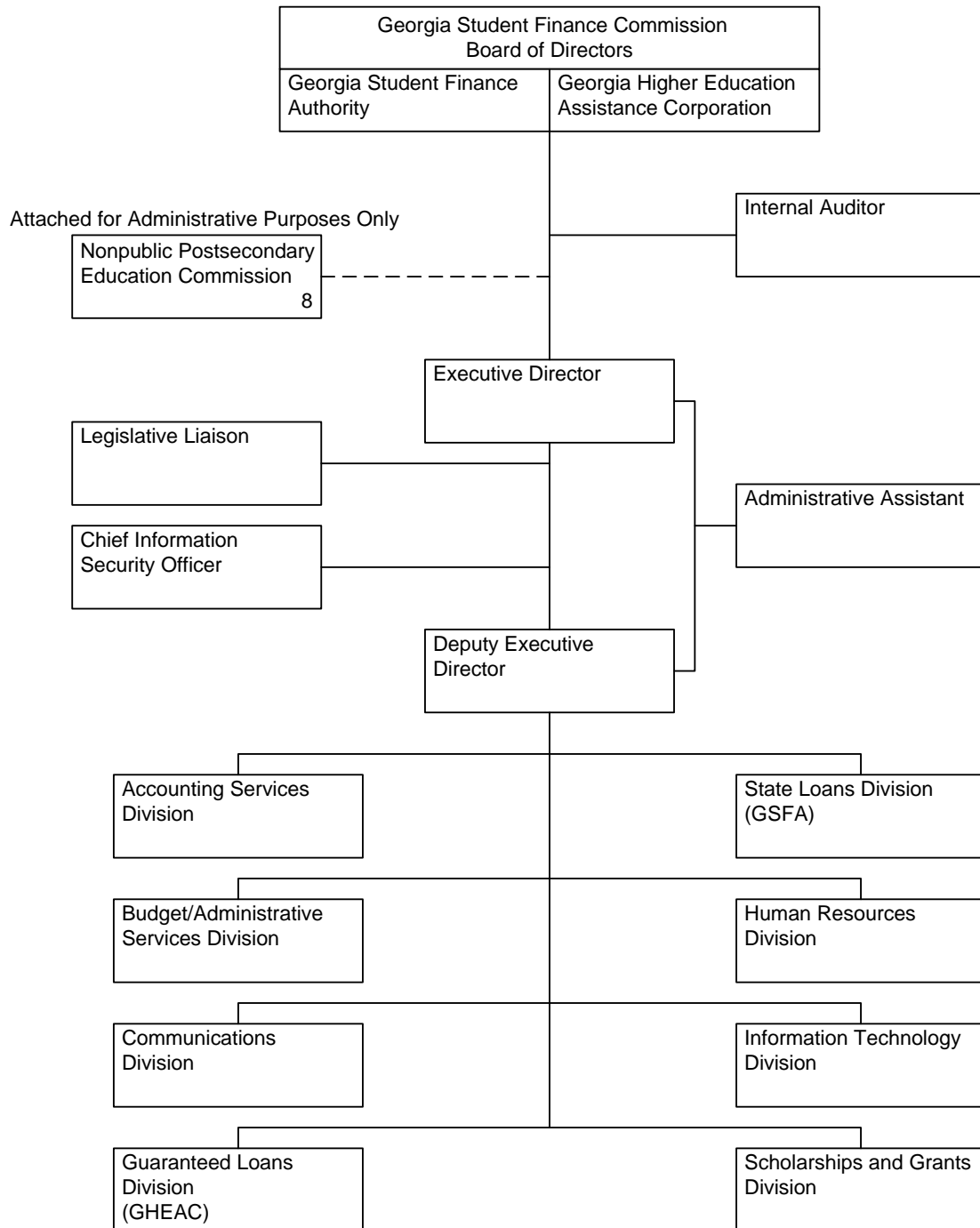


GEORGIA STUDENT FINANCE COMMISSION

Total Budgeted Positions -- 8



GEORGIA STUDENT FINANCE COMMISSION
Financial Summary - Unit A - Georgia Student Finance Commission

Expenditures, Current Budget, and Agency Requests

Budget Classes / Fund Sources	FY 2000 Expenditures	FY 2001 Expenditures	FY 2002 Current Budget	FY 2003 Agency Requests		
				Adjusted Base	Enhancements	Totals
Personal Services	\$448,207	\$454,614	\$571,088	\$632,117		\$632,117
Regular Operating Expenses	19,323	25,075	26,815	26,815		26,815
Travel	15,529	10,135	19,000	22,000		22,000
Equipment	5,241	6,176	6,300	6,300		6,300
Real Estate Rentals	51,085	50,472	52,615	52,615		52,615
Per Diem and Fees	61,805	46,706	7,000	7,000	4,560	11,560
Contracts			39,706	39,706		39,706
Computer Charges	19,818	18,427	20,233	20,233		20,233
Telecommunications	11,573	11,227	12,091	12,091		12,091
Guaranteed Educational Loans	4,610,455	4,669,455	4,897,607	4,897,607	400,000	5,297,607
Tuition Equalization Grants	27,372,520	27,886,156	29,579,150	33,694,050		33,694,050
LEPD Grants	81,700	68,000	70,300	68,364		68,364
North Georgia College ROTC	320,625	337,500	362,080	369,672		369,672
NGC Graduates Scholarship	65,075	60,500	41,226	23,120		23,120
Osteopathic Medical Loans	95,000	40,000	40,000	30,000		30,000
Georgia Military Scholarship	127,049	739,412	521,220	563,310		563,310
LEAP Program			1,013,712	1,013,712	500,000	1,513,712
Governor's Scholarship Program			3,693,967	3,922,308		3,922,308
Total Funds	\$33,305,005	\$34,423,855	\$40,974,110	\$45,401,020	\$904,560	\$46,305,580
TOTAL STATE FUNDS	\$33,305,005	\$34,423,855	\$40,974,110	\$45,401,020	\$904,560	\$46,305,580
Positions	8	8	8	8		8
Motor Vehicles			2	2		2

GEORGIA STUDENT FINANCE COMMISSION
Financial Summary - Unit A - Georgia Student Finance Commission

Current Budget and Governor's Recommendations

Budget Classes / Fund Sources	FY 2002 Current Budget	FY 2003 Governor's Recommendations				Totals
		Annualizers and Adjustments	Budget Reductions	Adjusted Base	Enhancements	
Personal Services	\$571,088	(\$11,754)	(\$7,102)	\$552,232		\$552,232
Regular Operating Expenses	26,815		(3,500)	23,315		23,315
Travel	19,000			19,000		19,000
Equipment	6,300			6,300		6,300
Real Estate Rentals	52,615		(3,000)	49,615		49,615
Per Diem and Fees	7,000	4,560		11,560		11,560
Contracts	39,706		(5,000)	34,706		34,706
Computer Charges	20,233			20,233		20,233
Telecommunications	12,091			12,091		12,091
Guaranteed Educational Loans	4,897,607		(532,006)	4,365,601		4,365,601
Tuition Equalization Grants	29,579,150	3,084,296		32,663,446		32,663,446
LEPD Grants	70,300	(1,936)		68,364		68,364
North Georgia College ROTC	362,080			362,080		362,080
NGC Graduates Scholarship	41,226	(18,106)		23,120		23,120
Osteopathic Medical Loans	40,000	(10,000)		30,000		30,000
Georgia Military Scholarship	521,220			521,220		521,220
LEAP Program	1,013,712			1,013,712		1,013,712
Governor's Scholarship Program	3,693,967			3,693,967		3,693,967
Total Funds	\$40,974,110	\$3,047,060	(\$550,608)	\$43,470,562		\$43,470,562
TOTAL STATE FUNDS	\$40,974,110	\$3,047,060	(\$550,608)	\$43,470,562		\$43,470,562
Positions	8			8		8
Motor Vehicles	2			2		2

GEORGIA STUDENT FINANCE COMMISSION
Budget Summary - Unit A - Georgia Student Finance Commission

Governor's
Recommendations

ADJUSTMENTS TO CURRENT BUDGET

FY 2002 STATE APPROPRIATIONS	\$40,974,110
Annualizers:	
1. Annualize the cost of the FY 2002 salary adjustment.	5,587
Other Adjustments:	
2. Reduce personal services to reflect the 4.09 percentage point reduction to the employer contribution rate for the Employees' Retirement System.	(17,341)
3. Provide funding for daily per diem rate increase from \$75 to \$105 for members of the Nonpublic Postsecondary Education Commission (NPEC).	4,560
Workload:	
4. Increase funding for Tuition Equalization Grants to reflect a 2.98% increase in eligible students.	3,084,296
5. Decrease funding for Law Enforcement Personnel Dependent's grants to reflect the projected number of students.	(1,936)
6. Decrease funding for North Georgia College Graduates Scholarships to reflect the projected number of students.	(18,106)
7. Reduce funding for Osteopathic Medical Loans to reflect the projected number of students.	(10,000)
Budget Reductions:	
8. Reduce personal services, regular operating expenses, real estate rentals, and contracts for NPEC.	(18,602)
9. Remove funds not being used for Guaranteed Educational Loans from the ICAPP program.	(532,006)
ADJUSTED BASE	\$43,470,562
TOTAL FY 2003 STATE FUNDS	\$43,470,562

GEORGIA STUDENT FINANCE COMMISSION

Functional Budget Summary - Unit A - Georgia Student Finance Commission

Functional Budgets	FY 2002 Appropriations		FY 2003 Recommendations	
	Total	State	Total	State
1. Georgia Student Finance Authority	\$40,219,262	\$40,219,262	\$42,741,510	\$42,741,510
2. Nonpublic Postsecondary Education Commission	754,848	754,848	729,052	729,052
TOTAL APPROPRIATIONS	\$40,974,110	\$40,974,110	\$43,470,562	\$43,470,562

RECOMMENDED APPROPRIATION: The Georgia Student Finance Commission is the budget unit for which the following State Fund Appropriation is recommended for FY 2003: \$43,470,562

GEORGIA STUDENT FINANCE COMMISSION
Financial Summary - Unit B - Lottery for Education

Expenditures, Current Budget, and Agency Requests

Budget Classes / Fund Sources	FY 2000 Expenditures	FY 2001 Expenditures	FY 2002 Current Budget	FY 2003 Agency Requests		
				Adjusted Base	Enhancements	Totals
HOPE - Tuition	\$115,354,529	\$112,874,779	\$148,358,652	\$222,465,661		\$222,465,661
HOPE - Books	36,559,837	31,591,018	35,050,600	47,988,886		47,988,886
HOPE - Fees	27,177,878	18,958,716	40,034,731	53,365,129		53,365,129
HOPE - Private Colleges	35,340,793	33,311,070	33,611,070	41,856,010		41,856,010
HOPE Teacher Scholarship	3,500,000	3,500,000	3,500,000	3,500,000		3,500,000
PROMISE Scholarship	835,200	975,000	1,792,000	4,114,476		4,114,476
PROMISE II Scholarship			932,666	559,090		559,090
GMC Scholarship	613,330	839,784	663,960	525,822		525,822
LEPD Scholarship	210,311	232,330	238,968	246,024		246,024
Engineer Scholarship	516,500	600,000	760,000	760,000		760,000
Pell Grant Offset		23,000,000				
HOPE Administration - Personal Services						
HOPE Administration - Operating Expenses						
Total Funds	\$220,108,378	\$225,882,697	\$264,942,647	\$375,381,098		\$375,381,098
TOTAL LOTTERY FUNDS	\$220,108,378	\$225,882,697	\$264,942,647	\$375,381,098		\$375,381,098

GEORGIA STUDENT FINANCE COMMISSION
Financial Summary - Unit B - Lottery for Education

Current Budget and Governor's Recommendations

Budget Classes / Fund Sources	FY 2002 Current Budget	FY 2003 Governor's Recommendations				Totals
		Annualizers and Adjustments	Budget Reductions	Adjusted Base	Enhancements	
HOPE - Tuition	\$148,358,652	\$72,361,818	(\$164,439)	\$220,556,031		\$220,556,031
HOPE - Books	35,050,600	13,243,181		48,293,781		48,293,781
HOPE - Fees	40,034,731	15,399,019		55,433,750		55,433,750
HOPE - Private Colleges	33,611,070	8,244,940		41,856,010		41,856,010
HOPE Teacher Scholarship	3,500,000	704,658		4,204,658		4,204,658
PROMISE Scholarship	1,792,000	2,322,476		4,114,476		4,114,476
PROMISE II Scholarship	932,666	(373,576)		559,090		559,090
GMC Scholarship	663,960			663,960		663,960
LEPD Scholarship	238,968	7,056		246,024		246,024
Engineer Scholarship	760,000			760,000		760,000
Pell Grant Offset						
HOPE Administration - Personal Services		2,080,233		2,080,233		2,080,233
HOPE Administration - Operating Expenses		1,045,190		1,045,190		1,045,190
Total Funds	\$264,942,647	\$115,034,995	(\$164,439)	\$379,813,203		\$379,813,203
TOTAL LOTTERY FUNDS	\$264,942,647	\$115,034,995	(\$164,439)	\$379,813,203		\$379,813,203

GEORGIA STUDENT FINANCE COMMISSION
Budget Summary - Unit B - Lottery for Education

Governor's
Recommendations

ADJUSTMENTS TO CURRENT BUDGET

FY 2002 LOTTERY APPROPRIATIONS	\$264,942,647
Other Adjustments:	
1. Transfer funds from the HOPE - Tuition object class to create a personal services object class (\$2,080,233) for HOPE administration.	Yes
2. Transfer funds from the HOPE - Tuition object class to create an operating expenses object class (\$1,045,190) for HOPE administration.	Yes
Workload:	
3. Provide funding for the HOPE Scholarship program to meet anticipated demand. The funding includes tuition (\$75,487,241), books (\$13,243,181), and fees (\$15,399,019), and nets out the transfer of \$3,125,423 to create a personal services and operating expenses object class.	104,129,441
4. Increase funding for HOPE Private College Scholarships to meet anticipated demand.	8,244,940
5. Provide for 250 additional scholarships for teachers through the HOPE Teacher Scholarship program.	704,658
6. Increase funding for HOPE PROMISE Scholarships to meet the increase in students due to expansion of the eligibility requirements.	2,322,476
7. Decrease funding for PROMISE II to reflect an anticipated decline of 40%.	(373,576)
8. Provide funds for the LEPD Scholarship to meet anticipated demand.	7,056
Budget Reductions:	
9. Reduce the administrative cost of operating the Student Finance programs funded with lottery.	(164,439)
ADJUSTED BASE	\$379,813,203
TOTAL FY 2003 LOTTERY FUNDS	\$379,813,203

RECOMMENDED APPROPRIATION: Lottery for Education is the budget unit for which the following Lottery Appropriation is recommended for FY 2003: \$379,813,203.

GEORGIA STUDENT FINANCE COMMISSION

Roles and Responsibilities

The Georgia Student Finance Commission was created to help improve the higher education opportunities of the citizens of this state by administering the programs of the Georgia Higher Education Assistance Corporation and the Georgia Student Finance Authority through a centralized staffing arrangement.

COMMISSION OPERATIONS

The commission serves as the executive branch agency designated to receive appropriations of funds for the student financial aid programs of the corporation and the authority. Those programs funded through the commission include the Helping Outstanding Pupils Educationally (HOPE) Scholarship Program, other educational scholarship and grant programs supported by both lottery proceeds and state general fund appropriations.

GEORGIA HIGHER EDUCATION ASSISTANCE CORPORATION

The Georgia Higher Education Assistance Corporation is a nonprofit public corporation of the state and is responsible for administering a program of guaranteed educational loans to eligible students and parents in accordance with state law and the requirements of the Federal Higher Educational Loan Act. In FY 2001, the corporation guaranteed over 43,000 new loans for eligible students and parents. The value of those loans exceeded \$245,000,000. Purchases of defaulted loans totaled over \$31,325,000. Approximately, \$30,336,870 was recovered from loans that were purchased and placed in the default collection process over the past three years.

GEORGIA STUDENT FINANCE AUTHORITY

The Georgia Student Finance Authority, a nonprofit public corporation of the state, is responsible for providing student financial aid to eligible Georgians through loan, scholarship and grant assistance programs as prescribed by the General Assembly. In FY 2001, the authority disbursed over \$38,900,000 in state general funds and agency revenues for over 32,178 students and over \$271,000,000 in HOPE Scholarship and other lottery funded grant and scholarship programs for over 177,750 students.

The authority is also authorized to be a lender under the Georgia Higher Educational Loan Program. In FY 2001, the authority originated over \$60,250,000 in student loans, and the total value of loans serviced exceeded \$285,970,000.

The authority has the responsibility of performing all management, supervisory, clerical and administrative functions required by the corporation and the commission. The authority also provides administrative and operational support services, at no state cost, to the Georgia Nonpublic Postsecondary Education Commission (NPEC), which is attached for administrative purposes.

ATTACHED AGENCY

The Georgia Nonpublic Postsecondary Education Commission is responsible for regulating private postsecondary schools in this state in order to protect the financial investment of Georgians participating in their programs.

AUTHORITY

O.C.G.A 20-3-230 et.seq., 20-3-250 et.seq., 20-3-260 et.seq. and 20-3-310 et.seq.

GEORGIA STUDENT FINANCE COMMISSION

Strategies and Services

The continued growth and development of Georgia is directly related to the educational opportunities provided to all citizens. It is in the public interest to sustain our public and private postsecondary institutions because of their value in promoting the economic and cultural development and prosperity of Georgians.

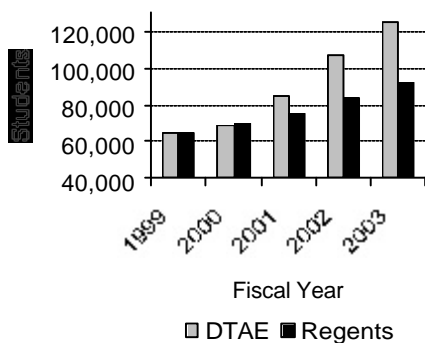
To accomplish this public interest goal, the Georgia Student Finance Commission has loan, scholarship and grant programs to help Georgia's postsecondary students. The loan, scholarship and grant programs are funded with lottery, state and federal funds.

HOPE SCHOLARSHIP PROGRAM

The Helping Outstanding Pupils Educationally (HOPE) Scholarship Program was initiated in FY 1994 with an appropriation of lottery proceeds. The program, designed to increase higher education participation and completion rates for Georgia students, provides scholarships to all students who meet certain academic requirements and attend public colleges, public technical institutions or eligible private colleges in this state.

Despite tougher requirements for earning the HOPE Scholarship, more freshmen than ever are attending Georgia public and private colleges. Since Fall of 1994, the University System's retention rate has increased from 66.1% to 72.8%, and the average SAT score from 981 to 1,026. The number of HOPE Scholars is projected to increase by 9,000 students in FY 2003. HOPE Scholars at private colleges are projected to increase by 4.9% to 15,987 students in FY 2003.

HOPE Student Growth



The Department of Technical and Adult Education (DTAE) is also seeing a substantial increase in HOPE grants. Technical colleges had a 22.3% increase in students from FY 2000 to FY 2001. The number of HOPE grants is projected to increase by 20% (over \$22,000,000) to total 125,000 students in FY 2003.

The FY 2003 recommendation of \$366,139,572 will provide approximately 225,000 HOPE scholarships and grants to the public and private institutions.

The HOPE Teacher Scholarship program provides service-cancelable loans to teachers who desire to obtain advanced degrees in critical shortage teaching areas, or who desire to enhance their critical teaching skills. Recipients who teach four years in Georgia public schools after receiving the loan will have their loans canceled. Others will have one-fourth of the loan canceled for each year they teach in Georgia public schools. The \$4,204,658 recommendation for FY 2003 will assist approximately 2,200 students.

The PROMISE Scholarship program provides service-cancelable loans of \$3,000 per year to eligible, high achieving students who aspire to be teachers in Georgia public schools. Students, both residents and non-residents, who have completed their first two years of coursework in public or private colleges with a minimum cumulative grade point average of 3.0 will be eligible to receive the loans. For each year a Promise scholar teaches in the public schools after graduation, one-fourth of the loan will be considered repaid. After four years of teaching the loan will be repaid in full. Loan funds may be used at the student's discretion for tuition, dormitory fees, childcare, transportation or other expenses related to education. The \$4,114,476 recommendation for FY 2003 will assist approximately 1,450 students.

The commission also administers the lottery funded PROMISE II Scholarships (\$559,090), Georgia Military Scholarships (\$663,960), Law Enforcement Dependents Grants (\$246,024), and Engineer Scholarships (\$760,000).

In FY 2001, Governor Barnes recommended lottery funding for the Pell grant offset for students seeking degrees or diplomas at eligible colleges or technical institutes (\$23,000,000). The scholarship amount each student receives will be the cost of tuition, eligible fees, and a book allowance, leaving those students who are eligible for a Pell grant the opportunity to use their Pell funds towards the cost of their room, board and other expenses.

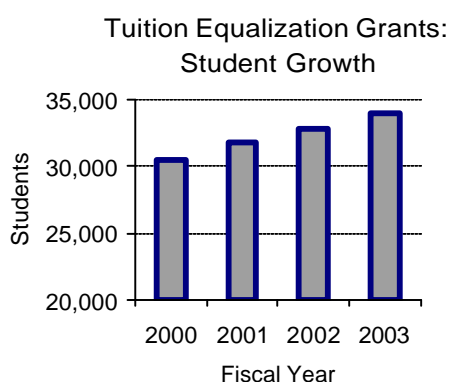
GRANT AND SCHOLARSHIP PROGRAMS

State, federal and other funds are appropriated to the commission in several unique object classes to support the grant and scholarship programs of the authority. These programs are as follows:

GEORGIA STUDENT FINANCE COMMISSION

Strategies and Services

Tuition Equalization Grant (TEG) – A state-funded grant program providing an annual grant to each eligible Georgia student attending an approved private college. The amounts of the grants increase from \$1,050 to \$1,100 per academic year in FY 2002. The grants are increasing by approximately 3% each fiscal year. The recommendation of \$32,663,446 will provide awards to approximately 33,954 students.



Law Enforcement Personnel Dependents Grants (LEPD) – Provides educational grants of up to \$2,000 per academic year to the dependent children of a Georgia law enforcement officer, fireman or prison guards who has been killed or permanently disabled in the line of duty. In FY 2003, \$68,364 in state funds will provide approximately 36 grants.

North Georgia College ROTC Grants – Provides a state scholarship of \$1,500 per year to each full-time Georgia student enrolled in military ROTC training at North Georgia College. Approximately 292 students will receive these grants in FY 2003 with the \$362,080 recommended.

Osteopathic Medical Loan – Provides service-cancelable loans to Georgians accepted for enrollment at an eligible college or university of osteopathic medicine. The loans are based on need with a maximum of \$10,000 per year for up to 4 years. A recipient may cancel the loan by practicing primary care osteopathic medicine in a medically underserved area of this state. The \$30,000 in state funds recommended in FY 2003 will provide loans to 3 students.

Georgia Military Scholarship – Provides assistance to students to attend North Georgia College and State University. Thirty-three high school seniors are selected each year to receive full 4-year scholarships to North Georgia College. Students must meet strict academic requirements to be eligible and must agree to serve at least

4 years in the Georgia National Guard after graduation. The commission expects to serve approximately 85 students with the \$521,220 in state funds recommended for FY 2003.

Georgia Military College/North Georgia College Military Scholarship – Provides assistance to students who graduate from Georgia Military College to transfer to North Georgia College and State University and receive a scholarship for two additional years. The commission expects to serve 4 students with the \$23,120 in state funds recommended in FY 2003.

Governor’s Scholarship – Provides an annual \$1,575 award to Georgia students selected as Georgia Scholars, STAR students, high school valedictorians and salutatorians that go on to attend Georgia eligible colleges and universities in this state. The commission expects to serve 2,449 students with the \$3,693,967 in the state funds recommended in FY 2003.

The authority administers the Robert C. Byrd Scholarship for the Georgia Department of Education. It is available to Georgia students who demonstrate outstanding academic achievement. The program is intended to promote and recognize student excellence. Byrd Scholars, selected by the Georgia Department of Education, receive a one-time award of \$1,500 as entering freshman for their first year of college study at an eligible U.S. institution.

Leveraging Educational Assistance Partnership Program (LEAP) – The U.S. Department of Education provides states with matching funds to offer need-based grants to students. The recommended state funds for FY 2003 is \$1,013,712 with an additional \$525,883 in federal funds.

STATE EDUCATIONAL LOAN PROGRAM

The Georgia Student Finance Authority is the legal entity, which actually serves as the lender (or limited purpose “bank”) for about one-third of the student loans in Georgia. The authority provides loans to help students and parents meet the cost of higher education. As a FFELP lender, the authority makes loans to students and parents that are repayable in regular monthly installments and offers service cancellation benefits in Georgia on eligible Federal Stafford loans. Service cancelable loans help students preparing for professions in which there is a critical manpower shortage in Georgia. Eligible borrowers may cancel their loans by working in the approved fields in Georgia.

State funds appropriated to the commission as “Guaranteed Educational Loans” are paid to the authority to support this program. The authority expects to make

GEORGIA STUDENT FINANCE COMMISSION

Strategies and Services

approximately 1,075 loans in FY 2003 with the \$4,365,601 recommended.

FEDERAL FAMILY EDUCATIONAL LOAN PROGRAM

The Georgia Higher Education Assistance Corporation administers federally guaranteed education loan programs. Through these programs, participating commercial lenders, as well as the Georgia Student Finance Authority, make educational loans to students and the parents of students who need financial assistance to continue their education after high school.

For these loans, the corporation serves as the “guarantor” to the lenders. If for any reason the borrower does not repay the lending institution, the corporation pays the lender an amount prescribed by federal regulation and assumes the obligation for collecting the remaining debt. Since these programs are federally supported, the federal government will reimburse the corporation for most of the defaults, which are purchased from lenders.

The federally guaranteed loan programs include the Subsidized Federal Stafford Loan Program, and the Federal Plus Loan.

Subsidized Federal Stafford Loan Program – A need based loan program for eligible students attending colleges, vocational, technical, trade or business schools throughout the nation. The loan amount depends on the student’s financial need, the cost of attending the school and other financial aid awards. The federal government pays the interest that accrues while the student is in school, during the grace period and any deferment periods. Repayment of the loan must begin within 6 months following graduation or termination from school.

Unsubsidized Federal Stafford Loan Program – A non-need based loan program for eligible students attending colleges, vocational, technical, trade or business school throughout the nation. The borrower is responsible for all

interest, which accrues from the date the money is disbursed. Repayment of the loan must begin within 6 months following graduation or termination from school.

Federal “Plus” Loan Program – Provides loans to parents of dependent undergraduate or graduate students to help pay for postsecondary education costs. The loan amount depends on the cost of attending the school and other financial aid awarded. Repayment of the loan plus interest must begin within 60 days of receiving the funds.

REGULATION OF NONPUBLIC POSTSECONDARY EDUCATION INSTITUTIONS

The Nonpublic Postsecondary Education Commission regulates certain proprietary schools and postsecondary education institutions operating in the state, including public and private schools outside the state, which offer Georgians degree or certificate programs by mail, telecommunications or other means. The commission’s regulatory activities include establishing standards relating to the quality of instructional programs offered, ethical and business practices, health and safety, and fiscal responsibility.

The commission’s staff conducts audits and reviews of the institutions it regulates and licenses the schools and their programs for the protection of Georgia students and their parents.

The commission is responsible for establishing and maintaining a Tuition Guaranty Trust Fund with participation fees collected from postsecondary education institutions. The Trust Fund is intended to protect students from financial loss when a school closes without reimbursing students and without completing its educational obligations to its students. The commission is required to take possession of the administration and student records of any regulated institution, which ceases to operate.