

# HOPE Springs Eternal

Georgia's scholarship program, a model for the nation, experiences financial pains

Photos by Robin Nelson, Black Star, for CrossTalk

By Don Campbell

MILLEDGEVILLE, GEORGIA

**A**DRIENNE PAQUIN, a 20-year-old junior at Georgia College & State University here, hadn't even heard of this institution until about three years ago. Paquin, a physical education major, was attending high school in the Atlanta suburb of Douglasville, 100 miles away, and had her eye on Lee University in Tennessee, where her sister had spent her freshman year.

Then financial reality set in. Adrienne could borrow money to attend Lee, or she could take advantage of Georgia's HOPE scholarship, which would pay her tuition, mandatory fees and a book allowance if she went to college in Georgia.

It was a no-brainer. "I decided to stay in the state; otherwise I'd have had to take out loans of about \$40,000," she said during a recent interview while sitting in a rocking chair between the stately white columns of GC&SU's administration building.

The decision was even easier because Adrienne, who describes herself as "paranoid about grades," has never let her grade point average fall below 3.5. And because of the HOPE (Helping Outstanding Pupils Educationally) scholarship, she has not had to work, though she has taken out a loan to pay for her apartment.

Adrienne also had the experience of seeing her older sister, Michelle, take on college loans of \$10,000 during one year at Lee University before she transferred to the State University of West Georgia.

"She matured," is the way Brenda Paquin, mother of the two sisters, describes Michelle's decision to come back to Georgia after a year in Tennessee. The maturation process, Mrs. Paquin adds, was helped along by the sight of mounting college loans. Now both of her daughters have HOPE scholarships.

"We told them, as long as they kept their grades up, they wouldn't have to work," said Mrs. Paquin. "Without HOPE, they'd have had to work, and their grades would have suffered. So it's made our life easier."

Ten years after Georgia launched the HOPE scholarships, the Paquin sisters are billboards for the success of the nation's most ambitious merit-based state college-aid program. But HOPE is becoming a victim of its own success. It is now facing its own version of financial reality as college tuition in Georgia spirals upward, and state support for higher education shrinks.

The brainchild of former Governor and now U.S. Senator Zell Miller, HOPE was designed to keep Georgia's brightest college-bound students in the state and give them an incentive to keep their grades up. It is a simple carrot-and-stick approach.

With funding from a state lottery approved in 1992, HOPE



**Sisters Adrienne (left) and Michelle Paquin, shown with their mother Brenda, are attending Georgia public universities on HOPE scholarships.**

scholarships were phased in to cover tuition, mandatory fees and a book allowance at all public colleges and technical schools and to provide scholarships and grants to Georgia residents attending private colleges in the state. To qualify, entering students must have earned a B average in core curriculum courses in high school, and they must maintain a B average in college to keep the scholarship.

The program quickly made Georgia the nation's most generous provider of merit-based aid, and became the model for 14 other states which have adopted some variation. From September 1993 until May of 2003, HOPE awarded more than \$1.9 billion in scholarships to more than 693,000 students. More than 70 percent of Georgia's high school graduates now qualify for HOPE, up from about 50 percent when the program began.

Although the overall increase in college enrollment in Georgia was small during HOPE's first five years, individual colleges more recently have reported remarkable growth both in enrollment and in the number of students benefiting from HOPE.

At Kennesaw State University, for example, freshman enrollment shot up 66 percent between the fall of 1998 and the fall of 2002, and the number of freshmen qualifying

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**Stephen Portch, former chancellor of the University System of Georgia, says HOPE works because it was designed by a politician, not by educators.**

for HOPE increased by 97 percent. The average SAT score for incoming freshmen during that period increased from 1021 to 1032.

“Our academic reputation has really improved over the last five to ten years,” said Terry L. Faust, Kennesaw’s director of student financial aid. “All that has happened during an incredible growth in the HOPE program. I think the type of student we’re reaching and enrolling is different from the students we were enrolling when I came here twelve years ago. I have seen great change in the makeup of our student body, and I don’t think HOPE is the only factor, but I think it’s a significant factor.”

HOPE also gets credit—or blame—for making the University of Georgia, the state’s most prestigious public university, harder to enter. As the requirement of a B average has worked up through the system, more and more students have become competitive as applicants to begin at, or transfer to, UGA (which now ranks in the top 20 public universities in the annual *U.S. News & World Report* rankings).

By any measure, HOPE has become one of the most popular and politically untouchable state-aid programs in history. When the program began, families with annual incomes of more than \$66,000 were ineligible for HOPE. That income cap was raised to \$100,000 after a year, and in 1995 the income cap was removed altogether.

Georgians are so protective of HOPE that in 1998 they voted for a state constitutional amendment barring any legislative or political tampering with the program. “HOPE is an entitlement now,” said University of Georgia economics professor Christopher Cornwell, who has studied the program extensively and has raised questions about its economic efficiency.

But this rather slapdash growth has come at a cost. The program is now facing long-term funding issues, and no one wants to shoot Santa Claus. In the wake of cuts totaling more than \$200 million in aid to higher education by the state legislature, the Georgia Board of Regents in May was forced to raise tuition as much as 15 percent for 2003-04. Because the HOPE scholarship is tied directly to tuition, the hike puts further pressure on the program’s bottom line.

Revenues from the state lottery, while still rising, are expected to flatten in the next two or three years, largely because of competition from lotteries in neighboring states. The lottery also finances an ambitious and popular pre-kindergarten program, as well as capital outlays for

technology in education. Meanwhile, HOPE has been expanded to cover an ever-wider range of student activity fees, and to reward education majors at both the undergraduate and graduate levels who promise to teach in Georgia public schools.

“It is time to begin serious dialogue about bringing some sanity to this process,” Georgia Lt. Governor Mark Taylor told the *Atlanta Journal-Constitution* earlier this year. The first step came this spring when the state legislature created a study commission to recommend adjustments to the program.

“There is always talk about making changes, but to this point it’s always been changes to expand the program,” said Shelley Nickel, executive director of the Georgia Student Finance Commission, which administers the HOPE scholarships. “Now we’re at the point where it’s been so successful it’s putting pressure on the revenue side.”

She added, “Nobody wants to be the one who takes HOPE away...but we may be tightening things up.”

Any attempt to restrict the program will have to overcome a consensus that HOPE—despite the occasional sniping from researchers in academia who have turned the study of HOPE into a cottage industry—is a product of uncanny political imagination.

“Nothing has changed my view that it was a moment of genius by (then-Governor) Miller, it really was,” said former University System of Georgia Chancellor Stephen R. Portch. “And had he asked anyone at the time how to design it—rather than just announce it—I think it would have been a lousy program. Because its beauty is its simplicity.

“If you look at any federal financial aid program, they’re crazy,” said Portch, now a higher education consultant. “You need a Ph.D. to understand them, and they’re aimed at kids who didn’t have any parents who went to college. You can’t explain federal financial aid—I don’t understand it and I’ve been in the field all these years. But I understand HOPE: You get a B in high school, you get a scholarship. Keep it in college, you keep your scholarship. It’s so simple.”

Had Miller asked anyone in higher education for advice, added Portch, “we would have complicated it. That’s why it’s politically so attractive, because you’ve got to be able to describe something in a sound bite that works in a coffee shop. And this one you can.”

The simplicity that Portch alludes to is reflected in the steps Georgia has taken to make applying for HOPE an easy process. The one-page application can be completed in less than five minutes and can even be filed online. When the program began, applicants had to first apply for a federal Pell grant, and the HOPE money would then make up the difference to cover tuition and fees. This “offset” requirement was eliminated—at great cost—after complaints from college

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financial aid officials and politicians. Needy students now can apply for both the Pell and the HOPE.

The simplicity is also apparent to students who are receiving HOPE, or who are trying to qualify or re-qualify for it. They call it pressure.

Tim Gramling, a junior economics major here at Georgia College & State University, attended summer school this year in an effort to get his grade point average back to a 3.0 when he is re-evaluated for HOPE in the fall. He received HOPE for two years, then lost it for reasons he attributes mainly to a medical condition. His GPA going into summer school is a tantalizingly close 2.98.

“The problem is that the pressures of learning how to study in college come at the same time (in your freshman year) that you’re worrying about keeping your grades up for HOPE,” said Gramling.

Chris Koch, of Roswell, a student last spring at Georgia Perimeter College, a two-year college in the Atlanta suburb of Dunwoody, had a 3.75 high school GPA, and didn’t worry about the academic requirement for HOPE. But a lot of his classmates did. “It was a big topic in the last six months of high school,” said Koch, who will be a bio-medical engineering major and a junior at Georgia Tech this fall. “There definitely were a large number of my classmates under pressure to maintain their GPA. A lot of kids I went to school with came from large families. You’re talking about a lot of money if there are three or four kids in college. I probably have 25 or 30 friends where it was dictated: If you can maintain HOPE, you can go to college. Otherwise, you’re on your own.”

In Koch’s case, his parents saw HOPE as a chance to save money after having paid to send their son to a private high school. He had considered the University of Pennsylvania, but found that it was going to cost \$37,500 a year. “When I looked at the dollars and cents,” he said, “it didn’t warrant the additional outlay, when I was already from here. All other things being equal, HOPE certainly had an influence on me staying in state.”

While students and their parents tend to see HOPE in black and white terms, academic researchers are more likely to see shades of gray. They have crunched a lot of data and have come up with somewhat different conclusions: One is that HOPE has had only marginal success in improving access to college and improving academic achievement; the other is that HOPE has succeeded broadly in curbing the brain-drain of students to out-of-state colleges and has demonstrably improved academic performance within the state.

A team of researchers led by Cornwell and colleague David Mustard at the University of Georgia, for example, found that HOPE may have produced some “unintended consequences”: students taking fewer classes per term in order to delay their time to graduation; withdrawing from difficult classes at a higher rate; taking less difficult classes and majors, and taking more classes during summer school, when grades are typically higher.

Cornwell’s team also documented what it calls the “distributional inequity” of the “implicit” lottery tax, finding that counties in Georgia with relatively large shares of African Americans, low-income and/or poorly educated people spend relatively more on lottery tickets, thus bearing the largest share

of the lottery burden.

On the other hand, researchers at Georgia State University found in a study of HOPE scholarship “borderline” recipients that they take more courses, make better grades and are more likely to graduate in four years than their peers who didn’t get the HOPE. “That’s my definition of academic performance,” said GSU Professor Gary Henry, who headed the study.

Thomas Pavlak, associate director UGA’s Carl Vinson Institute of Government, does not agree with the notion that HOPE is a model of economic inefficiency. From his surveys of UGA students, he said, he is convinced that some of them wouldn’t have been able to attend college without HOPE, or would have gone out of state if they had been able.

“There’s a lot of these kids that, had they gone out of state, might have been lost to the state,” said Pavlak. “We had been importing educated talent for a decade (before HOPE). We had to develop our own native talent. So it’s been a good economic investment.”

While researchers may disagree on the economic or academic nuances of HOPE, the underlying debate is about merit versus need, and it is that issue that is most likely to create a furor if any major restrictions on the program are proposed.

Stripped to its essentials, the issue is whether it is good policy for lottery players to finance a college education for families who can afford to pay for it themselves, and who would do so anyway if the HOPE scholarship did not exist.

Georgia will spend more than \$441 million on HOPE in the next fiscal year, but has only one small need-based financial aid program, a federal-state matching effort called LEAP (Leveraging Educational Assistance Partnership).

“This is one of the great deals of all time for a middle- to upper-income, non-lottery-playing voter,” said Cornwell of the political appeal.

The argument for addressing need before merit is summed up by Gary Orfield, co-director of the Civil Rights Project at Harvard University, who wrote earlier this year in *Trusteeship*, the magazine of the Association of Governing Boards of Universities and

**Ten years after Georgia launched the HOPE scholarships, the nation’s most ambitious merit-based state college-aid program is becoming a victim of its own success.**



**U.S. Senator Zell Miller introduced HOPE scholarships when he was governor of Georgia.**

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**—Terry L. Faust,  
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that the federal government should be responsible for need-based aid and the states should be free to tailor their financial aid programs as they wish.

“It’s a scholarship, and if it’s a scholarship, students should not be punished because of their parents’ earnings,” said

Colleges, “Higher education’s paramount value must be equal opportunity. We must not allow our excellent system of higher education to become an instrument for perpetuating and reinforcing privilege.”

Those who favor a scholarship without regard to family income offer several rebuttals. Former Chancellor Portch, for example, believes

Portch, adding, “I’ve become rather tired of the needs-versus-merit debate, because I don’t think it’s an either-or debate. I think you have to have both.”

Henry, the Georgia State University professor, acknowledges that the HOPE program is “clearly inefficient from an economics standpoint,” because money is being paid to students who would otherwise pay for college themselves. But he contends that flaw is potentially offset by the greater levels of effort that students put out to get the grade point average they need.

“Economists say it’s inefficient, but public policies don’t always have to be efficient to be good public policies,” said Henry.

Efficient or inefficient, good public policies have to be paid for. That is the challenge facing Georgia officials as they assess HOPE, and there is no shortage of opinions on what needs to be done.

“Nationally, the state of Georgia gets beat up about not

## **UPDATE** **Georgia’s HOPE Scholarships**

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**S**INCE *NATIONAL CROSSTALK*’S last article about Georgia’s popular HOPE Scholarships (summer 2003), a number of changes have been made to keep HOPE spending within the bounds of the program’s funding source, which is the Georgia State Lottery.

In fall 2003, Governor Sonny Purdue appointed a commission to study the problem.

**In spring 2004, a  
commission appointed by  
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projected revenues.**

The following spring the commission reported that the funding required for the HOPE scholarship winners would indeed exceed the lottery’s projected revenues.

The commission recommended tightening eligibility rules. Georgia lawmakers agreed and enacted a series of changes. The changes were adopted on the last day of the 2004 legislative session, after what one education official politely

called a “contentious” debate.

The most important change was to take the compiling of high school grade point averages out of the hands of individual high schools and give it to the Georgia Student Finance Commission, which administers the HOPE scholarships, as well as other state scholarship and grant programs.

Some local high schools, wanting to help their graduates attain the 3.0 GPAs needed to be eligible for HOPE, did not count courses the students failed or dropped. And they were including such “soft” courses as physical education and driver training.

The rules set by the Student Finance Commission give credit only for “academic core” courses—English, mathematics, science, social science and foreign language. All “attempted” courses are counted, including those that students have failed or dropped.

As a result of these and other changes, the number of HOPE-eligible high school students has been reduced by about one-third. “The most significant change was the change in the GPA method,” said David V. Lee, vice president for strategic research and analysis for the Georgia Student Finance Commission.

HOPE is popular with campus officials.

“It enables a large percentage of our students to have their tuition paid,” said Ron Day, financial aid director at Kennesaw State University. About 7,000 of Kennesaw State’s 25,000 students hold HOPE scholarships.

Critics of merit-based financial aid programs remain skeptical about HOPE. “Nothing in the changes they made has altered the basic problems,” said Donald E. Heller, director of the Center for the Study of Higher Education, at Pennsylvania State University. “If anything, they push HOPE even more in the direction of a sop to the middle class.”

David Lee disagrees. In 2003-04, he noted, \$117 million in federal Pell grants went to students who held HOPE scholarships. “If we had a need-based system, I’m not sure we would see a larger pool of students,” Lee said.

Lee worries more about the program’s financial future. Although tightening the eligibility standards has reduced the number of students who qualify for HOPE, it is not a permanent solution.

“At some point, expenditures will again exceed revenues,” he warned, “and we’ll have to re-evaluate the program again.”

—William Trombley

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having need-based scholarship and grant programs,” said Nickel, who administers HOPE. She said Sonny Perdue, the current governor, wants to preserve HOPE, “but is also mindful of the costs, and recognizes we will have to do something to tighten up loopholes or whatever the issue may be, to make sure it stays there for the students who deserve it.”

Nickel says the issue of restoring some kind of income cap is likely to be studied, along with a variation on the theme. One possibility, she speculated, would be to give all B students an award—not tied to tuition—that they could use at any public or private college, with an additional amount going to students who have financial need.

One outsider who has studied HOPE, Donald Heller of Pennsylvania State University’s Center for the Study of Higher Education, said he would point Georgia officials toward Indiana’s 21st Century Scholars Program, which he called “a good program that gets it right in terms of need and merit.”

“If the concerns are reining in costs, if they really want to improve both the equity and efficiency of the program,” said Heller, “I think the best thing the state of Georgia could do is implement some form of means testing.” But, he acknowledged, “It’s not going to be politically popular.”

Heller also questions whether the 3.0 grade requirement for HOPE might be too high. “Is that GPA excluding people who could otherwise be successful in college and could really use the financial assistance in order to afford college?”

University of Georgia economist Cornwell said one thing the state could do is cut the HOPE award loose from tuition values. That link “automatically raises the claim on the funding source,” he said. “And it means the Georgia plan is going to eventually absorb all the lottery money.” Currently, about 36 percent of Lottery revenue goes to HOPE. Cornwell also suggests that the state put an expiration date on HOPE awards, as many other states have done. Currently HOPE eligibility covers up to 127 credit hours, but there is no limit on how long a student can take to amass those credits.

Suzanne Buttram, director of student financial aid at Georgia College & State University, said the easiest solution is to “get back to basics where HOPE began—tuition and fees for Georgia residents.”

Buttram, who questions the wholesale fashion in which other targeted scholarships have been added to the HOPE program, said she would look first at cutting the book allowance, which now totals \$150 per semester.

Portch said there is a quick and simple fix for HOPE. “It’s a no-brainer: You take the fees out of it. A scholarship that covers tuition is perfectly adequate. Adding fees to it is not necessary, long term, and that would have a very significant savings. There doesn’t seem to me to be an overriding rationale for it supporting anything but tuition.”

Faust, the director of financial aid at Kennesaw State, said the “word on the street is that somebody’s going to have to go out there and restrict expenditures. The only way you can do that is tighten up on eligibility or restrict some benefits. I don’t know who’s got the guts to stand up and say we’ve got to do it. It’s a political hot potato—but something has to be done pretty soon or we’re going to see some real serious budgetary problems.”

U.S. Senator Miller, the man who conceived HOPE, said he is reluctant to give advice on how to stabilize the program, but speculated nonetheless. He said the original intent behind having a state lottery was to give priority to funding a pre-kindergarten program and the HOPE scholarship, and that funding a technology program was something that could be done later, or not at all. “I always thought you’d have to come back and do away with it (the technology program),” he said.

“It might be educational to look at how it was built incrementally as you begin to think about changes,” Miller added. “We built it step by step as we could afford it. As more students are covered, and therefore you can’t cover them as well, perhaps you could look at going back in increments, just like we raised it in increments.

“It was not born full-grown.” ♦

Don Campbell is a freelance writer and a lecturer in journalism at Emory University.

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