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Georgia's HOPE Scholarship Program after 18 Years: Benefits, Unintended Consequences, and Changes

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Since its inception in 1993, Georgia's HOPE Scholarship Program has provided thousands of state residents the opportunity to pursue a college education. This study examines the history and recent changes to the merit-based program along with interesting consequences resulting from its implementation. This study demonstrates how the program has thrived and continues to grow because of its role in encouraging students to perform better academically in high school and by increasing enrollment at state institutions of higher education.

In June 2011, Georgia's HOPE (Helping Outstanding Pupils Educationally) merit-based Scholarship Program turns 18 years old. Started in 1993, HOPE is the idea of former Governor Zell Miller. The program has not only survived, countering predictions made by its detractors and opponents, but has, in fact, thrived. The purpose of this essay is to synthesize research that has been conducted on the HOPE Scholarship Program and to examine the benefits, consequences, unexpected outcomes, and changes made to HOPE as a result.

The HOPE Scholarship Program

History

The HOPE Scholarship Program was both conceived and named by former Governor Zell Miller. The scholarship program, as envisioned by Governor Miller, was to be funded by proceeds from a state lottery. Soon after his inauguration in 1991, Governor Miller called for a statewide referendum on an amendment to the state's Constitution authorizing the establishment of a lottery. The resolution to place the proposed amendment before Georgia voters passed both the Georgia House and Senate overwhelmingly. On November 3, 1992, the voters of Georgia narrowly (52% - 48%) approved the amendment authorizing the establishment of a state lottery (Eby-Ebersole, 1999).

According to Fatimot Ladipo (2007), legislative liaison of the Georgia Student Finance Commission (GSFC), the objectives of the HOPE Scholarship Program are twofold:

- increase academic performance and quality of Georgia's high school students, and
- decrease the number of high-achieving students leaving Georgia to attend more "elite" schools in other states

Ms. Ladipo remarked that both objectives have been achieved. Additionally, according to the Georgia Department of Audits and Accounts (2011), over 1.2 million HOPE scholarships and grants have been awarded to Georgia students since 1994. The value of these scholarships and grants is over \$5.3 billion.

Qualifying for HOPE

Georgia students, who graduate from high school with at least a 3.0 Grade Point Average (GPA) on a 4.0 scale, are eligible for the HOPE Scholarship Program if the students attend any one of the University System of Georgia's (USG) 34 two and four year colleges and universities. In addition, if an eligible student desires instead to attend one of Georgia's 37 private two- and four-year colleges and universities, he or she could receive an annual HOPE scholarship of up to \$4,000 (Carnes, 2011).

Published Research on HOPE

Although the HOPE Scholarship Program started in 1993, little scholarly research was published on it before 1999. Since 1999, however, a steadily growing body of research has emerged examining many different aspects of the program. Published research on the HOPE scholarship includes such topics as HOPE program attrition, high school grade inflation and grade manipulation, effect on the Pell Grant and other need-based scholarships, the presence of income redistribution associated with the Georgia Lottery and HOPE, impact on the quality of course-taking behavior, the consequence of qualifying for and then losing access to the program, and whether the program caused higher education institutions to raise tuition, fees, and living expenses. A thorough literature review revealed that, in general, scholarly research that focuses specifically on the HOPE Scholarship Program and its outcomes has been published about once per year since 1999.

HOPE Attrition

The earliest published scholarly research on the HOPE Scholarship Program was by Dee and Jackson (1999), who investigated student attrition from the program. Statistics indicated that roughly half of HOPE recipients lost their scholarship during their first year of studies. Dee and Jackson examined unique student-level data from first-year students at the Georgia Technical Institute in an attempt to determine student characteristics that relate to HOPE program attrition. The results of their research revealed that student race or ethnicity was not significant as indicators of attrition; rather, they found "large, robust, and statistically significant links between students' courses of study and their success at retaining HOPE Scholarships" (p. 389). Students who were majoring in the sciences, engineering, and computing disciplines were 21% to 51% more likely to lose their HOPE funding than similarly-qualified students in other disciplines. The authors concluded that students who selected more challenging courses of study were unfairly financially punished, possibly discouraging future students from selecting curricula in which increased risks existed for HOPE scholarship attrition.

HOPE's Impact on High School Educational Quality

By setting minimum eligibility standards, HOPE seeks to improve high school and college education by encouraging students to achieve a 3.0 GPA. In 2002, a study by Henry and Rubenstein established that the merit-based aid made accessible by the HOPE Scholarship Program had improved the quality of education for students planning to attend college and had made educational outcomes across ethnic groups more equitable. They also concluded that more students achieved a 3.0 high school GPA each year since the inception of HOPE. Finally, they noted that both female and male African American students responded most strongly to HOPE's merit-based aid incentive by increasing their average Scholastic Assessment Test (SAT) scores by over 20 points.

HOPE and the Georgia Lottery

Rubenstein and Scafidi (2002) researched the entire program by attempting to determine who funds the lottery and who benefits from the lottery-sponsored HOPE Scholarship. Their research revealed that spending on Georgia Lottery products showed an inverse relationship between funders and beneficiaries of HOPE. As a percentage of income, lower-income nonwhite households purchased more lottery products and received fewer HOPE Scholarship Program benefits, while the opposite was true for higher-income white households. This finding suggested that the HOPE Scholarship Program itself and patterns of spending on lottery products demonstrated a regression of net benefits and that HOPE scholarships accrued disproportionately to certain demographic groups in Georgia.

In research similar to the Rubenstein and Scafidi (2002) analysis of payers and users of the HOPE Scholarship, Campbell and Finney (2005) investigated whether certain Georgia localities obtained more HOPE scholarships than would be expected, thereby reducing the observed disproportionate redistribution of lottery-funded scholarships. Their results indicated that some of the poorer and African American counties were able to secure more HOPE scholarships than would have been expected. The authors further theorized that these counties influenced local grading standards by engaging in excessive grade inflation. The authors concluded that "...low-cost, local pressure - however manifested - allows greater access to HOPE scholarships, hence returning more lottery revenues than one would otherwise expect" (p. 756).

HOPE and High School Grade Manipulation

Because the HOPE scholarship is merit-based, eligibility is based on high school GPA. In 2003, Bradbury and Campbell reviewed whether local school districts, because of the subjective nature of assigning grades, were lowering academic standards and rewarding higher grades to students so more would qualify for HOPE scholarships. They concluded that systemic grading differences across counties existed and suggested that there was grade manipulation in some county and district high schools to increase the number of their graduates earning HOPE scholarship eligibility.

HOPE and College Financial Aid Behavior

Consistent with the theory that the introduction of Medicare in 1966 ultimately produced higher health care costs, Long (2003) discovered that the introduction of the HOPE scholarship in 1993 increased the cost of higher education, especially in the category of student charges. The cost increases were particularly pronounced in private institutions. Increased student tuition and fees resulted in a reduction of the scholarship's intended benefit and the expansion of the cost of higher education for HOPE scholarship non-recipients.

Receiving Then Losing HOPE in College

Henry, Rubenstein, and Bugler (2004) compared a cohort of HOPE scholarship non-recipients, all of whom matriculated into college with a GPA slightly below 3.0, with a borderline cohort of HOPE recipients, all of whom matriculated with GPAs of 3.0 or slightly above. Results of their research revealed that the HOPE recipients accumulated more credit hours, attained slightly higher GPAs, and were more likely to graduate after four years of college than the HOPE non-recipients. Interestingly, they also discovered that 70% of the entire cohort of HOPE freshman recipients at a USG institute lost their HOPE scholarship eligibility after attempting 30 quarter hours. Ultimately, only 13% of the freshman cohort maintained the scholarship for four years.

HOPE and Student Academic Behavior

Promoting academic achievement is one of the goals of Georgia's merit-based HOPE Scholarship Program. The requirement to maintain a 3.0 GPA through college in order to maintain HOPE eligibility may have elicited undesirable academic behavior when a student faced the potential loss of HOPE eligibility. Cornwell, Lee, and Mustard (2005) found that HOPE reduced full-time credit-load enrollments, boosted course withdrawals, and increased the number of students taking summer term courses either to repeat course work or to catch up in the academic program. The authors stated that summer term grade distributions were "significantly" more generous than other terms and therefore conducive to such behavior (p. 902).

HOPE's Effects on Need-Based Aid

Past empirical evidence suggested that merit-based aid programs, such as HOPE, exhibited robust enrollment outcomes, while need-based aid programs, such as The Federal Pell Grant, produced outcomes that were not as striking and "insignificant" (Singell, Waddell, & Curs, 2006, p.79). Their research found that the availability of the HOPE scholarship improved college access for needier students and, in fact, a synergistic effect occurred whereby needier students received increased Pell assistance. In addition, the authors discovered that, despite predictions to the contrary, Pell recipients were not being excluded from Georgia's more selective colleges as a result of HOPE's goal of retaining the best Georgia high school students.

Analysis of the Research

After an examination of peer-reviewed published research conducted on the HOPE Scholarship Program to date, a number of benefits, both expected and not expected, and several unanticipated consequences have emerged throughout the 18 year history of the program. This section of the report will first present the benefits and the unplanned outcomes, followed with a description of the most recent changes made to the HOPE Scholarship Program.

Benefits

Students who had borderline GPAs of 3.0 or a slightly above, and who were therefore eligible for the HOPE scholarship, narrowly outperformed their peers whose GPAs were just below the minimum standard required for HOPE eligibility (Henry et al., 2004). Borderline students who attended four-year institutions and who were able to maintain HOPE eligibility in college were more likely to graduate in four years than their non-recipient peers. This suggested that a certain number of borderline students who, in the past, might not have persisted to graduate upon completion of four years, now did.

The appeal of the HOPE scholarship to families has resulted in a 30% increase in residential construction on the Georgia side of metropolitan statistical areas that share a border with a neighboring state (Bradbury & Campbell, 2003). For example, along the Savannah River, which forms the Georgia-South Carolina border, people with children have chosen to settle on the Georgia side of the river and have caused property values to rise at a higher rate than property values on the South Carolina side (Greene, 1997). This phenomenon also has brought with it jobs and increased tax bases to the Georgia counties that have experienced the influx of new residents.

The HOPE scholarship's merit-based financial aid has improved the education quality of Georgia's college-bound high school graduates (Henry & Rubenstein, 2002). Research has determined that an increasing number of Georgia high school students have attained a 3.0 GPA and have increased their Scholastic Aptitude Test scores, suggesting that grade inflation has not affected grading standards at the high school level. In addition, the same study has found that both male and female African American students have responded most strongly to HOPE's grade incentives.

Recent research suggested that the presence of HOPE scholarship merit-based aid has not only improved needy students' access to college but has also increased the presence of Pell Grant recipients at two-year and less selective four-year institutions (Singell et al., 2006). Consequently, the research rejected the notion that HOPE harmed Pell Grant recipients' opportunities at the most selective institutions, and suggested that needy students have benefited from HOPE on the same level as less-needy students.

Research conducted by the Andrew Young School of Policy Studies at Georgia State University revealed that, since 1993, more college-bound high school seniors have taken more advanced or more college preparatory

courses, such as physics, calculus, and four years of mathematics (Jaschik, 1999). Also discovered was an increase in the percentage of students who took Advanced Placement courses, which indicated that the presence of HOPE has induced high school students to seek out more academically rigorous courses.

For African Americans, HOPE significantly increased enrollment at four-year institutions, which jumped 24% between 1993 and 1998 (Wright, 2001). In addition, African American enrollment expanded by 12% at private colleges.

HOPE, according to former University of Georgia president Dr. Charles Knapp, has "...begun to transform Georgia into a state with an education culture. HOPE sends a message to primary and secondary schools that education is important" (Spaid, 1997, p. 3). Supporting Dr. Knapp's comments, the HOPE scholarship has enabled Georgia to retain many of its brightest high school graduates who otherwise would have enrolled in universities and colleges in other states.

Unintended Consequences

There have been a number of outcomes resulting from the HOPE Scholarship Program that were not anticipated. For example, Dee and Jackson (1999) discovered that Georgia Institute of Technology students, who had enrolled in more difficult degree courses of study, such as the sciences, engineering, and computer science, were 21% to 51% more likely to lose their scholarship eligibility than students in less difficult courses of study. This disparity could have discouraged students from seeking scientific and technical degrees that are highly desired in the workplace and needed in the workplace of the future Georgia.

Spending on the Georgia Lottery has been found to be unevenly distributed among certain groups. Rubenstein and Scafidi (2002) found that nonwhite lower-income households spent a higher proportion of their income on lottery products whereas a greater number of white higher-income households spent less. This discrepancy suggested that higher-income households received a proportionately greater share of HOPE's benefits than lower-income households. Other research has shown that poorer counties and counties more heavily populated by African Americans were able to mitigate some of the unequal redistribution of lottery benefits; they influenced local grading standards by engaging in grade inflation (Campbell & Finney, 2005). This mechanism returned more scholarship benefits to poorer counties than might otherwise have been expected.

Significant Changes to HOPE

In 2007, there were major adjustments made to HOPE Scholarship Program eligibility – students must now earn a 3.0 GPA to qualify. Before the adjustment, students needed only an 80% average to qualify (using a 60 – 100 scale). There were, however, problems with this formula as a student could receive four "Cs" (i.e., 79, 79, 79, and 78) and a high "A" (i.e., 99) from five classes and still qualify for HOPE, earning an 83% average,

for example. The consequence of this formula was that too many students, who perhaps shouldn't have, received HOPE scholarships. Under the new requirement, students must achieve a 3.0 GPA to qualify. The same four "Cs" and a high "A" student used in the previous example would have earned a 2.4 GPA and would not have qualified under the new HOPE requirements. According to Ladipo (2007), since this new policy was implemented at the beginning of 2007, about 33% fewer students have been eligible.

July 2008 brought additional changes to the HOPE Scholarship Program according to GSFC.org (2011). The first of these was that students who attended private colleges in Georgia were eligible to receive a reduced maximum amount of \$3,500 scholarship per academic year. With the implementation of Georgia Senate Bill 492, the residency requirements for students who did not graduate high school as a Georgia resident increased to 24 months to be eligible for the HOPE Scholarship Program. Another change to the program permitted students who were not previously eligible for the HOPE Scholarship a chance at eligibility by scoring in the 85th percentile on either the SAT or ACT examinations. Expanded eligibility included students who were home schooled, ineligible high school graduates, and those who successfully completed the General Educational Development (GED) requirements. This change was a result of the implementation of Georgia House Bill 152.

Recent Changes to HOPE

Rising tuition costs and enrollment growth combined with flat lottery revenues during the last few years have induced spending on HOPE scholarships to exceed revenues contributed by the Georgia Lottery (Williams, 2010). The GSFC had forecasted a HOPE scholarship program deficit of \$243 million for the 2010-2011 school year, and a \$317 million shortfall in 2012 (Applerouth, 2011). In order to shore up the program so that HOPE remains fiscally viable into the future, on March 15, 2011, Governor Nathan Deal signed legislation, which limits HOPE and raises standards for the top scholarship recipients. Examples of changes to the program included the discontinuation of reimbursement for books and mandatory fees and a reduction of the amount of tuition paid from 100% to 90%. Further, increases in tuition after a student's freshman year will now be borne by the student. Only students who graduate from high school with a 3.7 GPA, or who serve as valedictorian or salutatorian of their high school classes, will be eligible for the new "Zell Miller Scholarship," which pays 100% of tuition. The Zell Miller scholars must also score 1200 on the SAT Math/Reading score or 26 on the ACT, and maintain a 3.5 GPA to keep tuition coverage at 100% (Carnes, 2011).

Other changes of note include tying scholarship funding to lottery revenue rather than to tuition increases, limiting students whose college GPA falls below 3.0 to only one opportunity to regain the scholarship, and mandating that high school students complete more challenging courses to be eligible for HOPE (Carnes, 2011).

Conclusion

The HOPE Scholarship Program has been a tremendous asset to the state of Georgia. The program has been so successful that other states have attempted to model their own programs after it. According to Heller and Marin (2004), fourteen additional states adopted similar merit-based scholarship programs. The program is solvent and has already funded over a million scholarships and grants. It has also brought awareness of the importance of higher education to the residents of Georgia. When problems or inequities with the program have been identified, the legislative branch has been quick to address them and the executive branch quick to implement the remedies. Most important, HOPE has provided the opportunity for every Georgia student to attend college or technical school and has provided parents the chance to see their children earn post-secondary school degrees without overburdening families with college costs.

We believe that scholarly research should continue to analyze all aspects of HOPE and its funding mechanism, the Georgia Lottery. Georgia lawmakers must diligently continue adjusting the program as situations warrant. High schools must be held accountable for the level of education preparedness of their graduates so that as many as possible qualify for and maintain HOPE scholarships. Institutes of higher education, both public and private, must not be allowed to take advantage of the presence of HOPE by artificially raising costs. Finally, the state must continue to market the HOPE program, making sure that all Georgia parents and students are aware of it early on and understand how to qualify for it.

Perhaps putting the HOPE Scholarship Program into perspective, Ladipo (2007) remarked that “Zell Miller’s program changed the education culture in Georgia by bringing the conversation regarding higher education to the kitchen table.” The momentum developed as a result of these kitchen table conversations must continue well into the future.

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