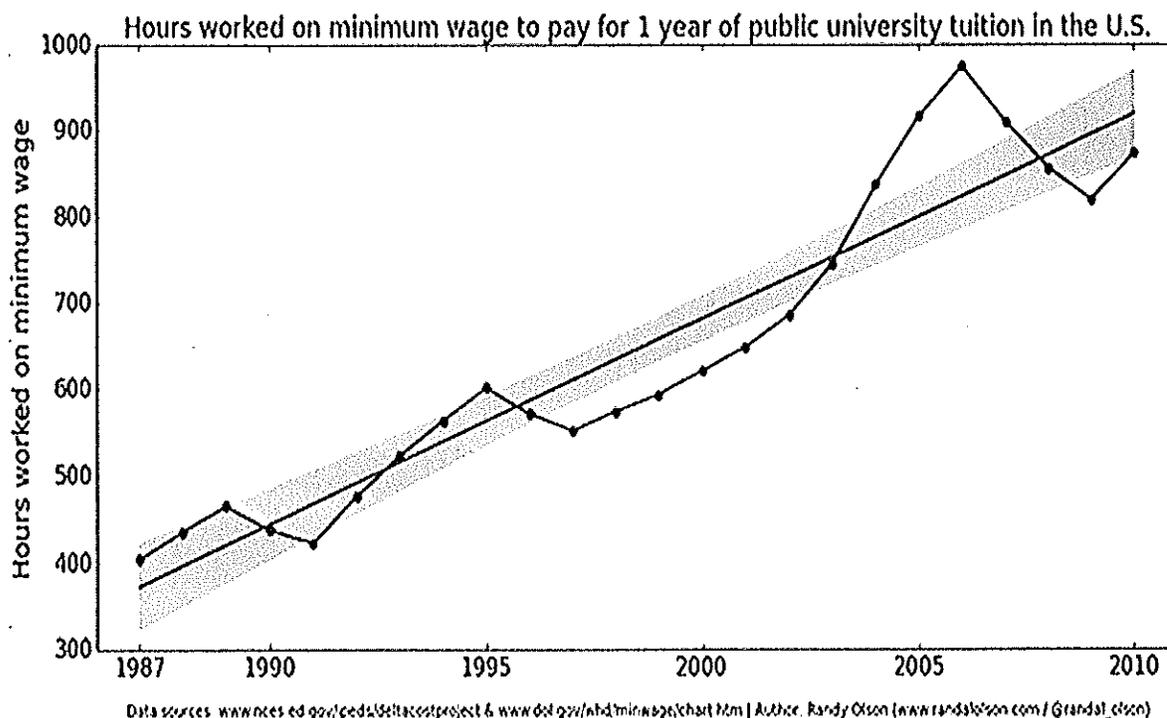


Myth of Working to Pay For College

- “Roughly 80%, or **4 out of 5 of College students work at least part time.**” [Market Watch, 2013]¹
- “The average college student, without support from financial aid and family resources, would need to complete **48 hours of minimum-wage work a week to pay for his courses...**” [The Atlantic, 4/1/2014]²
- “The average student in 1979 could work **182 hours (a part-time summer job)** to pay for a year's tuition. In 2013, it took **991 hours (a full-time job for half the year)** to accomplish the same.” [The Atlantic, 4/1/2014]
- “This is *only considering the cost of tuition*, which is hardly an accurate representation of what students actually spend for college. According to the College Board, **average room and board fees** at public universities today exceed tuition costs by a little more than 100 percent.” [The Atlantic, 4/1/2014]



¹ <http://www.marketwatch.com/story/nearly-4-out-of-5-students-work-2013-08-07>

² <http://www.theatlantic.com/education/archive/2014/04/the-myth-of-working-your-way-through-college/359735/>

- “Students are **working an average of 30 hours a week**, Georgetown researchers found. But about **25 percent of working students are simultaneously employed full-time and enrolled in college full-time.**” [CNBC, 2015]³
- “The additional workload won’t typically generate enough income to foot the full bill at most schools. A **student working full time at the federal minimum wage would earn \$15,080 annually before taxes.**” [CNBC, 2015]

³ <http://www.cnbc.com/2015/10/29/more-college-students-are-working-while-studying.html>

Student Loans Overview¹

Stafford Loans

Stafford Loans are more common than Perkins Loans, the other type of federal student loans. Money for these loans comes directly from the federal government in a program called the Federal Direct Student Loan Program (FDSLP).

There are two types of Stafford Loans: subsidized and unsubsidized. The type helps determine your interest rate and maximum loan amount.

Subsidized Stafford Loans

If your loan is subsidized, you won't be responsible for making any payments until after you graduate. Your interest rate typically should be at or below 6.8 percent. The government pays your interest for you while you're in school.

Subsidized loans are reserved for students who can demonstrate a financial hardship. Most go to students whose families' annual incomes are below \$50,000.

If you're an undergraduate, the maximum annual amount of a subsidized loan depends on your year in school. You cannot accrue more than \$23,000 in subsidized Stafford Loans throughout your undergraduate studies.

If you're a graduate student or medical student, your yearly loan amount is capped at \$8,500. Graduate students and medical students can't borrow more than \$65,500 in total, including their undergraduate subsidized loans.

Unsubsidized Stafford Loans

If you have an unsubsidized loan, you're responsible for paying off all the interest. Interest builds up at a fixed rate of 4.66 percent while you're in school, but payments are typically deferred — or postponed — until after you graduate. All students are eligible for this type of loan.

Your annual Stafford Loan limit ranges from \$5,500 to \$12,500. You are eligible for a larger loan if you are later in your education or if you're financially independent. If you're financially dependent but your parents are ineligible for Parent PLUS loans, you're permitted the same maximum loans as if you were independent.

¹ <https://www.debt.org/students/types-of-loans/>

These loan caps are for both subsidized and unsubsidized loans combined. This means that if you're given a large subsidized loan, you are only eligible for a smaller unsubsidized loan. Likewise, if you have a small subsidized Stafford Loan or none at all, your unsubsidized loan can be larger.

If you're a graduate student, you have a higher annual limit of \$20,500. In total, your undergraduate and graduate Stafford Loans cannot exceed \$138,500.

Or if you're a medical student, you have the highest limits. You may borrow up to \$40,500 annually and \$224,000 in total.

Perkins Loans

Perkins Loans are more desirable than Stafford Loans and have more stringent eligibility rules.

Perkins Loans have a fixed interest rate of 5 percent. They are all subsidized, so the government pays any interest accrued while you're in school and for a short period after you graduate.

Because of their favorable terms, Perkins Loans are reserved for students who show exceptional financial need.

These loans are funded by the government but disbursed by each individual college or university. The federal government distributes a limited amount of funds to each school, and the school determines which students to lend to.

As with Stafford Loans, students can only borrow a certain amount through Perkins Loans.

Eligible undergraduates may borrow up to \$5,500 in Perkins Loans annually, for a total of \$27,500.

Graduate students may borrow up to \$8,000 annually. The total cap is \$60,000 and is based on both undergraduate and graduate Perkins Loans.

PLUS Loans

PLUS loans are available for both parents and graduate students. Parent PLUS loans are for parents of dependent undergraduate students, and Grad PLUS loans are for graduate students themselves.

As with other education loans, PLUS loans are funded directly by the federal government. But unlike traditional student loans, they have no maximum amounts and can be used to cover any education costs not covered by other financial aid. They have a fixed interest rate of 7.21 percent.

Private Education Loans

Private education loans, also called alternative education loans, are an option for students and parents when other sources of financial aid do not fully cover the cost of school.

As the name suggests, these loans are provided by private lenders and do not use government funding. Because of this, private education loans more closely resemble personal loans than student and parent loans.

Your eligibility and interest rate depend on your credit history. Your interest rate is typically higher than with federally guaranteed education loans, but lower than with other debts like credit card debt.

Specific borrowing terms vary by lender.

State of Student Loans

- As of January 2015, Georgia ranks **9th in the nation for students with an outstanding student loan balance**, with **1,454,000 students**. [Whitehouse.gov]²
 - That represents **\$44,263,989,000.00**. [Whitehouse.gov]
 - That's an average of **\$30,442.90 per student**. [Whitehouse.gov]
- Georgia is **ranked 2nd in debt per student** – only following DC. [Wall Street Journal, 2015]³
- “About **59 percent of Georgia students graduate with some kind of loan debt**.”⁴ [AJC, 2015]

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https://www.whitehouse.gov/sites/default/files/docs/state_by_state_number_of_borrowers_and_outstanding_balance_final.pdf

³ <http://blogs.wsj.com/economics/2015/03/10/the-average-student-debt-load-in-d-c-is-a-whopping-40885/>

⁴ <http://www.ajc.com/news/news/white-house-georgias-state-most-average-student-de/nkTX7/>

HOPE and Zell Miller Scholars at UGA and Georgia Tech

At UGA there 27,547 undergraduates enrolled for the fall of 2015.

- Of those, **19,680, or 71%, receive a HOPE or Zell Miller Scholarship**
 - 8,339 students or 30%, receive Zell Miller Scholarships
 - 11,341 students, or 41%, receive HOPE Scholarships

At Georgia Tech 15,142 undergraduates enrolled in Fall 2015.

- Of those, **5,905, or 39%, receive a HOPE or Zell Miller Scholarship**
 - 2,271 students, or 15%, receive Zell Miller Scholarships
 - 3,634 students, or 24%, receive a HOPE Scholarships

Of FY2015 HOPE Scholarship students, 13,363 (13.4%) attended UGA and 2,838 (2.8%) attended GA Tech.

Of FY2015 Zell Miller Scholarship students, 7,653 (41.7%) attended UGA and 3,581 (19.5%) attended GA Tech.

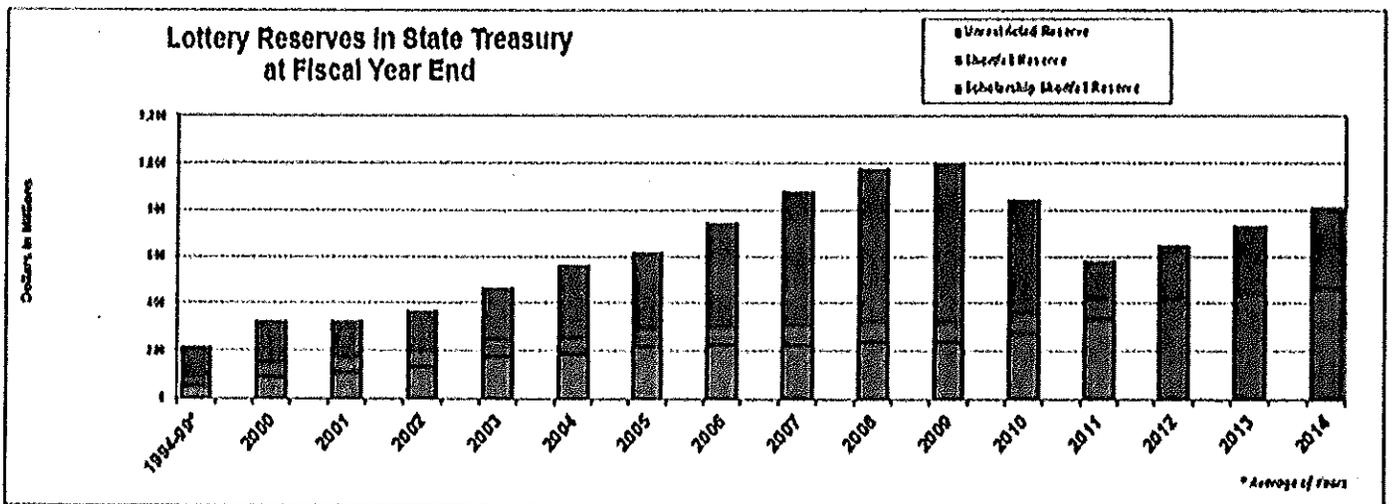
- Thus, **61.2% of Zell Miller Scholars are attending the most expensive schools.**

UNRESTRICTED SHORTFALL RESERVE

WHAT IS IT?

“Prior to 2011, the state maintained 2 reserve accounts: the Lottery shortfall reserve account (10% of prior year lottery collections) and the Scholarship Shortfall Reserve (50% of prior year scholarship/loan expenditures). All other remaining funds were deposited into the unrestricted reserve after the requirements of the other two reserves were met.

After 2011, the state maintained a single shortfall reserve requirement of 50% of net deposits into the lottery for education account. Any funds above that amount are maintained in the unrestricted reserve.”¹



Lottery Reserves in State Treasury at Fiscal Year End

	Average 1994 - 1999	2000	2001	2002	2003	2004	2005	2006
Scholarship Shortfall Reserve								
Shortfall Required	\$ 24,402,251	\$ 88,166,661	\$ 119,084,478	\$ 138,644,292	\$ 118,803,360	\$ 168,158,757	\$ 216,014,253	\$ 223,226,738
Governor's Request	27,116,735	0	0	0	0	0	0	0
Scholarship Total	52,519,046	88,166,661	119,084,478	138,644,292	118,803,360	168,158,757	216,014,253	223,226,738
Shortfall Reserve	42,380,127	44,678,500	69,382,740	69,167,260	72,420,260	15,155,700	78,269,240	60,208,300
Unrestricted Reserve	115,484,110	167,301,368	164,587,357	162,319,476	215,005,717	235,481,567	318,640,765	410,784,331
Total Reserves	\$ 269,381,554	\$ 320,742,329	\$ 322,974,335	\$ 365,431,272	\$ 462,435,317	\$ 559,346,624	\$ 613,034,218	\$ 744,713,465
Scholarship Shortfall Reserve								
Shortfall Required	\$ 227,245,246	\$ 235,444,428	\$ 233,710,312	\$ 272,333,447	\$ 332,256,382	\$ 0	\$ 0	\$ 0
Governor's Request	0	0	0	0	0	0	0	0
Scholarship Total	227,245,246	235,444,428	233,710,312	272,333,447	332,256,382	0	0	0
Shortfall Reserve	82,213,661	85,364,087	85,835,560	84,116,705	88,388,235	423,653,000	458,444,000	463,733,000
Unrestricted Reserve	569,613,783	652,423,771	672,350,635	482,213,422	168,033,716	220,767,612	263,343,132	347,833,465
Total Reserves	\$ 819,138,430	\$ 913,238,266	\$ 930,551,917	\$ 843,354,814	\$ 599,619,093	\$ 663,820,612	\$ 736,907,132	\$ 811,638,465

¹ Source: House Budget and Research, 2/10/2015

HOW MUCH IS IT GROWING?

Since the 2011 transition to a strong shortfall reserve that consists of 50 percent of the previous year's net proceeds, the **Unrestricted Reserve** has grown at an average of **\$63,600,000**.

- **Between FY 2014 and FY 2015** alone the Unrestricted Reserve grew **\$64,565,166.20**³

WHO CONTROLS THE FUNDS?

According to the State Auditor, the General Assembly does:

- "In addition, after providing for the restricted reserves shown above, any **Unrestricted Reserve** which remains in the Lottery for Education account at the Office of the State Treasurer is available for appropriation by the General Assembly."⁴

³ Georgia Revenues and Reserves Report – FY Year Ended June 30, 2015, page 7.

⁴ Georgia Lottery Selected Summary Financial Information from Inception through Fiscal Year Ended June 30, 2013, Page 6.