



Higher Education

Contains Recommendations*

Inclusive Post-Secondary Education

Contains No Recommendations

Tuition Equalization Grant

Exemption on the Sale of Lottery Tickets

Georgia Military College

Higher Education Cost Drivers

Coin-Operated Amusement Machines Sales Tax Exemption

*Until the follow-up review is completed, the recommendation status is based on the most recent agency update to DOAA. The status is subject to change.



Performance Audit Division

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Inclusive Post-Secondary Education

Requested information on IPSE program components and coordination

BACKGROUND

The House Appropriations Committee requested this special examination of Inclusive Post-Secondary Education (IPSE) programs. The Committee asked that we examine IPSE admissions, academics, social integration, internships, and outcomes, as well as program staffing and accountability.

In 2008, federal legislation provided grant funding to establish post-secondary programs for students with intellectual disabilities. Georgia’s first IPSE program began in 2009. Over time, IPSE expanded to include programs at 10 institutions.

Institution	Enrollment (Spring 2025)
Albany Technical College	10
Berry College	<10
Columbus State	<10
East Georgia State	<10
Georgia College & State University	<10
Georgia Southern	13
Georgia State	27
Georgia Tech	36
Kennesaw State	38
University of Georgia	11

* Numbers less than 10 omitted for confidentiality.

In fiscal year 2025, state funding for IPSE programs totaled approximately \$550,000. Since 2024, the state has provided a grant for IPSE students at public institutions to help cover tuition and fees. Grants totaled \$1.5 million in academic year 2025.

KEY RECOMMENDATIONS

GCDD should:

- Improve its oversight of IPSE programs; this includes clarifying contract language and conducting additional monitoring.
- Improve data collection practices to better assess program effectiveness.

Albany Technical College should:

- Work with GCDD to ensure the LEAP program meets minimum standards for IPSE programs.

KEY FINDINGS

Inclusive Post-Secondary Education (IPSE) programs provide students with intellectual disabilities academic and social experiences in a college environment. Most programs in Georgia align with key best practices, although we identified issues at one program. To ensure programs meet minimum standards and follow best practices, the Georgia Council on Developmental Disabilities (GCDD) should improve its oversight.

Georgia’s IPSE programs differ in their approaches but generally fulfill key components of the IPSE model.

- IPSE programs in Georgia are designed to support students with intellectual disabilities in achieving academic, career, and independent living goals.
- Program structures vary but most fulfill statutory requirements and incorporate key best practices.
- Programs require students to take inclusive courses with non-disabled peers and typically require internships and social involvement outside the program. Peer mentors generally provide academic support and assist with socialization as needed.

GCDD could improve oversight to ensure IPSE programs meet minimum standards and achieve intended outcomes.

- GCDD plays a role in funding and overseeing IPSE programs, but it has historically provided limited oversight.
- Contract language lacks clarity in key areas, monitoring and data collection have been inconsistent, and stakeholder feedback mechanisms are underutilized.
- The oversight weaknesses have limited GCDD’s ability to assess program effectiveness and contributed to issues identified during our audit.
- GCDD recently began to address these issues, but further improvements are needed to ensure programs have the desired impact.

Issues at one program likely signal noncompliance with the IPSE model.

- Albany Technical College’s Leveraging Education for Advancement Program (LEAP) exhibited several differences from other Georgia IPSE programs. These differences raise concerns about LEAP’s compliance with IPSE requirements and best practices.
- LEAP does not provide the same level of inclusion with students outside the program—LEAP students take inclusive academic courses, but most program time occurs in a segregated setting.
- LEAP does not have internships or peer mentors, which are standard in other IPSE programs. Career development is limited to informal job shadowing, and students have few opportunities for social development.
- We identified evidence of LEAP’s issues with career development and socialization in its past quarterly reporting; however, GCDD either did not identify or did not address them.

Inclusive Post-Secondary Education
Final Status Pending – Follow-Up Review will be completed in 2028

Finding 1: GCDD is implementing new policies and procedures but should take additional steps to improve IPSE monitoring.	
GCDD is implementing new policies and procedures but should take additional steps to improve IPSE monitoring.	Status Pending
GCDD should adjust IPSE reporting to better verify CTP requirements are being met.	Status Pending
GCDD should continue with plans to solicit program feedback and consider how to best coordinate the use of such feedback.	Status Pending
GCDD should review IPSE best practices to identify any other critical components that should be added to program contracts and monitored for compliance.	Status Pending
Finding 2: Issues within Albany Tech’s program likely signal noncompliance with the IPSE model.	
GCDD should evaluate Albany Tech’s LEAP program to identify deficiencies and ensure changes are made to meet minimum criteria.	Status Pending
Albany Tech should work with GCDD to ensure the LEAP program meets minimum criteria.	Status Pending
Finding 3: The admissions process to identify applicants who will be successful in the program is generally similar across IPSE programs.	
No recommendations included	
Finding 4: IPSE programs generally provide similar academic experiences that meet requirements for inclusion.	
No recommendations included	
Finding 5: IPSE programs have similar goals for job training and social development, but implementation varies based on resources, institutional support, and location.	
No recommendations included	
Finding 6: GCDD does not sufficiently monitor data to assess IPSE program exit outcomes, including employment.	
GCDD should better track employment for at least 90 days after graduation, as well as other exit outcomes across programs.	Status Pending
GCDD should routinely aggregate completion, employment, and continuing education trends and identify outliers. GCDD should communicate with programs as necessary if data shows areas of concern.	Status Pending
Finding 7: IPSE programs foster skills such as independence and self-determination, but these areas are not consistently monitored.	
GCDD should consider how to best support programs interested in further developing ways to demonstrate growth or outcomes related to independent living.	Status Pending
GCDD should evaluate programs’ work related to independent living as part of its site visits and other routine monitoring.	Status Pending

Inclusive Post-Secondary Education
Final Status Pending – Follow-Up Review will be completed in 2027

Finding 8: Program staffing levels vary by institution.

No recommendations included

Finding 9: IPSE programs face obstacles in securing GVRA support.

GVRA should improve internal communication on IPSE to make the support process easier. **Status Pending**

GVRA should evaluate the amount paid for IPSE services and consider whether it should be increased. **Status Pending**



Performance Audit Division

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Tuition Equalization Grant

Requested Information on the Grant's Purpose and Impact

BACKGROUND

The Senate Appropriations Committee requested this special examination of the Tuition Equalization Grant (TEG). Based on the request, we reviewed trends in TEG enrollment, fields of study, and education outcomes. We also evaluated TEG's impact on student costs, as well as employment outcomes for TEG recipients. Finally, we reviewed TEG's provisions in comparison to other financial aid programs in supporting workforce needs.

TEG was created in 1971 to provide financial assistance to Georgia residents attending in-state, independent institutions. Recipients must be enrolled full-time at an approved school but do not have to meet requirements related to merit or financial need. The current annual award is \$900.

State law and regulation set requirements, such as accreditation, for approved institutions. These institutions may be nonproprietary (nonprofit) or proprietary (for-profit), although 2011 legislation limited the proprietary institutions to those that were eligible at the time. For the 2022-2023 academic year, 33 schools are approved for TEG, 31 (94%) of which are nonproprietary.

TEG is administered by the Georgia Student Finance Authority. In the 2021-2022 academic year, approximately 24,400 students received the award, with expenditures totaling \$18.1 million.

KEY RECOMMENDATIONS

This report is intended to answer questions posed by the Senate Appropriations Committee and to help inform policy decisions.

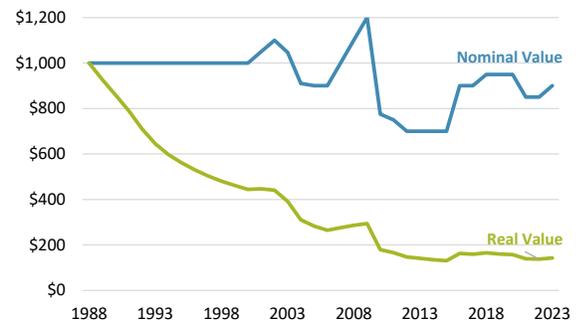
KEY FINDINGS

The Tuition Equalization Grant (TEG) does not cover a significant portion of student costs at eligible postsecondary institutions, and the annual award amount is smaller than similar grants in other states. The number of TEG recipients has declined; however, most are employed in Georgia after receiving the grant.

TEG covers a small portion of costs on its own but is frequently part of a larger financial aid package.

- TEG's impact on costs fell as tuition increased. Nominally, the current \$900 annual award is 10% lower than in the late 1980s, but its real value has fallen 86% once tuition increases are considered—from \$1,000 to \$143.

- TEG currently covers 4.1% of tuition and fees on average, compared to 31% when the program began. TEG covers an average of 2.6% of the cost of attendance when room and board are factored in.



- Most TEG recipients also receive other financial aid, including other state aid, institutional aid, and federal aid. For example, during the 2021-2022 academic year, 58% of TEG recipients received the merit-based HOPE or Zell Miller Scholarship.
- The TEG award is smaller than similar grants for private college students in other southern states. However, when state-funded scholarships are considered, Georgia's combined award amount (TEG plus HOPE) is in line with other states.

The number of TEG recipients has declined over time.

- Since the 2009-2010 academic year, the number of TEG recipients declined by 33%.
- Lower overall enrollment at TEG-eligible institutions was the largest single factor contributing to the decline. Other factors included schools that closed or lost eligibility (resulting in fewer TEG-eligible institutions), more students attending part-time (since TEG requires full-time enrollment), and students transferring to non-TEG eligible schools (e.g., University System of Georgia).

Like Georgia, other states offer financial aid to promote workforce development in specific fields. However, TEG-like grants are not used for this purpose.

- Other southern states with grants for private college students do not restrict them to certain fields of study. However, all of the states we reviewed do offer a variety of other financial aid programs that target specific majors or occupations.
- These financial aid programs are typically service cancelable loans or scholarships that require the recipient to work in the state and in the targeted field. They most frequently target occupations in K-12 education, healthcare, or the military.
- TEG recipients work in a variety of industries in Georgia, including healthcare and social assistance, retail trade, administrative and support services, and educational services. Nearly 90% of TEG recipients were employed in Georgia after receiving their last TEG award, and nearly 75% remained employed in Georgia after 10 years.

Tax Incentive Evaluation: Exemption on the Sale of Lottery Tickets

DOAA summary of report prepared by the University of Georgia's Carl Vinson Institute of Government

BACKGROUND

In 1992, the Lottery for Education Act established the Georgia lottery as a means of increasing state funding for education. In 2022, sales totaled \$5.8 billion with \$1.47 billion going to fund education. Of the 50 states, 45 currently operate a lottery. However, Alabama is one of the five that do not have a lottery, so Georgia benefits from Alabama residents buying tickets. In almost all states, and Georgia, lottery tickets are exempt from sales tax.

This review was requested by the House Ways and Means Committee and performed in accordance with O.C.G.A. § 28-5-41.1. The University of Georgia's Carl Vinson Institute of Government (the Institute) prepared the report.

ECONOMIC ACTIVITY

The primary purpose of the sales tax exemption does not appear to be an immediate increase in economic activity but instead to provide additional education funds. However, the Institute was able to estimate economic activity associated with lottery ticket sale, including the creation of more than 36,000 jobs.

Ticket sales (and jobs) would exist even without the exemption. If lottery tickets were taxed, the Institute estimated a decrease in sales equal to the tax rate of 7.64%. As a result, the exemption is responsible for that portion of economic activity ($36,549 \text{ jobs} \times 7.64\% = 2,775$).

O.C.G.A. § 28-5-41.1 requires the analysis to include net economic activity, which includes the opportunity cost of the tax expenditure. If taxes on the excluded income had been collected and expended by the state, the Institute estimated the creation of 6,174 jobs and \$306.7 million in value added to the economy.



Note: Economic activity attributable to exemption

REVENUE

The exemption is estimated to increase from \$229.8 million in FY 2024 to \$263.1 million in FY 2028. In FY 2024, the increased ticket sales due to the exemption are estimated to result in \$123.6 million in additional education funds and \$7.6 million in tax revenue.

The Institute estimated that the alternate use of the exemption funds would have generated \$243 million in additional tax revenue.



Note: 2024 estimates

COST

The Institute did not note administrative costs associated with the exemption.

PUBLIC BENEFIT

The Institute cited the additional funding for education as the associated public benefit. It also noted that research indicates that lower income consumers are significantly more likely to purchase lottery tickets and that the sales taxes have a greater negative effect on lower income consumers.



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Georgia Military College

Requested Information on Revenue and Governance Options

BACKGROUND

The House Appropriations Committee requested this special examination of Georgia Military College (GMC). Based on that request, we determined: (1) the governance structure of GMC as it relates to public resources; (2) the various funding streams of GMC; and (3) options that exist for modernizing the state’s oversight obligations to and oversight of GMC.

Founded in 1879, GMC is both a K-12 preparatory school and a predominately associate degree-granting, open admissions junior college operating out of Milledgeville. In the 2021-2022 academic year, the Junior College had nearly 12,000 students enrolled at the main campus, 11 satellite locations, and online college. Approximately 250 students are in the Corps of Cadets.

The Prep School had nearly 850 students in 2021-2022. Students are cadets beginning in sixth grade and participate in military-style activities, such as color guard and drill teams.

KEY FINDINGS

Both the Junior College and Prep School receive state funds, though GMC’s board is locally elected and the Prep School is able to charge tuition (unlike other public K-12 schools). Multiple models exist for modernizing GMC’s governance, though some would significantly impact GMC’s mission, funding, and students.

City of Milledgeville citizens elect all members of the Board of Trustees.

- The current board structure was set in a 1989 federal consent decree.
- The board serves a large population of students who live outside Milledgeville, particularly at the Junior College level. However, it has no state voting representation.

GMC primarily relies on tuition but also receives federal funds and state funds, largely through state-sponsored financial aid.

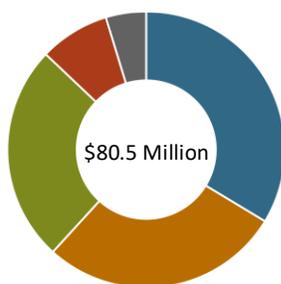
- In fiscal year 2022, GMC generated \$80.5 million in revenue, with the largest percentage related to tuition and fees paid directly by the student or through financial aid. Junior College revenue comprised the majority of GMC’s total funding but has decreased over the last three years due to enrollment declines.
- Federal funds have been higher in recent years due to temporary, pandemic-related dollars for the Junior College.
- Approximately 60% (\$15.6 million) of the state’s total funding to GMC was state-sponsored financial aid to the Junior College—largely related to dual enrollment and the HOPE scholarship.

We identified options to modernize the oversight of GMC, each with varying impact on GMC’s mission, funding, property, staff, and students.

Below are options to modernize oversight of GMC. Before a change in GMC governance is made, it is advisable to consult with the U.S. Department of Justice regarding compliance with the consent decree.

- **State representation on GMC board** – Two models relate solely to expanding the state’s representation—with either some or all voting members appointed by the state. These models are likely to have fewer impacts on the school.
- **Privatization** – The state would no longer have oversight responsibilities; however, this would create a large and immediate financial burden for GMC, which would be required to purchase all building and property from the state at fair market value. In addition, GMC would no longer receive state funding, its staff would lose existing employee benefits, and tuition would likely increase.
- **Move to existing state agencies** – The Junior College could operate under the University System of Georgia (USG) or the Technical College System of Georgia (TCSG); however, moving to those systems’ funding formulas would increase the state’s financial contribution by tens of millions annually. These models would necessitate a legal separation of the Prep School and Junior College, but Junior College staff benefits would be similar and its tuition would likely decrease.
- **Prep School models** – The Prep School and Junior College could be legally separated, resulting in different governing boards. This would be necessary if the Junior College became part of USG or TCSG. A separate Prep School could be private, a state charter school, or a part of the local school system.

GMC Revenue – FY 2022



Net Tuition and Fees	\$27.1M
Federal Grants/Contracts	\$22.6M
State Grants/Contracts	\$20.4M
Auxiliary	\$6.6M
Other Sources	\$3.8M

KEY RECOMMENDATIONS

This report is intended to answer questions posed by the House Appropriations Committee and to help inform policy decisions.



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Higher Education Cost Drivers

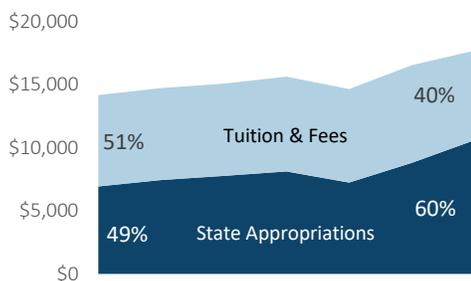
Increased State and Federal Funding Has Reduced Student Costs

BACKGROUND

We conducted an examination of undergraduate higher education cost drivers in University System of Georgia (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, an update to this information should be of value to multiple stakeholders.

A student’s cost of attendance includes tuition, mandatory fees, housing, dining, books and supplies, and personal expenses. The average published undergraduate in-state 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.

The increase in state appropriations has reduced the share of costs funded by students¹ (FY 2017-2023)



¹ Revenue per FTE

KEY RECOMMENDATIONS

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

KEY FINDINGS

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.
- From fiscal years 2017 to 2025, tuition costs declined by 24% after adjusting for inflation.

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.
- 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 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.

- From 2017 to 2024, the average percentage of tuition expenses covered by the HOPE Scholarship has increased from 86% to 100%.
- The percentage of in-state students attending USG institutions who received a HOPE or Zell Miller Scholarship increased from 46% to 59%.

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.

Tax Incentive Evaluation: Coin-Operated Amusement Machines Sales Tax Exemption

DOAA summary of report prepared by Georgia Southern University’s Center for Business Analytics and Economic Research (CBAER)

Georgia provides a sales tax exemption for coin-operated amusement machines (COAMs). While Georgia does not charge sales tax on game play, it does receive revenue in two ways from the Class B machines that allow players to obtain non-cash rewards: 1) the sale of master and location licenses and 2) the receipt of 13% of net revenue from each machine (i.e., revenue after payout to winners). The Georgia Lottery Corporation (GLC) monitors all Class B machines, and the state revenue is directed through GLC to HOPE and Pre-K.

PURPOSE

The purpose of the COAM sales tax exemption is not explicitly stated in law; however, the state already receives a portion of proceeds from COAM revenue without charging sales tax.

IMPACT ON EMPLOYMENT, ECONOMIC ACTIVITY, AND REVENUE

CBAER did not analyze the economic impact of the exemption itself. It instead compared the revenue-sharing model to an alternate model in which the state collects sales taxes on gross COAM revenue in lieu of revenue sharing. While CBAER found that this should result in slightly higher state revenue, it noted that the collection of sales taxes would have administrative costs that reduce the financial benefit.

CBAER found that an alternate model of sales tax collections on gross COAM revenue would have generated \$203.6 million in FY24, compared to the actual revenue collection of \$146.3 million. If the state had collected and expended the additional \$57.3 million, 590 jobs would have been created and \$15.4 million would have been added to the state economy. However, the revenue gain—and resulting economic activity—would be lower in future years. The state share of net revenue increased from 10% to 13% late in FY24. Had the state collected 13% for the entire year, the additional revenue obtained through a sales tax model would have been only \$10.4 million.

Impact of Replacing Revenue-Sharing with Sales Tax					
Employment		Economic Impact		Revenue Impact	
Jobs	Labor Income	Output	Value Added	Additional State Tax (Compared to Actual FY24 Collections)	Additional State Tax (Compared to New 13% Revenue Share)
590	\$38.5M	\$85.0M	\$15.4M	\$57.3M	\$10.4M

ANCILLARY IMPACTS

CBAER noted that the current model of GLC receiving a share of net revenue has long-term benefits due to the funds being directed to educational program such as HOPE scholarships and Pre-K slots. The HOPE scholarship promotes higher education accessibility, helps build a skilled workforce, and retains talent in the state, benefitting the state economy.

OTHER STATES

CBAER found that among Southeastern states, Georgia is unique with its direct revenue-sharing model and the direct regulation of the machines by a state entity. Most other states reviewed charge sales taxes on receipts, while some may charge a license fee for the machines in addition to, or in lieu of, sales tax.

OPTIONS TO IMPROVE RETURN ON INVESTMENT

CBAER’s analysis found that the current sharing of net revenue generates slightly less state revenue than a sales tax; however, the difference is not significant when considering administrative costs and compliance related to sales tax.