

Our Mission is to promote and increase access to education beyond high school for Georgians.

Our Vision is to be the premier provider of student loans, grants, scholarships and educational services for Georgians seeking postsecondary education.

Giving Students Financial Choices since 1965

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Georgia Student Finance Commission

Annual Report 2006



FY 2006 Accomplishments

GSFC administered a total of **\$847,611,190 in financial aid** to help Georgia students attend college. In FY 2006 GSFC:

- ▶ Disbursed **\$439,263,902 to recipients of Georgia's lottery-funded scholarships and grants**, including HOPE Scholarships and Grants, HOPE GED Grants, and the Accel Program. Number of scholarships and grants: 216,103.
- ▶ Provided **guarantees of \$307,485,409 in Federal Stafford and PLUS Loans** made to students and parents by participating lenders, including GSFC. Number of loans guaranteed: 82,612.
- ▶ Disbursed **\$55,559,775 in Federal Stafford and PLUS Loans** to students and their parents. Number of loans: 35,789.
- ▶ Disbursed **\$24,649,690 to recipients of Tuition Equalization Grants** funded from state (non-lottery) funds. Number of grants: 32,493.
- ▶ Disbursed **\$14,971,113 in state, lottery, and privately-funded service cancelable loans** to Georgia students committed to service in the military or in critical need areas such as teaching and nursing. Number of loans: 5,914.
- ▶ Disbursed **\$4,772,756 to recipients of scholarships and grants** funded from state (non-lottery), and federal and private sources. Number of scholarships and grants: 5,857.
- ▶ Disbursed **\$908,545 in Georgia First Education Loans** to students and parents. Number of loans: 117.

GSFC further served Georgia students and parents through informational workshops and other activities. In FY 2006 GSFC:

- ▶ Provided **outreach services to 255,448 Georgians** through counselor and parent workshops, one-on-one counseling sessions, PROBE Fair participation, career and job fair participation, and Internet financial aid chat sessions.
- ▶ **Expanded the Peer Financial Counseling Program**, emphasizing personal financial literacy, to 13 campuses.
- ▶ **Rehabilitated \$16,814,609 in defaulted loans**, removing the negative impact of default on the credit history of borrowers. Number of loans rehabilitated: 2,696.

From GSFC's President

Fiscal Year 2006 was full of challenges and accomplishments for the Georgia Student Finance Commission (GSFC), and below I have listed just a few of the highlights. The list reflects GSFC's ongoing commitment to providing more services – and improved customer service – to Georgia students, parents, and schools. During FY 2006:

- FY 2006 was the first full fiscal year of operation for GAcademy411.org, the online one-stop shop helping Georgia students plan, apply, and pay for college. Please see the GAcademy411 panel in this Annual Report for more information about the site's growing capabilities and phenomenal increase in usage.
- GSFC worked closely with Georgia schools to implement the Transcript Exchange, which will enable high schools to electronically send student transcripts to GSFC, for two primary purposes: (1) Beginning in 2007, GSFC will use the information to calculate grade point averages to determine which high school graduates are eligible to receive HOPE Scholarships; and (2) Students who apply to colleges via GAcademy411.org also will be able to electronically send their high school transcripts to the colleges.
- Our Georgia Student Financial Aid Application System (GSFAPPS) became fully operational. GSFAPPS enables Georgians to apply online, using a consolidated form, for almost any scholarship, grant, and service-cancelable loan program administered by GSFC, providing students with better service while enhancing the efficiency of GSFC operations.
- We enhanced our prominence in the financial aid community. We instituted the Financial Aid Advisory Council, which consists of Financial Aid Directors who meet with GSFC staff to discuss matters of mutual interest, especially ways GSFC can better serve Georgia colleges and students. We also became more involved with the Georgia Association of Student Financial Aid Administrators (GASFAA). Nationally, my staff and I met with members of Georgia's Senate and Congressional delegations, and I was honored to begin serving on the Board of Directors of the National Council of Higher Education Loan Programs (NCHELP).
- Other efforts to promote customer service include implementing internal programs to enhance the agency's corporate culture and recognize outstanding performance by staff; revising and streamlining program rules and regulations; and enhancing our call center and other customer relations efforts by increasing staff, improving training, and providing stronger technological support.

Finally, FY 2006 was the year that GSFC celebrated 40 years of service to the people of Georgia. During that time, the agency has helped nearly 2 million Georgians pursue their higher education dreams. That's a tremendous tradition, one that has made a huge contribution to the lives of individuals, families, communities, and our entire state. GSFC proudly continued and enhanced that tradition in FY 2006, and we look forward to providing greater service in the year ahead.

Sincerely,

Timothy A. Connell
GSFC President

For 40 years, Georgians have turned to the Georgia Student Finance Commission (GSFC) for scholarships, grants, student loans, and education loan guarantee services. In

1993, GSFC began administering Georgia's HOPE Scholarship and Grant Program, which has become a national model for merit-based student financial aid initiatives.



This year, for the ninth consecutive year, Georgia leads the nation in providing merit-based scholarships and grants to college students.

Grants and Scholarships

GSFC administers state- and lottery-funded grants and scholarships — money that does not have to be repaid — for eligible Georgia students. The agency also administers federal and privately funded scholarships. Programs include:

- Grants and merit scholarships for degree study.
- Grants for students in non-degree courses of study.
- Grants for students from low-income families and for children of public safety officers and law enforcement personnel disabled or killed in the line of duty.

New Scholarship - In FY 2006, GSFC awarded the first HERO Scholarships. HERO (Helping Educate Reservists and their Offspring) provides scholarship dollars to Georgia residents who are members of the Georgia National Guard or U.S. Military Reserves and who have served at least 181 consecutive days in a combat zone. (The service in a combat zone must have begun on or after May 3, 2005.) The award for eligible soldiers is up to \$2,000 per year for fulltime undergraduate study at an eligible Georgia college, with a maximum award of \$8,000. Children of eligible soldiers who meet an age requirement also can receive

HERO. The award for children is up to \$2,000 for each 181 consecutive day period the parent served in a combat zone. Visit GCollege411.org for full program details.

2006 Grants & Scholarships disbursed \$468 million
2005 Grants & Scholarships disbursed \$459 million

Loans

GSFC, the higher education lender for the State of Georgia, finances and services education loans, including:

- Federal Stafford Loans for students.
- Federal PLUS Loans for parents of students.
- State- and lottery-funded service cancelable loans that students may repay through military service or by working in the critical need areas of teaching, nursing, engineering, social work, and agriculture.
- Georgia First Education Loans, credit-based alternative loans for students and parents.

2006 Loans disbursed \$71.4 million
2005 Loans disbursed \$70.3 million

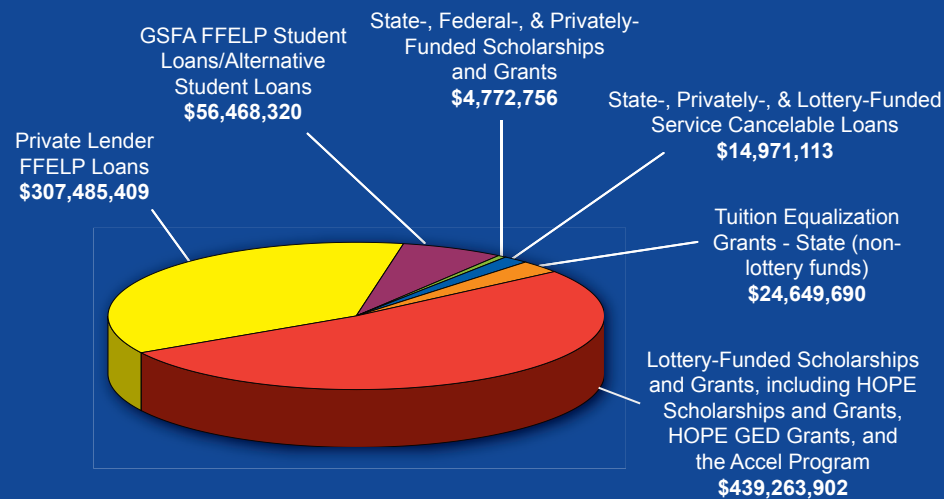
Loan Guaranty and Servicing

GSFC, the state of Georgia's designated guarantor for the Federal Family Education Loan Program, guarantees education loans (insures against default) and provides support services to postsecondary schools and lenders.

- FASTLoans (ability for borrower to e-sign application).
- Online Entrance and Exit Counseling for student borrowers.
- Peer Financial Counseling for students.
- Single Source Loan Origination and Disbursement services.

2006 Loan Guaranty: \$307,485,409 million
2005 Loan Guaranty: \$237,354,043 million

GSFC Fiscal Year 2006 How GSFC Helps Students Pay for College



Figures in chart represent disbursements during FY 2006. The information in this display is presented only to show the general nature of the Georgia Student Finance Commission's business and does not represent its financial position nor conform to generally accepted accounting principles.

GSFC Uses of Funds for Fiscal Year 2006: \$847,611,190

HOPE Scholarship & Grant Program

Hope Awards* In Recent Years		
Academic Year	Students	Awards (Millions)
2001-2002	196,002	\$323.0
2002-2003	219,938	\$360.4
2003-2004	228,589	\$405.3
2004-2005	222,536	\$427.3
2005-2006	207,165	\$436.9

2005-2006 Academic Year In Detail		
Program	Students	Awards (Millions)
HOPE Scholarship		
Public Colleges**	90,604	\$292.5
Private Colleges	15,583	\$40.4
HOPE Grant**	108,387	\$101.7
HOPE GED Grant	4,765	\$2.3
2005-2006 Totals***	207,165	\$436.9

* Numbers indicate awards made during the fiscal year, not actual disbursements. Includes HOPE Scholarship, HOPE Grant, and HOPE GED Grant awards.

** University System and Technical colleges

*** Some students receive more than one type of HOPE award within a year. In this total, each recipient is counted once, regardless of the number of HOPE awards received.

From 1993 through June 30, 2006, over 939,000 individual Georgians have received one or more HOPE awards, totaling more than \$3.19 billion.

Funded by the Georgia Lottery for Education.

Outreach and Counseling

GSFC offers student financial aid counseling in a number of ways:

- Presentations for high school students and parents.
- Workshops for high school guidance counselors to update their knowledge.
- Exhibits at college fairs and career fairs.
- Workshops for non-traditional students at community centers and faith-based centers.
- Individual counseling in the Customer Relations unit at the GSFC headquarters.

2006 Outreach & Counseling: 255,448 individuals
2005 Outreach & Counseling: 243,351 individuals

Staffing and Funding

GSFC is headquartered in Metro Atlanta at 2082 East Exchange Place, Tucker, Georgia. We have approximately 180 employees.

Most of GSFC's operating revenue comes from interest on student loans. An annual appropriation from the State of Georgia funds most of the grant programs. LEAP, Georgia's need-based student grant program, receives matching funds from the federal government. Scholarships are funded by private, state, and federal dollars. Georgia's HOPE Scholarship and Grant Program are funded by the Georgia Lottery for Education.

GCollege411.org

In February 2005, GSFC launched the GCollege411 website where Georgia students can explore careers, prepare for the SAT and ACT, compare and apply to Georgia colleges, and learn about financial aid. Enhancements made during FY 2006 include:

- Significant improvements to the Career Info, High School Planner, Test Preparation, and Adult Learner sections.
- The ability to apply online for financial aid and for admission to many Georgia colleges.
- The site began incorporating hardware and software that will enable it to become the primary vehicle for implementing the Transcript Exchange Process, which will become operational in 2007.

GSFC also implemented the GCollege411 Counselors in Residence Program. Two experienced high school counselors were hired to serve as GCollege411 ambassadors and make presentations to school personnel, parents, and community groups. The Counselors in Residence developed training materials to help educators become more adept at using the site, and they contributed to the GCollege411 development team, drawing upon their experience and expertise to suggest ways to improve the site.

GSFC increased its marketing of GCollege411 during the year, and those efforts contributed to a dramatic increase in site usage. Some leading indicators:

- During the year, personal My 411 Accounts created by site users increased from 7,893 to 155,143.
- Total extended visits to the site increased from 151,734 to 1,297,125.
- The number of Georgia colleges to which students could apply online increased from zero to 85.

GCollege411.org is fast becoming the Number 1 resource for Georgians who want to go to college.