

Legislative Oversight Committee
 Summary Report on
 South Carolina Higher Education Tuition Grants Commission
 May 2021
 Adopted by the Committee – January 2023



The South Carolina Higher Education Tuition Grants Commission administers a state-funded, need-based tuition grants program for students attending South Carolina independent colleges. Grants for the 2019-20 school year averaged \$3,443 per student and a total of over \$44 million was awarded. The commission has four employees and administrative expenses of the agency equate to approximately one percent of total program dollars. The commission maintains student information on a Microsoft Access database which is nearing the end of its useful life within the next five years. The commission should continue to explore options for the replacement of this system. The commission voted by email twice in 2018 and once during 2019, but polling commissioners by email violates the state’s Freedom of Information Act (FOIA). However, a decision was made going forward to call special meetings by teleconference between regularly scheduled commission meetings in compliance with FOIA. By statute the commission retains interest accruing on the balance of undisbursed tuition grant funds on deposit with the State Treasurer’s Office each year between September fifteenth and December thirty-first, but has not had sufficient authority to spend all funds received during the last two years.

Agency at a Glance

The mission of the South Carolina Higher Education Tuition Grants Commission (SCTGC) is to administer a state-funded, need-based tuition grants program for the State of South Carolina designed to:

- Gain maximum usage of the available independent college facilities located in every region of our state by assisting eligible South Carolina residents to afford the cost of the independent colleges and thereby helping to educate our state citizenry;
- Help offset the higher education costs of attending South Carolina independent colleges for South Carolina students just as the state offsets the higher education costs of state residents attending South Carolina public colleges;
- Preserve the dual system of public and independent college higher education in South Carolina which provides healthy competition between the two sectors.

The average grant amounts, number of grants, and total funds awarded over the last five years are shown below.

South Carolina Higher Education Tuition Grants			
Academic Year	Average Grant Amount	Total Number of Grants Awarded	Total Funds Awarded
2019-20	\$3,443	12,817	\$44,131,148
2018-19	\$2,995	13,534	\$41,131,149
2017-18	\$2,905	13,588	\$39,737,231
2016-17	\$2,897	13,214	\$39,140,928
2015-16	\$2,775	13,340	\$36,462,158

Student Information System

The in-house Microsoft Access database used by the Tuition Grants Commission to maintain student information is nearing the end of its useful life within the next five years and will need to be replaced with an appropriate system capable of providing secure access to student information. For FY 20-21 and FY 21-22, the commission requested funding in its agency budget plan to begin the competitive bid process for a student information system geared specifically toward state grant programs which would replace the Access database. The request includes one-time, non-recurring state funds of \$200,000 for the purchase of the system and state recurring funds of \$270,000 for annual fees for the system. In addition, the federal stimulus package passed in December 2020 contained significant changes to the FAFSA process by the 2023-24 school year. Due to limited resources and the aging Access database, the executive director has concerns regarding the ability of the agency to “address the multitude of changes coming in 2022.”

- **(#1) Agency Recommendation: Taking into account the upcoming changes to the FAFSA process, the Higher Education Tuition Grants Commission should continue researching options for replacement of the Microsoft Access database used to maintain student information and continue working through the budget process for funding. Options allowing for collaboration with partners in higher education should be explored in order to make access to financial aid easier for South Carolina’s students, particularly those in low-income families.**

Commission Voting Not in Compliance with FOIA

According to minutes posted on the agency’s website, the commission voted by email twice in 2018 and once during 2019, rather than in a duly called and noticed meeting. Polling commissioners by email in order to make decisions violates §30-4-60 of the S.C. Code of Laws, known as the Freedom of Information Act (FOIA), which requires that meetings of public bodies be properly noticed and open to the public. However, in December 2019 a decision was made going forward to call special meetings between regularly scheduled commission meetings to make decisions on matters which require immediate action, rather than holding electronic votes and then ratifying those votes publicly at the next scheduled meeting. The commission held two special meetings via teleconference in December 2019 and April 2020 which appear to have been properly noticed and conducted.

- **(#2) Agency Recommendation: To make decisions which require immediate action, the Higher Education Tuition Grants Commission should continue the practice of scheduling special meetings by teleconference which are duly called and properly noticed in between the regularly scheduled commission meetings instead of polling commission members by email.**

Interest Spending Authorization

To maximize the use of interest earnings, the Tuition Grants Commission should be granted sufficient authority by the General Assembly to spend these funds. Currently, the commission’s authority to spend from the interest account is \$50,000 annually regardless of the balance of available funds.

- **(#3) Legislative Recommendation: The General Assembly may wish to consider increasing the authority of the Higher Education Tuition Grants Commission to spend interest earned on the balance of undisbursed tuition grant funds as provided for in §59-113-45 of the S.C. Code of Laws.**

Legislative Oversight Committee

South Carolina Senate



Report on South Carolina Higher Education Tuition Grants Commission

Subcommittee Report May 2021

On January 19, 2023, the full Legislative Oversight
Committee Adopted the Report

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I. Agency at a Glance

Mission

The mission of the South Carolina Higher Education Tuition Grants Commission (SCTGC) is to administer a state-funded, need-based tuition grants program for the State of South Carolina designed to:

- Gain maximum usage of the available independent college facilities located in every region of our state by assisting eligible South Carolina residents to afford the cost of the independent colleges and thereby helping to educate our state citizenry;
- Help offset the higher education costs of attending South Carolina independent colleges for South Carolina students just as the state offsets the higher education costs of state residents attending South Carolina public colleges;
- Preserve the dual system of public and independent college higher education in South Carolina which provides healthy competition between the two sectors;
- Save the state tax dollars that would be appropriated via the automatic per student state subsidy that would go, regardless of financial need or progress towards graduation, to all South Carolina independent college students if they migrated into the South Carolina public college system;
- Give eligible South Carolina residents the opportunity to choose the in-state college that best meets their individual academic needs and preferences.

Grant Awards

The maximum South Carolina Tuition Grant for 2020-2021 is \$3,600 for students who qualified by demonstrating financial need and meeting academic standards. However, the actual amount of each student's grant is determined by a combination of family resources, the cost of attendance of the independent college selected, and the final funding of the Tuition Grants Program by the General Assembly. The average tuition grants for the last five years have covered approximately 12% of tuition costs at the private institutions. The average grant amounts, total number of grants awarded, and total funds awarded over the last five years are shown in the table below.

South Carolina Higher Education Tuition Grants			
Academic Year	Average Grant Amount	Total Number of Grants Awarded	Total Funds Awarded
2019-20	\$3,443	12,817	\$44,131,148
2018-19	\$2,995	13,534	\$41,131,149
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2016-17	\$2,897	13,214	\$39,140,928
2015-16	\$2,775	13,340	\$36,462,158

Higher Education Institutions Participating in SCTGC’s Program

For the purposes of the tuition grants, S. C. Code §59-113-50 defines an independent institution of higher learning as:

- (1) independent eleemosynary junior or senior college in South Carolina whose major campus and headquarters are located within South Carolina and which is accredited by the Southern Association of Colleges and Secondary Schools; or
- (2) independent bachelor's level institution chartered before 1962 whose major campus and headquarters are located within South Carolina.

Twenty-one higher education institutions participate in SCTGC’s tuition assistance program including five historically Black colleges and two women’s colleges. The participating institutions are listed below.

21 Participating Colleges and Universities in SCTGC’s Tuition Assistance Program		
Allen University	Columbia College	Newberry College
Anderson University	Columbia International University	North Greenville University
Benedict College	Converse College	Presbyterian College
Bob Jones University	Erskine College	Southern Wesleyan University
Charleston Southern University	Furman University	Spartanburg Methodist College
Claflin University	Limestone University	Voorhees College
Coker University	Morris College	Wofford College

Governing Authority

The Tuition Grants Commission’s operations are overseen by a Board of Commissioners that includes eight representatives of the independent institutions of higher learning that participate in the tuition grants program. In addition, the membership of the commission includes the chief executive officer of the State Commission on Higher Education (CHE) or his designee who serves ex-officio. The terms of the representatives of the institutions are for three years and until their successors are selected and qualify. By law the membership of the commission must be rotated among the participating institutions, and the executive director maintains a schedule of which institutions have a board member rotating on or off the board.

The table below shows the commission members who are currently serving.

Position/Institution	Position Title	Current Members	Appointed Date	Expiration Date
Representative, Institution of Higher Learning Limestone University	Chair	Dr. Darrell Parker	7/1/2019	6/30/2022
Representative, Institution of Higher Learning Benedict College	Vice Chair	Dr. Roslyn Artis	7/1/2018	6/30/2021
Representative, Institution of Higher Learning Spartanburg Methodist College	Secretary	Mr. Scott Cochran	7/1/2020	6/30/2023
Representative, Institution of Higher Learning Bob Jones University	Member	Mr. Stephen D. Pettit	7/1/2018	6/30/2021
Representative, Institution of Higher Learning Claflin University	Member	Dr. Dwaun Warmack	7/1/2019	6/30/2021
Representative, Institution of Higher Learning Erskine College	Member	Dr. Robert Gustafson, Jr.	7/1/2019	6/30/2022
Representative, Institution of Higher Learning Morris College	Member	Dr. Leroy Staggers	7/1/2020	6/30/2023
Representative, Institution of Higher Learning Voorhees College	Member	Dr. Ronnie Hopkins	2/1/2021	6/30/2022
CEO, Commission on Higher Education	Ex Officio Member	Dr. Rusty Monhollon	7/15/2019	N/A

Operations/Programs

The SCTGC has one program, the SC Tuition Grants Program, and is responsible for its full administration. This program was created in 1970 by the General Assembly to help offset the higher education costs of attending South Carolina independent colleges and universities. Grants based on financial need are processed by SCTGC from the application process through coordination of independent audits performed annually at the colleges to ensure that the funding is compliant with the program. The agency uses approved need-analysis methodologies to analyze all applications for financial need, and disburses tuition grant funds to each individual eligible student on a semester-by-semester basis.

The application for a South Carolina Tuition Grant is the Free Application for Federal Student Aid (FAFSA) which is a federal on-line form generally required by colleges and universities for each student. Students submit the FAFSA and list the participating SC independent college of their choice which allows SCTGC to electronically receive the application from the federal processor. The Commission uses information on this application to determine a student's eligibility for a SC Tuition Grant. Because the South Carolina Tuition Grant is based on financial need, the Commission calculates financial eligibility based on the following factors: (1) family income, (2) family assets, (3) cost of the college selected, (4) number of family members in the household, and (5) the number of household members attending college.

In order to qualify for and maintain the tuition grant, freshmen and upperclassmen must satisfy academic requirements as listed in the table below.

Academic Requirements for the SC Tuition Grants Program	
<i>Freshmen must:</i>	<i>Upperclassmen must:</i>
Graduate in top 75% of high school class <u>OR</u>	Pass a minimum of 24 credit-hours annually <u>AND</u>

Score at least 900 on SAT <u>OR</u>	Be meeting Satisfactory Academic Progress at the college.
Score at least 19 on ACT <u>OR</u>	
Graduate with at least a 2.7 GPA on the SC Uniform Grading Policy.	

Finance

Funds are derived from state appropriations, State Lottery Funds, and Children’s Education Endowment Funds (need-based grants allocated by CHE pursuant to S.C. Code §59-143-30 for students attending independent colleges). The administrative expenses of the agency equate to approximately one percent of total program dollars. For FY 19-20 and FY 18-19, administrative expenditures totaled \$466,683 and \$409,912, respectively.

The table below shows revenues and expenses by fund for the last two fiscal years.

Higher Education Tuition Grants Commission Revenues and Expenditures by Fund				
	Revenues	Expenditures	Revenues	Expenditures
Fund	FY 18-19	FY 18-19	FY 19-20	FY 19-20
	\$	\$	\$	\$
Tuition Grants (State Appropriations)	26,073,605	25,920,449	27,683,624	26,383,435
CHE/Children’s Education Endowment	5,175,776	5,173,862	5,362,454	5,353,845
Lottery Funds	13,617,420	9,382,082	14,165,338	12,292,879
State Interest Earnings	139,233	49,942	193,041	50,000
Agency Operating Revenue	<u>442,721</u>	<u>409,912</u>	<u>503,818</u>	<u>466,683</u>
Total	45,448,755	40,936,247	47,908,275	44,546,842

Budget Request

For FY 21-22 the SC Tuition Grants Commission submitted a budget request increase totaling \$1.8 million. This increase includes the following major requests:

- \$1.1 million in recurring funds to increase the maximum grant by \$100 from the FY 20-21 maximum grant of \$3,600. This represents an incremental step toward the statutory maximum outlined in SC Code §59-113-30(C). The statutory maximum may not exceed the average state appropriation for each full-time student enrolled in the state-supported institutions of higher learning with four-year undergraduate degree programs in the previous year. For the most recent academic year, the average state appropriation for an FTE in the public college sector was \$4,392.

The Governor’s FY 21-22 Executive Budget included an increase of \$10 million in Lottery funding for the Tuition Grants Program, and budget bill H.4100 includes this increase as passed by the House on March 24, 2021 and by the Senate on April 29, 2021. This \$10 million increase would allow the maximum tuition grant to be raised to \$4,390, which is the statutory maximum.

- \$200,000 in non-recurring funds to purchase a Student Information System and \$270,000 in recurring funds for annual maintenance fees relating to this system. These funds will supply a fully supported system to replace the agency’s in-house Microsoft Access database, which will provide enhanced security of South Carolina residents’ personal data and to increase the efficiency of the administration of the program. The \$200,000 in one-time funding from the Capital Reserve Fund

was adopted by the Senate on April 30, 2021, via unanimous consent, and the \$270,000 in recurring funds was included in the Senate version of the appropriations bill passed on April 29, 2021.

Staffing

The commission employs four people including the executive director, a deputy director, a program coordinator, and a financial officer. Although the commission has five authorized FTEs, the current level of staffing has served the needs of the commission for many years, and there are no plans to increase staffing at this time.

II. Issues

Student Information System

The in-house Microsoft Access database used by the Tuition Grants Commission to maintain student information is nearing the end of its useful life and will need to be replaced with an appropriate system capable of providing secure access to student information. The commission has been using this database to maintain student information, including personal information downloaded from a federal database, for many years. This database is at risk for malfunctioning due to its age and the amount of data that must be added each year for new students. A new database system will provide increased efficiency and ease of information sharing between SCTGC and the college financial aid personnel responsible for the administration of the Tuition Grants Program, and may be able to provide real-time data to school districts as well.

The agency maintains electronic information provided by students and their parents on the federal Free Application for Federal Student Aid (FAFSA) form that is used for determining the need and eligibility of a student for federal student aid and for the South Carolina higher education tuition grant. Information provided on the FAFSA includes financial and other personal information which must be safeguarded and maintained securely. The commission uses an in-house Microsoft Access database to download and store its electronic data. According to the commission's executive director, the commission follows state retention guidelines and maintains applicant data for a seven-year period by purging one year at a time. The commission's electronic information is considered restricted information and is maintained on servers belonging to the state's Division of Technology Operations (DTO) of the Department of Administration. It is estimated the current system will be inadequate to administer the program within the next five years.

Student Information System Requested in Budget Plans

For FY 20-21 and FY 21-22, the commission requested funding in its agency budget plan to begin the competitive bid process for a student information system geared specifically toward state grant programs which would replace the Access database. The request includes one-time, non-recurring state funds of \$200,000 for the purchase of the system and state recurring funds of \$270,000 for annual fees for the system. The justification given for these requests states:

Not receiving the funding will result in the agency having to rely on an outdated and less secure system, creating greater risk to the personal and financial records of thousands of South Carolina residents.

According to the commission's budget plan, the replacement system would provide increased data security and efficiencies in the administrative process, and would streamline the electronic correspondence between the agency and the population it serves. In addition, the annual fees will cover all fees associated with secure hosting, annual software licensing, disaster recovery mechanisms, hardware and software maintenance, maintenance of system

documentation, help desk support, and emergency support, among other services provided by a third-party vendor.

Upcoming FAFSA Changes Create Concerns

The federal stimulus package passed in December 2020 contained significant changes to the FAFSA process by the 2023-24 school year. The number of questions is expected to be reduced from 108 to approximately 36. In addition, a new measure for Pell Grant eligibility will be used to provide for early awareness of the need-based aid for which students qualify. These changes are expected to make the higher education system more equitable especially for students from low-income backgrounds.

For the Tuition Grants Commission, these changes will need to be in place for the FAFSA application cycle beginning on October 1, 2022. Due to limited resources and the aging Access database, the executive director has concerns regarding the ability of the agency to “address the multitude of changes coming in 2022.” According to the director, moving forward with the purchase of a student information system would solve any issues with updating the existing database since it would instead be “the software vendor’s responsibility to implement the required changes to their processing platform.”

FAFSA Completion for High School Seniors

The commission currently has three agreements to assist with determining the FAFSA completion status of high school seniors. Under these agreements, the commission performs a FAFSA matching process on a monthly basis to determine whether students have completed the FAFSA process to begin preparing for college selection and financial aid. In order to streamline this process, a new student information system may have the capabilities to allow high school guidance counselors to access FAFSA completion information, as described below by the commission’s executive director:

Several of the Student Information System vendors . . . have high school guidance counselor portals already built into their web-based platforms. These portals would allow school districts or other designated entities to create their own login credentials (once they’ve signed a data sharing agreement and have been thoroughly vetted and authorized) and once they have access to the system, they would be able to pull real-time FAFSA completion data for their assigned senior students at any time.

Community-based programs, such as GEAR UP (Gaining Early Awareness and Readiness for Undergraduate Programs), are designed to increase the number of low-income students who are prepared to enter and succeed in college. The commission has an agreement with Midlands GEAR UP to assist in providing FAFSA completion services. GEAR UP, a grant program of the U.S. Department of Education, provides a comprehensive portfolio of services to middle and high-school students including college and career planning and parental engagement programs designed to support college planning and enrollment. FAFSA completion is crucial for students to access financial aid. Making FAFSA completion information more readily available to authorized school districts should assist with identifying students needing support in preparing to attend college and obtaining all available financial aid.

- **(#1) Agency Recommendation: Taking into account the upcoming changes to the FAFSA process, the Higher Education Tuition Grants Commission should continue researching options for replacement of the Microsoft Access database used to maintain student information and continue working through the budget process for funding. Options allowing for collaboration with partners in higher education should be explored in order to**

make access to financial aid easier for South Carolina’s students, particularly those in low-income families.

Commission Voting Not in Compliance with FOIA

According to minutes posted on the agency’s website, the commission voted by email twice in 2018 and once during 2019, rather than in a duly called and noticed meeting. Polling commissioners by email in order to make decisions violates §30-4-60 of the S.C. Code of Laws, known as the Freedom of Information Act (FOIA), which requires that meetings of public bodies be properly noticed and open to the public. However, according to the agency’s executive director, in December 2019 a decision was made going forward to call special meetings between regularly scheduled commission meetings to make decisions on matters that require immediate action, rather than holding electronic votes and then ratifying those votes publicly at the next scheduled meeting.

Under FOIA, meetings are defined as:

. . . the convening of a quorum of the constituent membership of a public body, whether corporal or by means of electronic equipment, to discuss or act upon a matter over which the public body has supervision, control, jurisdiction or advisory power.

The commission’s minutes of its meeting held on March 12, 2019, contain a discussion of “the Commission Email Votes on July 14, 2018, December 13, 2018 and March 1, 2019.” According to the minutes, the commission chairman called for a motion “to approve the results of the three Email Votes” as referenced in an Appendix to the minutes. The emails to the commission members explaining the matters to be voted on and a handwritten tally of the votes are contained in an appendix to these minutes. The matters voted on include increasing the maximum tuition grant, assisting former students of Virginia College after the institution abruptly closed all campuses, and approving the purchase of office furniture for the executive director’s office.

Under §30-4-70(c) of the S.C. Code (emphasis added),

No chance meeting, social meeting, or *electronic communication* may be used in circumvention of the spirit of requirements of this chapter to act upon a matter over which the public body has supervision, control, jurisdiction, or advisory power.

Although the commission voted during a regularly scheduled in-person meeting to approve the results of the emailed votes, the law is clear that electronic communication, such as email, cannot be used in place of a called meeting of the commission to act upon a matter within the commission’s jurisdiction. When business is conducted by email rather than in a public forum, the public is unaware of the business discussed, the decisions reached, and the formulation of public policy.

The decision to discontinue the use of electronic votes and instead hold special meetings by teleconference was prudent and will provide for proper public notice and input. The commission held two special meetings via teleconference in December 2019 and April 2020 which appear to have been properly noticed and conducted. The commission should continue to properly notice all meetings, whether held in person or by means of electronic equipment, and ensure those meetings are open to the public.

•(#2) Agency Recommendation: To make decisions which require immediate action, the Higher Education Tuition Grants Commission should continue the practice of scheduling special meetings by teleconference which are duly called and properly noticed in between the regularly scheduled commission meetings instead of polling commission members by email.

Interest Spending Authorization

To maximize the use of interest earnings, the Tuition Grants Commission should be granted sufficient authority by the General Assembly to spend these funds. Section 59-113-45 of the S.C. Code states:

Interest accruing on the balance of undisbursed tuition grant funds on deposit with the State Treasurer's office from September fifteenth through December thirty-first shall be calculated by the State Treasurer's office and transferred within thirty days to the South Carolina Tuition Grant Commission to be awarded as tuition grants to eligible students.

Currently, the commission's authority to spend from the interest account is \$50,000 annually regardless of the balance of available funds. Interest earnings have exceeded this authority in recent years. For example, for FY 18-19 the commission received interest earnings of \$139,233 and for FY 19-20 interest earnings were \$193,041. The commission most recently carried forward \$143,041 in interest earnings from FY 19-20, which was the balance in the commission's interest earnings account as of June 30, 2020.

The commission requested that its authority be increased by \$200,000 in its budget requests for FY 20-21 and 21-22 to a total of \$250,000 in spending authority. For FY 21-22, this authorization increase was included in the appropriations bill passed by the Senate on April 29, 2021. All interest earnings are used to fund need-based tuition grants for eligible college students. These funds do not support agency operations, administration, or employee payroll and benefits.

- **(#3) Legislative Recommendation: The General Assembly may wish to consider increasing the authority of the Higher Education Tuition Grants Commission to spend interest earned on the balance of undisbursed tuition grant funds as provided for in §59-113-45 of the S.C. Code of Laws.**