

Proposed Methodologies for Awarding the SC Need-based Grant

Each academic year, all public institutions receive a specific amount of funding under the SC Need-based Grants Program. Because the funding is limited and usually not enough to cover the needs of the majority of the Pell Grant recipients, several proposals are outlined to address this issue.

At present, Need-based Grant funding is allocated to public institutions equivalent to the percentage of the public institution's share of the total S.C. resident undergraduate full-time headcount enrollment in the preceding year. As such, there is a large population of Pell Grant recipients who either may lose out in funding or receive a substantial less than their counterparts attending an institution with a large FTE population. The proposed models consider altering the NBG allocation to institutions to ensure access for low-income, college-qualified students.

The premise of the models 1-7 is based on the number of full-time Pell Grant recipients (Pell FTE) and not full-time FTE. The data is derived from FY 2005-06 Pell Grant Recipients and the NBG Allocations of FY06-07. A full-time calculation for part-time students is in accordance to MR standards by converting every three part-time student to equal one full-time student. Schedule I shows the amount of Pell Grant recipients per institution for FY 2005-2006. Schedule II shows the Need-based Grant allocations for FY 2006-2007.

Please keep in mind with each model, the institutions will still have the flexibility to adjust the grant award based on need.

MODEL ONE proposes awarding all Pell Grant recipients at each institution with a base amount of \$1,500. The number of Pell Grant recipients from each institution were multiplied by the proposed base amount (\$1,500) and provided a total funding of Need-based Grant per institution. Utilizing this method with FY2005/06 Pell Grant recipients, this would require funding of \$26.95 million for the four year public institutions and \$43.1 for the two-year public institutions, totaling \$70.1 million of funding.

MODEL TWO proposes awarding all Pell Grant recipients at each institution with a base amount of \$2,000. The number of Pell Grant recipients from each institution were multiplied by the proposed base amount (\$2,000) and provided a total funding of Need-based Grant per institution. Utilizing this method with FY2005/06 Pell Grant recipients, this would require funding of \$35.9 million for the four year public institutions and \$57.5 for the two-year public institutions, totaling \$93.5 million of funding.

MODEL THREE demonstrates redistributing the NBG evenly across the board to all public institutions by providing an average dollar amount per student, per institution. This is calculated by taking the total amount of Need-based Grant allocations and dividing it among the total amount of Pell Grant recipients of all of the public institutions. This would give an average dollar amount per student to be given at each institution of \$434. This model does not require any additional funding.

This model also examines tuition and fees from each institution. It illustrates the percentage of tuition and fees from each institution that the proposed Need-based Grant dollar amount would cover from each institution utilizing the Pell Grant FTE method.

MODEL FOUR demonstrates redistributing the NBG funding evenly by sector, four year institution versus two year institutions. The model calculates the total amount of Need-based Grant allocations for the four year institutions and divides it among the total amount of Pell Grant recipients in the four year institutions. This would provide an average dollar amount of \$659 to each Pell Grant recipient at each four year institution. The calculation is also provided at the two year institutions, thus awarding an average dollar Need-based Grant award of \$294 per student at a two year institution. This model does not require any additional funding.

This model also examines tuition and fees from each sector. It illustrates the percentage of tuition and fees from each institution that the proposed Need-based Grant dollar amount would cover utilizing the Pell Grant FTE method by sector.

Model Three and Model Four would require a four year phase-in period. The 2007/2008 sophomores, juniors, and seniors would be held harmless. The first year phase would affect the incoming freshman (2007/08). Thereafter, each entering class would be awarded the new NBG amount. After the fourth year, each class will have the same base amount (depending on the model).

MODEL FIVE proposes putting each four year institution in line with Clemson University by providing a base amount of \$1,175 award per Pell Grant recipient. Clemson has the largest average Need-based Grant award among the institutions, based on their full-time FTE. MUSC's average Need-based award was not taken into consideration as they only had thirty one Pell Grant recipients.

Four Year Institutions: This model illustrates the average Need-based Grant award per student, per institution, and subtracts it from Clemson's average Need-based award of \$1,175 to provide the difference in the average Need-based award. The difference in award is then multiplied by the number of Pell Grant recipients per institution to provide the additional funding needed for each institution to put it at the level of Clemson University. To bring all public four year institutions up to par with Clemson's average Need-based award of \$1,175, it would require additional funding of \$9.2 million

Two Year Institutions: An average Need-based award among the two year institutions was calculated at \$430. Utilizing \$430 as a base award amount, USC Sumter stays whole while all other institutions benefit from this model.

Although \$430 appears to be one-third the amount of the four year institutions, the students at the two-year institutions may also receive Lottery Tuition Assistance to meet tuition costs, unlike the four year institutions. This amount could be up to an additional \$864. The increase in funding at the two year institutions would require an additional \$3.9 million dollars.

Model five would require a total of \$13.1 million of additional funding.

MODEL SIX proposes awarding a base amount of \$1,200 award per Pell Grant recipient, per each public four year institution. This would allow an increase in a base award for each institution, with the exception of MUSC which was at \$1,340 for FY 2006/07. MUSC only had thirty one Pell Grant recipients.

Four Year Institutions: This model illustrates a base Need-based Grant award per student, per institution at \$1,200. The base award is then multiplied by the number of Pell Grant recipients per institution to provide the additional funding needed for each institution to be able to award at the level of \$1,200. To bring all public four year institutions up to a base award of \$1,200, it would require additional funding of \$9.7 million

Two Year Institutions: This model illustrates awarding a base award among the two year institutions \$500 per Pell Grant recipient. Utilizing \$500 as a base award amount, it would increase all two year institutions Need-base award.

Although \$500 appears to be a portion of the amount awarded to the four year institutions, the students at the two-year institutions may also receive Lottery Tuition Assistance to meet tuition costs, unlike the four year institutions. This amount could be up to an additional \$864. The increase in funding at the two year institutions would require an additional \$5.9 million dollars.

Model six would require a total of \$15.6 million of additional funding.

MODEL SEVEN proposes awarding a base amount of \$1,250 award per Pell Grant recipient per each public four year institution. This would allow an increase in a base award for each institution, with the exception of MUSC which was at \$1,340 for FY 2006/07. MUSC only had thirty one Pell Grant recipients.

Four Year Institutions: This model illustrates a base Need-based Grant award per student, per institution at \$1,250. The base award is then multiplied by the number of Pell Grant recipients per institution to provide the additional funding needed for each institution to be able to award at the level of \$1,250. To bring all public four year institutions up to a base award of \$1,250, it would require additional funding of \$10.5 million.

Two Year Institutions: This model illustrates a base Need-based award among the two year institutions at \$500. Utilizing \$500 as a base award amount, it would increase all two year institutions Need-base award.

Although \$500 appears to be a portion of the amount awarded at the four year institutions, the students at the two-year institutions may also receive Lottery Tuition Assistance to meet tuition costs, unlike the four year institutions. This amount could be up to an additional \$864. The increase in funding at the two year institutions would require an additional \$5.9 million dollars.

Model seven would require a total of \$16.5 million of additional funding.

MODELS EIGHT, NINE, AND TEN

The Commission on Higher Education requests additional funding to address the gap between the current Need-based Grants awarded at each institution and the maximum ceiling of \$2,500. The gap award is determined by the maximum allowable award of \$2,500 and subtracting it from the current institutional award.

MODEL EIGHT

This model is based on the current methodology. The data is based on the Need-based allocations for FY2005/2006 and the Need-based Grant awards for FY2005/06.

The Need-based Grant awards are determined by subtracting the maximum allowable award from the differential. The additional amount of funding at a four year institution is \$10.3 million; two year institution \$8.5 million, totaling \$18.8 million of additional funding. The additional amount would take four years to phase in to address the gap. Each phase in will require a \$4,720,174 each year.

MODEL NINE

This model is based on the current methodology. The data is based from the Need-based allocations for FY2006/2007 and doubled the Need-based Grant awards for FY2006/07 fall and spring terms.

The Need-based Grant awards are determined by subtracting the maximum allowable award from the differential. The additional amount of funding at a four year institution is \$25.6 million; two year institution \$14.9 million, totaling \$40.6 million of additional funding. The additional amount would take four years to phase in to address the gap. Each phase in will require a \$10,156,344 each year.

MODEL TEN

This model is based on the current methodology. The data is based from the Need-based allocations for FY2007/2008 and the Need-based Grant awards for FY2006/07 fall and spring terms.

The Need-based Grant awards are determined by subtracting the maximum allowable award from the differential. The additional amount of funding at a four year institution is \$7.3 million; two year institution \$3.9 million, totaling \$11.3 million of additional funding. The additional amount would take four years to phase in to address the gap.