

Palmetto Fellows Scholarship Issues Under Consideration

Consider Increasing the Maximum Award for the Palmetto Fellows Scholarship from \$6,700 to \$7,000 – Model 1

It will cost approximately \$1.1 million to implement an increase of \$300 in the annual award amount based upon the 2004-05 academic year population of 3,727 students.

Discussion:

- When researching similar programs in Florida and Louisiana, those programs cover the cost of tuition and provide an additional stipend of \$300 to \$800 to the student. The average cost of tuition and fees at the SC public four-year institutions is \$6,862 for the 2005-06 academic year. By increasing the amount to \$7,000, the Scholarship award would be comparable to similar programs in the South.
- This is necessary in order to maintain the competitiveness of the award amount for the State's "best and brightest" students in light of the rising cost of attending college in South Carolina.

Consider Increasing the Maximum Award for the Palmetto Fellows Scholarship from \$6,700 to \$8,500 – Model 2

It will cost approximately \$6.7 million to implement an increase of \$1,800 in the annual award amount based upon the 2004-05 academic year population of 3,727 students.

Consider Increasing the Maximum Award for the Palmetto Fellows Scholarship from \$6,700 to \$10,000 – Model 3

It will cost approximately \$12.2 million to implement an increase of \$3,300 in the annual award amount based upon the 2004-05 academic year population of 3,727 students.

Discussion:

- The average cost of attendance at the four-year public institutions in South Carolina for the 2004-05 academic year is \$10,783.
- When CHE survey the 2001 Freshmen Cohort of Palmetto Fellows, over one-third responded that the biggest influence in their college choice was "funds available to pay for college." 81.3% of those surveyed thought that an increase in the Palmetto Fellows Scholarship award amount would also help more with their college choice.
- Based on 2003-04 data, Palmetto Fellows attending public four-year institutions have an average remaining unmet need of \$6,639. The unmet need is calculated by subtracting the Palmetto Fellows Scholarship combined with all other gift aid (any award that does not require repayment) from the cost of attendance.

LIFE Scholarship Program Issues Under Consideration

Raise Criteria for Initial Eligibility at Four-Year Institutions- Model 1

The chart below shows the proposed changes in the initial criteria at four-year institutions, the total number of freshmen that would receive the Scholarship, and the amount of reduced Scholarship funding:

Proposed changes in initial criteria	Number of Students	Change in Scholarship Funding
Require 2 of the 3 criteria: <u>3.25 GPA</u> , top 30% of class, 1100 SAT	4132	-6.4 million
Number of students that would change from the LIFE Scholarship to the SC HOPE Scholarship	396	+1.0 million
Total Scholarship Savings to the State		-5.4 million

*Figures are based on Fall 2004 data.

Discussion:

- In Fall 2004, 10,381 first-time freshmen received the LIFE Scholarship.
- In Fall 2004, 396 students would have earned the HOPE Scholarship instead of the LIFE Scholarship if the criteria were two of the three (3.25 GPA, top 30% of class, 1100 SAT)

SC HOPE Scholarship Issues Under Consideration

Consider Increasing the Maximum Award for the SC HOPE Scholarship from \$2,650 to \$3,000- Model 1

It will cost approximately \$882,700 to raise the annual award amount from \$2,650 to \$3000 based upon the 2004-05 academic year population of 2,522 students.

Consider Increasing the Maximum Award for the SC HOPE Scholarship from \$2,650 to \$3,500- Model 2

It will cost approximately \$2.1 million to raise the annual award amount from \$2,650 to \$3500 based upon the 2004-05 academic year population of 2,522 students.

Discussion:

- Retention Rates: 21.3% of SC HOPE Scholarship recipients at public institutions in 2003, who enrolled at the same institution Fall 2004, earned the LIFE Scholarship and 21.6% of SC HOPE Scholarship recipients at independent institutions in 2003, who enrolled at the same institution Fall 2004, earned the LIFE Scholarship.
- The SC HOPE Scholarship is providing college access to students who otherwise may not have enrolled in college at all or who may not have enrolled in a four-year college. The majority of Fall 2003 SC HOPE Scholarship recipients returned to college their sophomore year, regardless of whether they qualified for the LIFE Scholarship. According to data reported to CHEMIS:

- 66.3% did not earn the LIFE Scholarship but still remained in a SC institution Fall 2004;
 - 12.3% did not enroll in a SC institution Fall 2004; and
 - 87.7% returned to a SC institution in Fall 2004 (with or without the LIFE Scholarship (this is higher than the national freshman retention rate of 74%)).
- In addition to their SC HOPE Scholarships, SC HOPE recipients utilized the following other types of aid:
 - 53.4% obtained student loans (11.4% were obtained by their parents);
 - 25.6% received SC Need-based Grants; and
 - 18.2% received institutional scholarships.

Lottery Tuition Assistance (LTA) Issues Under Consideration

Review Funding for Dually Enrolled Students- Model 1

Since 2002, based on a request of a previous Executive Director, the Commission has waived the requirement mandating that dually enrolled high school students be degree-seeking for LTA eligibility. However, according to Section 59-150-360 of the South Carolina Education Lottery Act, in order to receive Lottery Tuition Assistance “a student must be enrolled and maintain six credit hours each semester in a certificate, degree or diploma program.” If it is the intent of the legislature to award aid to high school students who are dually enrolled, the law will need to be amended to waive the minimum requirement of six hours and the degree seeking status. Additional language will need to be added to allow for dually enrolled students to enroll in courses at four-year institutions. At present the State provides approximately \$2.6 million in Lottery Tuition Assistance per year for dually enrolled students.

SC Need-based Grant Issues Under Consideration

Ensure that the SC Need-based Grant is Awarded to the Neediest Students in the State by Giving Priority to Pell Grant Recipients- Model 1

Out of the 24, 968 SC Need-based Grant recipients, there were 17,341 students who received the Pell Grant in Fall 2004. The SC Need-based Grant is currently awarded to approximately 18 percent of students attending public institutions in South Carolina who received the Pell Grant. There would be no fiscal impact to the State for the implementation of this model.

Students First Financial Resources for Scholarships and Tuition Law

SECTION 59-142-40. Effective date; allocation of funds.

~~The provisions of this chapter apply to eligible students beginning in the 1996-97 academic year. Funds must be allocated in a given year to institutions based on the percentage of the state full-time enrollment enrolled at the institutions in the preceding year. Funds must be awarded to eligible students according to the financial need of the student.~~

The law needs to be amended to state:

“Funds must be allocated in a given year to institutions based on the percentage of full-time Pell Grant recipients enrolled at the institutions in the preceding year. Funds must be awarded to eligible students according to the financial need of the student.”

SC Need-based Grant Regulations

62-455(A)1 Of the funds allocated to public institutions, the percentage shall be equivalent to the percentage of the public institution's share of the total South Carolina resident ~~undergraduate~~ full-time ~~headcount~~ enrollment in the preceding year.

The regulation must be amended to read:

“Of the funds allocated to public institutions, the percentage shall be equivalent to the percentage of the public institution's share of the total South Carolina resident full-time Pell Grant recipient enrollment in the preceding year.”

62-455(A)2 Of the funds allocated to independent institutions, the percentage shall be equivalent to the percentage of the independent institutions' share of the total South Carolina resident ~~undergraduate~~ full-time ~~headcount~~ enrollment in the preceding year and will be determined annually by the South Carolina Commission on Higher Education and the Tuition Grants Commission.

The regulation must be amended to read:

“Of the funds allocated to independent institutions, the percentage shall be equivalent to the percentage of the independent institution's share of the total South Carolina resident full-time Pell Grant recipient enrollment in the preceding year.”

62-460(I) “Needy student” shall mean a post-secondary student enrolled in or accepted for enrollment in a public institution who demonstrates to the institution the financial inability, either parental, familial, or personal, to bear the total cost-of-attendance for any regular academic semester. The determination of need shall be made in accordance with Federal need analysis formulae and provisions.

The following sentence must be added to the above regulation:

“Students who qualify for the Pell Grant will be given priority for the SC Need-based Grant.”

62-470(H) Annual allocations of funds to the public institutions will be based on each institution's percentage of the State's total enrollment of South Carolina resident ~~undergraduate~~ full-time ~~degree-seeking~~ ~~headcount~~ enrollment.

The regulation must be amended to read:

“Annual allocations of funds to the public institutions will be based on each institution's percentage of the State's total enrollment of South Carolina resident undergraduate full-time Pell Grant recipient enrollment.”

Set Flat Need-based Grant Award Amount for Four-Year and Two-Year Public Institutions- Model 2

Currently, the SC Need-based Grant is the only one of the State financial assistance programs which is not transferable. Setting a flat award amount for public four-year and two-year institutions would allow students to transfer the Need-based Grant among colleges. For example, if an award amount of \$1000 at four-year public institutions and \$770 at two-year public institutions were established there would be a decrease in grant funding of \$2.6 million at four-year institutions and \$662,000 at two-year institutions. This is a total decrease of \$3.4 million based on Fall 2004 data.

Set Flat Need-based Grant Award Amount for Four-Year and Two-Year Public Institutions- Model 3

The Commission would like to increase the amount of the SC Need-based Grant to \$2600 for a full-time student and \$1300 for a part-time student. This equals the amount of the SC Tuition Grant given to students attending independent institutions. There were 10,238 full-time and 2378 part-time students at public institutions receiving the Need-based Grant in Fall 2004. This would total \$26.6 million for full-time students and \$3.1 million for part-time students. In 2004-05,

\$17.6 million was appropriated for the Need-based Grant. Model 3 would create a total increase of \$11.8 million based on Fall 2004 data.

Discussion:

- Many of our neediest students do not receive the SC Need-based Grant because they typically apply to college later.
- Historically, students attending independent institutions have received **significantly more** State and federal (LEAP funds) need-based aid than students attending public institutions. The students attending independent institutions in 2004-05 received \$2600 from the SC Tuition Grants Commission while students attending public institutions received an average Need-based Grant award of \$1,161.