

## **Accountability Report Transmittal Form**

Agency Name: South Carolina Higher Education Tuition Grants Commission (H06)

Date of Submission: September 13, 2013

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**ANNUAL ACCOUNTABILITY REPORT**  
*Fiscal Year 2012-2013*

**SOUTH CAROLINA HIGHER EDUCATION TUITION GRANTS COMMISSION (H06)**

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13SEPT2013

**Section I. Executive Summary**

The South Carolina Tuition Grants Program is a “need-based” grants program that was enacted in 1970 by the South Carolina General Assembly as a tuition equalization program to give South Carolina students the choice of attending a South Carolina independent college. Not only does the grants program give South Carolina students the choice of attending the college that best meets their academic needs, it also saves the State of South Carolina millions of dollars each year. The savings result from attracting South Carolina students into the South Carolina independent college sector, thereby saving the automatic per student state tax subsidy that goes to all students attending South Carolina public colleges regardless of financial need. The per student state subsidy averaged \$3,424 in the 2012-2013 fiscal year.

The South Carolina Tuition Grants Program was funded solely by state appropriation beginning with 2011-2012. The Federal LEAP/SLEAP matching grant program, which partially funded Tuition Grants for almost 40 years, was eliminated from the federal budget effective for 2011-2012.

The clients of the South Carolina Tuition Grants Program are the students of South Carolina and their families, the 21 South Carolina independent colleges participating in the grants program, all of the high schools located throughout the state, the members of the South Carolina General Assembly, and the various state agencies overseeing the operation of a state program. The South Carolina Tuition Grants Commission comes into contact with all of these constituents throughout the normal operating cycle of a fiscal year.

The day-to-day operation of the South Carolina Tuition Grants Program includes the following:

- 1) Processing over 35,600 applications that are received each year for South Carolina Tuition Grant assistance;
- 2) Analyzing all applications for “financial need” using the federal methodology approved by Congress;
- 3) Analyzing all applications to determine if they meet Program eligibility requirements as required by statute and policy;
- 4) Notifying the students and their colleges of their eligibility or ineligibility for grant funds;
- 5) Processing appeals of eligibility from students who are not eligible;

- 6) Disbursing the grant funds to the students at their colleges once “full-time” enrollment status is confirmed;
- 7) Issuing various reports to the participating independent colleges in regard to grant eligibility of their South Carolina students;
- 8) Disseminating South Carolina Tuition Grants Program information to the general public, the South Carolina high schools, and the guidance counselors;
- 9) Communication and coordination with the State Treasurer’s Office, the Comptroller General’s Office, the State Auditor’s Office, the State Budget Division, the Governor’s Office, the South Carolina General Assembly and its various committees, and all other state agencies involved with administering a state program.

The South Carolina Tuition Grants Program is a sound investment for the State of South Carolina. The South Carolina independent colleges attended by these students have total operating budgets of over \$650 million and combined capital assets (physical plants and endowments) of over one billion dollars. Thus, the state’s base investment for 2012-2013 of \$35,478,692 in the South Carolina Tuition Grants Program supports an industry exceeding \$1.65 billion. Although the South Carolina Tuition Grants Program receives only about 3% of the total state dollars going to higher education, South Carolina independent colleges educate over 16.5% of our state’s full-time students graduating nearly 27% of the state’s bachelor degree recipients. Additionally, with the average Tuition Grant per full-time South Carolina Resident attending the state’s independent colleges averaging just \$1,861 and the per-student subsidy for each full-time student attending the State’s public colleges costing taxpayers \$3,424, by assisting residents to afford attendance at an independent college versus a public institution, the Tuition Grants Program provides a solid savings of taxpayer dollars.

### **MISSION STATEMENT**

The mission of the South Carolina Higher Education Tuition Grants Commission is to administer a state-funded, need-based tuition grants program for the State of South Carolina designed to assist eligible South Carolina residents with demonstrated financial need to afford to attend certain in-state, accredited independent colleges on a full-time enrollment basis.

By providing need-based tuition grants to these students, the State of South Carolina gains maximum usage from the available independent higher education facilities located throughout South Carolina, assists in the education of our state citizenry by helping offset for our state residents the cost of attending certain in-state, independent colleges just as the State offsets the cost of our state residents attending South Carolina public colleges, helps to preserve the dual system of public and independent college higher education in South Carolina which provides healthy competition between the public and independent colleges, saves the State of South Carolina tens of millions of tax dollars annually by attracting students into the independent college sector thereby saving the automatic per student state subsidy that goes to all South Carolina public college students regardless of their financial need, and gives South Carolina residents the choice of attending a public or an independent college and allows them to make their college-choice decision based on their academic needs rather than solely on the cost of the institution.

**PROGRAM NAME:**

Higher Education Tuition Grants (05000000)

**PROGRAM GOAL:**

To provide increased state economic benefits and a more educated citizenry by enabling more South Carolinians to obtain a college education by providing financial assistance in the form of need-based state tuition grants to qualified South Carolina residents electing to attend on a full-time basis certain eligible accredited South Carolina independent junior and senior colleges.

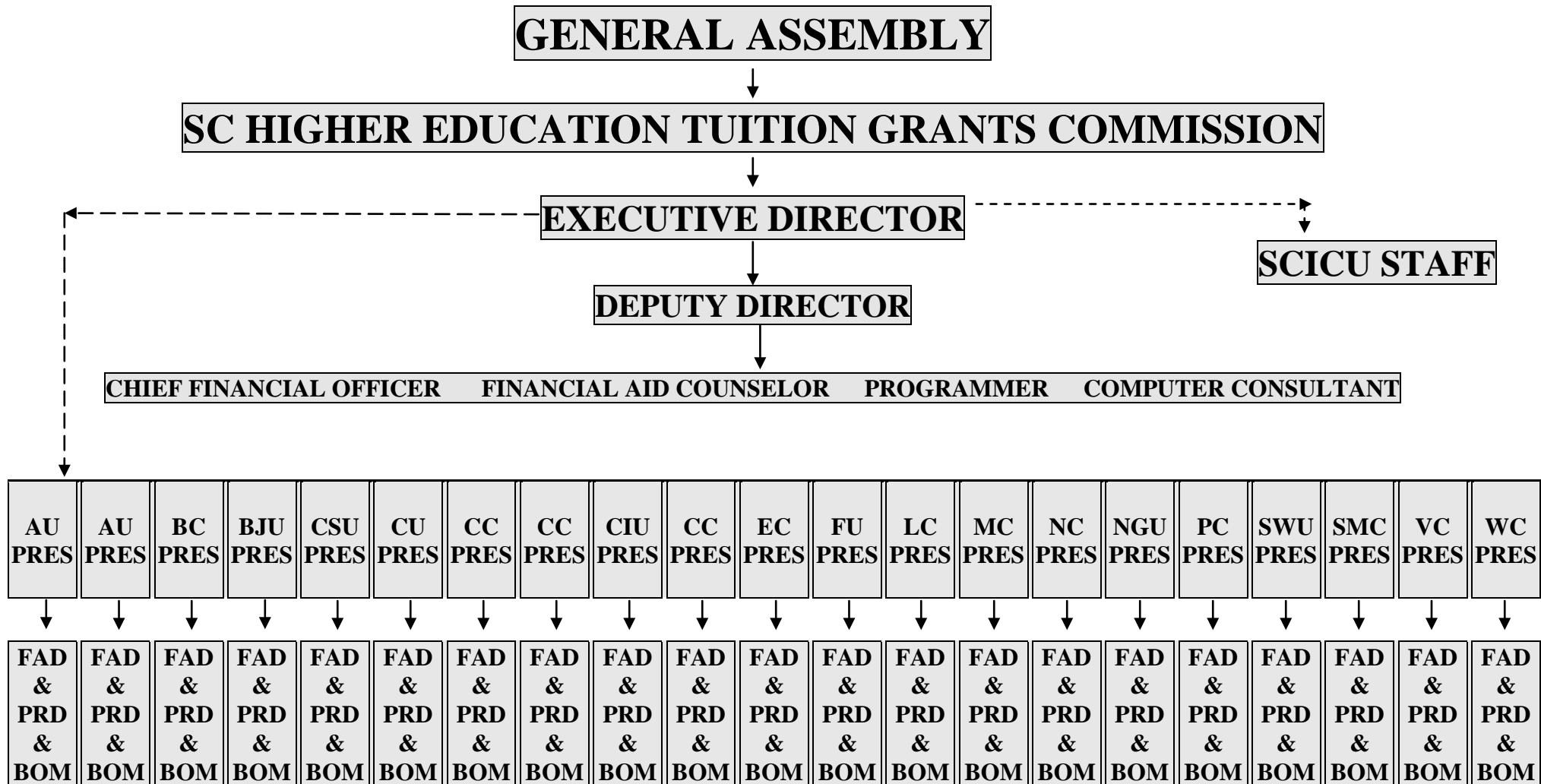
**PROGRAM OBJECTIVES:**

- 1) To gain maximum usage of the available independent college facilities located in South Carolina by assisting eligible students afford the cost of the independent colleges and thereby help in the education of our state citizenry; and,
- 2) To help offset the cost the higher education costs of attending certain accredited South Carolina independent colleges for South Carolina students just as the state offsets the higher education costs of our South Carolina residents attending South Carolina public colleges; and,
- 3) To preserve the dual system of public and independent college higher education in South Carolina which provides healthy competition between the two sectors; and,
- 4) To attract South Carolina residents into the South Carolina independent college sector in order to save the State of South Carolina tax dollars that would have to be appropriated via the automatic state per student subsidy that would go, regardless of financial need, to all independent college students if they migrated into the South Carolina public college system; and,
- 5) To give eligible South Carolina residents the opportunity to choose the in-state college that best meets their academic needs.

## Section II. Organizational Profile

1. Description of Main Products and Services: Need-based tuition grants to assist with tuition payment by eligible South Carolina Residents attending qualified in-state Independent colleges on a full-time basis.
- 2: Key Customers: South Carolina students attending eligible South Carolina independent colleges, parents and spouses of students, independent colleges, independent college personnel, high school guidance counselors.
3. Key Stakeholders: South Carolina Tuition Grants Commission, 21 eligible SC Independent colleges, the State of SC and its Taxpayers, South Carolina General Assembly, United States Education Department.
4. Key Suppliers & Partners: 21 Independent Colleges, Contracted IT consultant, other South Carolina State agencies, South Carolina General Assembly, and United States Education Department.
5. Operation Location: 800 Dutch Square Blvd.; Columbia, South Carolina
6. Number of Employees: 5 FTEs (One position vacant the full year)  
1 contracted IT consultant
7. Regulatory Environment: South Carolina State statutes for Program and operation of state agencies, Commission Policies, Federal Statutes and Regulations for FAFSA application processing.
8. Performance Improvement Systems: Employee evaluations, Commission review, Input from college personnel.
9. Organizational Structure: Chart attached
10. Expenditures/Appropriations: Chart attached.
11. Major Program Areas: Chart attached.

# Organizational Chart



FAD=FINANCIAL AID DIRECTOR  
 PRD=PUBLIC RELATIONS DIRECTOR  
 BOM=BUSINESS OFFICE MANAGER

## Accountability Report Appropriations/Expenditures Chart

### Base Budget Expenditures and Appropriations

Major Budget Categories	FY 11-12 Actual Expenditures		FY 12-13 Actual Expenditures		FY 13-14 Appropriations Act	
	Total Funds	General Funds	Total Funds	General Funds	Total Funds	General Funds
Personal Service	\$ 177,760	\$ 177,760	\$ 187,965	\$ 187,965	\$ 185,365	\$ 185,365
Other Operating	\$ 62,014	\$ 13,134	\$ 73,092	\$ 3,092	\$ 10,608	\$ 10,608
Special Items						
Permanent Improvements						
Case Services	\$ 25,709,057	\$ 21,775,877	\$ 25,639,430	\$ 21,747,641	\$ 27,996,918	\$ 23,358,622
Distributions to Subdivisions						
Fringe Benefits	\$ 61,566	\$ 61,566	\$ 65,400	\$ 65,400	\$ 74,611	\$ 74,611
Non-recurring	\$ 6,602,527	\$ 6,651,407	\$ 10,489,669	\$ 10,559,669	\$ 8,000,000	\$ 8,000,000
<b>Total</b>	\$ 32,612,924	\$ 28,679,744	\$ 36,455,556	\$ 32,563,767	\$ 36,267,502	\$ 31,629,206

### Other Expenditures

Sources of Funds	FY 08-09 Actual Expenditures	FY 09-10 Actual Expenditures
Supplemental Bills		
Capital Reserve Funds		
Bonds		

## SC TUITION GRANTS PROGRAM APPROPRIATIONS FUNDING HISTORY

<u>Year</u>	<u>State Appropriation</u>	<u>Total Funds</u>	<u>Number Of Grants</u>
1971-72	\$ 50,000	\$ 50,000	43
1972-73	\$ 150,000	\$ 150,000	134
1973-74	\$ 4,000,000	\$ 4,000,000	3,271
1974-75	\$ 6,180,000	\$ 6,398,882	5,186
1975-76	\$ 7,255,473	\$ 7,460,840	5,784
1976-77	\$ 7,332,686	\$ 7,833,229	7,516
1977-78	\$ 8,354,749	\$ 9,085,707	7,758
1978-79	\$ 9,356,497	\$ 10,133,140	9,335
1979-80	\$ 9,907,590	\$ 10,788,633	7,634
1980-81	\$ 10,834,659	\$ 11,700,785	8,479
1981-82	\$ 12,084,659	\$ 12,646,350	8,368
1982-83	\$ 12,184,659	\$ 12,375,722	7,974
1983-84	\$ 11,929,149	\$ 12,577,824	6,974
1984-85	\$ 12,929,149	\$ 13,749,800	7,412
1985-86	\$ 14,629,149	\$ 15,450,804	7,635
1986-87	\$ 15,592,839	\$ 16,379,163	7,795
1987-88	\$ 15,541,444	\$ 16,372,303	7,608
1988-89	\$ 16,189,154	\$ 17,825,811	7,934
1989-90	\$ 17,414,241	\$ 18,191,460	7,242
1990-91	\$ 17,414,241	\$ 18,054,069	6,816
1991-92	\$ 16,790,153	\$ 16,823,103	6,694
1992-93	\$ 16,004,273	\$ 16,583,714	6,606
1993-94	\$ 15,251,517	\$ 16,892,826	8,371
1994-95	\$ 16,346,136	\$ 17,358,968	8,428
1995-96	\$ 17,564,872	\$ 19,034,623	8,950
1996-97	\$ 20,783,666	\$ 21,727,055	9,321
1997-98	\$ 22,074,929	\$ 22,626,641	9,412
1998-99	\$ 22,307,633	\$ 22,582,693	9,800
1999-2000	\$ 23,115,329	\$ 23,391,633	9,908
2000-2001	\$ 24,479,575	\$ 24,937,077	10,152
2001-2002	\$ 22,376,550	\$ 22,971,182	10,864
2002-2003	\$ 25,650,042	\$ 26,487,728	11,586
2003-2004	\$ 25,202,599	\$ 25,922,255	12,004
2004-2005	\$ 27,391,853	\$ 28,277,793	12,025
2005-2006	\$ 27,572,932	\$ 28,438,045	11,869
2006-2007	\$ 31,457,949	\$ 32,160,551	11,735
2007-2008	\$ 37,748,012	\$ 38,451,537	12,461
2008-2009	\$ 37,783,612	\$ 38,474,871	12,801
2009-2010	\$ 34,056,274	\$ 34,760,500	14,200
2010-2011	\$ 33,993,261	\$ 34,827,306	14,451
2011-2012	\$ 33,375,080	\$ 33,375,080	14,192
2012-2013	\$ 35,478,692	\$ 35,478,692	13,881
<b>TOTALS</b>	<b>\$ 776,135,277</b>	<b>\$ 802,808,395</b>	<b>370,609</b>



**Major Program Areas**

<b>Program Number and Title</b>	<b>Major Program Area Purpose (Brief)</b>	<b>FY 11-12 Budget Expenditures</b>	<b>FY 12-13 Budget Expenditures</b>	<b>Key Cross References for Financial Results*</b>
05000000 SC Tuition Grants	Need-Based Grants to Eligible South Carolina Residents Attending 21 South Carolina Independent Colleges	<b>State:</b> 32,311,584.00 <b>Federal:</b> 0.00 <b>Other:</b> <b>Total:</b> 32,311,584.00 <b>% of Total Budget:</b> >99%	<b>State:</b> 36,126,320.00 <b>Federal:</b> 0.00 <b>Other:</b> <b>Total:</b> 36,126,230.00 <b>% of Total Budget:</b> >99%	7.3
01000000 Program Administration	Personal Service, Operating Budget, and Fringe Benefits	<b>State:</b> 301,340.00 <b>Federal:</b> <b>Other:</b> <b>Total:</b> 301,340.00 <b>% of Total Budget:</b> <1%	<b>State:</b> 326,457.00 <b>Federal:</b> <b>Other:</b> <b>Total:</b> 326,457.00 <b>% of Total Budget:</b> <1%	7.3

**Below: List any programs not included above and show the remainder of expenditures by source of funds.**

<b>Remainder of Expenditures:</b>	<b>State:</b> <b>Federal:</b> <b>Other:</b> <b>Total:</b> <b>% of Total Budget:</b>	<b>State:</b> <b>Federal:</b> <b>Other:</b> <b>Total:</b> <b>% of Total Budget:</b>
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\* Key Cross-References are a link to the Category 7 - Business Results. These References provide a Chart number that is included in the 7th section of this document.

### **Section III: Elements of Malcolm Baldrige Award Criteria**

#### Category 1: Senior Leadership

The senior leadership of the South Carolina Tuition Grants Program is vested in the South Carolina Higher Education Tuition Grants Commission that is made up of eight college presidents and the Executive Director of the SC Commission on Higher Education. Based on the positions that the Commission members hold with their respective colleges and organizations, they are all proven leaders. All long-term and short-term direction of the Commission is decided by the members of the Commission with advice and recommendations being provided by the Director of the Commission and its staff members.

The South Carolina Tuition Grants Commission, being a relatively small agency of five employees, has only two employees considered to be senior leadership; the Director and the Deputy Director. With the Deputy Director as the only staff member in a position of advancement to senior leadership, the Director works closely with the Deputy Director to help her develop her leadership skills and to learn the responsibilities of the director's position and insures her involvement in development of policy recommendations for the Commission. Organizational values and performance expectations for these two individuals are set by the Commission and are reviewed annually through the performance evaluation system.

The senior leaders of the Commission are very attentive to the feedback they receive from other staff members as well as the college administrators that handle the SC Tuition Grants Program on their respective campuses and the students and parents who benefit from the Program. Because of this, customer service is the focus and priority for all Commission decisions.

The senior leadership always makes the extra effort to actively support and strengthen the community, which is evident by the fact that the Commission participates in 10-20 community service workshops each year disseminating information on the SC Tuition Grants Program to prospective South Carolina students interested in attending a SC independent college.

#### Category 2: Strategic Planning

Strategic planning is an important part of any agency, business, or organization. Therefore, the SC Tuition Grants Commission is constantly assessing the needs and expectations of the customers of the program, the SC students attending the SC independent colleges.

Although planning is very important, it is sometimes very difficult for state agencies to adhere to their "plans" to service the needs of all of their customers since the amount of service a state agency can provide is directly related to the amount of appropriations received from the SC General Assembly. The SC Tuition Grants Commission, through the budget request process, informs the legislature each year of the funding needs of the program to meet the strategic planning goals. Since state appropriation dollars are limited, strategic plans must be revised each year depending on program dollars received.

Category 3:                    Customer Focus

The Commission's primary customers are the students (and their families) who receive SC Tuition Grants. The Commission's secondary customers are the college financial aid offices who conduct verification of eligibility for grant recipients attending their colleges. They are responsible, in conjunction with the campus Business Office, to insure that state grant funds checks are correctly credited to student accounts. To accomplish this, the Commission communicates several different reports on a regular basis to the financial aid offices of the twenty-one eligible participating colleges. After many years of a manual, labor-intensive, and very slow process, the Commission in 1998 began providing reports to colleges electronically. Through password-protected electronic access, colleges received reports immediately without waiting for reports through the mail. Shortly after that change, the Commission provided a way for the colleges to be able to return data electronically to the Commission further stream-lining the process making it even more effective and efficient. This expedited the correction of student application information, prevented errors associated with manual data entry, and significantly reduced processing time for the disbursement of grant funds to student recipients. In 2000, the Commission moved to true, interactive Internet access by creating its own Internet website at [www.sctuitiongrants.com](http://www.sctuitiongrants.com).

Starting in 2005-2006, in collaboration with the South Carolina Educational Assistance Authority (and by extension the South Carolina Student Loan Corporation), the Commission began sending award letters via e-mail to students eligible for a South Carolina Tuition Grant. Using that information and the web services of SCEAA (provided free of charge to the Commission), as the Commission processes new awards on a weekly basis, students having valid e-mail addresses are notified immediately of their awards. In the first year, an 81.35% contact rate was achieved with students receiving their letters electronically. For year eight (2012-2013), the rate of notifying students of their tentative tuition grants via e-mail award letters was 94.65%.

Beginning in 2009-2010, the Commission moved further into electronically contacting students. In addition to Tentative Award Letters going to students via e-mail, the Commission began notifying any students who applied but were not eligible via e-mail. This enabled the Commission to contact students with valid e-mail addresses 2-3 days sooner.

Category 4:                    Measurement, Analysis, and Knowledge Management

The SC Tuition Grants Program was created in 1970 by the SC General Assembly to give SC students "in need" a choice of attending the college that best meets their academic needs, and also to save the state of South Carolina the automatic per student tax subsidy (\$3,424 in 2012-2013) that would have been needed to educate these students in the SC public college sector. With this in mind, the following information is collected, reviewed, and analyzed periodically to assess the impact of the program:

- 1) Number of Tuition Grant Applications Received
- 2) Number of Eligible Students
- 3) Average Dollar Grant
- 4) Average Dollar Need
- 5) Number of Tuition Grants Made
- 6) Average Per Student Subsidy at SC Public Colleges
- 7) Average Tuition at SC Independent Colleges
- 8) Percentage of Tuition Covered by SC Tuition Grants
- 9) Percentage of Students Receiving Tuition Grants Information Electronically
- 10) Total SC Tuition Grant Dollars Appropriated
- 11) Total SC Tuition Grant Dollars Needed to Fully Fund Program
- 12) Results of Appeals of Eligibility

Category 5:                    Workforce Focus

The South Carolina Tuition Grants Commission originally employed seven (7) full-time employees, but reduced the staff to five (5) full-time employees through the use of computer technology. Though centrally administered through the Commission office in Columbia, the program works intricately with the Financial Aid Office staffs at the twenty-one (21) participating colleges.

All Commission staff members are involved with policy recommendations made to the SC Tuition Grants Commission, the 9-person governing board over the SC Tuition Grants Program.

Assuming funds permit, all Commission staff members are allowed and encouraged to attend at least one professional development workshop each year for which the agency pays.

Because of the size of the Commission staff, recruitment, hiring, and retention have never been major workforce issues. One new staff member was hired last year to replace a retiree. Prior to the hire, the position was reclassified to provide for leadership growth and promotional opportunity. Seventy-five percent (75%) of the Commission staff members now have graduate level degrees.

Category 6:                    Process Management

The South Carolina Tuition Grants Commission is constantly reviewing, updating, and changing the process of getting the tuition grant dollars to our customers, the eligible SC students, and the twenty-one independent colleges they attend. This involves regularly reviewing the application process, the awarding process, the notification process, the disbursement process, and the record-keeping process.

Evidence of progress in these areas abounds. What used to be a process that involved a lot of paper and took 5 to 6 weeks to complete is now done via the Internet in 5 to 6 days.

The Commission contracts with an outside computer analyst to review all Commission computer processes annually and to make changes to ensure that the latest technological advances are used.

Category 7:                    Results

- 1) The total number of FTE positions at the South Carolina Tuition Grants Commission was reduced through attrition from 7 to 5 full-time positions in 1990. The agency now uses the services of the federal central computer application processing center, which is provided at no cost to state agencies who participated in the Federal LEAP Program. The reduction in the number of full-time employees saved the salaries and the fringe benefits being paid to these former employees. The agency has five full-time positions but, due to budget reductions, currently has only four full-time employees who worked 7,800 hours in 2012-2013 with duties related to the 35,607 SC Tuition Grant applications received. This averaged .219 employee-hours per application.
- 2) Of the total state dollars appropriated for the South Carolina Tuition Grants Program in 2012-2013, only .89% (less than 9/10 of 1%) of the agency budget, including salaries, goes into program administration with the remaining 99.11% of the state funds being awarded directly to South Carolina students in the form of need-based state tuition grants.
- 3) In a survey of SC Tuition Grant recipients, 80% indicated that without the assistance they would have been unable to attend the SC independent college that provided the best academic curriculum for their needs. Most of these students would have enrolled in the SC public college sector at a greater cost to the State of South Carolina or may not have gone to college at all.
- 4) Since the creation of the SC Tuition Grants Program in 1970, 370,609 tuition grants have been made assisting South Carolina students to attend the independent colleges of their choice that best met their academic needs.
- 5) The SC Tuition Grants Program has opened the door of educational opportunity to hundreds of thousands of South Carolina residents through the availability of 21 South Carolina independent colleges approved to participate in the program. All colleges are non-profit and fully accredited with 20 colleges accredited by the Southern Association of Colleges and Schools (SACS) and one college being accredited by TRACS. The number of participating colleges has increased from three (3) initially to twenty (21) in the FY 2012-2013 award year. These institutions are geographically located in every region of South Carolina and are conveniently available to commuter students living in all areas of the state.
- 6) In 2012-2013, the SC Tuition Grants Commission processed a Program record 35,607 applications for SC Tuition Grants assistance, an increase of 2,417 (7.3%) applications from the prior year. Each application was reviewed for financial need and all eligible students received award notices and, upon full-time enrollment, State of South Carolina checks for the amount of

their semester eligibility. In the 2012-2013 award year, the SC Tuition Grants Commission provided Tuition Grants to 13,881 eligible SC students.

7) The South Carolina Tuition Grant is a need-based grant and, unlike the automatic per student state subsidy going to all students attending SC public colleges regardless the student's or their family's financial need, not all SC independent college students qualify for assistance from the SC Tuition Grants Program. In 2012-2013, the average of state dollars going to the 19,418 SC residents (including those who did not qualify for a Tuition Grant) attending the twenty-one SC independent colleges was \$1,861. When compared to the \$3,424 average per student state subsidy that automatically goes to all students in the SC public college sector, there is a \$1,563 per student savings to the State of South Carolina for every South Carolina resident choosing to attend a South Carolina independent college instead of a public college. When considered on the program level, there is a \$30.350 million annual savings to the State of South Carolina resulting from its investment in the SC Tuition Grants Program. This does not include the additional state dollars that would be needed to build classrooms and dormitories and to hire additional faculty members in the event that all SC independent college students were to migrate into the SC public college sector. It also does not include dollars going to public colleges in the form of revenue bond issues.

8) In the 1950s, over 50% of South Carolina's college students were educated at independent colleges in South Carolina. By the late 1960s, this percentage had eroded to fewer than 20%. Since the creation of the SC Tuition Grants Program in 1970, the percentage has stabilized at just below 20% and has remained close to that level since then. There is no doubt that the SC Tuition Grants Program has been effective in preserving the dual system of public and independent college higher education in South Carolina, a system that through healthy competition works for the betterment of both higher education segments in our state.

9) In the 1994-95 award year, the SC Tuition Grants Commission discontinued the use of a separate SC Tuition Grant application and instead began using the free federal application for Title IV Federal Student assistance as the application for a SC Tuition Grant which was permissible based on the fact that the Commission was participating in the Federal SSIG/LEAP Program at that time. This allows all SC students to apply for state assistance through the completion of one federal application that is provided free-of-charge. The SC Tuition Grants Commission is able to electronically draw down the needed applicant data from the federal central processor and compute SC Tuition Grant eligibility. This change saves the SC Tuition Grants Commission (and the State) thousands of dollars annually by not having to print a separate application and by not having to hire additional personnel to handle a manual application process. It further served to significantly increase the efficiency and effectiveness of the Commission in determining financial need of the applicants and notifying the students of their SC Tuition Grant eligibility.

10) Of the 19,418 full-time SC resident students attending the 21 participating SC independent colleges, 13,881 of them (71.5%) received SC Tuition Grants in 2012-2013.

11) The \$35,478,692 state appropriation for the SC Tuition Grants Program in 2012-2013 represents about 3% of the state's total support of higher education. With this small 3% investment, South Carolina's independent colleges educated over 16.5% of the resident college and university students in our state and graduated nearly 27% of the state's bachelor degree recipients last year.

12) The total operating budgets of the 21 independent colleges where students are eligible by statute to use their Tuition Grants to pay their tuition is over \$650 million annually with combined capital assets (physical plants and endowments) totaling over \$1 Billion. While Tuition Grants are awarded directly to students, and are not direct assistance to these private institutions, the state's \$35.479 million 2012-2013 investment to assist students to attend these institutions supported a South Carolina industry valued in excess of \$1.65 Billion.

13) Beginning in the 1998, the Commission converted to using the Internet to send and receive applicant data to and from the participating colleges by way of e-mail attachments. Necessary reports and college access to student applicant information via the Internet have significantly increased the efficiency and effectiveness in administering the SC Tuition Grants Program. In 2000-2001, the Commission moved to true, interactive Internet access by creating its own Internet website at [www.sctuitiongrants.com](http://www.sctuitiongrants.com). This enhanced communications mechanism replaced the exchange of applicant data via e-mail providing a higher level of security and protection of confidential student information. Since then the Commission has continued to expand and upgrade the agency website, now used by the colleges to send and receive data reports to and from the Commission in a secure on-line environment.

14) Beginning in July, 1996, the Commission changed from sending individual checks for each recipient of a SC Tuition Grant to a single check for all recipients at a specific college. A roster of recipients is sent to the colleges with the single check enabling the college to correctly disburse the grants to the eligible students. During the last fiscal year when individual checks were issued, the state produced 18,639 individual checks for disbursement to just 8,950 students. This change lifted a tremendous burden and expense from the Commission, the State Treasurer's Office, the individual college business offices, and the student recipients.

Beginning in 2002-2003, the Commission moved forward again in expediting the disbursement of student grants through use of Electronic Funds Transfers (EFT). Colleges are able to receive direct disbursement from the State Treasurer via EFT several days faster than through creation of and mailing of checks. The colleges then match up the EFT disbursement to the roster of recipients provided by the Commission to enable the deposit of grant funds into existing student accounts. The use of EFT is a school-based decision and prior to 2012-2013, all 21 of the participating colleges are taking advantage of the use of EFT.

To compare the changes made in the student disbursement process since 1995, during the 2012-2013 fiscal year, the state produced just 247 checks (all electronic transfers) for 13,881 grant recipients compared to 18,639 checks in 1994-95 to only 8,950 recipients. The 247 electronic transfers compares to an estimated 30,000 or more checks if the Commission still operated under the old system!

Starting in 2005-2006, in collaboration with the South Carolina Educational Assistance Authority (and by extension the South Carolina Student Loan Corporation), the Commission began sending secure tentative award letters via e-mail to students eligible for a South Carolina Tuition Grant. Students provide their e-mail addresses via the Commission's annual application (the Free Application for Federal Student Aid). Using that information and the web services of SCEAA (provided free of charge to the Commission), as the Commission processes new awards on a weekly basis, students having valid e-mail addresses are notified immediately of their awards. Previously the Commission would print hard-copy letters which could take from 1 to 4 days for student notification. The Commission's initial projection of saving about \$5,000 in the first year was attained with 81.35% of students receiving their letters electronically. Savings in year one were realized in postage expenses, the printing of envelopes and letters, and copier/printer expenses even with an initial start-up cost in computer programming. In year eight (2012-2013), cost savings for postage alone was over \$25,650 with 94.65% of students receiving their awards via e-mail. Customer response to the Commission's change in awarding electronically has been very positive.

Beginning in 2009-2010, the Commission moved further into electronically contacting students. In addition to Tentative Award Letters going to students via e-mail, the Commission began notifying any students who applied but were not eligible via e-mail. For the 2012-2013 fiscal year, the Commission realized an additional \$2,363 in postage savings alone. Combining these two methods of contacting students saved the Commission almost \$28,014 in just postage expenses for 2012-2013 to say nothing of printing and paper.

### **Tuition Grants Program Statistics**

1. Students at twenty-one (21) independent colleges in South Carolina were eligible to participate in the Tuition Grants Program during 2012-2013. These colleges enrolled a total of 30,402 full-time undergraduate students. Nearly 64 percent (19,418) were South Carolina residents.
2. Over 22 percent (22.27%) of the 2012-2013 total award dollars went to South Carolina residents who chose to attend one of the five eligible historically black state colleges.
3. In 2012-2013 over forty-four percent (44.24%) of South Carolina Tuition Grants recipients were minority students. African-American students represented almost forty percent (39.93%) of recipients. As a percentage of recipients, the South Carolina Tuition Grants Program has historically served more African-American students than any other state-funded financial aid program.
4. Over seventy-eight percent (78.44%) of SCTG recipients were dependent upon their parents/legal guardians for financial support. Less than twenty-two percent (21.56%) were totally independent and relied only on their own income or that of a spouse.
5. Almost sixty-five percent (64.87%) of the 2012-2013 SCTG recipients had family incomes of \$59,999 or less with one in six recipients having family income below \$10,000. The average income for all 2012-2013 Tuition Grant recipients was \$46,619.



6. The average age for all 2012-2013 Tuition Grant recipients was 23.5 years.
7. The 2012-2013 average private college tuition and fee charge was \$21,032 per year, not including room, board, or books. The average South Carolina Tuition Grant award for 2012-2013 was \$2,603 and covered 12.38% of the average tuition and fees charge. The average South Carolina Tuition Grant award for 1974-75 was \$1,233 covering eighty percent (80%) of the average tuition and fees charge.

### **Program Needs**

An increase of \$1,275,866 in grants funding is being requested for 2014-15 to provide a \$3,000 program-wide maximum grant for an estimated 14,026 eligible students. This request enables the Maximum Grant to be increased by \$100 from the current 2013-2014 Maximum Grant. While level-funding for several years of economic turmoil and then increased funding the past two years for the Tuition Grants Program is greatly appreciated by students and their families, the Maximum Grant was \$3,200 in 2008-2009 before dropping as low as \$2,600 in 2011-2012. The number of eligible students has stabilized after several years of increases and the State Legislature generously provided one-time money in 2012-2013 and a permanent increase in 2013-2014 enabling the Maximum Grant to get back to \$2,900. However, the need exists to return the Maximum Grant to at least \$3,200. An increase of \$1.276 million in 2014-2015 would get the Maximum Grant one step closer to the former Maximum Grants. The need exists for small incremental increases over the next several years that will enable the Maximum Grant to be returned by 2016-2017 to its 2008-2009 level of \$3,200.

### **Program Concerns**

1. Gap between Tuition and Amount of Maximum Tuition Grants.
2. Maximum Grant levels continue to be below 2008-2009 maximum.
3. State Funding of Need-based aid versus Merit-based aid for ALL students:  
Palmetto Fellows: 8.34% (about 1 out of 12) receive both SCTG and Palmetto Fellows.  
LIFE: 35.74% (about 1 out of 3) receive both SCTG and LIFE.  
HOPE: 4.83% (about 1 out of 21) receive both SCTG and HOPE.  
TOTAL: 50.23% receive both Merit and Need-based funds.  
49.77% (about half) receive ONLY Need-based aid and NO Merit-based Aid.  
  
HBCUs: Only 25.447% receive both Merit and Need-based funds.  
74.55% of HBCU students receive ONLY Need-based aid and NO merit-based aid.

### **South Carolina Student Legislature**

The 2008-09 state funding for the SC Student Legislature was vetoed by Governor Sanford and the veto was sustained by the SC General Assembly. This Program was funded again in the 2013-2014 State Budget process but was subsequently vetoed again, this time by Governor Haley, which was again upheld by the General Assembly.

## Strategic Planning

Program Number and Title	Supported Agency Strategic Planning Goal/Objective	Related FY 14-15 and beyond Key Agency Action Plan/Initiative(s) and Timeline for Accomplishing the Plan(s)	Key Cross References for Performance Measures*
05000000	To INCREMENTALLY return the Maximum South Carolina Tuition Grant to the 2008-2009 level of \$3,200 per student by obtaining sufficient recurring funds to move the Maximum Grants from \$2,900 to \$3,000 for 2014-2015.	The initiative for 2014-2015 is to obtain an increase in recurring funding to increase the Maximum South Carolina Tuition Grant for 2014-2015 for each student by \$100 from \$2,900 to \$3,000. This is the first year in a multi-year initiative to increase the Maximum Grant by \$100 per year until the Maximum Grant returns to the 2008-2009 level of \$3,200. The timeline for accomplishment is the end of each year's State Budget Process until this is accomplished with the final target date of 2016-2017.	7.2, 7.3

\* Key Cross-References are a link to the Category 7 - Business Results. These References provide a Chart number that is included in the 7th section of this document.