

AGENCY NAME:	Higher Education Tuition Grants Commission		
AGENCY CODE:	H060	SECTION:	12

AGENCY'S DISCUSSION AND ANALYSIS

The South Carolina Tuition Grants Program, created by the General Assembly in 1970, provides state grant assistance based on documented financial need to help students afford the South Carolina college that best fits their academic goals. The program was specifically designed to narrow the gap between public and independent college tuition, ensuring students have real choice in pursuing higher education.

The Tuition Grants Program is a proven, high-return investment for our state. Independent colleges that participate in the program operate with combined budgets exceeding \$750 million and capital assets of more than \$1 billion. By supporting access to these institutions, the state leverages a \$1.75 billion industry that contributes directly to South Carolina's economy.

Despite receiving less than 5% of the state's total higher education appropriations, South Carolina's independent colleges educate nearly 17% of the state's full-time students and award more than 20% of bachelor's degrees each year. The program also generates substantial cost savings for taxpayers. The average per-student subsidy at public institutions was \$7,529 in FY 2024–25, compared to an average Tuition Grant of \$4,406. That difference saved the State an estimated \$48.5 million last year alone. Since 1970, cumulative cost avoidance from this program exceeds \$1 billion, without even accounting for additional taxpayer costs that would have been required for new public classrooms, residence halls, faculty, and staff.

The Tuition Grants Commission is recognized for its strong customer-service culture and reliable stewardship. Our customers include South Carolina students and families, independent colleges, high schools and counselors, members of the General Assembly, and the many state agencies with which we coordinate daily operations.

Over the past year, the day-to-day operation of the South Carolina Tuition Grants Commission has included:

- Processed over 33,700 applications for Tuition Grant assistance;
- Determined eligibility and financial need using federally approved methodology;
- Issued award notifications and handled appeals;
- Disbursed funds accurately and securely to students' college accounts;
- Provided training to financial aid officers and presidents of independent colleges;
- Distributed program information statewide to high schools, counselors, and the public; and
- Coordinated extensively with partner agencies including the Treasurer's Office, Comptroller General, State Auditor, Executive Budget Office, Department of Education, and the General Assembly.

Through this work, the Commission ensures accountability, efficiency, and accessibility, and continues to help thousands of South Carolina students achieve their educational goals while saving taxpayer dollars and strengthening our state's higher education system.

While much of the Commission's work is reflected in data and performance measures, as outlined in the Strategic Plan Results tab of the agency's data sheet, several other accomplishments from the past year also deserve special recognition:

Direct Student Impact: In the 2024–25 academic year, 12,975 students who demonstrated both financial need and academic ability received the South Carolina Tuition Grant. Since the program's creation in 1970, nearly 525,000 individual grants have helped students pursue their educational and career goals - an investment that continues to strengthen South Carolina's workforce and economy.

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FAFSA Completion Portal: In January 2025, the Commission partnered with the SC Department of Education and the SC Commission on Higher Education to launch the state’s first FAFSA Completion Status Information Portal. This secure system gives high school counselors real-time access to FAFSA filing status for their seniors, helping them target outreach to students who need support. During its initial rollout to 40 high schools, participating schools achieved FAFSA completion rates 2% higher than the statewide average. Expansion is planned in the coming year.

Student-Centered Technology: With the implementation of the Commission’s new student information system, students can now securely access award details, manage grant transfers between eligible institutions, and instantly view updated eligibility through the myTG Student Portal. This streamlined process reduces paperwork, speeds up award adjustments, and makes grant information more accessible for students and families.

Legislator Engagement: Each year, the Commission provides legislators with an encrypted listing of Tuition Grant recipients from their districts, along with the total funding amount awarded. This practice highlights the local impact of the program, demonstrates accountability, and expresses appreciation for legislative support. Moving this process fully online has saved time, eliminated costs for CDs and mailings, and has allowed the Commission to track engagement by confirming when files are accessed.

Efficient Stewardship: Of the total state dollars appropriated in FY 2024–25, just 1.4% of the agency’s budget, including salaries, benefits, and information security expenses, was used for administration. The remaining 98.6% of funds were awarded directly to students as need-based Tuition Grants. This ratio underscores the Commission’s commitment to efficiency and maximizing the impact of every taxpayer dollar.

Outside Factors Affecting Measurements

For many years, the Commission has measured success, in part, by tracking the number of students applying for and receiving Tuition Grants. However, these figures are strongly influenced by factors beyond the control of the Commission or any other state agency.

The most significant factor is the natural generational cycle of South Carolina’s high school graduates. The number of college-bound students has been steadily declining in recent years, and these demographic shifts directly affect the pool of potential Tuition Grant recipients. In this environment, the Commission’s focus is on maintaining a strong proportional share of students choosing independent colleges, rather than on continually increasing raw numbers that may be limited by population trends.

Other external events also impact participation. Major disasters such as hurricanes or floods, as well as public health crises like COVID-19, can temporarily disrupt students’ ability to pursue postsecondary education.

In recognition of these realities, the Commission has updated the language and framing of certain performance measures to ensure they more accurately reflect external conditions. This approach preserves accountability and transparency while providing a more reliable picture of the program’s effectiveness in expanding college choice and opportunity for South Carolina students.

Risk Assessment and Mitigation Strategies

The primary risk to the South Carolina Tuition Grants Program is insufficient funding to meet the demonstrated financial need of eligible students. Any reduction in access to Tuition Grants would directly limit higher

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education opportunities for thousands of South Carolinians, hinder progress toward the State’s educational attainment goals, and weaken the long-term economic competitiveness of the state.

While ultimate appropriation decisions rest with the General Assembly, the Commission works diligently to mitigate this risk through:

- Transparent reporting of student demand, cost savings to the state, and program impact;
- Responsible stewardship of administrative resources;
- Data-informed projections of future funding needs to assist policymakers in planning for stable support; and
- Collaboration with education partners to maximize FAFSA completion and ensure that every dollar of available aid is leveraged.

These strategies cannot fully eliminate the risk of underfunding, but they strengthen the Commission’s ability to provide accurate information, anticipate trends, and support the General Assembly in making informed decisions that protect student access and the state’s investment in higher education.

Restructuring Recommendations

N/A

Program Needs

The Commission is appreciative of the continued support of the Governor and the General Assembly in maintaining \$10 million in recently allocated Lottery funds for the Tuition Grants Program in the current state budget. This investment has allowed the program to sustain a record-high maximum award of \$4,800 for the 2024–25 academic year.

To maintain this momentum, the Commission will request that this \$10 million increase be moved from Lottery to Recurring Appropriations in the FY 2027 State Budget. Converting these dollars to a stable recurring base will protect the program’s ability to sustain the maximum award, help more students graduate with less debt, and advance the State’s goal of having 60% of adults hold a quality postsecondary credential or degree by 2030.

Of importance to note, approximately 7% of Tuition Grant recipients are adult learners enrolled in non-traditional programs. These grants not only support traditional undergraduates but also strengthen workforce readiness by helping adult students complete degrees and access flexible educational options.

The Commission remains grateful for the investments made during recent years of economic uncertainty and for the increased funding that continues to benefit South Carolina students and families. Stable, recurring support will ensure that this progress continues.

Agency Information Technology and Software System Needs (Program-Related):

The SC Department of Administration has recently informed all agencies participating in enterprise-level Information Technology shared services, including the Tuition Grants Commission, of significant increases related to the services being provided. These include end user services, desktop support, firewall configuration and support, data recovery services, router support, and internet service. The FY25 annual rate paid by the

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Tuition Grants Commission to the Department of Administration was \$17,543. Beginning with FY26, the new annual rate for the same services is \$41,939 – an increase of 140%.

The Department of Administration is providing the agency with monthly credits during FY26 to cover the increased charges; however, beginning with FY27, there will no longer be credits available to offset the new charges.

The Tuition Grants Commission’s FY27 budget request will include a request for new recurring dollars in the amount of \$24,500 annually so that the agency can continue funding these critical services moving forward. The agency is required to use shared services, pursuant to Executive Order 2022-03, and is therefore responsible for covering all related charges to continue the use of these services.

Concerns

Disparity of State Funding of Need-based aid versus Merit-based aid: South Carolina has been generous in supporting both need-based and merit-based financial aid. However, a significant imbalance exists in how those dollars are distributed. The result is that many financially needy students, often average academically and therefore, ineligible for merit-based scholarships, continue to face barriers to affording higher education. The SC Tuition Grant and the SC Need-Based Grant, coupled with federal and institutional financial aid, provide these students the opportunity to thrive in college, despite their lack of financial resources.

During the 2023–24 academic year, the state disbursed more than \$475 million in student financial aid across six major programs, serving 143,333 recipients. Of this:

- Students qualifying for merit-based scholarships (Palmetto Fellows, LIFE, HOPE) received \$291 million - 68% of all funds, yet represented only 39% of recipients.
- Students qualifying for need-based aid (SC Tuition Grant, SC Need-Based Grant, Lottery Tuition Assistance) received \$178.7 million - just 32% of total funds yet represented 61% of recipients.

In other words, the funding distribution is essentially reversed: merit recipients, who make up less than two-fifths of students, receive more than two-thirds of the dollars, while need-based recipients, who make up the majority, receive less than one-third of the funding. These figures are displayed in graph format on the next page

This disparity is particularly stark at South Carolina’s HBCUs. Among Tuition Grant recipients at those institutions, nearly two-thirds (65.4%) receive only the Tuition Grant and no merit-based scholarships. These students depend almost entirely on the Tuition Grant and other programs based on financial need to pursue their education.

The Tuition Grants Commission strongly believes that South Carolina’s investment in higher education must reflect not only academic achievement but also financial need and student potential. Expanding and sustaining support for need-based programs ensures that hardworking students from all backgrounds, regardless of test scores or GPAs, can access higher education, graduate with less debt, and contribute meaningfully to the state’s workforce and economy.

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2023-2024 Academic Year State Aid Program Merit/Need Breakdown

