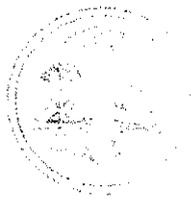


ATT III
A&E



CHE Meeting
July 6, 2000
Agenda Item 3.03a

SOUTH CAROLINA COMMISSION ON HIGHER EDUCATION

1333 MAIN STREET

SUITE 200

COLUMBIA, S.C. 29201

RAYBURN BARTON
Executive Director

June 27, 2000

TELEPHONE
803/737-2260

FAX NUMBER
803/737-2297

TO: Mr. Dalton Floyd, Chair, and Members,
South Carolina Commission on Higher Education

FROM: Ms. Susan Cole, Chair,
Committee on Access & Equity and Student Services

SUBJECT: Request for Interest Rate Change and Emergency Regulations for the
South Carolina Teacher Loan Program

The South Carolina Student Loan Corporation (SCSLC) has requested that the Commission on Higher Education adjust the interest rates on loans made through the South Carolina Teacher Loan Program (TLP). The Commission is given the authority to set Teacher Loan Program interest rates in Chapter 62, Regulations: Student Loan Corporation, Sub-article C, Section 62-131A, which states:

All loans shall be secured by a Promissory Note. Loans shall bear interest from the date of disbursement of funds to the borrower at a rate as may be **specified by the Commission**. (Bold added)

The SCSLC is requesting a change in the interest rates to reflect the fact that there are individuals who are served under the TLP who teach in South Carolina, but not in critical needs subject or geographical areas. Under the current interest rates, approved by the Commission last December, these teachers are required to pay back their loans at a rate of 2% above the Stafford Loan rate, exactly as if they were not teaching in the State. The SC SLC is requesting that:

TLP loan recipients who teach in South Carolina, but not in a critical subject area, be required to pay off their loan at the Stafford Student Loan Program rate.

This amendment to the current rate structure will end the situation in which a graduate going into the teaching profession in non-critical areas is penalized by higher interests rates even though they enter the teaching profession.

The SCSLC also request that the Commission approve emergency regulations which clarifies the program policies of the Teacher Loan Program. (**Attachment I and II**)

The State of South Carolina



State Education Assistance Authority

CHE Meeting
July 6, 2000
Agenda Item 3.03a
Attachment I

June 23, 2000

Dr. Karen Woodfaulk,
Director of Student Services
Commission on Higher Education
1333 Main Street, Suite 200
Columbia, SC 29201

Dear Karen:

The South Carolina student Loan Corporation would like to request that the Commission on Higher Education consider the following change to the regulations of the South Carolina Teachers loan Program (TLP). This change has been previously discussed and approved by the Committee on Access & Equity and Student Services. The Committee agreed that the suggested change is in the best interest of the Teachers Loan Program, the students participating in the Program and the state of South Carolina.

It is recommended that the interest rate for those borrowers who teach in the state of South Carolina but do not teach in an area of critical need be established at the same rate offered for the Federal Stafford Student Loan Program. The variable interest rates in the Stafford Program are determined by the auction of the 91-day Treasury Bill and change annually on July 1. The Stafford Loan rates effective for July 1, 2000 are 7.59% while the borrower is in school, and 8.19% once they enter a repayment status. The Stafford loan interest rate may not exceed 8.25%.

Additionally, we are also recommending that the Commission on Higher Education approve the enclosed copy of emergency regulations that implement the changes to the South Carolina Teachers Loan Program recently enacted by the South Carolina General Assembly.

Please let me know if there are any questions regarding these requests or if we can be of any assistance to you in any way.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael E. Fox".

Michael E. Fox
Vice President, Guaranty Agency Services

MEF/chh
Enclosure

SOUTH CAROLINA COMMISSION ON HIGHER EDUCATION

Chapter 62

STATUTORY AUTHORITY: Act 512, Part 2, Section 9
Division 2, Subdivision C, Subpart 1(6),
Acts of Joint Resolutions of South Carolina, 1984
Article II S. C. Student Loan Corporation

Revisions Effective July 1, 2000

Sub Article A General Introduction

62-110 Introduction

The South Carolina Student Loan Corporation, hereinafter called the Corporation, is an eligible lender under the South Carolina Student Loan Program (FFELP) as administered by the State Education Assistance Authority, hereinafter called the Authority, and has been designated pursuant to the South Carolina Education Improvement Act of 1984 to administer a loan program for State residents who wish to become certified teachers in the State in areas of critical need. All loans made under this program shall be subject to the regulations contained herein. Loans shall be made available without regard to race, sex, color, national origin, age or marital status.

Sub Article B General Regulations Relating to Borrowers

62-120 Borrower Eligibility

A. To be eligible to receive a loan under the Teachers Loan Program a student shall:

- (1) Be a citizen or permanent resident of the United States; and
- (2) Be a bonafide resident of South Carolina, as defined in applicable State statutes governing the determination of residency for tuition and fee purposes at public colleges and universities within this State; and
- (3) Have been accepted for enrollment, or enrolled in good standing in an eligible institution as defined in the Regulations of the Authority and further defined as follows:
 - (a) For institutions located in South Carolina, those:
 - (i) Which offer baccalaureate or higher degree programs which are approved for initial teacher certification by the State Board of Education (Board); or

- (ii) Whose highest offering is the Association of Arts or Association of Science Degrees which are designed for transfer to baccalaureate programs including those in teacher education, and which are eleemosynary institutions accredited by the Commission on Colleges of the Southern Association of Colleges and Schools;
- (b) For institutions located out of the State, those institutions which are regionally accredited and which offer baccalaureate or higher degree programs which are approved for initial teacher certification by the appropriate credentialing agency in that State; and
- (4) Be enrolled on at least a half-time basis; and
- (5) Indicate a desire and intent to teach in South Carolina in an area of critical need as defined by the Board annually; and
- (6) If an undergraduate student who has completed one year (two semesters or the equivalent) of collegiate work and who is attending a South Carolina institution, has taken and passed a "Basic Skills Test" as required by the Board for entrance into a program of teacher education; or if an undergraduate who has not completed one year of collegiate work did achieve a score equal to or greater than the mean score achieved by all examinees in South Carolina Taking the SAT or ACT in the year of graduation from high school or in the most recent year for which such figures are available; and
- (7) If an undergraduate student or a first-time graduate student, have attained a cumulative grade point ratio of at least 2.75 GPR (on a 4.0 scale) in collegiate work; or if an undergraduate who has not completed one semester of college work have graduated in the top 40% of his high school class or have received a high school diploma through completion of adult education courses or passing the GED; and
- (8) If an undergraduate student, be formally admitted to an undergraduate teacher education program or if the student is not yet formally admitted to such a program the Department of Education, or its equivalent, at an eligible institution must certify that the student has expressed an intent and desire to enter the field of teaching, and is enrolled in a teacher education program at a time required by the institution; and
- (9) If a continuing graduate student, have maintained a 3.5 GPR (on a 4.0 scale) on graduate work; and
- (10) If a graduate student, have not previously been certified to teach, but entering a program for the specific purpose of becoming certified; or, if previously certified in a noncritical area, entering a program for the specific purpose of becoming certified to teach in a subject area which is defined by the Board as an area of critical need; and
- (11) Be eligible in all other respects as may subsequently be required by the Corporation.

Sub Article C General Regulations Relating to
Loan Maximums, Administration and Repayment

62-130 Loan Maximums

A. The maximum amount an eligible student may borrow under this program, is established by the South Carolina Commission on Higher Education, hereinafter called the Commission.

62-131 Loan Administration

A. All loans shall be secured by a Promissory Note. Loan shall bear interest from the date of disbursement of funds to the borrower at the rate as may be specified by the Commission.

B. The proceeds of a loan shall normally be disbursed by academic registration period, but not sooner than required by the student to meet his educational expenses. ~~First-time borrowers will have their first disbursement delayed until they have been enrolled for thirty (30) days.~~ A check made co-payable to the borrower and to the institution will be forwarded to the institution for distribution to the borrower; provided, however, that in situations in which it is not feasible to issue the check co-payable, the check will be made payable to the borrower alone and forwarded to the institution. Nothing in this section shall preclude loan funds being transferred to the institution by electronic means.

C. The student and institution shall agree to return to the Corporation any refunds applicable to these loans to which the student is entitled due to withdrawal of the student from the institution.

62-132 Repayment

A. A student who receives loans under this program shall be eligible to have the greater of 20% or three thousand dollars of the loan(s) cancelled for each full year, or the greater of 10% or one thousand five hundred dollars for each complete term of teaching experience as defined by the Board in the State in an area of critical need, up to a maximum of 100% of the amount of the loan(s) plus the interest thereon. There shall be no cancellation for partial terms.

(1) ~~A student who indicates the intent to teach~~ Upon employment in an eligible subject area, as defined by the Board at the time of loan application or subsequently, the borrower will be entitled to cancellation of all loans received under this program that are outstanding at the time of employment ~~upon actual employment in a critical subject area upon which loan eligibility was based, even if the Board no longer defines that subject area as one of critical need.~~

(2) Upon employment in a geographic area of critical need, the borrower will be entitled to cancellation of all loans received under this program even if such geographic area is subsequently no longer defined by the Board as one of critical need. If a borrower changes employment from one geographic area to another, cancellation of loans received under this program will be provided only if the geographic area to which the borrower is moving is defined as an area of critical need at that time. Defined Geographic areas of critical need will be provided to the

borrower at the time the borrower begins to seek employment.

B. Borrowers who simultaneously meet the requirements described in A(1) and A(2) above shall be eligible to have the greater of 33 1/3% or five thousand dollars of the loan(s) cancelled for each full year, or the greater of 16 2/3% or two thousand five hundred dollars for each complete term, of teaching experience as defined by the Board, up to the maximum of 100% of the amount of the loan(s) plus the interest thereon. There shall be no cancellation for partial terms.

C. If a borrower does not meet the requirements for cancellation as specified in paragraph A above, the borrower must begin repayment of the loan(s) received under this program in accordance with the Regulations of the Corporation and subject to the terms of the Promissory Note(s), unless otherwise agreed to by the Corporation and the borrower. If a borrower does not initially meet the requirements for cancellations as set forth in paragraph A above, but subsequently does so, there will be no refund or credit provided for any amount paid; provided, however, any unpaid balance at the time the borrower begins teaching in an area of critical need will be eligible for cancellation subject to the regulations contained herein.

(1) Repayment of principal amount of a loan made under this program together with the interest, shall be made in monthly installments beginning six (6) months, after the date on which the borrower ceases to carry at least on-half the normal full-time academic work load at an eligible institution as defined by the Corporation. The monthly installment shall be at a rate which will repay the loan in not less than five (5) years nor more than ten (10) years from the beginning of the repayment period, unless the Corporation, at the request of the borrower, specifically provide a prepayment schedule that will repay the loan during a period of less than five (5) years. Unless specifically authorized by the Corporation, the monthly installment shall be at a rate of not less than \$50 per month. A borrower may accelerate repayment of the loan, in whole or in part, without penalty.

(2) In the even a borrower dies, the obligation to make any further repayment shall be cancelled upon receipt of a Certification of Death, (or upon receipt of such other evidence approved by the Corporation.) In the event a borrower becomes totally and permanently disabled, the obligation to make any further repayment shall be cancelled upon receipt of certification by a licensed physician.

(3) The Corporation shall have authority to assess a late charge for failure of the borrower to ay all or part of an installment within ten (10) days after its due date. The amount of such charge may not exceed six cents (.06) for each dollar of each installment due.

(4) The Corporation shall have the authority to collect form the borrower reasonable attorney's fees and other costs and charges necessary for the collection of any amount not paid when due.

(5) Nothing in this section shall preclude any forbearance for the benefit of the borrower which may be agreed upon by the parties to the loan and approved by the Corporation

D. The Corporation shall develop and maintain such procedures, subject to the approval of the Commission, as may be necessary to carry out applicable provisions of Act 512, Acts of Joint

Resolutions of South Carolina, 1984 (Educational Improvement Act), as amended, and as may be required to exercise reasonable care and diligence in the making and collection of loans.



CHE Meeting
July 6, 2000
Agenda Item 3.03 B

SOUTH CAROLINA COMMISSION ON HIGHER EDUCATION

1333 MAIN STREET

SUITE 200

COLUMBIA, S.C. 29201

RAYBURN BARTON
Executive Director

TELEPHONE
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FAX NUMBER
803/737-2297

July 6, 2000

MEMORANDUM

TO: Mr. Dalton Floyd, Chair, and Members
Commission on Higher Education

FROM: Mrs. Susan Cole, Chair, and Members
Committee on Access & Equity and Student Services

**Proposed Revisions to the Palmetto Fellows Scholarship and
Need-based Grant Regulations**

The Palmetto Fellows Scholarship Advisory Committee met on Wednesday, June 7, in order to consider the recommended revisions to the Palmetto Fellows Scholarship Regulations. The Advisory Committee approved the following recommended changes to the regulations (*Attachment 1*):

- Sections 62-315.A.6, 62-330.D.2, and 62-335.D.5: In order to be consistent with the LIFE Scholarship Program, add the requirement that Palmetto Fellows cannot be convicted of any felonies, alcohol, or drug related offenses. Students would submit a signed affidavit testifying to the fact.
- Section 62-320.B: Add a coversheet to the application procedures that must be completed by the high school before submitting the application materials to the Commission. The coversheet would indicate all students from that high school who are eligible to apply for the scholarship. Both the principal and the high school guidance counselor must sign the coversheet.
- Section 62-345: In order to adhere to the requirements of the Americans with Disabilities Act and Section 504 of the Rehabilitation Act, a section to address the needs of students with disabilities has been included.
- Section 62-355: The appeals guidelines for the Palmetto Fellows Scholarship were revised to be consistent with the approved Palmetto Fellows and LIFE Scholarship Appeals Regulations.

On Wednesday, June 21, the Committee on Access & Equity and Student Services met in order to consider the recommended revisions to the Palmetto Fellows Scholarship and Need-based Grant Regulations. The Committee approved the proposed revisions to the Palmetto Fellows Scholarship Regulations as recommended by the Palmetto Fellows Scholarship Advisory Committee. The Committee also approved the following recommended revisions to the Need-based Grant Regulations (*Attachment 2*):

- Section 62-453.A.2: In order to be consistent with the LIFE and Palmetto Fellows Scholarship Programs, add the requirement that Need-based Grant recipients must be U.S. citizens or permanent residents.
- Sections 62-453.A.7, 62-455.E.2, and 62-456.D.3: In order to be consistent with the LIFE Scholarship Program, add the requirement that Need-based Grant recipients cannot be convicted of any felonies, alcohol, or drug related offenses. Students would submit a signed affidavit testifying to the fact.
- Section 62-456.D.1: Replace the word “complete” with the word “earn” to ensure that students only receive credit for those hours in which they receive a passing grade. Currently, by using the word “complete,” students could possibly have their grant renewed because they completed a course that they received an “F,” although they did not earn the required number of hours. Additionally, this section clarifies what the required number of hours is for those students who may only attend one term during the academic year or who may enroll in one term as a part-time student and in the other term as a full-time student.
- Section 62-457: In order to adhere to the requirements of the Americans with Disabilities Act and Section 504 of the Rehabilitation Act, a section to address the needs of students with disabilities has been included.

Recommendation

The Committee on Access & Equity and Student Services recommends that the Commission on Higher Education approve the proposed revisions to the Palmetto Fellows Scholarship and Need-based Grant Programs. Upon approval by the Commission, the revised regulations will be submitted to the General Assembly for approval under the Administrative Procedures Act.

6/13/00

Document Number
COMMISSION ON HIGHER EDUCATION
 Chapter 62
 Statutory Authority: 1976 Code Section 59-104-20
 Palmetto Fellows Scholarship Program

Synopsis:

The purpose of the Palmetto Fellows Scholarship Program is to recognize the most academically talented high school seniors in South Carolina and to encourage them to attend college in the State. A secondary purpose is to help retain talented minority students who might otherwise pursue studies outside the State. Each Palmetto Fellows Scholar receives up to \$5,000 annually for up to eight semesters to pursue a baccalaureate degree at a participating institution. *In order to be consistent with the LIFE Scholarship, the following regulations address adding the requirement that a Palmetto Fellow cannot have any felonies, alcohol or drug related offenses. Additionally, these regulations also address adding a section for students with disabilities and revising the appeals procedures.*

The regulations also address allocation of scholarship funds to public and independent institutions; program definitions; student eligibility; student application and selection processes; policies and procedures for awarding scholarships; duration and renewability of awards; transfer of scholarships; enrollment in internships, cooperative work programs, travel study programs and National and International Student Exchange Programs; appeals procedures; institutional disbursement of scholarship awards; award notification; refund and withdrawal procedures; institutional eligibility; program administration and audits; and suspension or termination of institutional participation.

Instructions:

Amend R.62-300, Palmetto Fellows Scholarship Program, to Chapter 62 regulations.

Text:

62-300 Purpose of the Palmetto Fellows Scholarship Program

Pursuant to Act 458 which was initially established as Title 59 of the 1976 Code as amended under Section 18A.28 of the 1997-98 Appropriations Bill, the Commission on Higher Education shall promulgate regulations and establish procedures to administer the Palmetto Fellows Scholarship Program. The General Assembly established the Palmetto Fellows Scholarship Program to foster scholarship among the State's postsecondary students and retain outstanding South Carolina high school graduates in the State through awards based on scholarship and achievement. The purpose of the Palmetto Fellows Scholarship Program is to recognize the most academically talented high school seniors in South Carolina and to encourage them to attend eligible colleges or universities in the State. A secondary purpose is to help retain talented minority students who might otherwise pursue studies outside the State.

62-305 Allocation of Funds

Palmetto Fellows Scholarship Allocations to Public and Independent Institutions:

6/13/00

Funds made available for higher education scholarships under Act 458, South Carolina Children First: Resources for Scholarship and Tuition Act of 1996, shall be included in the annual appropriation to the Commission on Higher Education and shall be awarded to eligible students attending public or independent eligible institutions by the Commission on Higher Education as Palmetto Fellows Scholarships as follows:

A. Public Institutions:

(1) "Public institutions" are those four-year baccalaureate degree-granting institutions as defined in Chapter 103 of Title 59 of the 1976 Code, which stipulates "public higher education shall mean state-supported education in the post-secondary field." Public two-year institutions and technical colleges are not eligible for participation in this program.

(2) From the pool of funds available for the higher education grants and scholarships allocation for public institutions under Chapter 143 of Title 59 of the 1976 Code, as amended under the South Carolina Children First: Resources for Scholarship and Tuition Act of 1996, fifty percent shall be used to fund the Palmetto Fellows Scholarship Program, once this program is fully implemented.

B. Independent Institutions:

(1) "Independent institutions" are those institutions eligible to participate in the South Carolina Tuition Grants Program as defined in Chapter 113 of Title 59 of the 1976 Code, which stipulates that an "independent institution of higher learning means any 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 Schools." However, independent two-year institutions are not eligible for participation in this program.

(2) The funds made available to the independent institutions for need-based grants and Palmetto Fellows Scholarships are derived as a percentage of total funds appropriated for this purpose under the South Carolina Children First: Resources for Scholarship and Tuition Act of 1996. This percentage shall be equivalent to the percentage of the independent institutions' share of the State's total South Carolina resident undergraduate full-time headcount enrollment. The percentage will be based on the previous year's total (e.g., for 1997-98, 18.5 percent of enrollment) and will be determined annually by the South Carolina Commission on Higher Education and the Tuition Grants Commission. Fifty percent of these funds will be allocated to Palmetto Fellows Scholarships. However, in instances where the equal division of the appropriated funds between need-based grants and the Palmetto Fellows Program exceeds the capacity to make awards in either program, the Commission on Higher Education has the authority to re-allocate the remaining funds between the two programs until these programs are fully implemented in FY 2000-2001, after which an equal division between the two programs shall be maintained.

62-310 Program Definitions

A. "Academic year" is defined as the twelve-month period of time during which a full-time student is expected to earn 30 credit hours. The period of time used to measure the academic year will consist of a fall, spring and summer term.

6/13/00

- B. "Baccalaureate program" is defined as a program of study leading to a bachelor's degree at a location approved by the U.S. Department of Education for participation in federally funded financial aid programs.
- C. "Degree-seeking undergraduate student" is defined as any degree-seeking student enrolled full-time in an undergraduate program at an eligible institution that leads to the first baccalaureate degree or first professional degree (i.e., Pharm.D.).
- D. "Eligible Program" is defined as a program of study at a location approved by the U.S. Department of Education for participation in federally funded financial aid programs as defined by Title IV under the Higher Education Act of 1965.
- E. "Full-time student" shall mean a student who has matriculated into an undergraduate program leading to the first baccalaureate degree or first professional degree (i.e., Pharm.D.) and who enrolls full-time, usually 15 semester credit hours for fall and spring terms or 11 credit hours for fall, eight credit hours for winter, and 11 credit hours for spring trimester terms.
- F. "Satisfactory academic progress" shall mean the minimum academic standard for academic progress established by the institution for the purpose of complying with Title IV federal regulations for Federal Student Aid Programs.
- G. "South Carolina resident" shall be defined as an individual who satisfies the requirements of residency in accordance with the State of South Carolina Statute for Tuition and Fees, Statute 59-112-10, and all related guidelines and regulations promulgated by the Commission on Higher Education.
- H. "Transfer student" is defined, for the purposes of this program, as a student who has changed full-time enrollment from one eligible institution to another eligible institution and is a full-time South Carolina resident degree-seeking undergraduate at the "receiving" eligible institution.
- I. "Transient student" is defined as a temporary, full- or part-time non-degree seeking-student who does not meet the institution's criteria as a matriculating full-time student.

62-315 Student Eligibility

A. In order to qualify for consideration for a Palmetto Fellows Scholarship award beginning with 1999-2000, a student must:

(1) Be enrolled in a public or private high school or any other high school program of study approved and certified by that school district as conforming to relevant State statutes at the time of application and be a legal resident of South Carolina as defined in applicable State statutes governing the determination of residency for tuition and fee purposes and be approved by pertinent rules and regulations promulgated by the Commission on Higher Education;

(2) Be a U.S. citizen or a permanent resident that meets the definition of an eligible non-citizen under State residency statutes;

(3) Meet the following three criteria: a score of 1200 on the Scholastic Assessment Test (SAT) or an

6/13/00

equivalent ACT score, and a grade point average (GPA) of 3.5 on a 4.0 scale through the junior year, and rank in the top five percent of the class at the end of either the sophomore or the junior year. Qualifying scores must be certified by the high school on the Palmetto Fellows Scholarship application by no later than the scholarship application deadline;

(4) Be seriously considering attending, have applied, or have been accepted for admission to an eligible four-year baccalaureate-granting public or independent college or university in South Carolina as defined under Chapter 143 and Chapter 113 of Title 59 of the 1976 Code as a first-time, full-time, baccalaureate degree-seeking student;

(5) Has not defaulted and does not owe refunds on any Federal or State financial aid. If a student has a Student Aid Report (SAR) or its equivalent on file or has applied for Title IV financial assistance by completing the Free Application for Federal Student Aid (FAFSA) form, the SAR information will be used to verify default status or refunds owed. Students who have not completed a FAFSA form must have an affidavit on file to verify that he/she is not in default and does not owe a refund on any Federal or State financial aid, including the State Grant, Pell Grant, Supplemental Educational Opportunity Grant, Perkins Loan or Federal Stafford Loan;

(6) Certify that he/she has not been adjudicated delinquent, convicted, or pled guilty or nolo contendere to any felonies, alcohol, or drug related offenses under the laws of this or any other state or under the laws of the United States by submitting a signed affidavit each academic year to the institution testifying to the fact, except that a high school or college student who has been adjudicated delinquent, convicted, or pled guilty or nolo contendere of an alcohol or drug related misdemeanor offense is ineligible for one academic year from the date of the adjudication, conviction or plea. This requirement will begin with the 2000-2001 academic year; and

(7) Submit the official Palmetto Fellows Scholarship Application and comply with all the directions contained therein.

B. The high schools shall ensure that all students meeting the eligibility criteria are included in the applicant pool.

C. A high school student who transfers into the State or a student who is enrolled in a high school outside of South Carolina is eligible to participate in the program providing that the student meets all eligibility requirements as described herein as well as all residency requirements as described in the "Program Definitions" section above. A transfer student from, or a student enrolled in, an out-of-state high school may apply on the condition that the counselor or principal at the high school at which the student is presently enrolled provides official high school transcripts and appropriate documentation of compliance with all eligibility criteria, including State residency status, SAT score or equivalent ACT score that are certified by the high school on the Palmetto Fellows Scholarship application by no later than the scholarship application deadline, 3.5 GPA on a 4.0 scale by the end of the junior year, and rank in the top five percent at the end of either the sophomore or the junior year in high school. The high school principal or counselor must identify each eligible student and provide an application for each student.

D. A high school student who graduates immediately after the high school junior year is eligible to apply for the Palmetto Fellows Scholarship, providing that the student meets all eligibility requirements as described in the "Student Eligibility" Section, and providing that the student is entering a participating college or university

not later than the fall semester immediately following high school graduation.

E. Students receiving a Palmetto Fellows Scholarship are not eligible for a LIFE Scholarship.

62-320 Student Applications

A. The Commission will send applications to the South Carolina high schools. High school officials will identify students who meet the following three criteria: SAT score or equivalent ACT score, and GPA by the end of the junior year, and rank in the high school sophomore or junior class. Applications will be returned no later than the established deadline along with the appropriate official signatures and the students' official transcripts by the principals to the Commission on Higher Education.

B. The high schools shall complete and return a cover sheet to the Commission on Higher Education indicating the names of all students who meet the eligibility criteria according to the high school. Both the high school principal and guidance counselor must sign the cover sheet. The cover sheet shall also include whether the student is submitting a completed application or declining the opportunity to submit an application. If the student declines the opportunity to submit an application, the high school will submit a form for each of these students, signed by both the student and the parent/guardian, and indicating the reason(s) for not submitting an application.

C. Students must have certification that they earned a 3.5 GPA on a 4.0 scale by the end of the junior year. Because of the different GPA scales used throughout the State, the high school or the school district shall convert the student's GPA to a 4.0 scale to determine the student's eligibility at high schools that do not operate on a 4.0 scale as stated in Section 62-325.B.2.

D. Students must have certification that they rank in the top five percent of their high school class at the end of either the sophomore or the junior year.

E. For those high schools that have fewer than twenty students in the class at the end of either the sophomore or junior year, the high school can submit an application for the one student who is number one in the class, providing that student meets all other eligibility criteria. For those high schools that have fewer than forty students but greater than twenty students in the class at the end of either the sophomore or the junior year, the high school can submit applications for the two students who are number one in the class and number two in the class, providing that the students meet all other eligibility criteria.

F. Students must have certification that they earned a score of at least 1200 on the SAT, or an equivalent ACT score. The Commission shall convert all ACT scores to the equivalent SAT scores.

G. Qualifying test scores must be certified by the high school on the Palmetto Fellows Scholarship application by no later than the scholarship deadline. It is permissible to select a verbal score from one test administration and a math score from a different test administration in order to obtain the qualifying composite score.

62-325 Selection Process

A. Palmetto Fellows Scholarship applicants shall be rated based on five categories weighted as follows:

6/13/00

SAT score	=30%
Grade point average	=25%
Assigned sophomore or junior class rank	=25%
Extracurricular activities/work experience	=15%
<u>Counselor recommendation</u>	= <u>5%</u>
TOTAL	=100%

B. In order to calculate a rank order for each student, each of the five categories shall be assigned ranking points as follows:

(1) For the SAT score, the scoring shall be based on the number of SAT points actually earned on the test rather than on the score itself. This is because, merely by virtue of taking the test, all students are automatically given 400 points; thus, the formula subtracts those 400 points, which are not earned by the student. It divides the remainder by 1200, which is the eligibility cutoff score, and multiplies the total by 30, which is the total number of possible points to be awarded for the SAT score. The resulting ranking points appropriately discriminate among higher and lower SAT scores. The formula will be as follows:

$$\frac{\text{SAT score} - 400}{1200} \times 30 = \text{ranking points for SAT score}$$

(2) For grade point average (GPA), the variances between weighted and unweighted GPAs shall be reduced by converting all weighted GPAs as follows: divide the weighted GPA of the applicant by the highest earned weighted GPA in the applicant's junior class and then multiply by four to convert to a 4.0 scale. The formula is as follows:

$$\frac{\text{Applicant's GPA at the end of the junior year}}{\text{Highest earned GPA in the applicant's junior class}} \times 4 = \text{GPA}$$

All unweighted GPAs shall be converted to a 4.0 scale. Once the GPA has been determined, the following ranking points shall be awarded to the applicant based on the achieved GPA at the end of the junior year:

<u>Points</u>	<u>GPA</u>
25	= 4.00
24	= 3.95 - 3.99
23	= 3.90 - 3.94
22	= 3.85 - 3.89
21	= 3.80 - 3.84
20	= 3.75 - 3.79
19	= 3.70 - 3.74
18	= 3.65 - 3.69
17	= 3.60 - 3.64
16	= 3.55 - 3.59
15	= 3.50 - 3.54

(3) For class rank, the following ranking points shall be awarded to the applicant based on the percentage of the class the student ranks in at the end of either the sophomore or the junior year:

<u>Points</u>	<u>Rank</u>
25	= .50% and better
24	= .51 - 1.00%
23	= 1.01 - 1.50%
22	= 1.51 - 2.00%
21	= 2.01 - 2.50%
20	= 2.51 - 3.00%
19	= 3.01 - 3.50%
18	= 3.51 - 4.00%
17	= 4.01 - 4.50%
16	= 4.51 - 5.00%
15	= Points awarded to students who are eligible based on the fact that they rank #1 or #2 in the class (Section 62-320.E.).

(4) The following ranking points shall be awarded for extracurricular activities/work experience:

	<u>Possible Points</u>	<u>Explanation</u>
Activity/experience	= 12	The applicant can list up to six extracurricular activities/work experiences worth two points each for a possible total of twelve points.
Grade level	= 1	The applicant will mark the grade level(s) that each activity/experience was performed. One point will be awarded for marking at least twelve blocks under the grade level section.
Total Hours	= 1	The applicant will be awarded one point for having expended at least 360 hours in extracurricular and/or work activities.
Positions Held	= 1	The applicant will be awarded one point for holding either two leadership positions or one top leadership position (president, editor, etc.).

(5) The following points shall be awarded for counselor's recommendation:

Highly Recommend	= 5 points
Recommend	= 3 points
Recommend with Reservations	= 1 point
Do Not Recommend	= 0 points

C. The Commission will award the Palmetto Fellows Scholarships based on priority ranking. The Commission will rank order alternate applicants in priority order. As students who have been named Palmetto Fellows Scholars decline to accept the Scholarship or fail to meet the eligibility requirements to receive the award, eligible alternate applicants will be awarded scholarships until all available funds are allocated.

D. All students offered a Palmetto Fellows Scholarship must select either a public or private institution. The

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award shall be designated for use at only one of the two and is not transferable between types of institutions. Due to the funding levels determined by the SC Students First: Financial Resources for Scholarships and Tuition Act of 1996, it is possible that a student will not receive a scholarship in the preference selected.

E. The Commission shall ensure that there is equitable minority participation in the program.

62-330 Policies and Procedures for Awarding Palmetto Fellows Scholarships

A. Palmetto Fellows Scholarship awards are to be used only for payment for cost of attendance as established by Title IV regulations with modifications set forth in C below for the academic year for which the scholarship award is made at the designated institution.

B. In determining the amount awarded for the Palmetto Fellows Scholarship, all other sources of grant funds, including federal, state, and institutional funds, and gift assistance, must be applied to the unmet total cost of attendance in accord with Title IV regulations before calculating the scholarship award and awarding the scholarship. The maximum amount awarded shall not exceed the cost of attendance as established by Title IV regulations with modifications set forth in section C below for any year.

C. Charges for room and board are to be limited as follows:

- (1) Room charges shall not exceed the average cost of on-campus residential housing; and
- (2) Board charges shall not exceed the cost of the least expensive campus meal plan that includes 21 meals per week.

D. The institution must retain annually appropriate documentation to include at a minimum:

- (1) Financial needs analysis or affidavit documenting that the student is not in default or does not owe a refund on any State or Federal financial aid
- (2) ***Affidavit documenting that the student has never been convicted of any felonies, alcohol or drug related offenses as stated under Sections 62-315.A.6. and 62-335.D.5.***
- (3) Award notification
- (4) Institutional disbursements to students
- (5) Refunds and repayments
- (6) Satisfactory academic progress as stipulated in these regulations
- (7) Student residency status
- (8) Enrollment and curriculum requirements

E. The institution shall specify exact award amounts based on the student's application and after applying the Palmetto Fellows regulations and criteria stipulated therein. The award cannot exceed \$5,000 per student per academic year. However, the maximum award may be adjusted periodically by the Commission on Higher Education pursuant to Title 59, Chapter 104-20 of Act 629 (Cutting Edge Legislation).

F. Each participating institution shall identify to the Commission a Palmetto Fellows Scholarship institutional representative whom is responsible for the operation of the Palmetto Fellows Scholarship Program on the campus and will serve as the contact person for the program.

G. Any student who has obtained a Palmetto Fellows Scholarship award through means of a willfully false statement or failure to reveal any material fact, condition, or circumstances affecting eligibility will be subject to applicable civil or criminal penalties, including loss of the Palmetto Fellows Scholarship.

H. The Commission shall notify students of their selection along with terms and conditions of the award.

I. Students must notify the Commission of their acceptance of the scholarship and designate the participating institution in which they plan to enroll by the date established by the Commission or forfeit the Palmetto Fellows Scholarship.

62-335 Duration and Renewability of Award

A. A Palmetto Fellows Scholarship shall be initially awarded for one academic year. The institution shall adjust the amount of the Scholarship award during the academic year in the event of a change in the student's financial status.

B. Students selected as Palmetto Fellows must enter a participating college or university the fall term immediately following high school graduation. The award may not be deferred except as noted under "Enrollment in Internship, Cooperative Work Programs, or Travel Study Programs" Section.

C. A Palmetto Fellows Scholarship may be renewed annually for no more than a total of eight terms of full-time study toward the first baccalaureate degree or first professional degree (i.e., Pharm.D.). Renewal decisions will be made annually.

D. In order to retain eligibility for the Palmetto Fellows Scholarship after the initial year, the student must:

- (1) Enroll full-time at the time of the scholarship disbursement;
- (2) Earn at least a cumulative 3.0 grade point average (GPA) on a 4.0 scale for graduation purposes by the end of each academic year;
- (3) Complete a minimum of 30 credit hours by the end of the academic year. Students who fail to do so will forfeit their eligibility to be considered for award renewal. This requirement applies to those students who will be awarded the Palmetto Fellows Scholarship beginning with 1999-2000 and thereafter. Students who have been awarded the Palmetto Fellows Scholarship in previous years shall remain under the prior requirement of completing a minimum of 24 credit hours by the end of the regular academic year. For students awarded the Palmetto Fellows Scholarship in years prior to 1999-2000, the academic year shall be defined by the U.S. Department of Education as the period of time a full-time student would normally be expected to complete the equivalent of two semesters of instruction;
- (4) Certify each academic year that he/she has not defaulted and does not owe refunds on any Federal or State financial aid. If a student has a Student Aid Report (SAR) or its equivalent on file or has applied for Title IV financial assistance by completing the Free Application for Federal Student Aid (FAFSA) form, the SAR information will be used to verify default status or refunds owed. Students who have not completed a FAFSA form must have an affidavit on file to verify that he/she is not in default and does not owe a refund on any

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Federal or State financial aid, including the State Grant, Pell Grant, Supplemental Educational Opportunity Grant, Perkins Loan or Federal Stafford Loan; and

(5) Certify that he/she has not been adjudicated delinquent, convicted, or pled guilty or nolo contendere to any felonies, alcohol, or drug related offenses under the laws of this or any other state or under the laws of the United States by submitting a signed affidavit each academic year to the institution testifying to the fact, except that a high school or college student who has been adjudicated delinquent, convicted, or pled guilty or nolo contendere of an alcohol or drug related misdemeanor offense is ineligible for one academic year from the date of the adjudication, conviction or plea. This requirement will begin with the 2000-2001 academic year.

62-340 Transfer of Palmetto Fellows Scholarship

A. Transfer students enrolled at an eligible public or independent institution as defined in Chapter 103 of Title 59 of the 1976 Code may transfer the Scholarship award from one institution to another provided that the student transfers to an institution only within the same sector (transfer from an eligible public institution to another eligible public institution, or transfer from an eligible independent institution to another eligible independent institution) unless the student receives prior approval from the Commission on Higher Education.

B. Transfer students shall receive a scholarship award for no more than eight terms at all public or independent institutions attended.

C. Transfer students must comply with all standards for continued eligibility as defined under "Duration and Renewability of Award" section, including the cumulative 3.0 grade point average (GPA) requirement on a 4.0 scale.

D. Palmetto Fellows students visiting other participating institutions as transient students and not covered under the "Enrollment in Internship, Cooperative Work Programs, or Travel Study Programs" section are eligible to participate in the Palmetto Fellows Scholarship Program through the home institution.

62-345 Students with Disabilities

A. Palmetto Fellows who qualify under the Americans with Disabilities Act (ADA) and Section 504 of the Rehabilitation Act of 1973 must meet all eligibility requirements as defined in Section 62-315 except for a student who is approved by the Disability Services Provider to be enrolled in less than "full-time" status is eligible to receive scholarship funding. Students must comply with all institutional policies and procedures in accordance with ADA and Section 504 of the Rehabilitation Act of 1973.

B. For renewal, Palmetto Fellows who qualify under ADA and Section 504 of the Rehabilitation Act of 1973 must meet all renewal requirements as defined in Section 62-335 except for a student not meeting the annual credit hour requirement who is approved by the Disability Services Provider to be enrolled in less than "full-time" status or less than the required number of annual credit hours for that academic year. Students must complete the required number of hours approved by the institutional Disability Services Provider each academic year for scholarship renewal and earn a minimum 3.0 cumulative grade point average on a 4.0 scale by the end of the academic year. Students must comply with all institutional policies and procedures in accordance with ADA and Section 504 of the Rehabilitation Act of 1973.

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C. The institutional Disability Services Provider must provide written documentation to the Office of Financial Aid each academic year verifying that the student is approved to be enrolled in less than full-time status or less than the required annual credit hours.

D. Palmetto Fellows who qualify under ADA and Section 504 of the Rehabilitation Act of 1973 are eligible to receive up to the maximum number of available terms and available funds as stated in 62-360

62-350 Enrollment in Internships, Cooperative Work Programs, Travel Study Programs and National and International Student Exchange Programs

A. Students enrolled in internships, cooperative work programs, travel study program or National or International Student Exchange Programs that receive academic credit are eligible to receive Palmetto Fellows Scholarship funds during the period in which the student is enrolled in such programs provided that the student meets the continued eligibility requirements.

C. Students who enroll in one term at the home institution during the academic year and also enroll in an internship, cooperative work program, travel study program or National or International Student Exchange Program that does not receive academic credit during the same academic year must complete 15 credit hours and earn a 3.0 cumulative grade point average on a 4.0 scale within the academic year to be eligible for scholarship renewal for the next academic year.

C. For students enrolling in an internship, cooperative work program, travel study program or National or International Student Exchange Program that does not receive academic credit for the entire academic year, scholarship renewal for the next academic year will be based on the prior year's eligibility. The student may continue to be eligible to receive a Scholarship for up to a total of eight terms at all public or independent institutions attended.

D. Students enrolling in an internship program, a cooperative work program, a travel study program or National and International Student Exchange Programs during the academic year and did not use Palmetto Fellows Scholarship funds during this period shall be allowed to receive one term of Palmetto Fellows Scholarship funds during the succeeding summer. In order to receive Palmetto Fellows Scholarship funds for summer school, students must enroll in 12 credit hours during the summer. In order to maintain eligibility for the next academic year, the student must earn a total of 27 credit hours for the academic year. The student must meet all continued eligibility requirements as specified in Section 62-335, except for the completion of the 30 credit hour requirement for the academic year.

E. Scholarship funds will be transferred to the students account for tuition and fee purposes as stated in Section A above. Eligible students may use the appropriated portion of the Palmetto Fellows Scholarship funds for internships, cooperative work programs, travel study programs or National or International Student Exchange Programs that receive academic credit. Palmetto Fellows Scholarship funds must be used as payment for cost of attendance to the home institution. Scholarship funds will not be transferred as payment to the institution where student will participate in internships, cooperative work programs, travel study programs or National or International Student Exchange Programs.

F. The home institution will be responsible for securing official certification of the student's cumulative grade point average, credit hours earned, verification of full-time enrollment and academic progress for the purposes

of determining eligibility for scholarship renewal for the next academic year.

G. Students enrolling in internships, cooperative work programs, travel study programs or National or International Student Exchange Programs immediately following high school graduation shall be allowed to defer the Palmetto Fellows Scholarship for up to twelve months immediately following high school graduation provided that: 1) the student is accepted for admission as a first time-entering freshman at a participating college or university for the fall term; and 2) the participating institution agrees to defer admission for up to twelve months. Students must enroll at the institution where the award was originally reserved and must be entering college for the first time. Students will not be permitted to select a sector other than the sector where the award was originally reserved. The next academic year's eligibility is based on B and C above. Credit hours earned and accepted by the home institution for internships, cooperative work programs, travel study programs or National or International Student Exchange Programs can be used in the current or the next academic year's credit hour requirement.

62-355 Appeals Procedures

A. The Commission on Higher Education shall define the procedures for the scholarship and grant appeals.

B. A student is allowed to submit only one appeal each academic year.

C. A student who does not meet the continued eligibility criteria for renewal of the Palmetto Fellows Scholarship forfeits continued participation in the Program and may request an appeal based on extenuating circumstances.

D. A student wishing to appeal any non-renewal decision based on extenuating circumstances must submit the following source documents to the Commission on Higher Education by no later than the established deadline of the academic year the scholarship is requested:

- 1. A completed application for appeal**
- 2. A letter requesting an appeal describing the extenuating circumstances**
- 3. An official transcript(s)**
- 4. Any other supporting documentation to substantiate the basis for the appeal**

E. A student who fails to submit an appeal by the required deadline will result in forfeiture of the award.

F. The Palmetto Fellows Scholarship shall be suspended during the appeal period.

G. The Appeals Committee's decision is final.

62-360 Institutional Disbursement of Scholarship Awards

A. The institution will identify award amounts, which cannot exceed \$5,000 per eligible student per academic year. Half of each scholarship shall be disbursed during the fall term and half disbursed during the spring term of each year, assuming continued eligibility. The maximum cumulative amount that may be received by one recipient shall be \$20,000 for eight terms of full-time study leading to the first baccalaureate degree or first

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professional degree (i.e., Pharm.D.). The Commission on Higher Education may periodically adjust the amounts of the award pursuant to Title 59, Chapter 104-20 of Act 629.

B. The Palmetto Fellows Scholarship may not be applied to a second baccalaureate degree or to graduate coursework; in the event of early graduation, the Scholarship award is discontinued.

C. It is the institution's responsibility to ensure that no ineligible student receives a scholarship award.

D. The institution shall be responsible for securing institutional certification of each recipient's cumulative grade point average, credit hours attempted and completed, verification of full-time enrollment, and academic satisfactory progress for purposes of determining eligibility for award renewal. The Palmetto Fellows contact person shall also be responsible for funds received by the institution in its capacity as the Commission's fiscal agent.

E. After the last day to register for each term of the academic year, the institution will verify enrollment of each recipient as a South Carolina resident who is a full-time baccalaureate-seeking undergraduate student. A listing of recipients with projected disbursement of funds for the academic year will be sent to the Commission on Higher Education with the institution's request for the term's funds. A year-end reconciliation report will be submitted to the Commission prior to June 30. Unused funds shall be refunded to the Commission no later than June 30 of each fiscal year.

F. Although a student may be named a Palmetto Fellow, the student may not receive a monetary award if the award, when added to other financial resources, would cause the student to receive total assistance in excess of the student's cost of attendance as defined by Title IV regulations and these Guidelines.

62-365 Award Notification

A. Participating institutions as well as the Commission shall provide an award notification to the Palmetto Fellows Scholarship recipients identified by the Commission. Institutional letters must specify the terms and conditions of the scholarship along with other financial aid awarded. The Commission for documentation purposes will require written acceptance of the Palmetto Fellows Scholarship and terms for the award.

B. Participating institutions will notify students of all adjustments in the Palmetto Fellows Scholarship award that may result from an over-award, changes in eligibility, changes in the student's residency or financial status, or other matters.

62-370 Refunds/Withdrawals

A. Should a student recipient withdraw from school during the term in which a Palmetto Fellows Scholarship award was received, the student shall be required to repay the appropriate amount in accord with the institution's approved refund policy. Collection is the responsibility of the institution.

B. Any refund resulting from a recipient's withdrawal from school or some other form of disqualification or adjustment in funds awarded shall be returned to the Commission on Higher Education for redistribution to other Palmetto Fellows.

62-375 Institutional Eligibility

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A. In order for a public or independent institution to be considered eligible to accept funds on behalf of students assisted under the provisions of this program, an institution must be an accredited, degree-granting, nonprofit, baccalaureate-granting, senior institution of higher education whose main headquarters are in the State. Eligible independent institutions must be participants in the South Carolina Tuition Grants Program as defined in Chapter 113 of Title 59 of the 1976 Code.

B. In order to be a participating institution in the Palmetto Fellows Scholarship Program, an agreement must be filed with the Commission on Higher Education by the institution's Chief Executive Officer. The agreement will be binding until such time as revisions are made in the regulations. At that time, a new agreement must be filed in order to continue participation. The agreement shall certify that the institution will:

(1) Act as the student's agent to receive and deliver funds for use under the Program;

(2) Maintain individual recipient records and furnish periodic reports and other pertinent information as may be required by the Commission on Higher Education or the General Assembly; and

(3) Confirm that the Palmetto Fellows Scholarship contact person for the program on campus will be the official designated by the Chief Executive Officer as the primary representative for the Palmetto Fellows Scholarship Program and identify that individual by name.

62-380 Program Administration and Audits

A. The Commission shall be responsible for the oversight of functions (e.g., rules, regulations, policies) relative to this program with participating institutions, including allocation of funds, promulgation of guidelines and regulations governing the Palmetto Fellows Scholarship Program, any audits, or other oversight as may be deemed necessary to monitor the expenditures of scholarship funds.

B. In instances where the equal division of appropriated funds between the need-based grants and the Palmetto Fellows Scholarship Program exceeds the capacity to make awards in either program, the Commission on Higher Education shall re-allocate the remaining funds between the two programs until these programs are fully implemented in FY 2000-2001, after which an equal division between the two programs shall be maintained.

62-385 Suspension or Termination of Institutional Participation

A. The Commission may review institutional administrative practices to determine institutional compliance with rules and regulations, pertinent statutes, and program guidelines. If such a review determines that an institution has failed to comply with program rules and regulations or guidelines, the Commission may suspend, terminate, or place certain conditions upon the institution's continued participation in the program and require reimbursement to the Palmetto Fellows Scholarship Program for any funds lost or improperly awarded.

B. Upon receipt of evidence that an institution has failed to comply with program rules, regulations, or guidelines, the Commission on Higher Education shall notify the institution in writing of the nature of such allegations and conduct an audit.

C. If an audit indicates that a violation or violations may have occurred or are occurring at any public or

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independent college or university, the Commission on Higher Education shall secure immediate reimbursement from the institution in the event that any funds were expended out of compliance with the provisions of the Act, any relevant Statutes, pertinent rules, and these regulations.

Fiscal Impact Statement:

The South Carolina Commission on Higher Education does not anticipate any fiscal impact with the implementation of these regulations.

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Document Number
COMMISSION ON HIGHER EDUCATION
 Chapter 62
 Statutory Authority: 1976 Code Section 59-142-20
 South Carolina Need-Based Grants Program

Synopsis:

The purpose of the South Carolina Need-Based Grants Program is to provide additional financial aid assistance to South Carolina's neediest students. The program will assist students who wish to attend public or independent colleges or universities in the State. *The regulations address revising the requirement that a grant recipient cannot have a criminal record to the requirement that a grant recipient not have any felonies, alcohol or drug related offenses. These regulations also address adding a section for students with disabilities.*

The regulations also address Need-Based Grant allocations: institutional eligibility; program definitions for administering program at public institutions; student eligibility; withdrawal, suspension, or dropping below full-time or part-time status; policies and procedures for awarding grants; duration of award and continued eligibility; enrollment in internship programs, cooperative work programs, or travel study programs; institutional procedures for award notification; need-based grant disbursements; program oversight for need-based grants; and suspension or termination or institutional participation.

Instructions:

Amend R.62-450, South Carolina Need-Based Grants Program, to Chapter 62 regulations.

Text:

62-450 Purpose of the South Carolina Need-Based Grant Program

Pursuant to Act 458, South Carolina Children First: Resources for Scholarships and Tuition Act of 1996, of the 1995-1996 Appropriations Bill, the Commission on Higher Education shall promulgate regulations and establish procedures to administer the South Carolina Need-Based Grants Program. The purpose of the South Carolina Need-Based Grants Program is to provide additional financial aid assistance to South Carolina's neediest students. The program will assist students who wish to attend public or independent colleges or universities in the State.

62-451 Need-Based Grant Allocations: Institutional Eligibility

Eligible institutions include both public and independent institutions as follows:

A. Public Institutions:

(1) "Public institutions" are those institutions as defined in Chapter 103 of Title 59 of the 1976 Code, which stipulates that: "1) 'public higher education' shall mean State-supported education in the post-secondary field, including comprehensive and technical education; 2) 'public institution of higher learning' shall mean any state-supported post-secondary educational institution and shall include technical and comprehensive educational institutions."

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(2) From the higher education grants and scholarship allocation under the Act 458, South Carolina Children First: Resources for Scholarships and Tuition Act of 1996, for any year, allocated funds for need-based grants shall equal fifty percent of the designated appropriation and shall be awarded to each institution from the pool of funds available based on each institution's percentage of the total South Carolina resident undergraduate full-time degree-seeking headcount enrollment in the preceding year. The remaining fifty percent shall be allocated to the Palmetto Fellows Scholarship program. However, in instances where the equal division of the appropriated funds between need-based grants and the Palmetto Fellows Program exceeds the capacity to make awards in either program, the Commission on Higher Education has the authority to re-allocate the remaining funds between the two programs until these programs are fully implemented in FY 2000-2001, after which an equal division between the two programs shall be maintained.

B. Independent Institutions:

(1) "Independent institutions" are those institutions eligible to participate in the South Carolina Tuition Grants Program as defined in Chapter 113 of Title 59 of the 1976 Code, which stipulates that "an independent institution of higher learning means any 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 Schools."

(2) The funds made available to the independent institutions for need-based grants and Palmetto Fellows Scholarships are derived as a percentage of total funds appropriated for this purpose under Act 458, South Carolina Children First: Resources for Scholarships and Tuition Act of 1996. This percentage shall be equivalent to the percentage of the independent institutions' share of the State's total South Carolina resident undergraduate full-time degree-seeking headcount enrollment. The percentage will be based on the previous year's total (e.g., for 1996-97, 18.7 percent of enrollment) and will be determined annually by the Commission on Higher Education and the South Carolina Tuition Grants Commission. However, in instances where the equal division of the appropriated funds between need-based grants and the Palmetto Fellows Program exceeds the capacity to make awards in either program, the Commission on Higher Education has the authority to re-allocate the remaining funds between the two programs until these programs are fully implemented in FY 2000-2001, after which an equal division between the two programs shall be maintained.

(3) Of the funds allocated to independent colleges and universities, fifty percent shall be awarded as need-based grants, and fifty percent shall be awarded as Palmetto Fellows Scholarships, once the program is fully implemented. The funds allocated for need-based grants shall be included in the annual appropriation to the Commission on Higher Education and transferred annually into the budget of the South Carolina Tuition Grants Commission, which will distribute these funds as Tuition Grants.

62-452 Program Definitions for Administering South Carolina Need-Based Grants at Public Institutions

A. "Academic year" is defined as the fall and spring semesters during which a full-time student would be expected to complete a minimum of 24 semester credit hours (or its equivalent) or a part-time student would be expected to complete a minimum of 12 semester credit hours (or its equivalent).

B. "Associate program" is defined as a two-year technical or occupational program or an associate degree program (Associate of Arts or Associate of Science) which leads to the first two years of a baccalaureate

degree at a location approved by the U.S. Department of Education for participation in federally-funded financial aid programs and authorized by the Commission on Higher Education.

C. "Baccalaureate program" is defined as a program of study leading to a bachelor's degree at a location approved by the U.S. Department of Education for participation in federally funded financial aid programs and authorized by the Commission on Higher Education. The first eight full-time equivalent semesters of undergraduate study leading to a first professional degree (i.e., Pharm.D.) are included as an eligible program of study.

D. "Degree-seeking undergraduate student" is defined as any part-time or full-time degree-seeking student enrolled in an undergraduate program at an eligible institution which leads to the first associate degree and/or to the first baccalaureate degree but not to the first associate degree acquired after completion of a baccalaureate degree.

E. "Eligible program" is defined as a program of study leading to 1) an associate or baccalaureate degree; 2) at least a two-year program that is acceptable for full credit towards a bachelor's degree; or 3) at least a one-year educational program that leads to a degree, certificate, or other recognized educational credential (e.g., diploma), which meets all other Title IV regulations as authorized by the U.S. Department of Education for participation in federally-funded financial aid programs, provided that all of the above are permitted by the enabling legislation.

F. "Full-time student" shall mean a student who has matriculated into a program leading to an associate, baccalaureate, diploma, or one-year certificate program, and who enrolls in a minimum of twelve semester credit hours (or its equivalent) during the regular academic term.

G. "Need analysis" shall mean the process of analyzing the household and financial information on the student's financial aid application and calculating the amount the family can be expected to contribute to educational costs. For federal student financial aid programs, the need analysis system is defined under Title IV of the Higher Education Act of 1965.

H. "Needy student" shall mean a post-secondary student enrolled in or accepted for enrollment in a two-year or four-year college or university who demonstrates to the institution the financial inability, either parental, familial, or personal, to bear the total cost of education for any regular academic term. The determination of need shall be made in accordance with federal need analysis formulae and provisions.

I. "One-year educational program" is defined as an undergraduate program of study leading to other recognized credentials (e.g., certificates or diplomas which prepare students for gainful employment in a recognized occupation) at a location approved by the U.S. Department of Education for participation in federally-funded financial aid programs and is authorized by either the Commission on Higher Education or the State Board for Technical and Comprehensive Education.

J. "Part-time student" shall mean a student who has matriculated into a program leading to an associate, baccalaureate, diploma, or one-year certificate program, and who enrolls in a minimum of six semester credit hours and a maximum of 11 semester credit hours (or its equivalent) during the regular academic term.

K. "Postsecondary institution" shall mean any public two- or four-year university or college supported by the State of South Carolina.

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L. "Remedial coursework" shall mean sub-collegiate level preparatory courses in English, mathematics, and reading.

M. "South Carolina resident" shall be defined as an individual who satisfies the requirements of residency in accordance with the State of South Carolina Statute for Tuition and Fees, Statute 59-112-10, and all related guidelines and regulations promulgated by the Commission on Higher Education.

62-453 Student Eligibility

A. To be eligible for a need-based grant each academic year, the student must:

(1) Be a "needy student" following the financial need analysis as established for Title IV Federal Student Aid Programs for determining eligibility for federal student financial aid. The student must complete a Free Application for Federal Student Aid;

(2) Be a U.S. citizen or a permanent resident that meets the definition of an eligible non-citizen under State residency statutes;

(3) Be a resident of the State of South Carolina as defined in Chapter 112 of Title 59 of the 1976 Code of Laws governing the determination of residency for tuition and fee purposes and in rules and regulations pertaining thereto as promulgated by the Commission on Higher Education;

(4) Be enrolled or accepted for enrollment as a part-time or full-time undergraduate student in an associate, baccalaureate, diploma, or other one-year program, authorized by the Commission on Higher Education or the State Board for Technical and Comprehensive Education at an eligible two-year or four-year public college or university in South Carolina (provided that these programs are eligible programs under the enabling legislation). A student enrolled less than part-time (minimum of six semester credit hours during one term) may not receive a need-based grant for the semester or term in question but is eligible for reapplication for a grant upon return to part-time or full-time status;

(5) Be seeking for the first time an associate or baccalaureate degree, or other recognized credential in a one-year program as authorized by the Commission on Higher Education or the State Board for Technical and Comprehensive Education provided that these programs are eligible programs under the enabling legislation. Students who have already obtained a baccalaureate degree are not eligible for subsequent grant funds. Students who have obtained an associate degree initially are eligible for application for a need-based grant upon enrollment in a baccalaureate degree program but no student shall exceed a maximum of eight full-time equivalent semesters. Students who have obtained a recognized credential in a one-year program provided that these programs are eligible programs under the enabling legislation, initially are eligible for application for a need-based grant upon enrollment in an associate or baccalaureate degree program but a student may not exceed eight full-time equivalent semesters;

(6) Be enrolled at the time of the grant disbursement in a minimum of 12 semester credit hours if full-time for the semester or six semester credit hours if part-time for the semester (or its equivalent);

(7) Certify that he/she has not been convicted of any felonies, alcohol, or drug related offenses under the laws of this or any other state or under the laws of the United States by submitting a signed affidavit each academic year to the institution testifying to the fact, except that a student who has been convicted

of an alcohol or drug related misdemeanor offense is ineligible only for the next academic year of eligibility after the conviction occurred. Any false information provided by the student or any attempt to obtain or expend any need-based grant for unlawful purposes or any purpose other than in payment or reimbursement for the cost of attendance at the institution authorized to award the grant will be cause for immediate cancellation of the need-based grant. Any student who has obtained a need-based grant through means of a willfully false statement or failure to reveal any material fact, condition, or circumstances affecting eligibility will be subject to applicable civil or criminal penalties, including loss of the need-based grant;

(8) Certify that he/she does not owe a refund or repayment on a State Grant, a Pell Grant, or a Supplemental Educational Opportunity Grant and is not in default on a loan under the Federal Perkins Loan or Federal Stafford Loan programs; and

(9) Must apply for the need-based grant each academic year and meet all eligibility requirements annually.

B. Students enrolled part-time or full-time may not receive a need-based grant for more than a maximum of eight full-time equivalent semesters.

C. Students enrolled in an eligible program of study as stated in the "Program Definitions" section may include remedial courses as part of the minimum number of required credit hours for full-time or part-time status, as long as such courses carry semester credit hours and meet Title IV limitations on remedial coursework.

62-454 Withdrawal, Suspension, or Dropping Below Full-Time or Part-Time Status

A. In the event a student who has been awarded a need-based grant withdraws or is suspended from the institution, or drops below full-time (12 semester credit hours) or part-time (6 semester credit hours) status during any regular term of the academic year, institutions must reimburse the Need-Based Grant Program for the amount of the need-based grant for the term in question pursuant to refund policies of the institution.

B. In the event a student withdraws or drops below full-time or part-time status after the institution's refund period and therefore must pay tuition and fees for full-time or part-time enrollment, the award may be retained by the student pursuant to the refund policies of the institution.

C. The institution may redistribute such funds to other eligible students in accordance with the Guidelines, or if such funds cannot be redistributed within the academic year, the institution shall return the refund amount to the Commission on Higher Education for redistribution to other institutions.

62-455 Policies and Procedures for Awarding Grants

A. Need-based grants may not exceed \$2,500 for full-time students and \$1250 for part-time students per academic year.

B. Need-based grants are to be used only for payment for the cost of attendance as defined by Title IV regulations as modified by C. below for the academic year for which the award is made at the designated institution. In determining the amount awarded for the need-based grant, all other sources of grant funds,

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including Federal, state, institutional, family contribution, and gift assistance must be applied to the total cost of attendance in accordance with Title IV regulations before calculating the unmet need and awarding the grant. The maximum amount awarded shall not exceed the cost of attendance as defined in Title IV regulations for any year.

C. Charges for room and board are to be limited as follows:

(1) Room charges shall not exceed the average cost of on-campus residential housing; and

(2) Board charges shall not exceed the cost of the least expensive on-campus meal plan, which includes 21 meals per week.

D. Adjustments to the financial aid package will be made to the need-based grant in accordance with prescribed federal aid Title IV regulations in order to prevent an over-award.

E. The institution must retain annually appropriate paper or electronic documentation for each grant award to include at a minimum:

(1) Needs analysis

(2) *Affidavit documenting that the student has never been convicted of any felonies, alcohol or drug related offenses as stated under Sections 62-453.A.7. and 62-456.D.3.*

(3) Award notification

(4) Institutional disbursements to students

(5) Refunds and repayments

(6) Satisfactory academic progress

(7) Student residency status

(8) Enrollment and curriculum requirements

F. 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 percentage will be based on the previous year's total as determined by the Commission on Higher Education. Unused funds, which cannot be awarded by an institution, must be returned to the Commission on Higher Education, which may redirect the funds to institutions where unmet need exists.

G. The need-based grants program for the public institutions will be campus-administered, and the grant funds will supplement the student financial aid awards administered by the participating public colleges and universities.

H. The institution will make awards in amounts to be defined in accordance with the need-based grant regulations and criteria, but not to exceed \$2,500 per eligible full-time student per year and \$1250 per eligible part-time student per year, based on the institution's allocated funds for the need-based grant and other financial aid awarded to individual applicants.

I. Participating institutions will notify students of their need-based grants along with the terms and conditions of the award.

J. The need-based grant shall be awarded only after all other sources of grant funding, including gift assistance, family contribution, institutional, State, and Federal sources of grant aid have been exhausted.

K. It is the institution's responsibility to ensure that no ineligible student receives a need-based grant.

62-456 Duration of Award and Continued Eligibility

A. Need-based grants shall be awarded for no longer than one academic year. The institution shall adjust the amount of the grant award during the academic year in the event of a change in the student's financial or enrollment status.

B. Need-based grants may be awarded annually for no more than a total of eight full-time equivalent semesters of full-time or part-time study. Award decisions will be made annually and are not automatically guaranteed.

C. Students must reapply annually for a need-based grant in accord with these Guidelines and other pertinent statutes and regulations and with application timeliness and procedures stipulated by the institutions. Students applying for a need-based grant must file a Free Application for Federal Student Aid and any supplemental forms, which may be required by the institution.

D. For continued eligibility, the student is required to:

(1) *Earn* at least 24 semester credit hours (or its equivalent) each regular academic year if a full-time student or *earn* at least twelve semester credit hours (or its equivalent) each regular academic year if a part-time student. *If a student enrolls in one term of the academic year as a part-time student and the other term as a full-time student, the student must earn at least eighteen semester credit hours (or its equivalent) each regular academic year. If a student enrolls in only one term of the academic year, the student must earn at least twelve semester credit hours (or its equivalent) each regular academic year if a full-time student or earn at least six semester credit hours (or its equivalent) each regular academic year if a part-time student.* Credits earned during additional interim, winterim, maymester, summer or other non-regular terms cannot be used to replace or reduce the minimum semester or quarter credit hour requirement during any fall or spring semester or fall, winter, and spring quarter term;

(2) Earn at least a cumulative 2.0 grade point average on a 4.0 scale for graduation purposes by the end of each regular academic year; and

(3) *Certify that he/she has not been convicted of any felonies, alcohol, or drug related offenses under the laws of this or any other state or under the laws of the United States by submitting a signed affidavit each academic year to the institution testifying to the fact, except that a student who has been convicted of an alcohol or drug related misdemeanor offense is ineligible only for the next academic year of eligibility after the conviction occurred.*

E. The institution shall be responsible for maintaining institutional certification of each recipient's continuous part-time and/or full-time enrollment in an eligible program of study as determined under Title IV regulations for participation in federally-funded financial aid programs leading to: 1) an associate or baccalaureate degree; 2) at least a two-year program that is acceptable for full credit towards a bachelor's degree; or 3) at least a one-year educational program that leads to a diploma or certificate, authorized by either the Commission on Higher Education or the State Board for Technical and Comprehensive Education.

F. Students wishing to appeal any grant award decision must submit a written request to the institution's

Director of Financial Aid. This request will be handled in accord with the institution's financial aid appeals procedures. The institution's decision on appeals shall be final.

62-457 Students with Disabilities

A. Students who qualify under the Americans with Disabilities Act (ADA) and Section 504 of the Rehabilitation Act of 1973 must meet all eligibility requirements as defined in Section 62-453 except for a student who is approved by the Disability Services Provider to be enrolled in less than "full-time" or "part-time" status is eligible to receive grant funding. Students must comply with all institutional policies and procedures in accordance with ADA and Section 504 of the Rehabilitation Act of 1973.

B. For renewal, students who qualify under ADA and Section 504 of the Rehabilitation Act of 1973 must meet all renewal requirements as defined in Section 62-335 except for a student not meeting the annual credit hour requirement who is approved by the Disability Services Provider to be enrolled in less than "full-time" or "part-time" status for that academic year. Students must complete the required number of hours approved by the institutional Disability Services Provider each academic year for scholarship renewal and earn a minimum 3.0 cumulative grade point average on a 4.0 scale by the end of the academic year. Students must comply with all institutional policies and procedures in accordance with ADA and Section 504 of the Rehabilitation Act of 1973.

C. The institutional Disability Services Provider must provide written documentation to the Office of Financial Aid each academic year verifying that the student is approved to be enrolled in less than full-time or part-time status.

D. Students who qualify under ADA and Section 504 of the Rehabilitation Act of 1973 are eligible to receive up to the maximum number of available terms and available funds as stated in 62-459.

62-458 Enrollment in Internship Programs, Cooperative Work Programs, or Travel Study Programs

A. Students enrolled in an internship program, a cooperative work program, or travel study program approved by the student's home institution, and enrolled in fewer than six semester credit hours at the institution where the student enrolled previously as an eligible student, shall not be eligible to receive a need-based grant during the period in which the student is enrolled in such programs or courses. Students enrolled in such programs shall receive a Need-based Grant during a subsequent fall or spring semester if determined to be eligible.

62-459 Institutional Procedures for Award Notification

A. The institution will identify award amounts, which cannot exceed \$2,500 per eligible full-time student and \$1250 per eligible part-time student per academic year. Half of each grant shall be disbursed during the fall semester and half during the spring semester (or their equivalents) of each year, assuming continued eligibility. Under the current regulations, the maximum amount which may be received for eight full-time equivalent semesters by a recipient shall be \$10,000 for students seeking their first baccalaureate degree, \$5,000 for students seeking their first associate degree or two-year diploma, and \$2,500 for students seeking their first one-year certificate or diploma programs that are authorized by the U.S. Department of Education under Title IV regulations for participation in federally-funded financial aid programs and by the Commission on Higher Education and/or the State Board for Technical and Comprehensive Education. Study toward the first diploma or certificate may be followed by study toward

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the first associate degree, which may be followed by transfer to a baccalaureate degree program.

B. The institution shall provide an award notification to need-based grant recipients who will contain the terms and conditions of the grant and other financial aid awarded. Students will be notified of adjustments in financial aid due to changes in eligibility and/or over-award issues.

62-460 Need-Based Grant Disbursements

A. Where the initial allocation exceeds the needs of students at an institution, the Commission shall have the authority to redistribute the excess funds to other institutions.

(1) All funds not awarded by the institution 45 days after the last day to register for the spring term of the academic year shall be returned to the Commission for redistribution.

(2) Institutions in need of additional need-based grants for eligible students must provide documentation to this effect and must request additional funds from the Commission on Higher Education in writing by not later than 45 days after the last day to register for the spring term of the academic year.

62-461 Program Oversight for Need-Based Grants

A. The South Carolina Commission on Higher Education will coordinate the oversight of functions (e.g., guidelines, policies, rules, regulations) relative to this program with eligible institutions. The Commission on Higher Education shall be responsible for the allocation of funds, promulgation of the regulations and rules, and statewide oversight of the need-based grants program.

B. In order to participate in the program, institutions must abide by program policies, rules or regulations, and maintain and provide all pertinent information, records, reports, or any information as may be required or requested by the Commission on Higher Education or the General Assembly to ensure proper administration of the program.

C. The initial maximum award for the need-based program may be adjusted periodically by the Commission due to inflation increases or other relevant factors.

D. After the last day to register for each term of the academic year, the institution will verify that each recipient is a South Carolina resident who is a full-time or part-time student enrolled in a program of study leading to: 1) an associate or baccalaureate degree; 2) at least a two-year program that is acceptable for full credit towards a bachelor's degree; or 3) at least a one-year educational program that leads to a diploma or certificate, as authorized by the U.S. Department of Education under Title IV regulations for participation in federally-funded financial aid programs, the Commission on Higher Education, and/or the State Board for Technical and Comprehensive Education. A reconciliation report will be submitted to the Commission at the end of each academic year. Unused funds or repayments shall be refunded to the Commission no later than 45 days after the last day to register for the spring term.

E. The Commission on Higher Education shall appoint an advisory committee to review program policies and procedures and to provide recommendations to the Commission pertaining to program administration. The advisory committee shall include financial aid administrators from selected eligible public institutions.

F. In instances where the equal division of the appropriated funds between Need-based Grants and the

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Palmetto Fellows Scholarship program exceed the capacity to make awards in either program, the Commission on Higher Education shall reallocate the remaining funds between the two programs until these programs are fully implemented in FY 2000-2001, after which an equal division between the two programs shall be maintained.

G. The institutions are authorized to establish additional guidelines, rules, and regulations for awarding the grants consistent with the South Carolina Need-based Regulations contained herein.

62-462 Suspension or Termination of Institutional Participation

A. The Commission may review institutional administrative practices to determine institutional compliance with rules and regulations, pertinent statutes, and program guidelines. If such a review determines that an institution has failed to comply with program statutes, rules, or regulations, the Commission may suspend, terminate, or place certain conditions upon the institution's continued participation in the program and require reimbursement to the State need-based program for any funds lost or improperly awarded.

B. Upon receipt of evidence that an institution has failed to comply with program statutes, rules, regulations, the Commission on Higher Education shall notify the institution in writing of the nature of such allegations and conduct an audit.

C. If an audit indicates that a violation or violations may have occurred or are occurring at any public or independent college or university, the Commission on Higher Education shall secure immediate reimbursement from the institution in the event that any funds were expended out of compliance with the provisions of the Act, any relevant statutes, pertinent rules, and these regulations.

Fiscal Impact Statement:

The South Carolina Commission on Higher Education does not anticipate any fiscal impact with the implementation of these regulations.