

Att. II

August 9, 2004

MEMORANDUM

To: Mr. Dalton B. Floyd, Jr., Chair and Members
Commission on Higher Education

From: Mr. Daniel Ravenel, Interim Chair and Members
Committee on Student Services and Access & Equity

South Carolina HOPE Scholarship Program
Proposed Regulatory Amendments - 2005-06 Academic Year

The Commission on Higher Education proposes two major amendments to the SC HOPE Scholarship Program Regulation. The first amendment removes Johnson and Wales University as an eligible independent institution. The second amendment adds language for service members of the United States Armed Forces who are called to active duty to receive the maximum terms of eligibility.

The removal of Johnson & Wales University as an eligible institution as defined in Section 62-900.90(L), is a result of the institution's relocation to Charlotte, North Carolina. As of Fall 2003, the University is no longer accepting new students for enrollment into the Charleston campus. Since the HOPE scholarship is only awarded to first-time entering freshmen, these students are no longer eligible to receive the scholarship.

Due to the events that occurred on September 11, 2001, service members of the United States Armed Forces are being called to active duty and are required to withdraw from college due to deployment. The Commission on Higher Education does not want to penalize these students for events that are beyond their control. The term(s) the service member is called to active duty will not count against the two terms of maximum eligibility. The institution must provide the student with a refund based on the institution's policies and procedures, but are strongly encouraged to provide a full refund or credit in a comparable amount. Thus, the inclusion of Section 62-900.111 ("Military Mobilization") in the proposed regulation will allow each institution the authority to reinstate the scholarship upon the service member's re-enrollment.

Additionally, the following modifications are also being proposed for consideration:

- 62-900.90(K) – The definition for “Home institution” was added to define which institution service members are eligible to receive scholarship funds.
- 62-900.90(M) – Language was added to the definition of “Initial college enrollment” to clarify that the two terms of eligibility are based on continuous enrollment (except summer).
- 62-900.90(P) – Definition for “Remedial/developmental coursework” was added to be consistent with the LIFE and Palmetto Fellow Scholarship Programs. Scholarship funds cannot be applied to these courses.
- 62-900.95(A)(6) – Language was added to provide specific instructions for verification of the cumulative 3.0 GPR requirement based on the Uniform Grading Scale for home school and out-of-state students to determine scholarship eligibility.
- 62-900.95(B) – Language was added to be consistent with the LIFE Scholarship Program. This language clarifies that credit hours earned prior to high school graduation do not count against the maximum terms of eligibility with the exception of early graduates.
- 62-900.95(D) – Language was added to allow service members to earn credit hours while on active duty without penalty. The credit hours will not count against the maximum terms of eligibility.

Recommendation

The Committee on Student Services and Access and Equity recommends that the Commission on Higher Education approve the proposed amendments to the regulation for the South Carolina HOPE Scholarship Program. If approved, the amended regulation will be submitted to the General Assembly for approval under the Administrative Procedures Act.

Document No.
COMMISSION ON HIGHER EDUCATION
CHAPTER 62
Statutory Authority: 1976 Code Section 59-150-370

62-900.85-140 South Carolina HOPE Scholarship

Synopsis:

The Commission on Higher Education proposes to amend and replace in its entirety R.62-900.85-140 of the South Carolina HOPE Scholarship Program. The proposed amendments will clarify the policies and procedures for administering the SC HOPE Scholarship Program. Beginning with the 2005-06 academic year, the proposed amendments will allow active duty service members of the United States Armed Forces to receive the maximum number of terms of scholarship eligibility due to military mobilization. The proposed regulation also removes language from the definition of independent institutions discontinuing participation of Johnson and Wales University as an eligible independent institution (since they have relocated out-of-state).

Instructions: Add new R.62-900.85 through 62-900.140, South Carolina HOPE Scholarship Program, to Chapter 62 regulations.

Text:

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62-900.85 Purpose of the SC HOPE Scholarship Program

The South Carolina HOPE Scholarship, established under the South Carolina Education Lottery Act, was approved by the General Assembly during the 2001 legislative session and signed into law on June 13, 2001. Act 356 authorizes the Commission on Higher Education to promulgate regulation for administration of the SC HOPE Scholarship Program. The purpose of the SC HOPE Scholarship Program is to provide funding to first-time entering freshmen who do not qualify for the LIFE or Palmetto Fellows Scholarships.

62-900.86 Funding

A. Funds made available for SC HOPE Scholarships under the South Carolina Education Lottery Act shall be included in the annual appropriation to the Commission on Higher Education. This program is dependent upon the annual proceeds generated by the lottery. The Commission on Higher Education shall award funds to eligible students as SC HOPE Scholarships.

62-900.90 Program Definitions

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

B. "Baccalaureate program" is defined as a program of study leading to a bachelor's degree as defined by the U.S. Department of Education for participation in Federally funded financial aid programs.

C. "Book allowance" shall mean funds that may be applied to the student's account for expenses towards the cost-of-attendance including the cost of textbooks.

D. "Cost-of-attendance" as established by Title IV Regulations may include tuition, fees, living expenses, and other costs such as costs related to disability or dependent care.

E. "Degree-seeking undergraduate student" is defined as any full-time student enrolled in an eligible program of study at an eligible institution.

F. "Eligible institution" shall be defined as a public or independent bachelor's level institution.

G. "Eligible program of study" is defined as a program of study leading to the first baccalaureate degree, which meets all other Title IV regulations as authorized by the U.S. Department of Education for participation in federally funded financial aid programs.

H. "Freshmen year" shall mean the first academic year the student matriculates in an institution after high school graduation or completion of an approved home school program.

I. "Full-time student" shall mean a student who has matriculated into an eligible program of study and who enrolls full-time, usually fifteen semester credit hours for fall and spring terms or twelve credit hours for fall, eight credit hours for winter, and twelve credit hours for spring trimester terms. In order for the student to be eligible for scholarship disbursement, the student must be enrolled full-time as stipulated by Title IV Regulations, except that credit hours may not include remedial/developmental and continuing education courses.

J. "High school" is defined as a high school located in South Carolina, an approved home school program as defined in the State Statute, Sections 59-65-40, 45, and 47, or a preparatory high school located outside of the state while the student is a dependent of a legal resident of South Carolina who has custody or pays child support and college expenses of the dependent high school student. A "preparatory high school" (out-of-state) is defined as a school recognized by the state in which the school is located to offer curricula through the twelfth grade and prepares students for college entrance.

K. "Home institution" shall mean the institution where the student is currently enrolled as a degree-seeking student and may be eligible for financial aid at the same institution.

L. "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 chartered before 1962 whose major campus and headquarters are located within South Carolina; or an independent bachelor's level institution who had a major campus and headquarters located within South Carolina and was ~~which is~~ accredited by the Southern Association of Colleges and Secondary Schools ~~or the New England Association of Colleges and Schools~~" as of March 17, 2004." Institutions whose sole purpose is religious or theological training or the granting of professional degrees do not meet the definition of 'independent institution' for purposes of this chapter. However, independent two-year institutions are not eligible for participation in this program.

M. "Initial college enrollment" shall mean the first time the student matriculates into a post secondary educational institution after high school graduation or completion of an approved home school program. The terms of eligibility are based upon initial college enrollment and continuous enrollment. This means that any break in enrollment (excluding summer) will count against the maximum terms of eligibility.

N. An "offense" shall mean a violation of any law or rule in any State or Federal criminal justice system.

O. "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.

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

Q. "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, Section 59-112-10, and all related guidelines and regulations promulgated by the Commission on Higher Education as determined by the institutional residency officer each academic year.

R. "Transfer student" shall be defined as a student who has changed enrollment from one institution to an eligible institution.

62-900.95 Student Eligibility

A. To be eligible for a SC HOPE Scholarship, students must:

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

2. Be a South Carolina resident for in-state purposes at the time of enrollment at the institution, as set forth by Section 59-112-10 and be either a member of a class graduating from a high school located in this State, a home school student who has successfully completed a high school home school program in this State in the manner required by law, or a student graduating from a preparatory high school outside this State, while a dependent of a parent or guardian who is a legal resident of this State and has custody of the dependent according to State Statute, Section 59-149-50A;

3. Earn a cumulative 3.0 grade point ratio (GPR) based on the Uniform Grading Scale (UGS) upon high school graduation. No other grading policy will be allowed to qualify for the SC HOPE Scholarship. Grade point ratios must be reported to two decimal places (minimum) and may not be rounded. For

example, a student who earns a 2.99 GPR is not eligible. Institutions shall use the final GPR as reported by the high school;

4. Be admitted, enrolled full-time, and classified as a degree-seeking undergraduate student in an eligible institution in South Carolina; and

5. Certify that he/she has not been adjudicated delinquent, convicted, or pled guilty or nolo contendere to any felonies, alcohol or other 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 other drug related misdemeanor offense is only ineligible for the next academic year after the date of the adjudication, conviction or plea.

6. Certify that he/she has not defaulted and does not owe a refund or repayment on any Federal or State financial aid. If a student has an Institutional Student Information Record (ISIR) or its equivalent on file, the ISIR information will be used to verify default status or refund/repayment owed on any Federal or State financial aid. Students who have not completed a Free Application for Federal Student Aid (FAFSA) form must have an affidavit on file to verify that he/she is not in default and does not owe a refund or repayment on any Federal or State financial aid including, a State Grant, Federal Pell Grant, Supplemental Educational Opportunity Grant, Perkins Loan and Federal Stafford Loan.

7. In order to meet the GPR requirement, home school and out-of-state students may request an official GPR verification based on the UGS from either the approved home school association or the public high school they would have attended. An official letter on the public high school's letterhead must be written to the eligible institution stating the student's GPR based on the UGS upon high school graduation.

B. Any credit hours attempted or earned before high school graduation, hours exempted by examination, or Advanced Placement (AP) credit hours do not count against the terms of eligibility.

C. Students who complete their high school graduation requirements prior to the official graduation date reported on the final high school transcript may be eligible to receive the SC HOPE Scholarship pending the approval of the Commission on Higher Education (CHE). The institutional representative must complete and submit an Early Graduation Application Form and all appropriate documentation as deemed necessary by CHE for each student. The student must request and submit a letter from the high school principal verifying that he/she has met all graduation requirements.

D. Service members of the United States Armed Forces will not be penalized for any credit hours earned while on active duty. The credit hours earned will not count against the terms of eligibility.

E. Early graduates who enroll mid-year and are classified as degree-seeking will officially begin their initial college enrollment.

F. SC HOPE Scholarship funds may not be applied to the costs of continuing education or remedial/developmental courses. Twelve credit hours of the course load must be non-remedial/developmental and non-continuing education courses in order to receive SC HOPE Scholarship funds.

G. Students receiving a SC HOPE Scholarship are not eligible for a LIFE Scholarship, Palmetto Fellows Scholarship or Lottery Tuition Assistance.

H. Students who meet all eligibility requirements for the SC HOPE Scholarship are eligible to receive scholarship funds for the freshmen year of attendance only.

I. All documents required for determining SC HOPE Scholarship eligibility must be submitted to the institution by their established deadline(s). Students must submit official transcripts from all previous and current institutions, which provide evidence to determine initial college enrollment.

62-900.100 Duration of Award

A. Students are eligible to receive the SC HOPE Scholarship for no more than two terms (or its equivalent) during the freshman year of attendance only.

B. The maximum number of terms of eligibility is based on the student's initial college enrollment with the exception of credit hours earned during the summer session immediately prior to the student's initial college enrollment.

C. If a student enrolls mid-year (spring term) and receives the SC HOPE Scholarship during that term, then qualifies to receive the LIFE Scholarship at the end of the summer term, the student will not be eligible to receive the SC HOPE Scholarship for the next term. If the student does not meet the requirements to qualify for the LIFE Scholarship, then the student may receive the SC HOPE Scholarship the next term of eligibility.

62-900.105 Transfer Students

A. A student who transfers from one institution to an eligible institution during the freshman year of attendance is eligible to receive the SC HOPE Scholarship if the student met the eligibility requirements as stated in the "Student Eligibility" Section at the beginning of the academic year.

B. A student who transfers from a two-year or technical institution to an eligible four-year institution who enrolled in remedial courses during the freshman year may be eligible to receive the SC HOPE Scholarship. The terms of eligibility to receive scholarship funds must not include the period of time the student was enrolled in remedial courses at a two-year or technical institution, unless the student completed at least twelve credit hours of non-remedial course work during the first term(s) during the freshman year. The student will be eligible to receive the scholarship for the maximum number of terms of eligibility following completion of remediation if the student was eligible to receive the SC HOPE Scholarship upon high school graduation.

C. Students who did not meet the scholarship eligibility requirements upon high school graduation and enrolled in remedial courses during the first term(s) during the freshman year will not be eligible to receive the SC HOPE Scholarship at the completion of remediation.

62-900.110 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 the "Student Eligibility" Section except for the full-time enrollment requirement, if approved by the Disability Services Provider. Students must comply with all institutional policies and procedures in accordance with ADA and Section 504 of the Rehabilitation Act of 1973.

B. The institutional Disability Services Provider must provide written documentation to the Office of Financial Aid during the freshman year verifying that the student is approved to be enrolled in less than full-time status.

C. Students who qualify under ADA and Section 504 of the Rehabilitation Act of 1973 may receive the maximum number of available terms of eligibility as stated in the "Duration of Award" Section.

D. In order to be eligible for the SC HOPE Scholarship, students who no longer qualify under ADA and Section 504 of the Rehabilitation Act of 1973 must comply with all requirements set forth under the "Student Eligibility" Section.

62-900.111 Military Mobilization

A. Service members enrolled in college and are affected by military mobilizations will not be penalized for the term they are required to withdraw after the full refund period based on the institutional policies and procedures. Additionally, the term(s) that the service member is called to active duty will not count against the maximum terms of eligibility. The service member shall be allowed to receive the unused term(s) while on active duty during the succeeding summer term or at the end of the maximum terms of eligibility based on initial college enrollment. The service member must re-enroll in an eligible institution within twelve months upon their demobilization and provide official documentation to verify military deployment to the institutional Financial Aid Office upon re-enrollment. Reinstatement will be based upon the service member's eligibility at the time he/she was mobilized. If the service member re-enrolls after the twelve month period, the service member must submit an Appeal Application to the Commission on Higher Education by the established deadline in order to be considered for reinstatement.

B. Service members who are enrolled in college and are called to active duty for an entire academic year may receive the scholarship for the next academic year, if they met the "Student Eligibility" requirements at the time of high school graduation. Service members who did not use the SC HOPE Scholarship funds/terms of eligibility during this period due to active duty shall be allowed to receive scholarship funds during the succeeding summer term and/or at the end of the maximum terms of eligibility based on initial college enrollment.

C. Service members who are enrolled in college and are called to active duty for one academic term and did not use SC HOPE Scholarship funds/terms of eligibility during this period shall be allowed to receive one term of scholarship funds during the succeeding summer or one term at the end of the maximum terms of eligibility based on initial college enrollment.

D. In order to receive the SC HOPE Scholarship for summer school for the unused term(s), the service member must enroll in twelve credit hours during the succeeding summer term at the home institution.

E. The home institution will be responsible for securing verification of active duty status and terms of eligibility based on the service member's initial college enrollment.

62-900.115 Refunds or Repayments

A. In the event a student who has been awarded a SC HOPE Scholarship withdraws, is suspended from the institution, or drops below full-time enrollment status during any term of the academic year, institutions must reimburse the SC HOPE Scholarship Program for the amount of the scholarship for the term(s) in question pursuant to the refund policies of the institution. Collection is the responsibility of the institution.

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

62-900.120 Appeals Procedures

A. The Commission on Higher Education shall define the appeals procedures.

B. Students who did not receive the maximum number of terms of eligibility for the scholarship at the end of the first academic year due to an extenuating circumstance may request an appeal with the Commission on Higher Education.

C. The Commission on Higher Education will allow a student to submit only one appeal at the end of the first academic year based on an extenuating circumstance.

D. A completed appeal's application must be filed with the Commission on Higher Education by the established deadline of the academic year the scholarship is requested. The student must provide a completed application for appeal, a letter requesting an appeal describing the extenuating circumstance, official transcripts from all prior institutions, and any other supporting documentation to substantiate the basis for the appeal.

E. The SC HOPE Scholarship shall be suspended during the appeal period, but will be awarded retroactively if the appeal is granted.

F. The Appeals Committee's decision is final.

62-900.125 Institutional Policies and Procedures for Awarding

A. SC HOPE Scholarship awards are to be used only for payment toward the cost-of-attendance as established by Title IV regulations. The award amount shall not exceed two thousand six hundred fifty dollars (includes \$150 book allowance) during the freshman year only. Half shall be awarded during the fall term and half during the spring term (or its equivalent). The SC HOPE Scholarship in combination with all other gift aid, including Federal, State, private and institutional funds, shall not exceed the cost-of-attendance as defined in Title IV regulations for any academic year.

B. Eligible institutions shall provide an award notification to eligible students that will include the book allowance and also contain the terms and conditions of the scholarship. Institutions will notify students of all adjustments in scholarship funds that may result from an over award, change in eligibility, change in the student's residency or financial status or other matters.

C. The institution must retain annual paper or electronic documentation for each award to include at a minimum:

- (1) Award notification
- (2) Institutional disbursement to student
- (3) Student's residency status
- (4) Refund and repayment (if appropriate)
- (5) Enrollment and curriculum requirements
- (6) Affidavit documenting that the student has never been convicted of any felonies, alcohol or other drug related misdemeanor offenses as stated under "Student Eligibility" Section

(7) Institutional Student Information Record (ISIR) or affidavit documenting that the student is not in default or does not owe a refund or repayment on any State or Federal financial aid

(8) High school transcript(s) verifying high school graduation or home school completion date and cumulative grade point average (freshmen only)

(9) Verification of student's disability (if appropriate)

D. Any student who has attempted to obtain or obtained a SC HOPE Scholarship award through means of 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 SC HOPE Scholarship.

E. It is the institution's responsibility to ensure that only eligible students receive the scholarship.

62-900.130 Institutional Disbursements

A. The eligible institution will identify award amounts, which cannot exceed two thousand six hundred fifty dollars (includes \$150 book allowance) for students enrolled at four-year public and independent institutions for the freshmen year of attendance only. Half shall be disbursed during the fall term and half during the spring term (or their equivalents). Scholarships cannot be disbursed during the summer or any interim sessions. The SC HOPE Scholarship in combination with all other gift aid, including Federal, State, private and institutional funds, shall not exceed the cost-of-attendance as defined in Title IV regulations for any academic year.

B. 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 degree-seeking student. According to the Scholarship and Grant Programs Policies and Procedures Manual, a listing of all eligible recipients by social security numbers with award amounts for the term must be sent to the Commission on Higher Education with the institution's request for funds. A year end reconciliation report will be submitted to the Commission on Higher Education prior to June 30th of each fiscal year. The reconciliation report shall include any additional requests for funds and/or return of unused funds.

C. The Commission will disburse awards to the eligible institutions to be placed in each eligible student's account.

D. Students must be enrolled full-time at the time of scholarship disbursement. Students who are retroactively awarded must have been enrolled in a minimum of twelve credit hours at the time the scholarship would have been disbursed for that term.

62-900.135 Program Administration and Audits

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

B. According to the Audit Policies and Procedures for Scholarship and Grant Programs Manual, all eligible institutions that participate in the program must abide by program policies, rules or regulations. Institutions also agree to 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 Chief Executive Officer at each participating institution shall identify to the Commission on Higher Education a SC HOPE Scholarship institutional representative who is responsible for the operation of the program on the campus and will serve as the contact person. The institutional representative will act as the student's fiscal agent to receive and deliver funds for use under the program.

62-900.140 Suspension or Termination of Institutional Participation

A. The Commission may review institutional administrative practices to determine institutional compliance with pertinent statutes, guidelines, rules or regulations. If such a review determines that an institution has failed to comply with program guidelines, 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 SC HOPE 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 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 regulations.

Fiscal Impact:

There will be no increased costs to the State or its political subdivisions.

Statement of Rationale: