

CLARIFICATION OF CHE POLICY

USING A MINIMUM \$250 SCHOLARSHIP AMOUNT TO DETERMINE RESIDENCY IN THE FUNDING MODEL

CHE staff was asked to clarify the Commission's current policy of using a minimum scholarship amount of \$250 per semester to determine whether a student should be counted as a resident in the revenue step of the funding model.

According to the SC Code of Laws, each institution's Board of Trustees must develop policies for the abatement of any part or all of the out-of-state portion of the fee. The statute that provides for the abatement of out-of-state rates for non-residents on scholarship reads as follows:

"§59-112-70 Notwithstanding other provisions of this chapter, the governing boards listed in §59-112-10 A above, are authorized to adopt policies for the abatement of any part or all of the out-of-state rates for students who are recipients of scholarship aid."

The law does not list a minimum scholarship amount that must be awarded before the out-of-state portion of the student's fee can be abated, and colleges and universities use varying amounts. However, the \$250 minimum used by CHE for funding purposes has been suggested as an appropriate amount by members of the Attorney General's office. A telephone inquiry by staff to the Attorney General's office about an accepted minimum amount that could be considered to meet the intent of the law resulted in an unofficial comment that, while the law does not specifically state a minimum amount, the intent of the law is to have the scholarships "mean something." The Attorney General's office stated that the Commission's guideline of \$250 per semester as a minimum for funding purposes has been used by that office to determine whether a scholarship "meets the intent" of the law. In addition, the Legislative Audit Council has applied the \$250 minimum in its review of higher education institutions.

Current Commission policy requires that students who do not meet the legal residency requirements for funding purposes be reported and counted as non-residents in the funding model. However, those students who receive a minimum scholarship amount of \$250 per semester, and for whom the out-of-state portion of the fee is waived, may be reported and counted as in-state for funding purposes.

This policy was developed as a result of a survey conducted by CHE staff in 1989-90 which gathered information on tuition and required fees for full-time graduate students from peer institutions selected from the Southern Regional Education Board States. As a result of that study, the Commission approved the implementation of a funding policy that the out-of-state graduate student deduction should be at least double the in-state student deduction and that certain students qualifying for out-of-state fee waivers should not be included in the revenue step deduction of the funding model. The classes of graduate students who would qualify for out-of-state fee waivers and subsequently were not to be included in the out-of-state revenue step deduction were defined as follows:

1. all graduate assistants;
2. students receiving fellowships;
3. students with academic scholarships of \$250 or more per semester; and
4. students participating in the Academic Common Market.

Although the initial study and recommendations concerning the \$250 minimum involved primarily graduate students, actual Commission practice has been to apply these conditions to both graduate and undergraduate students. Commission staff has reviewed past Commission records and, while staff understanding and past practice has been to apply the \$250 minimum for all students, official documentation making the practice applicable to undergraduate as well as graduate students cannot be found. Because of the inconsistency between actual practice and documented policy, the matter is being brought before the Commission for reaffirmation of current practice or for development of a new policy for classifying students to counted as residents in the revenue step.

The Committee on Finance and Facilities recommends that the Commission reaffirm its current practice of applying a scholarship amount of \$250 per semester for undergraduate as well as graduate students as the minimum amount used to determine whether a student should be counted as a resident in the revenue step of the funding model. The Committee further recommends that institutions be given until Fall 2000 to fully implement the \$250 minimum, to allow students already in the system to move through the pipeline.