2020-2021 STATE BUDGET REQUEST FOR FUNDING OF THE SOUTH CAROLINA TUITION GRANTS PROGRAM

The South Carolina Higher Education Tuition Grants Commission must submit in September 2019 its Budget Request to the State Budget Division to be used by the Governor’s Office, the House, and the Senate for funding in the 2020-2021 fiscal year. Because the Commission will not meet again before it is submitted in September, the Budget Request for program funding for the South Carolina Tuition Grants Program for 2020-2021 must be approved by the Commission at the June 19, 2019, meeting.

For 2019-2020, the South Carolina Tuition Grants Commission approved a Budget Request in the amount necessary to increase the tentative maximum grant from $3,300 to $3,450. The final amount requested to meet this goal was $1,569,831. The 2019 General Assembly has approved the final State Budget for 2019-2020. The State Budget as approved by the South Carolina General Assembly and signed by Governor Henry McMaster provides the South Carolina Tuition Grants Program an increase of $1,600,000 in 2019-20. Additionally, the Commission requested an increase of $500,000 in spending authority from the Children’s Educational Endowment Fund which flows to the Tuition Grants Program as a percentage of those funds allocated through the Commission on Higher Education. This was approved. Unfortunately, the Children’s Educational Endowment Fund received no increase in funding for 2019-2020. The Commission also requested an increase of $200,000 in spending authority for the Interest Earnings account. Unfortunately, this was not approved restricting the agency from spending Grant funds sitting in this account. Also, unfortunately, the Commission did not receive the $3,000 requested increase to the State Benefits account to pay employee benefits which are expected to exceed the actual allocation to the agency.

Based on a show up of 368 student recipients fewer than the Commission Staff projected, there will be a carry forward of Lottery Funds exceeding $1,000,000 from 2018-2019 to 2019-2020. This amount has enabled the Commission to increase the initially approved Maximum Grant by $50 from $3,450 to $3,500. With $3,500 as the 2019-2020 Maximum Grant, the Staff proposes the following Budget Request options for the South Carolina Tuition Grants Program for 2020-2021 for consideration by the Commission:
OPTION 1:

Request that funding be provided to increase the final 2019-2020 Maximum Grant by $50. Justification for this request would be the Commission continuing to increase the Maximum Grant incrementally annually. The amount of funding needed to attain this Maximum Grant is projected to be $44,092,890. **Expecting that all base State funds and lottery funds are renewed at prior-year levels, projecting a 0.5% increase in eligible students in 2019-2020 and 2020-2021, the increase in funding needed for this option to increase the 2020-2021 Maximum Grant by $50 to $3,550 would be $509,266.**

OPTION 2:

Request that funding be provided to increase the final 2019-2020 Maximum Grant by $100. Justification for this request would be the Commission continuing to increase the Maximum Grant incrementally annually. The amount of funding needed to attain this Maximum Grant is projected to be $44,712,416. **Expecting that all base State funds and lottery funds are renewed at prior-year levels, projecting a 0.5% increase in eligible students in 2019-2020 and 2020-2021, the increase in funding needed for this option to increase the 2020-2021 Maximum Grant by $100 to $3,600 would be $1,128,792.**

The South Carolina Tuition Grants Commission needs to approve a Budget Request for 2020-2021 for Tuition Grants Program funding. It is recommended that the Commission pass a State Budget Request according to one of the two options (“a $50 increase” or “a $100 increase”).

In addition to a decision on the amount to request to increase the Maximum Tuition Grant, the Commission Staff also requests Commission approval to again request an increase of **$200,000** in spending authority for the Interest Earnings Account and an increase of **$3,000** in employee benefits through the 2020-2021 Budget Request.