SC Higher Education
Tuition Grants Commission
Providing Opportunity. Promoting Choice.

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<u>Review of Federal Methodology and SCTG Eligibility</u>

In 1994, the Tuition Grants Commission opted to begin using the Free Application for Federal Student Aid (FAFSA) as the application for the South Carolina Tuition Grant for state residents attending eligible independent colleges in the state. Prior to the 1994-1995 academic year, there was a standalone paper application required of all students who wanted to be considered for the Tuition Grant. This application used a formula for financial need that was tied to the federal poverty guidelines, considering family income and household size.

Moving to the FAFSA application platform reduced burden on students by allowing for one application for all federal and state aid programs, and on agency staff by freeing up resources and time used to manually calculate each Tuition Grant application. The use of federal methodology also allowed the Commission to define financial need, which is a Statutory requirement of the Tuition Grant, with a simple formula of "Cost of Attendance minus Estimated Financial Contribution (COA – EFC)." The need formula for the Tuition Grant does not take other financial assistance into consideration, allowing the Program to be used as a "first dollar" source of funding and allowing the grant to be awarded to Pell-eligible and non-Pell-eligible students alike, as long as the calculation results in positive financial need.

With the recent change to the Student Aid Index in the federal methodology formula beginning with the 2024-2025 FAFSA and academic year, the Commission updated its financial need calculation to "Cost of Attendance minus Student Aid Index (COA-SAI)," with the SAI being capped at zero if it is a negative number. This follows all applicable guidance for determining eligibility for need-based aid programs and continues to exclude other aid, allowing Pell recipients and non-Pell-eligible students to receive the Tuition Grant. Of note, the Student Aid Index formula, unlike the prior Estimated Family Contribution formula, is tied to federal poverty tables to determine if a student qualifies for certain Pell Grant levels.

As of June 5, 2024, the Commission had awarded 239 Tuition Grant applicants for the 2024-2025 award year who were ineligible based on financial need in the previous year and now qualify based on the changes to the formula. Conversely, the Commission's records indicate 327 students who qualified for partial or full Tuition Grant in the 2023-2024 no longer demonstrate financial need for the 2024-2025 award year and are therefore ineligible for the Tuition Grant. These changes, as expected, are largely related to the federal methodology changes removing the number in college from consideration and, to a lesser extent, the inclusion of certain assets related to small business and investment farm owners.

The Tuition Grants Commission is a member of both the National Association of Student Financial Aid Administrators (NASFAA) and the National Association of State Student Grant and Aid Programs (NASSGAP). Both associations have been advocating, and continue to advocate, for technical amendments to the FAFSA Simplification Act that would address concerns related to the unintended consequences of students losing eligibility for need-based aid under the new FAFSA calculation. Commission Executive Director Katie Harrison has been involved with these efforts and has had direct communication with the Federal Student Aid team about these issues. Our efforts will now shift to focus on possible changes beginning with the 2026-2027 FAFSA, as it has already been announced that there will be no FAFSA form changes for 2025-2026.

As always, the agency will work with the Financial Aid Offices at our participating institutions to update eligibility for students who are granted a Professional Judgment for allowable circumstances. These changes will be made under the existing administrative policies and procedures of the Program.