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To: Christina L. Seale, Compliance Auditor, Office of
Fiscal Affairs,
South Carolina Commission on Higher Education

Coyet Greene,
South Carolina Department of Administration

From: Randall Johnson, Vice President for Finance,
South Carolina State Board for Technical and Comprehensive Education

Date: September 30, 2024

Re: Proviso 3.1 - Lottery Funds Expenditure Audit

Please see below for our response to your **September 11, 2024** request that the State Board for Technical and Comprehensive Education (SBTCE) submit the monitoring procedures used by our Agency to ensure appropriate use of lottery funds.

As required by Proviso 3.1, SBTCE has developed and implemented specific procedures designed to ensure that lottery funds are expended in accordance with applicable state laws, rules, and regulations. SBTCE Procedure 3-2-307.1 – *Lottery Tuition Assistance Administration* (attached) describes the Lottery Tuition Assistance Program (LTAP) and provides detailed information on administrative processes, student eligibility requirements, and program oversight. The Procedure was last revised on **January 10, 2024**, and approved on **March 14, 2024**, and is readily accessible to all SBTCE employees, including those at the various colleges. College personnel are responsible for understanding and complying with all SBTCE policies and procedures.

Also, each fiscal year, an independent Certified Public Accounting (CPA) firm completes a financial statement audit of each of the sixteen colleges. This annual audit includes testing of revenue and expenditure transactions on a sample basis. All lottery related revenue and expenditure transactions are included in the population of potential test items and therefore, are subject to testing during the normal course of the audit. Additionally, each college has agreed to contract with its CPA firm to expand the traditional audit scope through performance of specific eligibility compliance testing for a sample of LTAP awardees.

Thank you for the opportunity to provide information with regard to our monitoring procedures. Please let me know if you have any questions or concerns.

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TITLE: Lottery Tuition Assistance Administration

**POLICY
REFERENCE NUMBER:** 3-2-307

**DIVISION OF
RESPONSIBILITY:** ACADEMICS, STUDENT AFFAIRS & RESEARCH

DATE OF APPROVAL: March 14, 2024

DATE OF LAST REVISION: January 10, 2024

GENERAL PROVISIONS

I. Purpose

The purpose of the Lottery Tuition Assistance Program is to provide, to the extent that funds are available, resources that supplement, not supplant, existing federal grants and need-based grants for educational purposes to South Carolina's students. The program will be campus-administered and assist students who wish to attend South Carolina's technical colleges by providing funds that will help to cover the cost of in-state tuition.

II. Allocations of Lottery Tuition Assistance Program Funds to Eligible Technical Colleges

Each technical college must receive quarterly allocations from the Education Lottery Account in an amount specified by the South Carolina Department of Administration, Executive Budget Office.

Each county must maintain its level of funding for technical colleges. If any county fails to maintain this level of funding for its technical college, the college may add, for students who reside in that county, an additional impact fee sufficient to offset the reduction in county funds.

III. Program Definitions

- A. "Academic year" is defined as the fall, spring, and summer semesters, including mini-terms.
- B. "Cost of in-state, in-service area tuition and academic fees" for the technical colleges shall be as defined in the State Board Policy 7-2-101. It does not include other fees, charges, or the cost of textbooks.
- C. "Degree-seeking undergraduate student" is defined as a person enrolled part-time or full-time in a program that leads to an associate degree, diploma, or certificate at an eligible two-year or technical college.
- D. "Eligible program" is defined as a program of study leading to: 1) an associate degree; 2) a program that is acceptable for full credit towards a bachelor's degree; 3) an educational program

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that leads to a degree, diploma, or certificate which meets all other Title IV regulations as authorized by the U.S. Department of Education for participation in federally-funded financial aid programs; or a degree, diploma, or certificate program authorized by the State Board for Comprehensive and Technical Education or the Commission on Higher Education.

- E. "Educational program" is defined as an undergraduate program of study which prepares students for gainful employment in a recognized occupation or leads to other recognized credentials (e.g., certificates or diplomas) 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.
- F. "Field of study" is defined as an area in which a certificate, diploma, or degree is awarded. A certificate or diploma earned that relates to an associate degree constitutes the same field of study.
- G. "Full-time student" shall mean a student who has matriculated into an eligible program leading to an associate degree, diploma, or certificate and who enrolls in a minimum of twelve credit hours (or its equivalent) during the semester.
- H. "Part-time student" shall mean a student who has matriculated into an eligible program leading to an associate degree, diploma, or certificate, and who enrolls in a minimum of six credit hours and a maximum of eleven credit hours (or its equivalent) during the semester.
- I. "Remedial coursework" shall mean sub-collegiate level preparatory courses in English, mathematics, and reading.
- J. "Satisfactory Academic Progress" shall mean the minimum academic standard for academic progress established by the college for the purpose of complying with Title IV regulations for federal student aid programs and for State scholarship and grants.
- K. "South Carolina resident" shall be defined as an individual who satisfies the requirements of residency in accordance with Title 59, Chapter 112 of the South Carolina Code of Laws as amended, in rules and regulations pertaining thereto as promulgated by the Commission on Higher Education, and/or in other statutory provisos.

IV. Student Eligibility

- A. To be eligible for Lottery Tuition Assistance each academic year, the student must:
 - 1) Complete and submit the Free Application for Federal Student Aid (FAFSA) each academic year, with the college of choice Title IV school code listed, or complete a FAFSA waiver each academic year, and complete the college's financial aid process to determine whether the student is eligible for any federal or state grants. If a student is selected for verification and the student's documented Student Aid Index (SAI) renders the student ineligible from receiving federal financial aid as determined by the college's financial aid office based on federal guidelines, the student does not have to complete verification before Lottery Tuition

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- Assistance is awarded. A college may waive the FAFSA requirement when: 1) a student is in high school and is participating in a dual enrollment program or other eligible programs at the college, 2) a student has already earned a bachelor's degree, 3) a student is enrolled in a program at the college that is not Title IV eligible, 4) a college official makes a professional judgment that a dependent student is not able to secure parent or guardian tax forms, or 5) a student or student's family has an adjusted gross income of at least \$80,000.
- 2) Be a U.S. citizen or a permanent resident that meets the definition of an eligible non-citizen.
 - 3) Qualify for in-state tuition rates pursuant to Chapter 112 of Title 59 of the 1976 Code of Laws;
 - 4) Be a South Carolina resident for a minimum of one year as defined in Chapter 112 of Title 59 of the 1976 Code of Laws unless qualifying for an exemption pursuant to guidelines and regulations promulgated by the Commission on Higher Education;
 - 5) Be an accepted student at a technical college in South Carolina and enrolled as a part-time or full-time student in an associate degree, diploma, or certificate program, authorized by the Commission on Higher Education or the State Board for Technical and Comprehensive Education and be making reasonable academic progress. A student enrolled less than six hours is not eligible for Lottery Tuition Assistance for the semester or session in question but is eligible upon return to part-time or full-time status provided all other eligibility requirements are met;
 - 6) Be enrolled for and maintain a minimum of six credit hours (or its equivalent) after the last date to drop or add courses;
 - 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. Students with disabilities who are considered full-time by the college and approved by the college to enroll in less than six credit hours are also eligible for the Lottery Tuition Assistance Program. Students must comply with all college policies and procedures in accordance with ADA and Section 504 of the Rehabilitation Act of 1973.
 - b. The college's 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 part-time status.
 - 7) Meet the college's minimum grade point average for academic progress if a first-time entering freshman or other student who has not yet attempted twenty-four credit hours;
 - 8) Not be eligible for or a recipient of a LIFE or Palmetto Fellows Scholarship during the academic year;

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- 9) Verify that the student does not owe a refund or repayment of a State grant, a Pell Grant, or a Supplemental Education Opportunity Grant and is not in default on a loan under the Federal Perkins Loan, Federal Stafford Loan, or William D. Ford programs.
- B. After attempting twenty-four credit hours at the college, a student must have earned a 2.00-grade point average at the college on a 4.00 scale by the end of each academic year.
- C. Students shall not be eligible to receive Lottery Tuition Assistance for more than one certificate, diploma, or degree earned within any five-year period unless the additional certificate, diploma, or degree constitutes progress in the same field of study.
- D. Students enrolled in an eligible program of study may include remedial courses as part of the minimum number of required credit hours for part-time or full-time status, as long as such courses carry college credit hours and meet Title IV limitations on remedial coursework.
- E. Only students who are degree-seeking shall receive Lottery Tuition Assistance at their home college. Transient students shall not receive Lottery Tuition Assistance.
- F. While the student is taking remedial/developmental coursework, an exception to the initial college enrollment applies only to first-time freshmen who met the eligibility requirements for the LIFE Scholarship upon graduation from high school, are enrolled in less than 12 credit hours of non-remedial coursework at an eligible two-year or technical college and taking a minimum of six credit hours of remedial/developmental education coursework during the term may be eligible to receive Lottery Tuition Assistance for the fall and/or spring terms only of their first academic year. First-time freshmen who are eligible for the LIFE Scholarship, attending an eligible two-year or technical college and enrolled in a minimum of 12 credit hours of non-remedial coursework shall receive the LIFE Scholarship. Once a student is awarded the LIFE Scholarship, they are no longer eligible to receive LTAP during the same academic year. See Section 62-1200.10 (I) of the LIFE Scholarship and LIFE Scholarship Enhancement Regulation.
- G. Any false information provided by the student or any attempt to obtain or expend any Lottery Tuition Assistance Program funds for unlawful purposes or any purposes other than in payment or reimbursement for the cost of tuition at the college authorized to award the funds. will be cause for immediate cancellation of the Lottery Tuition Assistance Program. Any student who has attempted to obtain or who has obtained Lottery Tuition Assistance through the 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 Lottery Tuition Assistance.

Any student deemed ineligible for the Lottery Tuition Assistance Program may appeal the decision by submitting a written request to the college's Director of Financial Aid. This request will be handled in accordance with the college's financial aid procedures. The college's decision on the appeal is final.

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V. Withdrawal, Suspension, or Dropping Below Part-Time Status

- A. In the event a student who has been given Lottery Tuition Assistance withdraws or is suspended from the college or drops below full-time or part-time status during the time a student is eligible for a refund, colleges must reimburse the Lottery Tuition Assistance program for the semester in question pursuant to the college's refund policy.
- B. In the event a student withdraws or drops below part-time status after the college's refund period and therefore must pay tuition and fees for part-time or full-time enrollment, the college pursuant to the refund policy of the college may retain the allocation.
- C. Lottery Tuition Assistance cannot be awarded after a student has withdrawn.

VI. Policies and Procedures for Granting Lottery Tuition Assistance

- A. The amount of the Lottery Tuition Assistance may not exceed the cost of in-state, in-service area tuition at the State's technical colleges for the academic year. A college shall not be allocated funding to the extent that a student's tuition is paid by federal grants and state needs-based grants.
- B. Adjustments to the financial aid package will be made to the Lottery Tuition Assistance when federal and need-based grants can be applied to the cost of tuition.
- C. The college must retain annually appropriate paper or electronic documentation for each grant award to include at a minimum:
 - 1) Evidence that the student has completed the FAFSA and/or a copy of the Student Aid Report or equivalent, or sufficient information to document why the FAFSA requirement was waived;
 - 2) Award notification;
 - 3) College disbursement to students;
 - 4) Refunds and repayments;
 - 5) Satisfactory academic progress, including a minimum 2.00-grade point average for those who have attempted twenty-four or more credit hours;
 - 6) Enrollment and curriculum requirements;
 - 7) Verification from institutional disability service provider of student's disability and approval of reduced course-load requirement (if appropriate);
 - 8) Student award based upon approval of institutional appeal (if appropriate);
 - 9) Student's residency status;

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- D. The college shall provide an award notification to students receiving Lottery Tuition Assistance that will contain the terms and conditions of this program and other financial aid awarded. Students will be notified of adjustments in financial aid due to changes in eligibility.
- E. It is the college's responsibility to ensure that it does not receive Lottery Tuition Assistance for an ineligible student.
- F. The college shall be responsible for maintaining institutional certification of each recipient's enrollment in an eligible program of study.

VII. Enrollment in Internships, Cooperative Work Programs, Travel Study Programs, or National or International Student Exchange Programs

- A. Student enrolled in an internship, cooperative work program, travel study program, or National or International Student Exchange Program approved by the student's home college, and enrolled in fewer than six credit hours, shall not be eligible for the Lottery Tuition Assistance during the period in which the student is enrolled in such programs or courses. Students enrolled in such programs may be eligible during a subsequent semester if determined to be eligible.

VIII. Program Oversight for the Lottery Tuition Assistance Program

- A. The South Carolina Commission on Higher Education will coordinate the oversight of functions (e. g., guidelines, policies, rules, regulations) relative to this program for eligible colleges not under the jurisdiction of the State Board for Technical and Comprehensive Education. The Commission on Higher Education shall be responsible for the allocation of funds, promulgation of the regulations and rules, and statewide oversight of the Lottery Tuition Assistance Program for the eligible two-year campuses of the University of South Carolina and eligible private two-year colleges.
- B. The State Board for Technical and Comprehensive Education will be responsible for oversight of this program as it pertains to the technical colleges under the jurisdiction of the State Board for Technical and Comprehensive Education. The Commission on Higher Education will allocate funds to the technical colleges based upon amounts certified by the State Board for Technical and Comprehensive Education and as specified by the South Carolina Department of Administration, Executive Budget Office.
- C. Colleges must abide by program policies and procedures established by the State Board for Comprehensive and Technical Education, and maintain and provide all pertinent information, records, reports, and any information as may be required or requested by the Commission on Higher Education, the State Board for Technical and Comprehensive Education or the General Assembly to ensure proper administration of the program.
- D. The college will verify that each recipient is a South Carolina resident who is a full-time or part-time student enrolled in an eligible program of study.

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- E. The State Board for Technical and Comprehensive Education will require validation of lottery funds and award eligibility as part of the System's audit program.