Agency Name:	Higher Education Tuition Grants Commission		
Agency Code:	H060	Section:	12

Fiscal Year FY 2027-2028
Agency Budget Plan

FORM A - BUDGET PLAN SUMMARY

	For FY 2027-2028, my agency is (mark "X"):	
OPERATING REQUESTS *(FORM B1)*	X	Requesting General Fund Appropriations.
		Requesting Federal/Other Authorization.
		Not requesting any changes.

	For FY 2027-2028, my agency is (mark "X"):	
NON-RECURRING REQUESTS *(FORM B2)*		Requesting Non-Recurring Appropriations.
		Requesting Non-Recurring Federal/Other Authorization.
	X	Not requesting any changes.

	For FY 2027-2028, my agency is (mark "X"):	
CAPITAL REQUESTS *(FORM C)*		Requesting funding for Capital Projects.
	X	Not requesting any changes.

	For FY 2027-2028, my agency is (mark "X"):	
PROVISOS *(FORM D)*		Requesting a new proviso and/or substantive changes to existing provisos.
		Only requesting technical proviso changes (such as date references).
	X	Not requesting any proviso changes.

Please identify your agency's preferred contacts for this year's budget process.

	Name	*Phone*	*Email*
PRIMARY CONTACT:	Katie Stevens	(803) 896-1121	katie@sctuitiongrants.org
SECONDARY CONTACT:	Zachary Christian	(803) 896-1122	zachary@sctuitiongrants.org

I have reviewed and approved the enclosed FY 2027-2028 Agency Budget Plan, which is complete and accurate to the extent of my knowledge.

	Agency Director	*Board or Commission Chair*
SIGN/DATE:	Katherine Stevens	Dwaun Warmack
TYPE/PRINT NAME:	Katherine Stevens 9/22/2026	Dwaun Warmack 9/23/2026

This form must be signed by the agency head – not a delegate.

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BUDGET REQUESTS			FUNDING					FTES				
Priority	Request Type	Request Title	State	Federal	Earmarked	Restricted	Total	State	Federal	Earmarked	Restricted	Total
1	B1 - Recurring	Tuition Grants	10,000,000	0	0	0	10,000,000	0.00	0.00	0.00	0.00	0.00
TOTALS			10,000,000	0	0	0	10,000,000	0.00	0.00	0.00	0.00	0.00

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FORM B1 – RECURRING OPERATING REQUEST

AGENCY PRIORITY

1

Provide the Agency Priority Ranking from the Executive Summary.

TITLE

Tuition Grants

Provide a brief, descriptive title for this request.

AMOUNT

General: $10,000,000

Federal: $0

Other: $0

Total: $10,000,000

What is the net change in requested appropriations for FY 2027-2028? This amount should correspond to the total for all funding sources on the Executive Summary.

NEW POSITIONS

0.00

Please provide the total number of new positions needed for this request.

FACTORS ASSOCIATED WITH THE REQUEST

Mark "X" for all that apply:	
X	Change in cost of providing current services to existing program audience
	Change in case load/enrollment under existing program guidelines
	Non-mandated change in eligibility/enrollment for existing program
	Non-mandated program change in service levels or areas
	Proposed establishment of a new program or initiative
	Loss of federal or other external financial support for existing program
	Exhaustion of fund balances previously used to support program
	IT Technology/Security related
	HR/Personnel Related
	AI Related
	Related to a Non-Recurring request – If so, Priority #

STATEWIDE ENTERPRISE STRATEGIC OBJECTIVES

Mark "X" for primary applicable Statewide Enterprise Strategic Objective:	
X	Education, Training, and Human Development
	Healthy and Safe Families
	Maintaining Safety, Integrity, and Security
	Public Infrastructure and Economic Development
	Government and Citizens

ACCOUNTABILITY OF FUNDS

1.1, 1.2, 1.3, 1.4, 2.1, 2.2, 3.1

These strategies are advanced as students receive sufficient funding to afford to pay college tuition. Additionally, the request advances these strategies by increasing the maximum and average Tuition Grant funds provided to eligible college students, when appropriate.

Evaluation of funds occurs in the form of annual third-party compliance audits at each institution enrolling eligible students. Agency management will continue to provide sound policies and procedures for managing program funds and will provide training, at least annually, to financial aid personnel who administer the program on behalf of their institutions.

What specific strategy, as outlined in the most recent Strategic Planning and Performance Measurement template of agency's accountability report, does this funding request support? How would this request advance that strategy? How would the use of these funds be evaluated?

Postsecondary students eligible for Program funds per Statute

RECIPIENTS OF FUNDS	

What individuals or entities would receive these funds (contractors, vendors, grantees, individual beneficiaries, etc.)? How would these funds be allocated – using an existing formula, through a competitive process, based upon predetermined eligibility criteria?

JUSTIFICATION OF REQUEST	This is not a request to increase funds available for the program over the total appropriated during the previous fiscal year. Rather, the agency is requesting that the General Assembly considering moving $10 million for the Tuition Grants Program from Lottery appropriations to recurring General Fund appropriations in FY28 and beyond. The Tuition Grant is funded by a combination of General Fund and Lottery revenues each year. General Fund allocations provide a more stable source of funding available at the beginning of each academic year, and also provide the agency with the opportunity to better plan for future disbursements and eligibility under the Program. Program Funding Structural Gap: The Tuition Grants Program currently disburses between $55 million and $61 million each year to eligible students. The Program's two guaranteed annual funding sources, $27,558,624 in recurring General Fund appropriations and $20,000,000 in annual Lottery allocations, total $47,558,624, which is less than the Program's current annual disbursement requirements. The Program is able to fully fund the Maximum Grant in FY27 because carryforward balances are currently available to bridge this gap. These balances exist largely due to the timing of revenue receipts: the Program receives approximately $3.6 million in Children's Education Endowment funds during the summer, while Lottery allocations are not fully disbursed until April or May, well after both Fall and Spring disbursements have occurred. As a result, the Program must rely on carryforward to meet early-semester obligations. This approach is sustainable in the short term, but it is not a long term funding strategy. The current level of funding, including carryforward funds as described above, is sufficient to fully fund the Maximum Grant for the FY28 academic year. The agency is simply requesting the General Assembly to consider moving $10 million in available funding from Lottery to General Fund appropriations. Impact of Funding Source on Timing and Stability: Fall disbursements alone regularly exceed the Program's recurring General Fund allocation (e.g., $32,085,574 disbursed in Fall 2025, compared to $27,558,624 in recurring funds). Because Lottery funds are distributed in four to five installments throughout the fiscal year, with the full $20 million typically not received until April or May, Lottery allocations cannot be used to support all of our Fall or Spring disbursements when they occur. Carryforward balances have allowed the Program to manage this timing mismatch and fully fund the Maximum Grant. However, as eligibility expands and average maximum grant amounts increase, the Program's reliance on carryforward will grow, and those available funds will be depleted within a few years. Moving $10 million from Lottery to recurring General Fund appropriations now would strengthen the Program's early year funding base, reduce future reliance on carryforward, and ensure long term sustainability without increasing total appropriations as we continue to spend excess carryforward funding. The agency estimates these carryforward balances will diminish over the next few award year cycles, at which time the Commission will need to request new funding between $10 and $15 million in FY30. This will be the first request for new program dollars since FY22, when the General Assembly generously doubled the program's lottery allocation, allowing the Tuition Grant Program to expand to its current award level and student reach. Future Impact: The Tuition Grants Program is funded through two primary sources - recurring state appropriations and lottery funds. Moving $10 million from lottery funds to recurring General Fund appropriations would provide a more stable and predictable funding source, allowing the Commission to better align the availability of funds with the timing of student grant disbursements. This stability would support the timely disbursement of grant funds during both the Fall and Spring semesters, improve the Commission's ability to plan for future award cycles, and provide greater flexibility to respond to changes in program demand and eligibility. Without this change, the timing of lottery fund distributions will continue to create challenges in aligning available funding with the academic-year disbursement cycle. This may limit the Commission's ability to increase Maximum Grants and, as a result, limit the purchasing power of the Tuition Grant for eligible students. For students who must bridge the remaining cost of attendance through other resources, this could contribute to increased reliance on student loans. Transitioning a portion of the program's funding from lottery funds to recurring General Fund appropriations would provide greater funding stability and help ensure that state-supported Tuition Grant

	funds are available when students need them most.

Please thoroughly explain the request to include the justification for funds, potential offsets, matching funds, and method of calculation. Please include any explanation of impact if funds are not received. If new positions have been requested, explain why existing vacancies are not sufficient.

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FORM E – AGENCY COST SAVINGS AND GENERAL FUND REDUCTION CONTINGENCY PLAN

TITLE	Agency Cost Savings and General Fund Reduction Contingency Plan
AMOUNT	$858,598 *What is the General Fund 3% reduction amount? This amount should correspond to the reduction spreadsheet prepared by EBO.*
ASSOCIATED FTE REDUCTIONS	None *How many FTEs would be reduced in association with this General Fund reduction?*
PROGRAM / ACTIVITY IMPACT	Tuition Grants Program *What programs or activities are supported by the General Funds identified?*
SUMMARY	A 3% reduction in General Fund appropriations of $858,598 would result in an approximate $65 reduction in the Tuition Grant for over 13,000 South Carolina students. While $65 may appear modest in the context of the state budget, its value may not be measured in the same way by a student with limited financial resources. For a low-income student, $65 can help cover the cost of textbooks, transportation, groceries, or other basic expenses that can determine whether a semester remains financially manageable. Students with limited family resources would have to absorb the difference through additional borrowing, if federal or private loan eligibility remains available, or by working additional hours, potentially reducing the time available for their studies. For students who have already reached their borrowing limits, even a $65 reduction could mean difficult choices about how to meet their educational expenses and remain enrolled.

Please provide a detailed summary of service delivery impact caused by a reduction in General Fund Appropriations and provide the method of calculation for anticipated reductions. Agencies should prioritize reduction in expenditures that have the least significant impact on service delivery.

AGENCY COST SAVINGS PLANS

The Commission operates with annual administrative costs consistently below 1.6% of the overall Tuition Grants Program budget, leaving limited opportunity to achieve significant additional reductions without affecting core operations and services. The Commission nevertheless continually reviews monthly and annual expenditures and implements efficiencies that reduce administrative costs and maximize the resources available for student grants.

While no single measure would reduce costs by more than $50,000, some examples of these ongoing efforts include:

Digitization of forms and documents used by students and other stakeholders, improving processing efficiency while reducing printing and paper-related costs.

Electronic notifications of application and eligibility status, eliminating substantial postage expenses and saving thousands of dollars annually.

Virtual meetings and training sessions with college officials and other partners when appropriate, reducing travel-related expenses while maintaining collaboration and support.

Strategic investment in staff IT training, which has eliminated the need for an outside IT contractor for basic programming and IT needs and saves the agency up to $15,000 annually.

These efforts demonstrate the Commission's ongoing commitment to responsible stewardship of state resources. Additional significant reductions to operating costs would have a limited fiscal impact and could begin to affect the Commission's ability to administer the program effectively. The most meaningful way to preserve resources for students is therefore to continue identifying administrative efficiencies while protecting the funding available for Tuition Grant awards.

What measures does the agency plan to implement to reduce its costs and operating expenses by more than $50,000? Provide a summary of the measures taken and the estimated amount of savings. How does the agency plan to repurpose the savings?