

MINUTES

TENNESSEE STUDENT ASSISTANCE CORPORATION

FRIDAY, AUGUST 17, 2018, 1:00PM CDT

The meeting was called to order by Chairlady Jayme Simmons at 1:00PM.

Commission members present at initial roll call:

Jayme Simmons	Linda Martin
Claude Pressnell	Cyrus Vatandoost
Ashley Nabors	John Smarrelli
Justin Wilson	Tiffany Summers
Greg Turner	Tom Hughes
Laura Encalade	Sharon Hayes
Heidi Leming	Sabrina Washington

Commission Members Absent:

Keri McInnis	Charles Layne
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ADOPTION OF AGENDA

Chairlady Simmons asked for a motion to adopt the agenda. Claude Pressnell made a motion and Sharon Hayes seconded it. A roll call was taken and the motion passed unanimously, as follows:

Jayme Simmons	Linda Martin
Claude Pressnell	Cyrus Vatandoost
Ashley Nabors	John Smarrelli
Justin Wilson	Tiffany Summers
Greg Turner	Tom Hughes
Laura Encalade	Sharon Hayes
Heidi Leming	Sabrina Washington
Keri McInnis	

APPROVAL OF MINUTES

Chairlady Simmons asked for a motion to approve the May minutes. Comptroller Wilson made a motion to approve both minutes and Sharon Hayes seconded the motion. A roll call was taken and the motion passed unanimously, as follows:

Jayme Simmons	Linda Martin
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Claude Pressnell	Cyrus Vatandoost
Ashley Nabors	John Smarrelli
Justin Wilson	Tiffany Summers
Greg Turner	Tom Hughes
Laura Encalade	Sharon Hayes
Heidi Leming	Sabrina Washington
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CHAIRMAN'S REPORTS

Chairlady Simmons recognized the newest member of the TSAC Board, Tiffany Summers. Ms. Summers stated she is the Director of Financial Aid at Lipscomb University. Chairlady Simmons also thanked all of the staff members who have worked on Tennessee Reconnect. She indicated that about 8,000 applicants were expected but there have been 30,000 applicants. She stated that even in a time of low unemployment, the number of adult students returning to college is fascinating. She gave a profile of the current applicants gave specific information on income, dependents, highest education completed, and work status as they pursue their degree. She then recognized Mr. James Snider who provided an update on Tennessee Promise. Mr. Snider focused on cohort information for Tennessee Promise for each of the first four cohorts. He then provided an applicant profile for Tennessee Reconnect applicants. Director Krause stated TSAC would work with TBR to obtain information for the students who did not enroll and the reasons for non-enrollment. Discussion centered on applicant pockets and Director Krause indicated applicants mirrored the population of the state. Ms. McInnis stated additional information regarding program information for both Promise and Reconnect would be helpful to board members. Ms. McInnis also thanked staff for all of the hard work on both programs.

EXECUTIVE DIRECTOR REPORT

Mr. Krause provided updates on the organizational structure of THEC/TSAC and the combining of the agencies last July 1. He discussed former TSAC divisions being combined into THEC/TSAC bureaus. He also discussed the wind down of the TSAC loan division and the efforts made to incorporate THEC and TSAC divisions into common office space. He then discussed the investment of state financial aid and that Tennessee is in a very unique position that Tennessee is in growth mode and is second in the South barely behind South Carolina. He touched on TSAA and specifics about the program regarding reserve levels and awarding. He also mentioned streamlining financial aid programs and refining programs for low-yield programs. Chairlady Simmons asked if all programs were legislatively created and Mr. Krause indicated that all of them were created through the legislature and we need to discuss all programs to get a clearer structure of programs that need to remain and those that need review.

Next, Chairlady Simmons recognized Annie Trout and Troy Grant to provide an update on Outreach/FAFSA efforts. Ms. Trout updated the Board on the new TSAC financial aid brochure with new information on the Wilder-Naifeh Grant and the FAFSA, specifically the FSA ID. She further discussed the FAFSA which opens on October 1 and the "myStudentAid" app available to students and parents to help complete the FAFSA. Mr. Grant discussed the FAFSA filing rate and the TN FAFSA Frenzy initiative.

He also mentioned FAFSA filing rates and completion rates which will be added to the TN FAFSA Frenzy website.

TASFAA REPORT

Chairlady Simmons recognized Ms. Summers who presented the TASFAA President's report to the board. Ms. Summers stated that professional development is one of the goals for the members. Training sessions will be offered in October in all three divisions of the state and Ms. Summers said she is thankful for the partnership with THEC and TSAC and plans to continue to strengthen the relationship between TASFAA and the agencies. She touched on the TASFAA Advisory to TSAC Committee and its continued work with TSAC. She encouraged members to continue in TASFAA participation and that the association just completed its 50th anniversary. She highlighted the diversity of the TASFAA Executive Board across the many financial aid sectors. Ms. McInnis noted that she was thankful for the financial aid officers and recognized Ms. Darolyn Porter for her assistance in completing the FAFSA while attending Austin Peay State University.

DECISION ITEMS

Chairlady Simmons recognized Mr. Tim Phelps for the adoption of rules for the Tennessee Education Lottery Scholarship. Mr. Phelps stated the changes include some housekeeping items and updates based on feedback from the colleges and universities as well as TSAC staff. Mr. Phelps noted the changes included adding legal guardian and grandparents to the definition of immediate family members; moving the Dual Enrollment Grant award amount to the appropriations act, consistent with HOPE and other lottery-funded programs; striking the residency rule and deferring to the statutory language; striking the non-traditional eligibility criteria that is already cited in statute; and adding language that allows students who drop from part-time enrollment to less than part-time enrollment which mirrors current language allowing students to drop from full time to part time.

Chairlady Simmons asked a question about the dual enrollment grant schedule and what award schedule would be used if the language would be struck. Mr. Phelps responded that the current award schedule would be used. The motion passed with 15 ayes, as follows:

Jayme Simmons	Linda Martin
Claude Pressnell	Cyrus Vatandoost
Ashley Nabors	John Smarrelli
Justin Wilson	Tiffany Summers
Greg Turner	Tom Hughes
Laura Encalade	Sharon Hayes
Heidi Leming	Sabrina Washington
Keri McInnis	

Next, Chairlady Simmons recognized Mr. Phelps for the adoption of rules for the Tennessee Promise Scholarship. Mr. Phelps stated the changes include some housekeeping items and updates based on feedback from the colleges and universities as well as TSAC staff. Mr. Phelps mentioned changes

included adding legal guardian and grandparents to the definition of immediate family members; allowing for less than full-time enrollment if required by the program of study; changing the fall community service deadline from August 1 to July 1; allowing an extension of each deadline if it falls on a weekend or holiday; clarifying language for community service; and providing for one mandatory meeting rather than two which covers all topics previously discussed at both mandatory meetings.

The motion passed with 15 ayes, as follows:

Jayme Simmons	Linda Martin
Claude Pressnell	Cyrus Vatandoost
Ashley Nabors	John Smarrelli
Justin Wilson	Tiffany Summers
Greg Turner	Tom Hughes
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Keri McInnis	

Chairlady Simmons recognized Mr. Peter Abernathy for the proposed 2019-20 budget request. Mr. Abernathy stated this budget request is due to Finance & Administration each fall. He provided a detailed explanation of the base budget for the 2019-20 fiscal year and stated there may be some technical changes to the amounts. He briefly discussed the operating costs of the agency, the Ned McWherter Scholarship, the loan forgiveness programs, and the lottery-funded programs including the HOPE Scholarship.

He said the only increase that is being presented to the board is for the TSAA program and that staff has reviewed the program as done in the past and is asking for a \$12.3 million increase which would serve approximately 6,900 students. Mr. Krause mentioned the internal budget and the agency continues to constrict, and that all staff members are utility players. As an example he cited Darolyn Porter as the compliance director who also completes FAFSAs along with the outreach specialists who are similar in nature.

Dr. Pressnell commented that he appreciates the budget recommendation and said the TSAA program has increased four or five times since he has served on the board and the level of unfunded eligible students continues to decrease. He praised Governor Haslam for making funding of the program a priority. Finally, there was brief discussion regarding the TSAA reserve and the level at which the reserve will be funded which was to be discussed in the TSAA update. Dr. Pressnell moved to approve the budget which was seconded by Mrs. Hayes. The motion passed with 11 ayes, as follows:

Jayme Simmons - abstained	Linda Martin
Claude Pressnell	Cyrus Vatandoost
Ashley Nabors - abstained	John Smarrelli
Justin Wilson - abstained	Tiffany Summers
Greg Turner - abstained	Tom Hughes
Laura Encalade	Sharon Hayes

Heidi Leming	Sabrina Washington
Keri McInnis	

Chairlady Simmons recognized Mr. Peter Abernathy for the partnering organization county assignments. Mr. Abernathy that rules for the program require the board approve county assignments. He stated tnAchieves serves 83 counties and the remaining counties are picked up by the REDI and Ayers Foundation organizations. Mr. Abernathy stated this item only comes to the board when there are changes in county assignments to another partnering organization with Hardeman County moving from REDI to tnAchieves while Lawrence County and Unicoi County moved from tnAchieves to the Ayers Foundation. He further stated that all partnering organizations are good with the changes. A motion was made by Comptroller Wilson and seconded by Mrs. Hayes. The motion passed with 15 ayes, as follows:

Jayme Simmons	Linda Martin
Claude Pressnell	Cyrus Vatandoost
Ashley Nabors	John Smarrelli
Justin Wilson	Tiffany Summers
Greg Turner	Tom Hughes
Laura Encalade	Sharon Hayes
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Keri McInnis	

DISCUSSION ITEMS

Mr. Phelps was called on to give an update on the TSAA program. This past year TSAC utilized reserve funds to supplement expenditures, which allowed approximately 8,700 more students to use the awards. The reason for the higher usage of reserves used was due to more students retaining the award than in years past. TSAC ended with about \$1.9M left in reserves at the end of the fiscal year. To help understand more about the higher take up we looked at institutional sector participation, but found that no individual sector was represented differently than prior year participation rates. Since May, TSAC has been working with THEC's policy division to look more deeply at how to best determine the amount of funds to award in future academic years. This process is considering FAFSA information (school type, family income, etc.). The analysis resulted in awarding students for the new fiscal year through May 31, which ended in expenditures in \$89-92M. This left about \$8-10M in unspent funds, leaving us with approximately \$10-12M in reserves at year-end. Given recent higher than anticipated expenditures in HOPE and Reconnect, both of which impact TSAA usage, TSAC believes that a higher TSAA reserve is necessary. One recommendation is to hold a special board meeting in January in which we would look at the previous fall enrollment and expenditures to base a recommendation for expenditures for the 2019-2020 academic year.

Dr. Pressnell noted that if TSAC were to receive the requested increase in TSAA appropriations in addition to the base level of expenditures, it could impact the strategy of setting the reserve amount.

Mr. Abernathy also noted that as long as prior-year awardees meet the application deadline they are awarded first, so the likelihood of a student who received the award last year not receiving it the following year would be extremely low.

Dr. Pressnell asked why TSAC did not use an incremental approach in building the reserve back up? Mr. Krause responded that at that point this is only a recommendation; however, we have a fiduciary role to protect the funds and given that we ran so close to going over the reserve we need to be very cautious in our approach for the next year. We also learned last spring that we don't want to be in a position where we'd have to change award amounts due to over-expenditures.

Mrs. Hayes asked if the 10% reserve is a new policy? Mr. Krause said that as the appropriations have grown over time we're at a point where we need to establish a reliable source of reserve in the event of higher take-up rates. Because we're in a new posture with student growth we want to make sure that we never go outside the award boundaries. There really is no scientific approach in setting the amount of the reserve, but the common thought among board members is that 10% would be reasonable.

Dr. Pressnell noted that previously, TSAC also had the old state loan program reserve available, which was depleted this past spring to cover expenditures, thus this reserve is no longer available to help with TSAA. The board members approved the concept of receiving a mid-year recommendation on TSAA expenditures.

Chairlady Simmons then called on Mr. Phelps to provide the Grants and Scholarships update. Mr. Phelps reviewed the growth in higher education financial aid funding, noting that since 2000, state aid funding has grown from \$22M to now approximately \$100M. HOPE was \$93M in year one of the program, while in FY16 we're at \$395M and over 460M in total aid programs this year. TN ranks 3rd in total undergraduate investment of student aid in the region, and 9th in the nation according to recent NASGAP survey. Looking at undergraduate aid per student we rank 2nd in nation. Dr. Pressnell asked whether these numbers considered full-time equivalent students. Mr. Phelps confirmed that they do.

Diane LeJeune: reviewed in the types of work that is done by the team throughout the year, including a primary focus on FAFSA events, college fairs, and financial aid workshops. We're in every public and private high school in the state every year. She presented the financial aid brochure that we provide every school. Next, a snapshot of outreach statistics, indicating a continuing increase in the numbers of students served in the outreach events. Third, call center statistics: live chat, email, and phone from students, parents, financial aid professionals, etc. Now we're taking more time in our presentations to focus on what's available to adults to help with Reconnect. Will be in all high schools of the 19 distressed counties this year and will work with area colleges to provide community career summits. One new service that we're providing is to be on campus during college orientation for freshmen – we set up a table and will help any student with problems on their FAFSA, so they can get that corrected and get back into the registration line.

OTHER BUSINESS

Mr. Abernathy reminded members to turn in their annual conflict of interest statements.

Chairlady Simmons thanked the TSAC board and their leadership. Seeing no further business, the board meeting was adjourned.