

**TSAC Board Meeting – September 27, 2016**

Stephen Smith welcomed everyone to the meeting and called the meeting to order.

**ROLL CALL**

The following board members/alternate representatives were present:

- Dr. Gary Adcox
- Ms. Shiri Anderson, representing Comptroller Wilson
- Mr. Stephen Smith, representing Governor Bill Haslam
- Mr. Mike Krause
- Dr. Katie High, via conference call
- Mr. Andy McArthur, representing David Lillard
- Ms. Keri McInnis
- Dr. Danielle Mezera, representing Commissioner McQueen
- Dr. Claude Pressnell
- Greg Turner, representing Commissioner Martin
- Dr. Leming, representing TBR Chancellor David Gregory
- Ms. Karen Hauser
- Mr. Garrett Wilson
- Ms. Hayes

**ADOPTION OF AGENDA**

Mr. Smith called for a motion to adopt the agenda. Motion was made and seconded. The motion was duly adopted by the following roll call vote:

<u>Name</u>	<u>Aye</u>	<u>No</u>	<u>Abstain</u>
Dr. Adcox	x		
Ms. Anderson	o		
Mr. Smith	x		
Mr. Krause	x		
Dr. Gray,Jr	o		
Mr. Hughes	o		
Dr. High	*		
Mr. McArthur	x		
Ms. Mcinnis	x		
Dr. Mezera	x		
Dr. Pressnell	x		
Greg Turner	x		
Dr. Leming	x		
Ms. Hauser	x		
Mr. Smarrelli	o		

Mr. Wilson x

\*Not present at the time of vote. 10 ayes and the motion was passed.

**ADOPTION OF THE MINUTES FOR THE APRIL 29, 2016 MEETING**

Mr. Smith called for a motion to adopt the minutes from the April 29<sup>th</sup> meeting. A motion was called and seconded.

<u>Name</u>	<u>Aye</u>	<u>No</u>	<u>Abstain</u>
Dr. Adcox	x		
Ms. Anderson	o		
Mr. Smith	x		
Mr. Krause	x		
Dr. Gray	o		
Mr. Hughes	o		
Dr. High	*		
Mr. McArthur	x		
Ms. Mcinnis	x		
Dr. Mezera	x		
Dr. Pressnell	x		
Greg Turner	x		
Dr. Leming	x		
Ms. Hauser	x		
Mr. Smarrelli	o		
Mr. Wilson	x		

\*Not present at the time of vote

There were 11 ayes and the motion was passed.

**CHAIRMAN'S REPORT**

Chairman Smith looks forward to working with each of you and the governor is appreciative of your service on this board. Chairman Smith thanked the staff for the tremendous work you do for the students every day to help navigate this financial path and focus on getting their education.

James Snider gives Promise Update and results of year one. 1) Fall enrollment was 16,291 students. 2) Fall to spring retention of eligibility was 10,917 students. 3) Fall to Fall retention of eligibility estimate- 7, 821 students, pending Fall certification of eligibility. 4) Total cost of year one was \$15,221,522.70. The average award per student is \$934.35. Mr. Snider then showed year two preliminary results. He reported revenues and expenditures.

Mike Krause gave the Executive’s Report with 3 points: 1) he has enjoyed meeting the TSAC team 2) he is trying to make the agencies seamless 3) there is a new logo and it was free! TSAC’s core vision is increasing the number of Tennesseans with a college degree which means it is about students. TSAC is a student focused group of people, talking to students and parents every day. He is proud to be a part of the team. He asked the board to continue discussion for adult education.

Tim Phelps gave the eGRandS update. This in-house system administers all grants and scholarships. NGS will continue to serve on a need to basis until the end of year. Mr. Phelps reported that it has been a great transition.

Karen Houser gave the TASFAA President’s Report. She shared the TASFAA goals for 2016-17 that include continued training for their members through fall workshops and the annual spring conference, renew or eliminate the TASFAA Advisory Committee to TSAC, support the TSAC financial aid outreach efforts, and make the first official TASFAA visit to the TN State Capitol during the 2017 Legislative session to support financial aid as a collective organization.

I. Decision Items

**A. Adoption of Rules-Tennessee Promise Scholarship**

Tim Phelps announced the few changes: eliminated the Aug 1 verification of information that is reported on the FAFSA, moved the community service dates, removed mandatory attendance for first meeting and all to use “Assembly” days for meeting, removed transfer requirement, adjusted FAFSA deadline, and eliminated the renewal application. Mr. Krause agreed with all changes and reiterated that this is a learning process. Every rule discussed goes back to students and makes sure the program is more accessible.

Chairman Smith called for a motion to approve the TN Promise scholarship amended rules and it was seconded.

<u>Name</u>	<u>Aye</u>	<u>No</u>	<u>Abstain</u>
Dr. Adcox	x		
Ms. Anderson		o	
Mr. Smith	x		
Mr. Krause	x		
Dr. Gray,Jr	o		
Mr. Hughes	o		
Dr. High	x		
Mr. McArthur		x	

Ms. Mcinnis	x	
Dr. Mezera	x	
Dr. Pressnell	x	
Greg Turner	x	
Dr. Leming	x	
Ms. Hauser	x	
Mr. Smarrelli		o
Mr. Wilson	x	
Ms. Hauser	x	

There were 13 ayes and the motion was passed.

**B. Adoption of Rules -Ned McWherter Scholars Program**

Mr. Phelps reported on changes of the McWherter Scholarship program rules. Changes: 1) Modified the rules to align more with the Hope, 2) provide a regain provision in case the student loses the award 3) include language that prohibits the institutions from including the work requirement in the matching funds, and lowered the renewal GPA. A motion was made to approve rule changes on the McWherter Scholarships and it was seconded.

<u>Name</u>	<u>Aye</u>	<u>No</u>	<u>Abstain</u>
Dr. Adcox	x		
Ms. Anderson		o	
Mr. Smith	x		
Mr. Krause	x		
Dr. Gray,Jr	o		
Mr. Hughes	o		
Dr. High	x		
Mr. McArthur		x	
Ms. McInnis	x		
Dr. Mezera	x		
Dr. Pressnell	x		
Greg Turner	x		
Dr. Leming	x		
Ms. Hauser	x		
Mr. Smarrelli		o	
Mr. Wilson	x		
Ms. Hayes	x		

There were 13 ayes and the motion was passed.

### C. TSAA Over-commitment

Chairman Smith asked Tim Phelps to give a report on the TSAA over-commitment ration for 2017-18. Chart is on the 2<sup>nd</sup> page of report for exact expenditures and balance. 1<sup>st</sup> recommendation is to have 153% over-commitment, which is the same ratio that was approved for the past 5 years. \$80 million was awarded for the 2016-17 academic year. 2<sup>nd</sup> recommendation is to allot 1.3 million from the reserve to use for awards. Dr. Pressnell commented that the chart was a good visualization. He was very pleased with the report. He is pleased that so many students are funded.

A motion was made to adopt the recommendations and it was seconded.

<u>Name</u>	<u>Aye</u>	<u>No</u>	<u>Abstain</u>
Dr. Adcox	x		
Ms. Anderson		o	
Mr. Smith	x		
Mr. Krause	x		
Dr. Gray,Jr	o		
Mr. Hughes	o		
Dr. High	x		
Mr. McArthur		x	
Ms. Mcinnis	x		
Dr. Mezera	x		
Dr. Pressnell	x		
Greg Turner	x		
Dr. Leming	x		
Ms. Hauser	x		
Mr. Smarrelli		o	
Mr. Wilson	x		
Ms. Hayes	x		

There were 13 ayes and the motion was passed.

### D. Proposed Budget Request for 2016-17

Chairman Smith asked Peter Abernathy to report the budget request for 2016-17. F and A has asked for a reduction of 2% of the state appropriations and this report reflects that request. One increase is the continuation with the TSAA program. There are 75,000-80,000 students eligible for the TSAA but can't all be funded. The

goal is to fund them over a 5 year period. Mr. Abernathy is requesting an \$18.1 million to fund an extra 58,000 students.

A motion was made and seconded to vote on the budget recommendation.

<u>Name</u>	<u>Aye</u>	<u>No</u>	<u>Abstain</u>
Dr. Adcox	x		
Ms. Anderson		o	
Mr. Smith			x
Mr. Krause	x		
Dr. Gray,Jr	o		
Mr. Hughes	o		
Dr. High	x		
Mr. McArthur		x	
Ms. Mcinnis	x		
Dr. Mezera	x		
Dr. Pressnell	x		
Greg Turner			x
Dr. Leming	x		
Ms. Hauser	x		
Mr. Smarrelli		o	
Mr. Wilson	x		
Ms. Hayes	x		

There were 11 ayes and 2 abstentions from Mr. Smith and Mr. Turner. The motion was passed.

### **E. Preliminary Uses of Operating Fund**

Next on the agenda was a report from Peter Abernathy on the Preliminary uses of the Operating Fund. The federal loan program has generated excess funds that can be used by the guaranteed agencies. The fund has grown to roughly \$80 million and with the Board's approval, \$50 million was transferred for the initial endowment for the TN Promise. Since closing the federal loan program, TSAC has \$22 million in the operating fund. That has been designated by the US Department of Education that that money is property of TSAC and that money by can be spent on a variety of financial aid related functions. There is a wide array of items and how this money could be utilized. TSAC is in discussions with Finance on how to spend the money, possibly transferring \$15 million to generate additional funds for the McWherter Scholars program. There is some room for appropriation increase, so it is not spent out of the operating fund. Maybe some items are not negotiable.

Mr. Abernathy suggested we do not take a vote on this. Dr. Pressnell was glad there was not a vote. He was encouraged with the money going towards McWherter Scholars program. Fall diversion piece is new and important. Very important for institutions that are small to medium that don't have the resources like the larger schools have. He is concerned that \$2 million is not enough for this program. TSAC will have a better look at the situation this spring. Ms. Hayes asked that the \$1 million dollars in operating expenses for a year are just close out expenses. Mr. Abernathy agreed. Postpone decision on 1E.

**F. Audit Committee Appointment**

Mike Krause reported on the audit committee appointment. Mike welcomed and thanked Ms. Hayes who brings a career of higher education. A motion was made and seconded.

<u>Name</u>		<u>Aye</u>	<u>No</u>	<u>Abstain</u>
Dr. Adcox	x			
Ms. Anderson		o		
Mr. Smith	x			
Mr. Krause	x			
Dr. Gray,Jr	o			
Mr. Hughes	o			
Dr. High	x			
Mr. McArthur		x		
Ms. Mcinnis	x			
Dr. Mezera	x			
Dr. Pressnell	x			
Greg Turner	x			
Dr. Leming	x			
Ms. Hauser	x			
Mr. Smarrelli		o		
Mr. Wilson	x			
Ms. Hayes	x			

There were 12 ayes and the motion was passed.

**Discussion items update:**

A.

Jane Pennington reported on the loan division that has a new name, Student and School Services Division. Jane recognized her staff. The portfolio has transferred to

EMDC and she feels the students are in good hands. The number one focus is default management. To help keep those default rates down low as it has traditionally been. They need contracts with school to get access to their records. They welcome this and are looking forward to working with Jane's team.

The second focus for this department is school services in training and financial aid for their students.

Next, Jane discussed the license review program which has produced a recovery of \$92 million of default student loan funds. This is a great opportunity to get students back on the right path and to correct payment on their loans so their credit report gets cleaned up.

Next she reported on the TN Reconnect, a program that reaches out to students who started school but did not complete their program. THEC has put forth an effort to work with schools and students to assist them to come back to school. Many of the students have defaulted on their school loans and can't return to school and be eligible for the federal or state funds until it is resolved. Our staff is reaching out to schools to assist students with their loans. This is an ongoing program.

Jane's division also works with Scholarships to loans and this is run through the license review program.

B.

Tim Phelps-Grant and Scholarship programs update:

In the 2015-16 Fiscal year, over \$320 million was dispersed and divided between 120,000 students. This includes the TN Promise and Community College Reconnect programs. The participation in the dual enrollment grant continues to increase. The dual enrollment program grew by 3,000 students and \$3 million. Awarding schedule was changed and continue to see growth. Mike explained the awarding schedule and dual enrollment has increased due to the changes from 2 free courses. This was approved by this Board and was very successful and Mike thanked the board.

For state grant and scholarship programs, \$82 million was paid out to 46,000 students. Highlight is the 30% increase in recipients in dollars for TSAA program from one year to the next. Funds were released to the community colleges for the Community College Reconnect program. Awards are being made to students and progress reports will be out in October/December. Dr. Pressnell had an



observation of the impact of the decisions the board has made. The decision was made to move the traditional scholarship at community colleges from \$2,000 to \$3,000 per academic cycle. At 4 year institutions, it was reduced \$500 in the freshman and sophomore. There has been a \$24 million increase to the community colleges and the shift of funds. He noted that the board needs to pay attention to adults students.

C.

Diane Lejeune provided an update on communications services. The outreach team has continued to make presentations across the state, focusing on college fairs in the fall and working with middle schools in the spring. She reviewed the communications snapshot which outlines the total number of individuals impacted by the outreach team, delivery locations, metrics from across three departments, and annual comparisons. TN Promise workshops tripled compared to the previous year. The call center maintains volume statistics for emails and live chats. FAFSA Frenzy, in partnership with THEC and DOE, will run from October 1 through January 17, 2017 to reach a greater number of students and increase FAFSA completions for the state. Included materials show FAFSA completion data for TN by county as prepared for legislators. Scholarship Saturday includes all TCATS and community colleges and the call center will be open to help students reset logins or passwords to access the TSAC portal prior to the November 1 deadline.

Communication Services is beginning two new initiatives. TSAC is partnering with THEC to create an online video channel for financial aid content for high school counselors, parents, and students. In addition, they are working with state undergraduate and graduate school counseling programs to deliver financial aid content, beginning with MTSU.

Diane identified materials mapping outreach staff representation, social media links, a new TSAC brochure, and a new brochure created by ECMC for distribution during FAFSA Frenzy.

D.

Mike introduced Ann and gave budget updates. He reminded everyone to please complete the conflict of interest forms and return to Peter Abernathy.

Chairman Smith thanked everyone again for coming to the meeting and the meeting was adjourned.