

## Tennessee Student Assistance Corporation

Thursday, May 18, 2017

**DISCUSSION ITEM E:** Operating Fund Update

**Staff Recommendation:** For discussion only.

**Background:** In 2010, staff discovered a series of prior accounting transactions totaling more than \$14 million which had been deposited into the FFELP Federal Fund instead of FFELP Operating Fund. TSAC contacted the U.S. Department of Education and requested authority to transfer the funds back to the Operating Fund. Through numerous communications over a seven year period, TSAC was granted permission to move all but \$3.6 million. In March 2017, authority was finally given to move the remaining \$3.6 million to the Operating Fund. All funds deposited into the Operating Fund are property of the guaranty agency.

Following this transfer, the balance in the Operating Fund at March 31, 2017, was approximately \$24.5 million. Federal code allows for various uses of the funds, including default aversion activities, school training, financial aid awareness and related outreach activities, compliance monitoring; and other student financial aid-related activities as selected by the guaranty agency.

A portion of the current balance will be required for final wind-down expenses related to the FFELP portfolio and ongoing default aversion activities. Other specific uses of the funds are yet to be determined but will include support for financial aid programs.

Staff will present options for discussion at the May board meeting.