

Tennessee Student Assistance Corporation

Thursday, May 3, 2018

Discussion Item E: 2018 Budget and Legislative Report

Staff Recommendation: For discussion only.

Background: **TSAA:** The Governor's 2018-2019 recommended budget included an increase of \$10 million for the Tennessee Student Assistance Award (TSAA). This amount would be offset by a reduction of \$6.8 million to TSAA in annual lottery transfers. If passed by the General Assembly, this net increase of \$3.2 million will serve an additional 1,800 students, and bring the total appropriation to \$101 million, serving approximately 57,000 students.

Legislation: During the second session of the 110th General Assembly approximately fifteen bills significant to TSAC's programs were filed. At the time of distribution of this board material, one of these bills has been signed into law, and two are pending final action. Summaries of these bills are provided on the following page.

SB 1840 (Gresham)
HB 1969 (Rudd)
Public Chapter 695

This bill makes several housekeeping changes and clarifications to existing statutes. These changes include:

- 1) An institution formerly accredited by the Accrediting Council for Independent Career Schools and Colleges will continue to be eligible for the Tennessee Student Assistance Award provided the institution receives and maintains proper accreditation;
- 2) Clarifies that a student who graduates under the Reconnect grant may immediately transfer to an eligible four-year institution and be eligible for the HOPE scholarship for non-traditional students;
- 3) Clarifies that non-traditional students receiving the HOPE Scholarship for non-traditional students prior to August 2018, will continue to receive the HOPE award amount until completion of their degree; and
- 4) Removes "Satisfactory Academic Progress" as a terminating event in the TN Reconnect statute.

SB 2259 (Norris)
HB 2114 (Hawk)

Enacts the Complete College Tennessee Act. Sections of this bill relevant to TSAC require HOPE and Promise students to complete thirty semester hours in each three-consecutive-semester period in order to maintain full scholarship award amounts. Students without an exemption who fail to complete the thirty hour requirement would lose up to \$250 per semester, or a maximum of \$500 per year.

SB 1502 (Gresham)
HB 2426 (Smith)

As amended, this bill transfers \$25 million from current lottery reserves to the Promise reserve. The increase to Promise will generate additional earnings which will help move the program to self-sufficiency and independence from the annual transfers from the lottery reserve, and eventually allow for increases to lottery program awards.

An additional amendment to this bill makes changes to the membership of the TSAC board of directors.