

A G E N D A

Tennessee Student Assistance Corporation
THEC Board Room
Nashville, Tennessee
Thursday, May 3, 2018
1:00 p.m. CDT

Adoption of Agenda

Approval of Minutes of the September 27, 2017 and April 3, 2018 Board Meetings

Chairman's Report

Executive Director's Report

TASFAA President's Report

I. Decision Items

- A. Selection of 2018-19 Officers and Committee Members

II. Discussion Items

- a. Tennessee Promise Scholarship Update
- b. Tennessee Reconnect Grant Update
- c. Tennessee Student Assistance Award Update
- d. Communication Services Update
- e. Budget and Legislative
- f. Audit Update

III. Other Business

TENNESSEE STUDENT ASSISTANCE CORPORATION

Board of Directors

September 27, 2017

MINUTES

The meeting was called to order by Madam Chair Jayme Simmons at 1:00 P.M.

Board members present:

Jayme Simmons	Gary Adcox
Mike Krause	Charles Harper
Nancy Dietrich	Tom Hughes
Whitney Goetz	Sharon Hayes
Josh Testa	Charles Layne
Greg Turner	Claude Pressnell
Vikki Kirk	Flora Tydings
Randy Lowry	

*President Lowry was not present for Roll call.

Board members absent:

John Smarrelli	
Keri McInnis	
Julianna Dykes	

Adoption of Agenda

Madam Chair asked for a motion to adopt the Agenda. Dr. Clause Pressnell made a motion and Sharon Hayes seconded it. A roll call was taken and passed unanimously.

Jayme Simmons-aye	Vikki Kirk-aye
Claude Pressnell –aye	Gary Adcox-aye
Flora Tydings-aye	Charles Harper-aye
Nancy Dietrich-aye	Tom Hughes-aye
Whitney Goetz-aye	Sharon Hayes-aye
Josh Testa-aye	Charles Layne-aye
Greg Turner-aye	

Approval of Minutes

Madam Chair asked for a motion to approve the May 15, 2017 TSAC board meeting minutes. Sharon Hayes made a motion to approve and Tom Hughes seconded it. A roll call was taken and the motion passed unanimously.

Jayne Simmons -aye	Vicki Kirk-aye
Claude Pressnell -aye	Gary Adcox-aye
Flora Tydings-aye	Charles Harper-aye
Nancy Dietrich-aye	Tom Hughes-aye
Whitney Goetz-aye	Sharon Hayes-aye
Josh Testa-aye	Charles Layne-aye
Greg Turner-aye	

Opening Remarks

Madam Chair thanked the board members for their attendance and discussed the success of the TN Promise. She discussed the efforts that are being made to ensure that our students have the support they might need with challenges they might face. Madam Chair introduced the new TSAC board members Charles Lane, a Trevecca Nazarene University student and Juliana Dykes, a Motlow Community College student. Chairwoman Simmons recognized Charles Harper from Belmont University, who is the new TASFAA President.

Update on TN Promise

James Snider presented to the board a TN Promise update as applications are being received for cohort four and certifications for cohort three are underway. The 2015-16 cohort enrolled 16,300 eligible students who completed 300,000 community service hours. The enrollments translate into a 24.7% increase at the community colleges and 20% increase at TCATS. The total cost was \$15,221,522.70 with an average award of \$934.35.

In year two, the combined first and second cohorts enrolled 23,760 eligible students who completed 450,000 community service hours. The annual retention from 2015-16 to 2016-17 is 58% at the community colleges and 83% at TCATS. Persistence and graduation rates are pending the completion of the fifth semester. The total cost of year two was \$25,221,893.11 with an average award of \$1,061.48. The cost is less than projected for year two.

In year three, at the start of the fall semester, 37,733 students had completed and submitted community service--this is the pool of potentially eligible students. Of the first cohort, 2,368 remain eligible which will ideally equate to additional completers at the end of the fall term. 9,658 remain eligible in the second cohort. Comparing community service submissions for the third year to the second, 25,707 to 23,000, we are seeing a growth in students submitting, but that does not necessarily mean they will all be eligible by fall enrollment. The estimated total cost for year three is \$32,012,200

with an average award of \$1,092. Cohort three began with a pool of 60,571 Promise applicants and currently 25,707 remain eligible.

Year four is in progress. As of September 25th, 30,291 applications have been received, representing a 22% year-over-year growth. "At Risk" counties and high schools, counties with a deficit, have been identified and Outreach is targeting efforts including FAFSA and Promise events. The Promise deadline is November 1 and the call center will be available. Mentor recruitment is underway, especially in counties anticipating growth, with a deadline of December 1.

Mr. Snider shared TN Promise Revenues and Expenditures. Dr. Pressnell asked what comprises the revenue line item. Mr. Krause explained that it is the carry forward from the lottery, "the sweep," along with the interest earned on the special reserve each year. Dr. Pressnell then asked the balance on the special reserve? Mr. Krause stated that it was the balance forward number in addition to the \$361.5M original endowment. Mr. Phelps stated that it is about \$100M. The distinction is important because we cannot touch the \$361.5M as an interest generating principle, in contrast the balance forward could be used to fulfill program obligations. Dr. Pressnell stated that the principle reserve number is not listed and asked what it is producing. Mr. Krause stated that it earned \$18.3M about 5%. He explained the sensitivity around the numbers is that the \$18M does not cover costs at \$32M requiring some portion of the lottery sweep, but hopes that will diminishes over time and the program is more reliant on interest. Dr. Pressnell asked if we could list the principle number moving forward and whether any of the \$173M was put into reserve or used as a cash forward? Mr. Krause stated that Finance and Administration keeps everything in one account. Mr. Abernathy stated that funds are comingled for investment purposes, but the corpus is restricted. Dr. Pressnell asked if there is a target for the special reserve. Mr. Krause said conversations are ongoing with the Treasurer and F&A and personally prefers not relying on lottery funds and would like to develop the endowment to the point the program is self-sufficient.

EXECUTIVE DIRECTOR REPORT

Mike Krause reported the reorganization of THEC/TSAC. He explained that THEC and TSAC are one unified organization meant to bridge barriers to student success including connecting the policy arm of THEC and the financial arm of TSAC. Peter Abernathy now heads the aid and compliance bureau that includes traditional outreach efforts, THEC college access, grants and scholarships, and regulatory work. The reorganization formalizes a seamless interaction between TSAC and THEC.

Mr. Krause explained the continuation of FAFSA completion strategies of the past three years. The approach includes generating weekly reports of every high school completion rate and communicating that with principals. The outreach team works with schools that are not doing well. October 26 is FAFSA Frenzy and THEC/TSAC staff will again go out to high schools to help with FAFSAs.

FAFSA FILING REPORT

Troy Grant provided an update on FAFSA completion strategies. In 2017, Tennessee was number one in FAFSA filing with 73.5% filing. Washington, D.C. was the closest competitor with 64.8%. The changing of the FAFSA timeline prompted the TN Department of Education, THEC/TSAC, and TN Achieves to develop

the FAFSA Frenzy as a unified strategy to take advantage of the increased filing time. They deployed professional development for school counselors by hosting eight trainings across the state for 778 attendees, 320 of whom were high school counselors. The goal is to have a FAFSA expert at every high school.

Jason Seay reported distributing of FAFSA Frenzy Toolkits, hosting webinars for counselors, parents, and students, and making resources available through www.TNFAFSAFrenzy.gov. The TSAC Outreach Team includes eight people with territories across Tennessee will begin workshops to help parents and students. Dr. House and the research team are preparing a heat map of FAFSA completions by county and high school. TSAC sends emails to high schools updating them on their progress and congratulations when goals are attained. Mr. Krause added that the outreach team travels extensively to help students go to college and recognized the call center staff for taking 5,000 calls to help students with financial aid questions last month.

TASFAA PRESIDENT REPORT

Mr. Harper thanked everybody for inviting him. TASFAA entered into their 50th year and plans on fulfilling the goals of the organization. He thanked TSAC for participating in their Fall workshop and wants to strengthen the relationship of THEC, TSAC and TASFAA. In the Spring of 2017, they met with legislators to help strengthen their relationship with legislative laws and financial aid. TASFAA is celebrating their 50th anniversary with 600 members. The current board is made of 11 elected officials and 15 appointed committee chairs.

ADOPTION OF RECONNECT GRANT RULES

Mr. Phelps presented to the board an overview of the Reconnect Grant rules. The Reconnect Grant program will take the place of the Community College Reconnect Grant on August 1, 2018. He stated that the reconnect grant is last dollar scholarship for adults and independent students, to go to college at an eligible community college or four year institution. Mr. Phelps stated that gift aid will be provided for tuition and mandatory fees and the remaining amount will be paid by the grant. He referred to the TN promise as the template that was used to create the language for the grant. He informed the board that TSAC has worked with THEC, TBR, TICUA, as well as the colleges and universities to make this a collaborated effort in making the rules for this grant. Mr. Phelps then stated a few highpoints of the grant and gave the main rules that allowed you to be eligible for the grant. He stated that the student must not have a bachelor or associate degree, must be classified as an independent student according to FAFSA, must be a Tennessee resident, must file a FAFSA and reconnect application, must be admitted to an institution, must be admitted into a eligible program of study and participate in a college success program. To continue eligibility, a student must maintain a 2.0 GPA or above at the end of each academic year, maintain continuous enrollment in following spring semesters, complete FAFSA, be at least a part time student (take 6hrs), and continue participating in the college success program. A student can receive this award until earning an associate degree or certificate or 5 years have passed since becoming a Reconnect student.

Ms. Hayes asked Mr. Phelps if a student got a certificate from a TCAT, could the student proceed to a community college to earn an associate degree, to which Mr. Phelps answered yes. Mr. Krause added that a student can't receive an associate degree and then go for a certificate. Mr. Pressnell highlighted the success program and mentioned that this is an incredible strategy in Tennessee for the adult students. Mr. Krause commented that THEC/TSAC work closely with TBR. Every community college has a Reconnect "hub" to assure the adult students succeed. Chancellor Tydings added that looking at the logistics of adult students, TBR is realizing that some programs might need to be reconstructed (hours the courses are being taught and the number of courses that the adult student takes). Mr. Krause went through the steps on how the adult student will enroll and at the spring meeting he will give an update on Reconnect.

Madam Chair asked for a motion. Mr. Pressnell made a motion to pass the rules and it was seconded. A roll call vote was taken and passed unanimously.

Jayme Simmons -aye	Vicki Kirk-aye
Claude Pressnell -aye	Gary Adcox-aye
Flora Tydings -aye	Charles Harper-aye
Nancy Dietrich -aye	Tom Hughes-aye
Whitney Goetz -aye	Sharon Hayes-aye
Josh Testa-aye	Charles Layne-aye
Greg Turner-aye	Randy Lowry-aye

ADOPTION OF THE MIDDLE COLLEGE SCHOLARSHIP RULE

Mr. Phelps presented to the board the proposed rules for the Tennessee Middle College Scholarship which is a new program passed by Tennessee General Assembly during this year's legislative session. The program provides awards to high school juniors and seniors who enroll in an eligible middle college program. As defined in the legislation, this program is operated by a community college in partnership with a LEA that allows high school students in the Fall of their junior year to enroll in the program and earn an associate degree and a high school diploma within two years. The program will begin in the 2018-2019 academic school year. The requirements in order to be eligible for the program: the student must be a Tennessee resident, must have a 3.0 GPA by the end of their sophomore year, admitted to the program, and apply for the award. To continue in the program: students must maintain a minimum cumulative 3.0 GPA at the end of each semester and you must be enrolled full time. Students may receive the award until they earn the associate degree, complete high school, or two years have passed since they enrolled as a middle college student. Mr. Phelps then stated that TSAC worked closely with middle college staff members, TBR and legislative staff including Senator Yager to ensure that things were done as a collaborated group.

Madam Chair asked for a motion to adopt the rule. A motion was made and Ms. Hayes seconded it. A roll call was made and the motion passed unanimously.

Jayme Simmons -aye	Vicki Kirk-aye
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Claude Pressnell -aye	Gary Adcox-aye
Flora Tydings -aye	Charles Harper-aye
Nancy Dietrich-aye	Tom Hughes-aye
Whitney Goetz-aye	Sharon Hayes-aye
Josh Testa -aye	Charles Layne-aye
Greg Turner-aye	Randy Lowry -aye

TSAA OVER-COMMITMENT RATIO

Mr. Tim Phelps presented to the board an overview on the TSAA over-commitment ratio for the 2018-2019 year. He stated that they try to spend all of the funding that's available by over committing funds because TSAC understands that every student will not accept the award or they choose to enroll part time and various reasons for that. In the past five years TSAC has used 153% as the over commitment ratio. For the 2016-2017 academic year, \$92 million was spent on the award which reached about 53,500 students which is phenomenal. Looking at past history, this has more than doubled since what they had available to spend, and he has been at TSAC for 11 years. They started at \$42 million and now are at \$92 million. He asked that board adopt the over-commitment ratio of 153% for the 2018-2019 school years.

Ms. Hayes commented how interesting the 153% is spot on. Mr. Krause emphasized that this money goes to the most needy students in our public and private institutions. He thanked the governor and the General Assembly for the growth that this program has had in the past several years.

Madam Chair asked for a motion. Mr. Pressnell made the motion and it was seconded. The motion passed unanimously.

Jayne Simmons –aye	Vicki Kirk-aye
Claude Pressnell -aye	Gary Adcox-aye
Flora Tydings-aye	Charles Harper-aye
Nancy Dietrich-aye	Tom Hughes-aye
Whitney Goetz-aye	Sharon Hayes-aye
Josh Testa-aye	Charles Layne-aye
Greg Turner-aye	Randy Lowry-aye

BUDGET REQUEST

Peter Abernathy reported on the proposed budget for 2018-19. Finance and Administration has asked each state agency for a reduction plan of 2.5% of the state appropriations which will be drawn from administration. Mr. Abernathy reported that the proposed budget is largely a continuation budget for the 2018-19 year. A notable increase within this proposed budget is \$20.5 million increase to TSAA. This net increase features a reduction of \$6.8 million of TSAA funds that is drawn from Lottery dollars. Mr.

Abernathy explained that leaving this \$6.8 million in the lottery pool creates two opportunities to strengthen Drive to 55 programs: 1) the legislature now has an opportunity to increase lottery program funding for various scholarships, 2) in the event that this money is not used in the lottery pool, all unspent lottery scholarship dollars will be rolled into TN Promise Reserve. In total, Mr. Abernathy's request of \$20.5 million increase will enable TSAA to reach 61,000 students.

Ms. Hayes inquired whether the net increase to TSAA will go into the base fund. Mr. Abernathy confirmed this. Mr. Krause also assured the commission that the \$6.8 million was transferred over from lottery when TSAA was in an exigent status; TSAC would like to keep funding separate as a good accounting practice.

Mr. Hughes inquired on how we are addressing the 46,000 students that are eligible but unfunded due to the limits of the program. Mr. Abernathy noted that the improvements to TSAA over the last few years have been chipping away and improving this deficit. Mr. Abernathy also indicated that there are other financial resources available to students, in particular the Pell Grant, Promise, and Hope.

Dr. Pressnell asked if we are still authorized up to the 2100 EFC? Mr. Phelps responded that we are at the 80-85% mark. Dr. Pressnell voiced his support of the increase, but was concerned about how and when the \$6.8 will be adjusted in the budget if TSAC is not awarded the full \$20.5 million request. Mr. Abernathy responded that it will have to be an issue that is addressed at the time of budgeting approval.

Dr. Pressnell was also pleased to point out that the number of eligible unfunded was previously hovering around the 130,000 mark and that the recent budgetary and policy changes under Governor Haslam's leadership reflect a dramatic decrease in this population (46,000). Mr. Abernathy noted that some of that count was a result in changes to the ways Tennessee was counting students; however the policy changes should still be lauded for their impact.

Dr. Pressnell also noted that an increase in FAFSA completions increases the total number of eligible students, making these improvements all the more impressive. He also asked what funding would be needed to fully fund all eligible unfunded students. Mr. Abernathy confirmed that the state would need an additional \$83 million.

Mr. Krause commended the enviable position Tennessee is in with this budget and associated outcomes.

Madam Chair asked for a motion to approve the proposed budget request. Ms. Hayes made the motion and it was seconded. A roll call was taken and passed with 10 ayes and 4 abstaining.

Jayme Simmons-Abstain	Vicki Kirk-aye
Claude Pressnell-aye	Gary Adcox-aye
Flora Tydings -aye	Charles Harper-aye
Nancy Dietrich-aye	Tom Hughes-aye
Whitney Goetz-Abstain	Sharon Hayes-aye
Josh Testa-Abstain	Charles Layne-aye
Greg Turner-Abstain	Randy Lowry-aye

OPERATING FUND

Peter Abernathy presented to the board the preliminary uses of the operating fund. The federal loan program has generated excess funds that can be used by the guarantee agencies. These are monies that were created and earned over a forty year period from the federal loan program that TSAC administered. At one point it was upward of \$80 million. The bulk of those funds have been transferred into the TN Promise Reserve (over \$57 million in total). Tennessee is now down to over \$22 million remaining dollars. Mr. Abernathy noted that this fund is ineligible to take interest and will not earn any more income. Mr. Abernathy and Mr. Krause recommended that these remaining funds be divided into four major areas: \$18 million will be allocated to the TN Promise Reserve. Mr. Krause reminded the board that TN law prohibits the infusion of general funds to support TN Promise and that the only way to infuse funds to Promise is through this type of funding opportunity. Mr. Krause also warned that this may be the last opportunity to infuse these available funds to Promise. Mr. Abernathy continued that an additional \$3 million will be allocated to support the marketing outreach, adult counseling, and data collection and transfer operations under the TN Reconnect program. The remaining portion of funds (\$1 million) will be used to support school services and (\$500,000) ECMC contractors. Mr. Krause elaborated that TSAC lost the support of federal loan default management activities when the Federal Family Education Loan Program went away. Under the guidance of Jane Pennington and TSAC, these funds will provide resources to financial aid offices that were lost with the end of the federal program. Mr. Abernathy noted that TN was required to fulfill contractual obligations to pay ECMC, the contractor that is now administering TN's federal loan default program.

Mr. Krause assured the Commission that all these funds are consummate within the uses of the operating fund, and are all directly connected to the movement of the Drive to 55.

Mr. Hughes asked if the \$1 million would be spent on school services. Mr. Krause confirmed that \$1 million is the number and added that TSAC has always hoped to spend a total of \$2 million to support this initiative. \$1 million has already been spent by the agency to date.

Dr. Pressnell asked how much we need for the ECMC. Mr. Abernathy confirmed that the range was \$500,000. Ms. Hayes asked if this will occur this fiscal year. Mr. Krause confirmed, and noted that TSAC would seek to transfer TN Promise Reserve funds immediately following the approval of the Board.

Dr. Pressnell asked if the \$18 million will go into the \$361 allocated for TN Promise. Mr. Abernathy and Mr. Krause jointly noted that the \$361 is quarantined by law and that the \$18 million will be added to the Promise reserve account. He also asked if TN has an administrative restriction on the \$176 (TN Promise Reserve Funds). Mr. Krause responded that we do not. Our understanding after a few conversations with the Treasury is that any amount above the \$361 million is eligible for program expenditures.

Madam Chair asked for a motion. Mr. Hughes made a motion to approve the operating fund and Ms. Hayes seconded it. The motion passed unanimously.

Jayme Simmons –aye	Vicki Kirk-aye
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Claude Pressnell –aye	Gary Adcox-aye
Flora Tydings -aye	Charles Harper-aye
Nancy Dietrich-aye	Tom Hughes-aye
Whitney Goetz-aye	Sharon Hayes-aye
Josh Testa-aye	Charles Layne-aye
Greg Turner-aye	Randy Lowry-aye

STUDENT AND SCHOOL SERVICING UPDATE

Ms. Pennington presented to the board an update on the student and school services. She discussed the continued growth and development of this TSAC division. This division assists students out of default and back to satisfactory status so they are able to return to school. She stated that they have current contracts with TBR for 13 community colleges and 27 TCAT’s, a continuing contract with one HBCU private college, and a contract with APSU which has not been activated yet but hoping will be shortly. Student servicing division provides schools with temporary staffing, supporting default management, all aspects of awarding financial aid, disbursing funds to students, reconciliation of federal and state funds, monitoring and completing reporting requirements and training. They continue default management, Reconnect projects and license review. She also discussed the scholarships to loans process. Ms. Pennington stated they have ample contracts for now but will market to the private schools shortly.

GRANT AND SCHOLARSHIP PROGRAMS UPDATE

Mr. Phelps reported to the board that for the 2016-17 academic year they dispersed about \$339 million to over 127,000 students for the lottery funded programs.

One item of note is the continuation of increased participation in dual enrollment grants. In the first year of dual enrollment grant there were 5,500 students and today there are just over 26,500 students in the program. Madam Chair asked the percentage of total juniors and seniors represented. Mr. Phelps said he would get that information.

The state grants and scholarship programs paid \$93 million in scholarships to 53,500 students. With the TSAA recipients, Dr. Pressnell over shot the zero EFC a little bit, but 73% had a zero EFC and 84% had less than \$35,000 household income. The \$80-83 million is required to fund all the students who did not receive the reward due to funding limitations.

COMMUNICATION SERVICES

Jason Seay presented to the board an overview of Outreach and College Success. Jason’s team participates in college fairs, financial aid nights, TN Promise completion workshops and FAFSA completion workshops across the state. The TSAC call center answers questions and emails as well as the live chat. The Outreach team works diligently and reaches about 100,000 Tennesseans each year. He encouraged the board to volunteer at a local school in helping out with FAFSA on Oct 6th. He ended with outreach courtesy visits, which is where they deliver publications to private and public local high schools

and colleges in the area. TN promise resource guides are distributed and they partner with the Department of Education to spread awareness to high school students about going to college. The brochure mentions dual enrollment and the TN Reconnect.

AUDIT

Ms. Ann Collet presented to the board the high level audit report update. Currently THEC, TSAC, TBR, and UT are undergoing a sunset audit, a performance audit. The plan is for the auditors to have a report to us in November. Some of the objectives of the audit are as followed: legislative duties, the effects of the Focus act, how student counts are used for funding in Drive to 55, how TSAC uses its data , goals of the drive to 55 and TN Promise, how agencies and schools are working together and moving forward on these programs. The audit will evaluate and provide a status on past, current and future TSAC. The FY 2017 audit will begin in December or January.

A year ago, executive internal auditor legislation went into effect and created within the state an executive internal auditor and Governor Haslam appointed F&A Commissioner Martin. TSAC is participating and getting the internal auditors together to find joint resources, training, standards, audit plans and different programs. Ms. Hayes thanked Ann for the report and Dr. Pressnell for the years he led the audit committee and he thanked her for taking over the roll.

Madam Chair asked all board members and designees to complete the conflict of interest form and return it to the secretary. A motion was made to adjourn the meeting.

TENNESSEE STUDENT ASSISTANCE CORPORATION

Special Called Board Meeting

April 3, 2018

MINUTES

The meeting was called to order by Madam Chair Jayme Simmons at 10:30am.

Jayme Simmons –present	Charles Layne-absent
Mike Krause –present	Charles Harper –present
Lyle Ailshie-present	Tom Hughes –present
Treasurer Lillard-present	Sharon Hayes –present
Comptroller Wilson-present	Claude Pressnell-present
Greg Turner –present	Chancellor Tydings -present
Linda Martin-present	Cyrus Vatandoost-absent
James Smarrelli-present	JuliaAnna Dykes-absent
Keri McInnis-present	

There were 14 members present, constituting a quorum.

Adoption of Agenda

Madam Chair asked for a motion to adopt the agenda. Claude Presnell made a motion and it was seconded. A roll call was taken and the motion passed with 13 ayes and 0 nays.

Jayme Simmons –aye	James Smarrelli –aye
Kerri McInnis-aye	Charles Harper –aye
Lyle Ailshie-aye	Tom Hughes –aye
Treasurer Lillard-aye	Sharon Hayes –aye
Comptroller Wilson-aye	Claude Pressnell-aye
Greg Turner –aye	Chancellor Tydings-aye
Linda Martin-aye	

Executive Directors Report

Mr. Krause thanked everyone for attending the meeting and reported that at the Fall TSAC Board meeting, TSAC staff was granted and authorized to expend up to \$1.3 million in reserves. The reason for this special called meeting is now TSAC needs additional reserve expenditure. Mr. Krause explained that TSAA is not the program it was years ago and is now a \$100 million program and TSAC needs a new amount of appropriate reserve. TSAC's forecast of expenditures has been accurate until this year, when

a higher percentage of students accepted the award than previously. However, changes will be made to make sure this doesn't happen again.

Decision Item

Madam Chair opened the floor for TSAC staff to make their recommendation to the Board. Peter Abernathy discussed that due to the TN Promise and TN Reconnect initiatives, more students are going to college, staying in college, and attending full-time. The FAFSA completion percent has had a 15% increase in the past four years. TSAC is recommending to the Board to authorize expenditures from the Tennessee Student Assistance Award reserves to cover additional student assistance awards made in the 2017-18 academic year.

Leah Louellen discussed the TSAA awards timeline. Tim Phelps reported on the expenditures for 2017-18. Mr. Krause asked if it is accurate to say that TSAC's projection process was the same this year as in the past 4 or 5 years, yet we saw a spike of 5,000 students. Mr. Phelps answered that TSAC did everything the same to prior year. Moving forward TSAC will work with THEC's policy and research division to help forecasting efforts. TSAC will also recommend a reserve amount to the board and set expenditure levels to maintain reserve amount. He also wants to establish certification deadlines from the schools for each term and will address this at the next meeting.

Charles Harper commented that by increasing the expenditure, we were able to send more students to school and increase numbers for Drive to 55. Mr. Harper hates to dip deep in the reserve, but this money is going to students and keeping kids in schools. Sharon Hayes asked what the balance would be after the over expenditure is adjusted and Mr. Phelps responded the balance would be approximately \$500,000 with all accounts closed out. Mr. Krause suggested that there may be a downward shift. Dr. Pressnell proposed that maybe in the future the reserve should be set at a percentage of the total appropriation and not a dollar amount. He also recommended that we delay the transfer of the \$6.8 million from the lottery for one year. Mr. Abernathy deferred the logistics to Greg Turner (F&A) in case such a request could be accommodated at this point in the legislative session. Mr. Turner responded that they had already submitted their budget amendment (and part of the amendment was the reduction of the \$6.8). He stated that if the board requested and wanted that, he doesn't think it would be accommodated by the administration. Ms. Keri McInnis responded that she was not thrilled about having a \$500,000 reserve and asked about the monthly operating costs and Mr. Krause responded that typically TSAC expends \$330 million annually but TSAC operates in semesters, not months. She reminded the board that we need to be cognizant going forward and that TSAC can't get in this deep hole again. Madam Chair agreed and she asked that the TSAC Board come back with recommendation of percentage or dollar amount. Mr. Krause responded that this will take place in the Fall and TSAC will also bring a forecast for the coming year. Madam Chair asked about the distribution and Mr. Phelps said it had been an even take out.

Linda Martin added that it might be helpful to look at projected high school graduation numbers over the next 5-10 years.

Dr. Pressnell made a motion that the board authorizes expenditures from the Tennessee Student Assistance Award reserves to cover additional student assistance awards made in the 2017-18 academic year and Comptroller Wilson seconded it. A roll call was taken and the motion passed with 13 ayes and 0 nays.

Jayme Simmons –aye	James Smarrelli –aye
Kerri McInnis-aye	Charles Harper –aye
Lyle Ailshie-aye	Tom Hughes –aye
Treasurer Lillard-aye	Sharon Hayes –aye
Comptroller Wilson-aye	Claude Pressnell-aye
Greg Turner –aye	Chancellor Tydings-aye
Linda Martin-aye	

Madam Chair adjourned the meeting.

Tennessee Student Assistance Corporation

Thursday May 3, 2018

Decision Item A: Selection of 2018-19 Officers and Committee Members

Staff Recommendation: That the board elects its 2018-19 officers and committee members.

Background: TSAC bylaws state that the corporation's officers shall consist of a Chairman, Vice-Chairman, Secretary, and Treasurer; each elected by the directors of the corporation from among their own number. The term of office is one year.

The bylaws authorize the Chairman to appoint board committees. In practice, the Chairman brings committee appointments to the full board.

Following today's report from the chairman, the 2018-19 officers and committee members will be presented and approved.

Below is a list of the 2008-19 proposed officers and committee members.

Supporting Document: *Tennessee Student Assistance Corporation:
Proposed 2018-19 Officers and Committees*

Tennessee Student Assistance Corporation
Proposed
2018-19 Officers and Committees

Officers

Chairman – Bill Haslam, Governor
Vice Chairman – Flora Tydings, Board of Regents
Treasurer – David Lillard, Treasury
Secretary – Claude Pressnell, TICUA

Executive Committee

Chairman – Bill Haslam, Governor
David Lillard, Treasury
Larry Martin, Finance & Administration
Claude Pressnell, TICUA
Justin Wilson, Comptroller

Appeals Committee

Flora Tydings, Board of Regents
Joe DiPietro, University of Tennessee
Justin Wilson, Comptroller

Audit Committee

Chairman – Claude Pressnell, TICUA
Larry Martin, Finance & Administration
Sharon Hayes, Citizen Member

Tennessee Student Assistance Corporation

Thursday, May 3, 2018

Discussion Item A: Tennessee Promise Scholarship Update

Staff Recommendation: For discussion only.

Background: The Tennessee Promise Scholarship was enacted in 2014, under Public Chapter 900. The Promise Scholarship is both a scholarship and mentoring program focused on increasing the number of students that attend college in Tennessee. It provides a last-dollar scholarship, which pays for tuition and fees not already covered by the Pell grant, HOPE scholarship, or TSAA. Students may use the scholarship at any of the state's 13 community colleges, 27 colleges of applied technology, or eligible four-year institutions that offer associate degrees.

To be eligible for the award, students are paired with a mentor, must participate in program meetings, complete eight hours of community service per term enrolled, enroll full-time in an eligible institution, and maintain a 2.0 GPA.

TSAC works with three partnering organizations – the Ayers Foundation, TnAchieves, and REDI – to administer the Promise Scholarship program.

Staff will provide an update of the latest Promise enrollment and financial figures.

Tennessee Student Assistance Corporation

Thursday, May 3, 2018

Discussion Item B: Tennessee Reconnect Grant Update

Staff Recommendation: For discussion only.

Background: The Tennessee Reconnect Grant was enacted in 2017, under Public Chapter 448. The Reconnect Grant provides adult students in associate degree and certificate programs last-dollar funding for tuition and fees not covered by the Pell grant, HOPE scholarship, or TSAA. Reconnect will also provide advising services to help adults navigate the application and enrollment process, as well as continued advising services throughout the college-going experience. Students may use the scholarship at any of the state's 13 community colleges, 27 colleges of applied technology, or eligible four-year institutions that offer associate degrees.

Students must participate in the advising service, enroll at least part-time in an eligible institution, and maintain a 2.0 GPA.

Reconnect will begin in the fall semester 2018. Staff will provide an update of the latest Reconnect figures.

Tennessee Student Assistance Corporation

Thursday, May 3, 2018

Discussion Item C: Tennessee Student Assistance Award

Staff Recommendation: For discussion only.

Background: Staff will provide an update on TSAA program activity and expenditures since the April 3, 2018, Board meeting.

Tennessee Student Assistance Corporation

Thursday, May 3, 2018

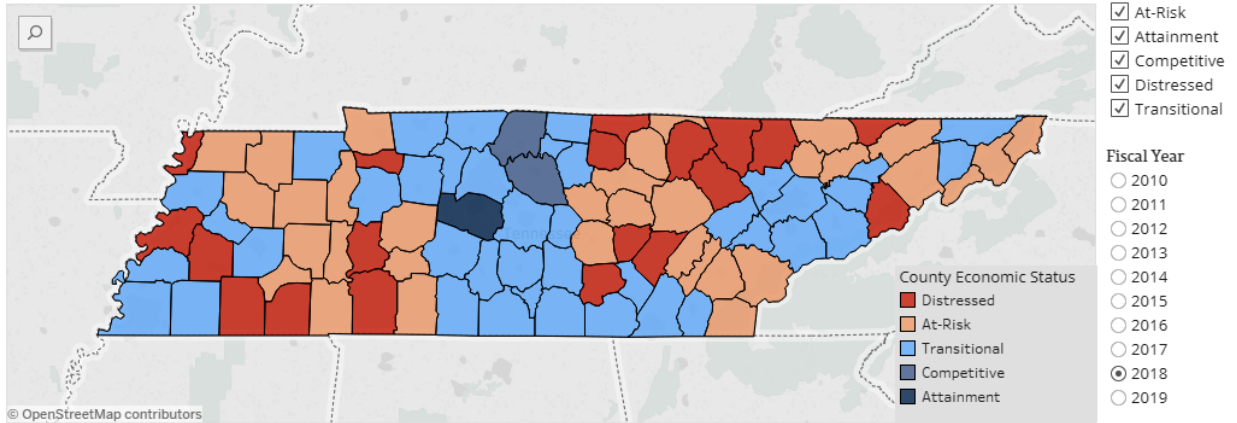
Discussion Item D: Communication Services Update

Staff Recommendation: For discussion only.

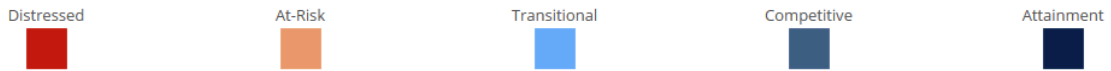
Background: Staff will provide an update related to activities in the Communication Services Division.

TN Distressed Counties

County Economic Status Map (Fiscal Year 2018)



Legends : Hover to see the definition.



- ❖ 19 Distressed Counties*
- ❖ 28 Proposed College and Career Summits at the public high schools

*2018 TN Distressed Counties

Lake County	Houston County	Morgan County
Lauderdale County	Grundy County	Scott County
Haywood County	Jackson County	Campbell County
Hardeman County	Clay County	Hancock County
McNairy County	Van Buren County	Cocke County
Wayne County	Bledsoe County	
Perry County	Fentress County	

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.

Tennessee Student Assistance Corporation

Thursday, May 3, 2018

Discussion Item F: Audit Update

Staff Recommendation: For discussion only.

Background: The performance audit report for higher education was released in December and there were no findings for TSAC or THEC. The sunset hearing process has been ongoing and the agencies have both been extended for four more years through 2022.

State Audit recently started the annual financial and compliance audit of TSAC for the fiscal year ending June 30, 2018.

Staff will provide an update on audit activities.