

Tennessee Student Assistance Corporation

Tuesday September 27, 2016

DECISION ITEM D: Proposed 2017-2018 Budget Request

Staff Recommendation

(1) That the TSAC Board of Directors approve the recommended 2017-2018 funding levels as presented in the document entitled *Tennessee Student Assistance Corporation Estimated 2016-17 and Base 2017-18 Budgets*.

(2) That the TSAC Board of Directors recommend an \$18.1 million increase in fiscal year 2017-18 for the Tennessee Student Assistance Award program.

(3) That the TSAC Board of Directors authorize its Executive Director to make any necessary technical corrections prior to submission to the Department of Finance and Administration.

Background

The Tennessee Student Assistance Corporation is required to submit its budget request to the Department of Finance and Administration by September 30, 2016.

Appropriations for the TSAA program have increased more than \$30 million in the past five years. TSAC's requests have focused on the number of eligible students who are not awarded each year due to financial limits. Details on this year's request follow on the next page.

The Department of Finance and Administration has requested that TSAC submit a two percent reduction in state appropriations for the 2017-18 fiscal year. TSAC will submit a reduction plan from administrative expenses in Division 332.05 in the amount of \$32,600. No budget reductions will be made to any of TSAC's grant programs.

Supporting Documents

Tennessee Student Assistance Corporation, Estimated 2016-17 and Base 2017-18 Budgets and TSAC Recommended Budget Improvement

**Tennessee Student Assistance Corporation
Recommended Budget Improvement
2017-18**

Funding For All Eligible TSAA Applicants

The Tennessee Student Assistance Award (TSAA) is Tennessee's primary need-based financial aid program, serving residents of Tennessee attending in-state institutions. In Fiscal Year 2016-17, funding for the TSAA program includes \$80,962,500 from state appropriations and \$6,800,000 from lottery funds, for a total of \$87,762,500. This amount reflects an increase of \$13.2 million over the prior fiscal year.

In spite of increased appropriations over the past several years, approximately 76,000 students who are currently eligible for the TSAA do not receive the award due to funding limits. TSAC's goal is to fully fund eligible student applicants over a five year period. To accomplish this, TSAC is recommending an increase of \$18.1 million for fiscal year 2017-18. Based on projected acceptance rates, this will serve approximately 10,000 students, bringing the total number of awarded students to approximately 58,600.

Consistent with the Drive to 55 and the Complete College Tennessee Act, TSAC's goal is to support efforts to increase timely degree production among students with financial need. Increased funding for TSAA will enable TSAC to serve the neediest students who are at risk of failing to complete their postsecondary education because of financial limitations.

Tennessee Student Assistance Corporation
Estimated 2016-17 and Base 2017-18 Budgets

		Estimated 2016-2017	Base 2017-2018
TN Student Assistance Awards 332.03	Salaries & Benefits	\$ -	\$ -
	Operational Expenditures	87,762,500	87,762,500
	Total	87,762,500	87,762,500
	State	80,962,500	80,962,500
	Lottery	6,800,000	6,800,000
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FFELP 332.04	Salaries & Benefits	\$ -	\$ -
	Operational Expenditures	158,900,000	-
	Total	158,900,000	-
	Federal	150,000,000	-
	Current Services	8,900,000	-
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Administration 332.05	Salaries & Benefits	\$ 4,128,600	\$ 4,306,100
	Operational Expenditures	25,036,900	1,923,600
	Total	29,165,500	6,229,700
	State	2,076,700	1,628,300
	Federal	2,523,600	-
	Current Services	21,963,800	2,000,200
	Lottery	2,601,400	2,601,200
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Academic Scholars 332.06	Salaries & Benefits	\$ -	\$ -
	Operational Expenditures	1,090,500	1,290,500
	Total	1,090,500	1,290,500
	State	711,800	911,800
	Current Services	378,700	378,700
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Loan/Scholarships 332.07	Salaries & Benefits	\$ -	\$ -
	Operational Expenditures	3,174,100	2,069,200
	Total	3,174,100	2,069,200
	State	978,200	778,200
	Federal	-	-
	Non-Governmental	700,000	700,000
	Current Services	141,000	141,000
	Interdepartmental	1,354,900	450,000
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Lottery for Education Account 332.19	Salaries & Benefits	\$ -	\$ -
	Operational Expenditures	333,100,000	333,100,000
	Total	333,100,000	333,100,000
	Lottery	333,100,000	333,100,000
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TOTAL TSAC	Salaries & Benefits	\$ 4,128,600	\$ 4,306,100
	Operational Expenditures	609,064,000	426,145,800
	Total	613,192,600	430,451,900
	State	\$ 84,729,200	\$ 84,280,800
	Federal	152,523,600	-
	Non-Governmental	700,000	700,000
	Current Services	31,383,500	2,519,900
Lottery	343,856,300	342,951,200	

* TSAC will submit a 2% base budget reduction to Finance & Administration. This reduction will impact only TSAC's administration.